



晋商银行
Jinshang Bank

晋商银行股份有限公司
JINSHANG BANK CO., LTD.

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

Stock Code: 2558

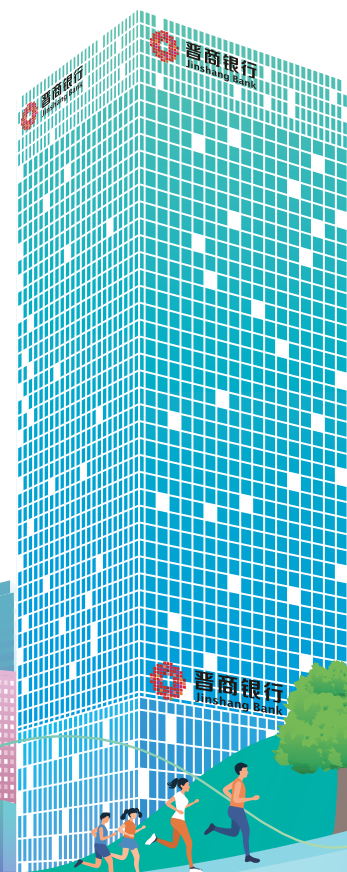


2024

ANNUAL REPORT

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Definitions

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

“Articles of Association”	the articles of association of the Bank, as amended, supplemented or otherwise modified from time to time
“Bank” or “our Bank”	Jinshang Bank Co., Ltd. (晉商銀行股份有限公司), a joint stock company established on October 16, 1998 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and, if the context requires, includes its predecessors, branches and sub-branches, excluding its subsidiaries
“Board” or “Board of Directors”	the Board of Directors of the Bank
“Board of Supervisors”	the Board of Supervisors of the Bank
“China” or “PRC”	the People’s Republic of China
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“former CBIRC”	former China Banking and Insurance Regulatory Commission (原中國銀行保險監督管理委員會), whose functions are now exercised by the National Financial Regulatory Administration
“former CBIRC Shanxi Office”	former China Banking and Insurance Regulatory Commission Shanxi Office, whose functions are now exercised by the Shanxi Supervision Bureau of National Financial Regulatory Administration
“Group”, “we” or “us”	the Bank together with its subsidiaries, and, if the context requires, includes its predecessors, branches and sub-branches
“H Shares”	the ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“HK Dollars” or “HKD” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board

Definitions



“PBoC” or “the central bank”	the People’s Bank of China (中國人民銀行)
“PRC Company Law”	the Company Law of the PRC
“Qingxu Jinshang Village and Township Bank”	Qingxu Jinshang Village and Township Bank Co., Ltd., a joint stock company established on January 19, 2012 in the PRC with limited liability, in which the Bank holds 51% of the shares
“Reporting Period”	the year ended December 31, 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanxi Supervision Bureau”	Shanxi Supervision Bureau of National Financial Regulatory Administration
“Shareholder(s)”	the holder(s) of the Share(s) of the Bank
“Share(s)”	ordinary shares in the share capital of the Bank with a nominal value of RMB1.00 each
“Subsidiary(ies)”	has the meaning ascribed to it under Section 2 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Supervisor(s)”	the supervisor(s) of the Bank
“%”	per cent

Corporate Information

1 Basic Information of the Company

Legal Chinese Name	晉商銀行股份有限公司*
Abbreviation in Chinese	晉商銀行
Legal English Name	Jinshang Bank Co., Ltd.
Abbreviation in English	Jinshang Bank
Legal Representative	HAO Qiang ¹
Authorized Representatives	HAO Qiang, WONG Wai Chiu
Secretary to the Board of Directors	LI Yanbin
Joint Company Secretaries	LI Yanbin, WONG Wai Chiu
Registered Address and Address of Head Office	No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Tel	(86) 0351-7812583
Fax	(86) 0351-6819503
E-mail	dongban@jshbank.com
Website	www.jshbank.com
Website of the Hong Kong Stock Exchange for publishing the H-share annual report	www.hkexnews.hk
Initial Registration Date	October 16, 1998
Unified Social Credit Code	911400007011347302
Financial License Institution Number	B0116H214010001

1 According to the Articles of Association, the chairwoman of the Bank is the legal representative.

* Jinshang Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.

Corporate Information



Listing Place of H Shares	The Stock Exchange of Hong Kong Limited
Abbreviated Stock Name	JINSHANG BANK
Stock Code	2558
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
PRC Legal Advisor	Jun He Law Offices 20/F, China Resources Building, 8 Jianguomenbei Avenue Dongcheng District, Beijing, the PRC
Hong Kong Legal Advisor	Morgan, Lewis & Bockius 19th Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong
Auditors	Ernst & Young Hua Ming LLP Level 17, Ernst & Young Tower, Oriental Plaza No. 1 East Changan Ave. Dongcheng District Beijing, the PRC Ernst & Young <i>(Public Interest Entity Auditor registered under the Accounting and Financial Reporting Council Ordinance)</i> 27/F, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong

Corporate Information

Board Committees

Development and Strategy Committee

HAO Qiang (chairperson), ZHANG Yunfei (vice chairperson), DUAN Qingshan, HU Zhihong

Audit Committee

WANG Liyan (chairperson), SAI Zhiyi (vice chairperson), LIU Chenhang, DUAN Qingshan, CHAN Ngai Sang Kenny

Risk Management Committee

SAI Zhiyi (chairperson), DUAN Qingshan (vice chairperson), ZHANG Yunfei, WANG Jianjun, HU Zhihong

Related Party Transactions Control Committee

SAI Zhiyi (chairperson), DUAN Qingshan (vice chairperson), ZHANG Yunfei, WANG Liyan

Nomination, Remuneration and HR Committee

DUAN Qingshan (chairperson), SAI Zhiyi (vice chairperson), HAO Qiang, MA Hongchao, HU Zhihong

Consumer Rights Protection Committee

HU Zhihong (chairperson), WANG Liyan (vice chairperson), LI Yang, SAI Zhiyi

2 Corporate Information

JINSHANG BANK CO., LTD. (hereinafter referred to as “**Jinshang Bank**”, 2558.HK), headquartered in Taiyuan, Shanxi, was renamed from Taiyuan Commercial Bank on December 30, 2008 with the approval of former China Banking Regulatory Commission (the “**former CBRC**”). It was officially established on February 28, 2009 and listed on the Hong Kong Stock Exchange on July 18, 2019.

Under the correct leadership of the Provincial Party Committee and the Provincial Government of Shanxi Province, and with the guidance and assistance of regulatory authorities, Jinshang Bank has successively achieved strategic breakthroughs such as introducing strategic investors and listing of H Shares, and gradually embarked on a development path of a modern commercial bank featuring steady development, good performance and controllable risks. By the end of 2024, the Bank's total assets, deposit balance and loan balance amounted to RMB376.31 billion, RMB300.86 billion and RMB201.41 billion, respectively, with a capital adequacy ratio of 12.84%, a core tier-one capital adequacy ratio of 10.18% and a provision coverage ratio of 205.46%, and the main regulatory indicators met the regulatory requirements.

Corporate Information

Since its establishment, by adhering to the “customer-centric” service concept, Jinshang Bank has expanded its outlet services into 11 prefecture-level cities in Shanxi Province. With 153 outlets under its supervision, the Bank established a small enterprises financial service center, invested in the establishment of Qingxu Jinshang Village and Township Bank Co., Ltd., and initiated the establishment of the first consumer finance company in Shanxi Province – Jinshang Consumer Finance Co., Ltd. In addition, electronic channels such as online banking, mobile banking and WeChat banking have been steadily promoted, forming an “integrated online and offline” financial service pattern.

Jinshang Bank has been widely recognized by the Provincial Party Committee and the Provincial Government of Shanxi Province, and all sectors of society for its excellent business performance and quality financial services. It has been successively named the “Most Competitive National Brand among China’s City Commercial Banks (中國城商行最具競爭力民族品牌)”, “Most Competitive Small – and Medium-sized Bank in China (中國最具競爭力中小銀行)”, “Meritorious Enterprise in Shanxi Province (山西省功勳企業)” and “Most Popular Bank in Shanxi (山西老百姓最喜愛的銀行)”, and won the “May 1st Labor Award in Shanxi Province (山西省五一勞動獎狀)”.

The Bank ranked 82 among the “2024 China Top 100 Banking List (2024年中國銀行業100強榜單)”, and ranked 413 among the “Top 1000 World Banks 2024 (2024年全球銀行1000強)” issued by the British Magazine The Banker.

Jinshang Bank continues to promote the development strategy planning goals for 2021-2025

Strategic Vision: Pursuing safe development, and building an excellent listed Bank in the region.

Regional positioning: Rooted in Sanjin, serving Shanxi.

Market positioning: Serving the local economy, serving micro and small and medium enterprises, serving urban and rural residents.

Business positioning: Strengthening corporate business, refining retails, optimizing inclusive finance, and specializing in the financial market.

Summary of Five-Year Accounting Data and Financial Indicators

	For the year ended December 31,					
	2024	2023	Rate of change (%)	2022	2021	2020
<i>(Expressed in millions of RMB, unless otherwise stated)</i>						
Results of operations						
Interest income ^{Note}	11,705.0	11,614.9	0.8	10,728.8	10,358.5	9,429.4
Interest expense	(7,515.7)	(7,378.7)	1.9	(7,135.8)	(6,804.5)	(5,988.7)
Net interest income ^{Note}	4,189.3	4,236.2	(1.1)	3,593.0	3,554.0	3,440.7
Fee and commission income ^{Note}	700.8	860.9	(18.6)	937.2	937.6	890.7
Fee and commission expense	(74.1)	(158.0)	(53.1)	(203.2)	(172.2)	(178.2)
Net fee and commission income ^{Note}	626.7	702.9	(10.8)	734.0	765.4	712.5
Net trading gains/(losses)	115.2	(78.5)	(246.8)	(32.5)	301.5	(119.5)
Net gains arising from investment securities	815.0	887.0	(8.1)	917.6	757.8	819.8
Other operating income ^(a)	44.9	54.6	(17.8)	48.1	12.0	14.5
Operating income	5,791.1	5,802.2	(0.2)	5,260.2	5,390.7	4,868.0
Operating expense	(2,296.3)	(2,348.4)	(2.2)	(2,186.7)	(2,070.5)	(1,824.3)
Impairment losses on credit	(1,674.8)	(1,432.0)	17.0	(1,237.9)	(1,652.9)	(1,452.9)
Impairment losses on other assets	(28.0)	–	N/A	–	–	–
Operating profit	1,792.0	2,021.8	(11.4)	1,835.6	1,667.3	1,590.8
Share of profits of associate	26.2	12.1	116.5	20.7	24.5	21.5
Profit before tax	1,818.2	2,033.9	(10.6)	1,856.3	1,691.8	1,612.3
Income tax expense	(68.7)	(33.3)	106.3	(20.9)	(12.4)	(41.4)
Net profit	1,749.5	2,000.6	(12.6)	1,835.4	1,679.4	1,570.9
Net profit attributable to:						
Equity shareholders of the Bank	1,755.1	2,003.0	(12.4)	1,838.4	1,685.6	1,566.7
Non-controlling interests	(5.6)	(2.4)	133.3	(3.0)	(6.2)	4.2
Earnings per share attributable to equity shareholders of the Bank (RMB per share)						
– Basic	0.30	0.34	(11.8)	0.31	0.29	0.27
– Diluted	0.30	0.34	(11.8)	0.31	0.29	0.27

Note:

(a) Consists primarily of operating government grants and non-operating government grants.

Note: From 2020 to 2021, the Group reclassified credit card installment income to interest income from fee and commission income.

Summary of Five-Year Accounting Data and Financial Indicators

	As of December 31,					
	2024	2023	Rate of change (%)	2022	2021	2020
<i>(Expressed in millions of RMB, unless otherwise stated)</i>						
Key indicators for assets/liabilities						
Total assets	376,305.5	361,305.0	4.2	336,419.5	303,291.5	270,943.6
Of which: net loans and advances to customers	195,103.5	185,609.7	5.1	180,905.8	151,007.4	131,836.5
Total liabilities	348,277.2	336,492.2	3.5	313,065.9	281,133.9	249,902.2
Of which: deposits from customers	310,327.9	288,250.4	7.7	253,770.9	199,207.2	176,781.7
Total equity	28,028.3	24,812.8	13.0	23,353.6	22,157.6	21,041.4
Of which: share capital	5,838.7	5,838.7	0.0	5,838.7	5,838.7	5,838.7
Equity attributable to equity holders of the Bank	28,017.7	24,796.6	13.0	23,335.1	22,136.0	21,013.6
	For the year ended December 31,					
	2024	2023	Change	2022	2021	2020
Profitability indicators (%)						
Return on average total assets ⁽¹⁾	0.47	0.57	(0.10)	0.57	0.58	0.61
Return on average equity ⁽²⁾	6.88	8.31	(1.43)	8.07	7.77	7.63
Net interest spread ^{(3) Note}	1.07	1.29	(0.22)	1.40	1.47	1.59
Net interest margin ^{(4) Note}	1.20	1.36	(0.16)	1.32	1.43	1.54
Net fee and commission income to operating income ratio	10.82	12.11	(1.29)	13.95	14.20	14.64
Cost-to-income ratio ⁽⁵⁾	38.13	38.94	(0.81)	39.93	36.84	36.01

Note: From 2020 to 2021, the Group reclassified credit card installment income to interest income from fee and commission income.

Summary of Five-Year Accounting Data and Financial Indicators

	2024	2023	As of December 31, Change	2022	2021	2020
Asset quality indicators (%)						
NPL ratio ⁽⁶⁾	1.77	1.78	(0.01)	1.80	1.84	1.84
Allowance coverage ratio ⁽⁷⁾	205.46	198.71	6.75	177.04	184.77	194.06
Allowance to gross loan ratio ⁽⁸⁾	3.64	3.54	0.10	3.19	3.39	3.58

	2024	2023	As of December 31, Change	2022	2021	2020
Capital adequacy indicators (%) ⁽⁹⁾						
Core tier-one capital adequacy ratio ⁽¹⁰⁾	10.18	11.14	(0.96)	10.50	10.10	10.72
Tier-one capital adequacy ratio ⁽¹¹⁾	10.97	11.14	(0.17)	10.50	10.10	10.72
Capital adequacy ratio ⁽¹²⁾	12.84	13.17	(0.33)	12.40	12.02	11.72
Total equity to total assets ratio	7.45	6.87	0.58	6.94	7.31	7.77
Other indicators (%)						
Loan-to-deposit ratio ⁽¹³⁾	66.95	68.11	(1.16)	74.89	78.18	78.49
Liquidity coverage ratio ⁽¹⁴⁾	347.26	242.06	105.20	208.87	322.30	327.19
Liquidity ratio ⁽¹⁵⁾	120.35	104.13	16.22	70.88	122.42	102.62

	2024	2023	2022	2021	2020
As of December 31, <i>(Expressed in millions of RMB, unless otherwise stated)</i>					
Net stable funding ratio ⁽¹⁶⁾					
Total available stable funding	252,981.1	231,274.6	208,056.1	183,776.0	164,644.8
Total required stable funding	189,545.3	182,449.4	162,134.6	132,859.6	116,608.1
Net stable funding ratio (%)	133.47	126.76	128.32	138.32	141.19

Summary of Five-Year Accounting Data and Financial Indicators

Notes:

- (1) Calculated by dividing net profit by the average balance of total assets at the beginning and the end of the period.
- (2) Calculated by dividing net profit by the average net assets. During the Reporting Period, the Bank paid no interest on undated capital bonds. Interests on undated capital bonds need not be deducted from the “net profit”, and the net funds raised from undated capital bonds had been deducted from the “average net assets”.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the average balance of total interest-earning assets.
- (5) Calculated by dividing total operating expenses (net of taxes and surcharges) by total operating income.
- (6) Calculated by dividing total non-performing loans (“NPL”) by gross loans and advances to customers. Except as otherwise stated, the “gross loans and advances” referred to in this report exclude interest accrued.
- (7) Calculated by dividing total allowance for impairment losses on loans to customers (including the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income) by total NPLs.
- (8) Calculated by dividing total allowance for impairment losses on loans to customers (including the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income) by gross loans and advances to customers.
- (9) The capital ratios for 2024 are calculated in accordance with the Capital Administrative Measures for Commercial Banks 《商業銀行資本管理辦法》 and related regulations. The capital ratios for 2020-2023 are calculated in accordance with the Capital Administrative Measures for Commercial Banks (Provisional) and related regulations, similarly hereinafter.
- (10) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.
- (11) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.
- (12) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.
- (13) Calculated by dividing gross loans and advances to customers by total deposits from customers (excluding interest accrued).
- (14) Liquidity coverage ratio is calculated in accordance with the formula promulgated by the former CBIRC. Liquidity coverage ratio = eligible high-quality liquid assets/net cash outflows for the next 30 days × 100%.
- (15) Liquidity ratio is calculated in accordance with the formula promulgated by the former CBIRC. Liquidity ratio = balance of current assets/balance of current liabilities × 100%.
- (16) Net stable funding ratio is calculated in accordance with the formula stipulated in the Measures for Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (Yin Bao Jian Fa [2019] No. 11) 《商業銀行淨穩定資金比例信息披露辦法》(銀保監發[2019]11號)) as promulgated by the former CBIRC. Net stable funding ratio = available stable funding/required stable funding × 100%.

Management Discussion and Analysis

1 Review of the Economic, Financial and Policy Environment

In 2024, facing the complex and severe situation of increasing external pressure and internal difficulties, China adhered to the general principle of pursuing progress while ensuring stability, fully implemented the new development concept in a comprehensive and accurate manner, accelerated the establishment of a new development pattern, and steadily promoted high-quality development. On the whole, the national economy performed stably and made progress while ensuring stability. New progress was made in high-quality development. In particular, the timely deployment and introduction of a package of incremental policies have effectively boosted social confidence and led to a significant economic upturn. The main goals and tasks of economic and social development have been successfully completed.

The gross domestic product (GDP) throughout the year of 2024 was RMB134,908.4 billion on a constant price basis, representing an increase of 5.0% compared with the previous year. The added value of national industrial enterprises above the designated size throughout the year increased by 5.8% compared with the previous year. Industrial production showed good growth momentum and the equipment manufacturing industry and high-tech manufacturing industry grew rapidly, with growth rates of 1.9 and 3.1 percentage points higher than that of industrial enterprises above the designated size respectively. The service industry kept growing, with the added value of the service industry throughout the year increasing by 5.0% compared with the previous year. The total retail sales of social consumer goods reached RMB48,789.5 billion throughout the year, representing an increase of 3.5% compared with the previous year. Online retail sales were relatively active, with the national online retail sales increasing by 7.2% compared with the previous year. The scale of fixed asset investment expanded, and investment in high-tech industries grew fast. Fixed asset investment (excluding rural households) throughout the year amounted to RMB51,437.4 billion, representing an increase of 3.2% compared with the previous year. Investment in high-tech industries increased by 8.0%, with investment in the high-tech manufacturing industry and the high-tech service industry growing by 7.0% and 10.2%, respectively. The import and export of goods grew fast and the trade structure continued to optimize. The total imports and exports of goods throughout the year amounted to RMB43,846.8 billion, representing an increase of 5.0% compared with the previous year. The consumer price index remained stable on the whole, and the consumer price index (CPI) throughout the year increased by 0.2% compared with the previous year. The employment situation was generally stable, personal incomes continued to increase and the disposable income per capita of the national residents throughout the year amounted to RMB41,314, representing a nominal increase of 5.3% compared with the previous year.

In 2024, Shanxi Province's overall economic operation was stable and made progress while ensuring stability, with major indicators showing an uptrend, favorable factors continuing to accumulate, emerging energies growing rapidly, market confidence gradually boosting, people's livelihood being guaranteed powerfully and effectively, and new progress has been made in high-quality development.

Management Discussion and Analysis



The regional GDP of Shanxi Province amounted to RMB2,549.47 billion in 2024, representing an increase of 2.3% compared with the previous year on a constant price basis. Due to the steady recovery of industrial production and new industrial driving forces continued to grow, the growth rate of the added value of provincial industrial enterprises above the designated size throughout the year remained unchanged year-on-year, with an increase of 0.9 percentage point compared with the previous three quarters. Among these, the new energy equipment manufacturing industry increased by 31.4%, and the new energy vehicle industry increased by 8.4%. The service industry grew steadily, and the modern service industry developed well. The added value of the provincial service industry throughout the year increased by 2.4% compared with the previous year and accelerated by 0.7 percentage point compared with the previous three quarters. The growth rate of investment in fixed assets accelerated, and the investment in emerging industries grew rapidly. The investment in fixed assets in the province throughout the year increased by 3.2% compared with the previous year and accelerated by 1.2 percentage points compared with the previous three quarters. The investment in the high-tech industries in the province throughout the year increased by 33.4%. The recovery of market sales accelerated, with the total retail sales of social consumer goods in the province throughout the year reaching RMB818.05 billion, representing an increase of 2.5% compared with the previous year. The consumer price index increased slightly, and the producer price index for industrial products witnessed a narrowed decline. The consumer price index in the province throughout the year increased by 0.1% compared with the previous year, and the producer price index for industrial products in the province decreased by 6.7% compared with the previous year, the decline of which was narrowed by 0.5 percentage point compared to that of the previous three quarters. Personal incomes steadily increased, and the provincial per capita disposable income of residents was RMB32,441 throughout the year, representing an increase of 4.9% compared with the previous year.

In 2024, China intensified macro-control measures, formulated prudent monetary policies in a flexible, appropriate, precise and effective manner, firmly maintained a supportive stance, enhanced countercyclical adjustments, optimized and improved the monetary policy framework, and comprehensively utilized tools such as interest rates, reserve funds, re-lending and treasury bonds trading, to serve the high-quality development of the real economy and create a favorable monetary and financial environment for the economic upturn. Remarkable results were achieved in the reform of loan prime rates, and the mechanism for market-oriented adjustment of deposit interest rates effectively played its role. The transmission efficiency of monetary policy was enhanced, and social financing costs remained at a historically low level. The RMB exchange rate has moved in both directions with stabilizing expectations and remained basically stable at an adaptive and equilibrium level.

Management Discussion and Analysis

In 2024, the aggregate financing recorded reasonable growth, with the stock of social financing reaching RMB408.3 trillion as of the end of December, representing a year-on-year increase of 8.0%; the broad money (M2) balance was RMB313.5 trillion, representing an increase of 7.3% year-on-year, and the balance of RMB loans was RMB255.7 trillion, increased by 7.6% year-on-year, all of which are higher than nominal economic growth rate. The interest rate of loans dropped steadily. In December, the interest rate of new corporate loans was approximately 3.43%, representing a year-on-year decrease of 0.36 percentage point, and the interest rate of personal residential loans was approximately 3.11%, representing a year-on-year decrease of 0.88 percentage point. The credit structure was in continual optimization. The medium-and long-term loans to the manufacturing industry increased by 11.9% year-on-year; loans for new, distinctive, specialized and sophisticated business (專精特新企業貸款) increased by 13.0% year-on-year, and inclusive loans to small and micro enterprises increased by 14.6% year-on-year, which continued to be higher than the growth speed of all loans in the same period. The RMB exchange rate was basically stable at a reasonable and balanced level, and its exchange rate to a basket of currencies was stable at around 100, which maintained balance both domestically and internationally.

2 Business Overview and Development Strategies

Since 2024, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank firmly took promoting high-quality development as the theme and deepening the structural reform of the financial supply as the main line, efficiently served the real economy, focused on risk prevention and control, and continued to promote the reform and transformation, with the overall development maintaining a trend of steady growth and steady quality improvement.

Firstly, we unswervingly promoted reform and transformation, strengthening the momentum for innovative development. We formulated and issued the Overall Plan on Comprehensively Deepening Reform to Promote High-quality Development (《全面深化改革推進高質量發展總體方案》) to make changes in the model and adjust the structure to improve quality and efficiency, and reshaped development with financial innovation practices. We obtained the qualification for independently conducting business of underwriting debt financing instruments issued by non-financial enterprises as a lead underwriter, which made us one of the first batch of banks to conduct business on an online intelligent financing platform for the whole process of government procurement (“政採智貸”) across the province. We developed and launched a “code-based loan (碼上貸)” business (i.e. “apply by scanning code, use the loan independently, and withdraw or repay anytime (掃碼申請、自主用款、隨借隨還)”), and explored an integrated online and offline review and approval model and a dynamic hierarchical authorization mechanism of “assessing while delegate authority (邊授權邊評估)”, which was in line with the actual situation of the Bank, thus further strengthened the systematicness of the reform and transformation of the whole Bank.

Management Discussion and Analysis

Secondly, we strived to improve operational quality and efficiency across the Bank, strengthening our financial services capabilities. We stuck to the primary responsibility and business and deeply implemented the key deployment requirements of the Central Party Committee, the State Council, the Provincial Party Committee and the provincial government on financial services for the real economy. We successively issued a series of special documents such as the Action Plan on Doing a Good Job in the “Five Priorities” (《關於做好「五篇大文章」行動方案》), Action Plan on Supporting the High-quality Development of the Manufacturing Industry (《支持製造業高質量發展行動方案》) and Plan on Implementing a Series of Incremental Policies of the Country (《關於落實國家一攬子增量政策方案》), and implemented several supporting working mechanisms such as medium, small and micro enterprises financing coordination, special work team, “whitelist” of projects and green channel. We increased credit extension to high-tech industries and new, distinctive, specialized and sophisticated businesses, continued to improve the “green series (綠系列)” product system, effectively increased the availability of medium, small and micro enterprises financing, continuously enriched pension product supply, and comprehensively implemented digital transformation strategy to promote the significant improvement in the quality and efficiency of financial services.

Thirdly, we spared no effort to safeguard the bottom line of risks to be more confident of making steady progress. We studied and formulated Work Opinion on Fully Promoting the Implementation of Risk Management Mechanisms of Early Identification, Early Warning, Early Exposure and Early Disposal (《關於全面推進風險管理「四早」機制落實的工作意見》), insisted on “clearing the old” and “controlling the new” and effectively strengthened the proactive and forward-looking nature of risk management to continue to improve the comprehensive risk management system of “extensive range and full coverage (橫向到邊、縱向到底、全面覆蓋)”. We maintained operation compliance, continued to consolidate the results of the year of the implementation of the system, regularly promoted the process of “abolishing, amending and establishing” of systems, followed up on the rectification of problems discovered during internal and external inspections from the sources, and focused on case warning education and legal compliance training, achieved the benign interaction of high-quality development and high-standard safety within the Bank.

Fourthly, we consistently promoted strict governance over the Party and the atmosphere of integrity is getting better. We enhanced the sense of discipline and rules via studying Party discipline, focused on study and discussion, warning education as well as interpretation and training, and formulated and distributed the Implementation Plan on Continuously Promoting the Rectification of Formalism to Reduce the Burden on the Grassroots and Establishing a Sound Mechanism of the Strict Implementation of the Work (《關於持續推進整治形式主義為基層減負建立健全狠抓工作落實機制的實施方案》) to effectively transform the achievements of Party discipline study and education into actual results of work and healthy development. We enhanced party conduct building, maintained “strictness” over the whole process of Party governance and operation and management, continued to improve the effects of supervision, advanced the construction of clean banks and regularly conducted the promotion of a “Clean and Honest Culture Propaganda Month of Jinshang”, constantly promoted the construction of the clean and honest culture within the Bank.

In 2025, guided by Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, the Bank will solidly advance high-quality development, continue to deepen all-round transformation, promote the implementation of the customer-centric development concept and compliance-centric security concept, strive for effective quality improvements, reasonable quantity growth, precise risk prevention and control and strict compliance with regulation, so as to accomplish the development strategy planning goals for 2021-2025 in a high-quality manner and contribute to a chapter of Shanxi Province of Chinese-style modern.

Management Discussion and Analysis

3 Income Statement Analysis

	For the year ended December 31,		
	2024	2023	Rate of change (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>		
Interest income	11,705.0	11,614.9	0.8
Interest expense	(7,515.7)	(7,378.7)	1.9
Net interest income	4,189.3	4,236.2	(1.1)
Fee and commission income	700.8	860.9	(18.6)
Fee and commission expense	(74.1)	(158.0)	(53.1)
Net fee and commission income	626.7	702.9	(10.8)
Net trading gains	115.2	(78.5)	N/A
Net gains arising from investment securities	815.0	887.0	(8.1)
Other operating income ⁽¹⁾	44.9	54.6	(17.8)
Operating income	5,791.1	5,802.2	(0.2)
Operating expenses	(2,296.3)	(2,348.4)	(2.2)
Impairment losses on credit	(1,674.8)	(1,432.0)	17.0
Impairment losses on other assets	(28.0)	–	N/A
Operating profit	1,792.0	2,021.8	(11.4)
Share of profits of associate	26.2	12.1	116.5
Profit before tax	1,818.2	2,033.9	(10.6)
Income tax expense	(68.7)	(33.3)	106.3
Net profit	1,749.5	2,000.6	(12.6)

Note:

(1) Consists primarily of operating government grants and non-operating government grants.

For the year ended December 31, 2024, the profit before tax of the Group decreased by 10.6% to RMB1,818.2 million from RMB2,033.9 million for the year ended December 31, 2023, and the net profit for the same period decreased to RMB1,749.5 million from RMB2,000.6 million for the year ended December 31, 2023, representing a year-on-year decrease of 12.6%.

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3.1 Net interest income, net interest spread and net interest margin

For the year ended December 31, 2024, the net interest income of the Group decreased by 1.1% to RMB4,189.3 million from RMB4,236.2 million for the year ended December 31, 2023, mainly due to an increase of RMB137.0 million in interest expenses on interest-bearing liabilities during the Reporting Period, which was partially offset by the increase of RMB90.1 million in interest income from interest-earning assets.

The net interest margin decreased by 0.16 percentage point from 1.36% for the year ended December 31, 2023 to 1.20% for the year ended December 31, 2024, and the net interest spread decreased by 0.22 percentage point from 1.29% for the year ended December 31, 2023 to 1.07% for the year ended December 31, 2024, which was mainly due to the yield of interest-earning assets decreased by 0.35 percentage point from 3.72% for the year ended December 31, 2023 to 3.37% for the year ended December 31, 2024, which was partially offset by the decrease of 0.13 percentage point in the cost of interest-bearing liabilities from 2.43% for the year ended December 31, 2023 to 2.30% for the year ended December 31, 2024. The decrease in the yield on interest-earning assets was firstly due to the decrease in the yields on loans and advances to customers during the Reporting Period as a result of the downward trend in the loan prime rate and bill market rate, and secondly due to the decrease in the yields on financial investment assets during the Reporting Period as a result of the downward trend in the bond market rate. The decrease in the cost of interest-bearing liabilities was firstly due to the fact that due to the downward trend in the market rate, the Group lowered its nominal interest rate for deposits accordingly to adapt to market dynamics, and secondly due to the decrease in the interest rate on the issuance of interbank deposits as a result of the reasonable and ample market liquidity.

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 related average yield on assets or related average cost of liabilities for the years ended December 31, 2023 and 2024.

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	For the year ended December 31,					
	2024	2024	Average	2023	2023	Average
	Average	Interest	yield/cost	Average	Interest	yield/cost
	balance	income/	(%) ⁽¹⁾	balance	income/	(%) ⁽¹⁾
		expense			expense	
	<i>(in millions of RMB, except percentages)</i>					
Interest-earning assets						
Loans and advances to customers	203,359.1	7,975.4	3.92	191,373.4	8,146.0	4.26
Financial investments ⁽²⁾	81,248.5	2,319.8	2.86	73,418.3	2,416.6	3.29
Placements with banks and other financial institutions	15,604.4	504.8	3.23	8,078.9	287.2	3.55
Financial assets held under resale agreements	29,203.5	619.1	2.12	21,617.4	499.9	2.31
Deposits with the central bank ⁽³⁾	16,601.2	241.7	1.46	16,138.1	225.5	1.40
Deposits with banks and other financial institutions	1,695.4	44.2	2.61	1,412.2	39.7	2.81
Total interest-earning assets	347,712.1	11,705.0	3.37	312,038.3	11,614.9	3.72
Interest-bearing liabilities						
Deposits from customers	283,784.2	6,553.7	2.31	260,185.5	6,364.6	2.45
Deposits from banks and other financial institutions	65.3	0.9	1.38	61.3	1.2	1.96
Placements from banks and other financial institutions	176.8	3.3	1.87	630.7	13.8	2.19
Financial assets sold under repurchase agreements	15,778.8	300.4	1.90	18,227.1	376.0	2.06
Debt securities issued ⁽⁴⁾	24,192.2	610.8	2.52	22,098.7	579.6	2.62
Borrowing from the central bank	2,439.1	46.6	1.91	2,154.3	43.5	2.02
Total interest-bearing liabilities	326,436.4	7,515.7	2.30	303,357.6	7,378.7	2.43
Net interest income		4,189.3			4,236.2	
Net interest spread ⁽⁵⁾			1.07			1.29
Net interest margin ⁽⁶⁾			1.20			1.36

Notes:

- (1) Calculated by dividing interest income/expense by average balance.
- (2) Consist of financial investments measured at amortized costs and financial investments measured at fair value through other comprehensive income.
- (3) Consist primarily of statutory deposit reserves and surplus deposit reserves.
- (4) Consist of certificates of interbank deposits, tier-two capital debts and financial bonds.
- (5) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (6) Calculated by dividing net interest income by the average balance of total interest-earning assets.

Management Discussion and Analysis

3.2 Interest income

For the year ended December 31, 2024, the Group's interest income increased by 0.8% to RMB11,705.0 million from RMB11,614.9 million for the year ended December 31, 2023, primarily due to an increase of 11.4% in the average balance of interest-earning assets from RMB312,038.3 million for the year ended December 31, 2023 to RMB347,712.0 million for the year ended December 31, 2024, partially offset by a decrease of 0.35 percentage point in the average yield of interest-earning assets from 3.72% for the year ended December 31, 2023 to 3.37% for the year ended December 31, 2024.

Interest income from loans and advances to customers

For the year ended December 31, 2024, interest income from loans and advances to customers decreased by 2.1% from RMB8,146.0 million for the year ended December 31, 2023 to RMB7,975.4 million, primarily due to a decrease of 0.34 percentage point in the average yield on loans and advances to customers from 4.26% for the year ended December 31, 2023 to 3.92% for the year ended December 31, 2024, which was partially offset by an increase of 6.3% in the average balance of loans and advances to customers from RMB191,373.4 million for the year ended December 31, 2023 to RMB203,359.1 million for the year ended December 31, 2024. The increase in the average balance of loans and advances to customers was primarily due to the fact that the Group fully leveraged its advantages as a local corporate bank, continuously increased efforts to grant loans, adhered to the fundamental purpose of financial services for the real economy, focused on the major and important issues concerned by the provincial Party Committee and provincial government, vigorously supported the transformation and upgrading of the manufacturing industry and the development of strategic emerging industries, and increased the supply of financial services in areas such as carbon emission reduction, technological innovation and equipment renewal and upgrade, so as to boost the real economy through multi-channel and multi-level financial services to continuously create new business growth directions. The decrease in the average yield on loans and advances to customers was firstly due to a reduction in the rate of new loans to customers as a result of the downward trend in the loan prime rate, and secondly due to a reduction in the discount rate affected by the decline in bill market rate.

Interest income from financial investments

For the year ended December 31, 2024, interest income from financial investments decreased by 4.0% from RMB2,416.6 million for the year ended December 31, 2023 to RMB2,319.8 million, primarily due to a decrease of 0.43 percentage point in the average yield of financial investments from 3.29% for the year ended December 31, 2023 to 2.86% for the year ended December 31, 2024, partially offset by an increase of 10.7% in the average balance of financial investments from RMB73,418.3 million for the year ended December 31, 2023 to RMB81,248.5 million for the year ended December 31, 2024. The increase in the average balance of financial investments was primarily due to the Group's initiative to adjust its asset structure and moderately increase the scale of financial investments measured at amortised cost during the asset allocation process. The decrease in the average yield of financial investments was primarily due to the decrease in the yield of the Group's bond measured at amortised cost as a result of the downward trend in the bond market rate.

Interest income from placements with banks and other financial institutions

For the year ended December 31, 2024, interest income from placements with banks and other financial institutions increased by 75.8% to RMB504.8 million from RMB287.2 million for the year ended December 31, 2023, primarily because the average balance of placements with banks and other financial institutions increased by 93.2% from RMB8,078.9 million for the year ended December 31, 2023 to RMB15,604.4 million for the year ended December 31, 2024, partially offset by a decrease of 0.32 percentage point in the average yield on placements with banks and other financial institutions from 3.55% for the year ended December 31, 2023 to 3.23% for the year ended December 31, 2024. The increase in the average balance on placements with banks and other financial institutions was primarily due to the fact that the Group adjusted its asset structure and moderately increased the scale of placements with banks and other financial institutions under the premise of maintaining manageable risks after the Group's comprehensive consideration of the income level. The decrease in the average yield on placements with banks and other financial institutions was primarily due to the decline in market interest rates.

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Interest income from financial assets held under resale agreements

For the year ended December 31, 2024, interest income from financial assets held under resale agreements increased by 23.8% to RMB619.1 million from RMB499.9 million for the year ended December 31, 2023, primarily because the average balance of financial assets held under resale agreements increased by 35.1% from RMB21,617.4 million for the year ended December 31, 2023 to RMB29,203.5 million for the year ended December 31, 2024, partially offset by the decrease of 0.19 percentage point in the average yield of financial assets held under resale agreements from 2.31% for the year ended December 31, 2023 to 2.12% for the year ended December 31, 2024. The increase in the average balance of financial assets held under resale agreements was primarily because the Group increased the volume of financial assets held under resale agreements in accordance with the business development strategy while taking into account both liquidity and efficiency. The decrease in the average yield of financial assets held under resale agreements was primarily due to the decline in market interest rates.

Interest income from deposits with the central bank

Interest income from deposits with the central bank increased by 7.2% from RMB225.5 million for the year ended December 31, 2023 to RMB241.7 million for the year ended December 31, 2024, primarily because the average balance of deposits with the central bank increased by 2.9% from RMB16,138.1 million for the year ended December 31, 2023 to RMB16,601.2 million for the year ended December 31, 2024; and the average yield on deposits with the central bank increased by 0.06 percentage point from 1.40% for the year ended December 31, 2023 to 1.46% for the year ended December 31, 2024. The increase in the average balance of deposits with the central bank was primarily due to a corresponding increase in statutory deposit reserves as deposits increased. The increase in the average yield of deposits with the central bank was primarily due to the decrease in the amount and percentage of reserves with relatively lower yields as the Group strengthened the management of reserves.

Interest income from deposits with banks and other financial institutions

For the year ended December 31, 2024, interest income from deposits with banks and other financial institutions increased by 11.3% to RMB44.2 million from RMB39.7 million for the year ended December 31, 2023, primarily due to the average balance of deposits with banks and other financial institutions increased by 20.1% from RMB1,412.2 million for the year ended December 31, 2023 to RMB1,695.4 million for the year ended December 31, 2024, partially offset by a decrease of 0.20 percentage point in the average yield on deposits with banks and other financial institutions from 2.81% for the year ended December 31, 2023 to 2.61% for the year ended December 31, 2024.

3.3 Interest expense

The Group's interest expense increased by 1.9% from RMB7,378.7 million for the year ended December 31, 2023 to RMB7,515.7 million for the year ended December 31, 2024, primarily due to an increase of 7.6% in the average balance of interest-bearing liabilities from RMB303,357.6 million for the year ended December 31, 2023 to RMB326,436.4 million for the year ended December 31, 2024, partially offset by a decrease of 0.13 percentage point in the average cost of interest-bearing liabilities from 2.43% for the year ended December 31, 2023 to 2.30% for the year ended December 31, 2024.

Interest expense on deposits from customers

Interest expense on deposits from customers increased by 3.0% from RMB6,364.6 million for the year ended December 31, 2023 to RMB6,553.7 million for the year ended December 31, 2024, primarily due to the fact that the Group has actively innovated products to meet the needs of different customer groups, optimized service processes, improved service efficiency, cooperating with marketing activities which drove the growth of deposit scale. The average balance of deposits from customers increased by 9.1% from RMB260,185.5 million for the year ended December 31, 2023 to RMB283,784.2 million for the year ended December 31, 2024. The average cost of deposits from customers decreased by 0.14 percentage point from 2.45% for the year ended December 31, 2023 to 2.31% for the year ended December 31, 2024. The decrease in the average cost was firstly because that due to the downward trend in the market rate, the Group lowered its nominal interest rate for deposits accordingly to align with market dynamics, and secondly because the Group proactively adjusted its deposit structure, which resulted in a decrease in the proportion of the average balance of certain time deposits with longer term and higher costs.

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Interest expense on deposits from banks and other financial institutions

Interest expense on deposits from banks and other financial institutions decreased by 25.0% from RMB1.2 million for the year ended December 31, 2023 to RMB0.9 million for the year ended December 31, 2024, primarily because the average cost of deposits from banks and other financial institutions decreased by 0.58 percentage point from 1.96% for the year ended December 31, 2023 to 1.38% for the year ended December 31, 2024, partially offset by the increase of 6.5% in the average balance of deposits from banks and other financial institutions from RMB61.3 million for the year ended December 31, 2023 to RMB65.3 million for the year ended December 31, 2024.

Interest expense on placements from banks and other financial institutions

Interest expense on placements from banks and other financial institutions decreased by 76.1% from RMB13.8 million for the year ended December 31, 2023 to RMB3.3 million for the year ended December 31, 2024, primarily because the average balance of placements from banks and other financial institutions decreased by 72.0% from RMB630.7 million for the year ended December 31, 2023 to RMB176.8 million for the year ended December 31, 2024, as well as a decrease of 0.32 percentage point in the average cost of placements from banks and other financial institutions from 2.19% for the year ended December 31, 2023 to 1.87% for the year ended December 31, 2024. The decrease in the average balance of placements from banks and other financial institutions was mainly due to the decrease in demand for short-term funds in line with the Group's liability management. The decrease in the average cost was mainly due to the decline in market interest rates.

Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements decreased by 20.1% from RMB376.0 million for the year ended December 31, 2023 to RMB300.4 million for the year ended December 31, 2024, primarily due to a decrease of 13.4% in the average balance of financial assets sold under repurchase agreements from RMB18,227.1 million for the year ended December 31, 2023 to RMB15,778.8 million for the year ended December 31, 2024, as well as a decrease of 0.16 percentage point in the average cost of financial assets sold under repurchase agreements from 2.06% for the year ended December 31, 2023 to 1.90% for the year ended December 31, 2024. The decrease in the average balance of financial assets sold under repurchase agreements was mainly because the Group decreased the volume of funds sold under repurchase agreements according to the liquidity and liability management. The decrease in the average cost was mainly due to the decline in market interest rates.

Interest expense on debt securities issued

Interest expense on debt securities issued increased by 5.4% from RMB579.6 million for the year ended December 31, 2023 to RMB610.8 million for the year ended December 31, 2024, primarily due to an increase of 9.5% in the average balance of debt securities issued from RMB22,098.7 million for the year ended December 31, 2023 to RMB24,192.2 million for the year ended December 31, 2024, partially offset by a decrease of 0.10 percentage point in the average cost of debt securities issued from 2.62% for the year ended December 31, 2023 to 2.52% for the year ended December 31, 2024. The increase in the average balance of debt securities issued was mainly due to the fact that the Group increased the issuance of interbank deposits according to the liability management needs, and the decrease in the average cost was mainly due to the lower interest rate on issuance of interbank deposits affected by the market interest rates.

Interest expense on borrowing from the central bank

Interest expense on borrowing from the central bank increased by 7.1% from RMB43.5 million for the year ended December 31, 2023 to RMB46.6 million for the year ended December 31, 2024, primarily due to an increase of 13.2% in the average balance of borrowing from the central bank from RMB2,154.3 million for the year ended December 31, 2023 to RMB2,439.1 million for the year ended December 31, 2024, partially offset by the decrease of 0.11 percentage point in the average cost from 2.02% for the year ended December 31, 2023 to 1.91% for the year ended December 31, 2024. The increase in the average balance of borrowing from the central bank was mainly due to the Group's increased applications for small enterprises re-lending loans from the central bank.

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3.4 Net fee and commission income

The following table sets forth the principal components of net fee and commission income of the Group for the years ended December 31, 2023 and 2024.

	For the year ended December 31,			
	2024	2023	Amount change	Rate of change (%)
	<i>(in millions of RMB, except percentages)</i>			
Fee and commission income				
Wealth management business service fees	290.2	204.4	85.8	42.0
Acceptance and guarantee service fees	150.5	176.0	(25.5)	(14.5)
Bank card service fees	104.9	148.7	(43.8)	(29.5)
Settlement and clearing fees	86.6	219.2	(132.6)	(60.5)
Agency service fees and others	68.6	112.6	(44.0)	(39.1)
Subtotal	700.8	860.9	(160.1)	(18.6)
Fee and commission expense				
Settlement and clearing fees	(33.4)	(44.4)	11.0	(24.8)
Bank card service fees	(23.7)	(71.2)	47.5	(66.7)
Agency service fees and others	(17.0)	(42.4)	25.4	(59.9)
Subtotal	(74.1)	(158.0)	83.9	(53.1)
Net fee and commission income	626.7	702.9	(76.2)	(10.8)

Net fee and commission income decreased by 10.8% from RMB702.9 million for the year ended December 31, 2023 to RMB626.7 million for the year ended December 31, 2024. The fee and commission income decreased by 18.6% from RMB860.9 million for the year ended December 31, 2023 to RMB700.8 million for the year ended December 31, 2024. The decrease in the fee and commission income was primarily due to a year-on-year decrease in the income from settlement and clearing fees, agency service fees, bank card fees and others as a result of the Group's adjustment in the trade finance business model, the decreases in the volume of agency and underwriting business and credit card settlement business, as well as other factors. Leveraging its accurate prediction of market trends and forward-looking layout, the Group actively optimized and adjusted product structure and asset allocation strategy, achieving stable growth in the income of wealth management business service fees.

Management Discussion and Analysis

3.5 Net trading gains

Net trading gains of the Group increased from negative RMB78.5 million for the year ended December 31, 2023 to RMB115.2 million for the year ended December 31, 2024, primarily due to the corresponding increase in the gains from fund redemption price spread as the Group actively adjusted asset structure and appropriately redeemed certain mutual funds, as well as affected by market factors.

3.6 Net gains arising from investment securities

Net gains arising from investment securities of the Group decreased by 8.1% from RMB887.0 million for the year ended December 31, 2023 to RMB815.0 million for the year ended December 31, 2024, primarily due to the corresponding decrease in fund dividend income as the Group appropriately redeemed certain mutual funds.

3.7 Operating expenses

The following table sets forth the principal components of operating expenses of the Group for the years ended December 31, 2023 and 2024.

	For the year ended December 31,			
	2024	2023	Amount change	Rate of change (%)
	<i>(in millions of RMB, except percentages)</i>			
Staff costs	1,399.9	1,432.4	(32.5)	(2.3)
Depreciation and amortization	314.4	320.2	(5.8)	(1.8)
Taxes and surcharges	88.4	89.0	(0.6)	(0.7)
Rental and property management expenses	46.0	42.6	3.4	8.0
Other general and administrative expenses ⁽¹⁾	447.6	464.2	(16.6)	(3.6)
Total operating expenses	2,296.3	2,348.4	(52.1)	(2.2)
Cost-to-income ratio⁽²⁾	38.13%	38.94%		

Notes:

- (1) Consist primarily of insurance premiums, electronic equipment operating costs, supervision fees, business marketing expenses and banknote shipping fees.
- (2) Calculated by dividing total operating expenses (net of taxes and surcharges) by total operating income.

Operating expenses decreased by 2.2% from RMB2,348.4 million for the year ended December 31, 2023 to RMB2,296.3 million for the year ended December 31, 2024, which was mainly due to the Group's continuous practice of strategic plan of reducing costs and increasing efficiency, which deepened the cost control system, and optimized the resource allocation structure.

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Staff costs

Staff costs decreased by 2.3% from RMB1,432.4 million for the year ended December 31, 2023 to RMB1,399.9 million for the year ended December 31, 2024. The following table sets forth the main components of staff costs for the periods indicated.

	For the year ended December 31,			
	2024	2023	Amount change	Rate of change (%)
	<i>(in millions of RMB, except percentages)</i>			
Salaries, bonuses and allowances	989.3	1,011.5	(22.2)	(2.2)
Social insurance and annuity	248.5	257.5	(9.0)	(3.5)
Housing allowances	79.2	81.1	(1.9)	(2.3)
Staff welfare	55.7	55.7	0.0	0.0
Employee education expenses and labour union expenses	17.9	19.0	(1.1)	(5.8)
Supplementary retirement benefits	–	1.0	(1.0)	(100.0)
Others	9.3	6.6	2.7	40.9
Total staff costs	1,399.9	1,432.4	(32.5)	(2.3)

Depreciation and amortization

Depreciation and amortization decreased by 1.8% from RMB320.2 million for the year ended December 31, 2023 to RMB314.4 million for the year ended December 31, 2024, which was basically the same as that of last year.

Taxes and surcharges

Taxes and surcharges decreased by 0.7% from RMB89.0 million for the year ended December 31, 2023 to RMB88.4 million for the year ended December 31, 2024, which was basically the same as that of last year.

Rental and property management expenses

Rental and property management expenses increased by 8.0% from RMB42.6 million for the year ended December 31, 2023 to RMB46.0 million for the year ended December 31, 2024.

Other general and administrative expenses

Other general and administrative expenses primarily consisted of insurance premiums, electronic equipment operating costs, supervision fees, business marketing expenses and banknote shipping fees. The Group's other general and administrative expenses decreased by 3.6% from RMB464.2 million for the year ended December 31, 2023 to RMB447.6 million for the year ended December 31, 2024.

Management Discussion and Analysis

3.8 Impairment losses on credit

The following table sets forth the principal components of the Group's impairment losses on credit for the periods indicated.

	For the year ended December 31,			
	2024 (in millions of RMB, except percentages)	2023	Amount change	Rate of change (%)
Impairment losses on credit				
Loans and advances to customers	1,783.2	959.1	824.1	85.9
Placements with banks and other financial institutions	40.7	20.7	20.0	96.6
Credit commitments	14.1	(29.5)	43.6	N/A
Deposits with banks and other financial institutions	3.8	(0.2)	4.0	N/A
Financial assets held under resale agreements	0.2	0.0	0.2	N/A
Financial investments	(177.7)	474.3	(652.0)	(137.5)
Others	10.5	7.6	2.9	38.2
Total	1,674.8	1,432.0	242.8	17.0

The Group's impairment losses on credit were RMB1,674.8 million for the year ended December 31, 2024, representing an increase of 17.0% from RMB1,432.0 million for the year ended December 31, 2023, primarily due to the fact that the Group increased efforts in the write-offs of NPLs, and increased the provision for an impairment loss of loan assets based on the expected credit loss method model and the prudent, dynamic and objective assessment of future risk exposures, taking into account macro-economic situations, default rates, default probabilities and the Group's actual situation.

3.9 Income tax expense

The following table sets forth the reconciliation between the income tax calculated at the statutory income tax rate applicable to the Group's profit before tax and the Group's actual income tax for the periods indicated.

	For the year ended December 31,			
	2024 (in millions of RMB, except percentages)	2023	Amount change	Rate of change (%)
Profit before tax	1,818.2	2,033.9	(215.7)	(10.6)
Income tax calculated at applicable statutory tax rate of 25%	454.5	508.4	(53.9)	(10.6)
Non-deductible expenses and others	105.9	44.6	61.3	137.4
Non-taxable income ⁽¹⁾	(491.7)	(519.7)	28.0	(5.4)
Income tax expense	68.7	33.3	35.4	106.3

Note:

- (1) Non-taxable income mainly represents the interest income arising from the PRC government bonds and dividends from domestic funds.

Income tax expense increased by 106.3% from RMB33.3 million for the year ended December 31, 2023 to RMB68.7 million for the year ended December 31, 2024.

Management Discussion and Analysis

4 Financial Statement Analysis

4.1 Assets

The following table sets forth the components of the Group's total assets as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Cash and deposits with the central bank	19,220.8	5.1	22,260.5	6.2
Deposits with banks and other financial institutions	2,141.1	0.6	2,356.7	0.7
Placements with banks and other financial institutions	19,486.0	5.2	13,674.4	3.8
Financial assets held under resale agreements	28,197.9	7.5	41,514.9	11.5
Net loans and advances to customers	195,103.5	51.8	185,609.7	51.3
Net financial investments	106,796.2	28.4	90,815.4	25.0
Investment in an associate	369.8	0.1	343.6	0.1
Property and equipment	1,230.7	0.3	1,306.4	0.4
Deferred tax assets	2,514.0	0.7	2,079.3	0.6
Other assets ⁽¹⁾	1,245.5	0.3	1,344.1	0.4
Total assets	376,305.5	100.0	361,305.0	100.0

Note:

- (1) Consist primarily of accounts receivable and temporary payments, intangible assets and right-of-use assets.

The Group's total assets increased by 4.2% from RMB361,305.0 million as of December 31, 2023 to RMB376,305.5 million as of December 31, 2024, primarily because the Group continuously optimized its business structure and increased the scale of credit assets and financial investment in line with the business development of the Group and in accordance with the Group's asset and liability management requirements.

Management Discussion and Analysis

Loans and advances to customers

The following table sets forth the breakdown of the Group's loans by business line as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Corporate loans	127,307.5	63.2	120,284.4	62.8
Personal loans	34,283.7	17.0	31,819.7	16.6
Discounted bills	39,822.9	19.8	39,332.0	20.6
Gross loans and advances to customers	201,414.1	100.0	191,436.1	100.0
Interest accrued	1,012.2		951.9	
Less: Allowance for impairment on loans and advances to customers measured at amortized cost	(7,322.8)		(6,778.3)	
Net loans and advances to customers	195,103.5		185,609.7	

Corporate loans

As of December 31, 2024, the Group's corporate loans amounted to RMB127,307.5 million, representing an increase of 5.8% from RMB120,284.4 million as of December 31, 2023, mainly because the Group closely centered around the key areas, including transformation and development of a resource-based economy in Shanxi Province, pilot projects for comprehensive reform of the energy revolution, ecological protection of the Yellow River basin, continued to enhance the finance matching and basic factor guarantees, supported the industrial transformation with a clear direction, distinctly developed inclusive finance, took more measures to serve the private economy, and introduced more financial resources into key reforms and critical projects in Shanxi Province. In combination with the strategic orientation of the current national economic transformation, as well as market demand and other factors, the Group increased efforts to grant medium- and long-term loans.

The following table sets forth the breakdown of the Group's corporate loans by contract maturity as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Short-term loans and advances (one year or less)	47,927.4	37.6	48,935.5	40.7
Medium- and long-term loans (above one year)	79,380.1	62.4	71,348.9	59.3
Total corporate loans	127,307.5	100.0	120,284.4	100.0

Management Discussion and Analysis

Short-term loans and advances as a percentage of total corporate loans decreased from 40.7% as of December 31, 2023 to 37.6% as of December 31, 2024, while medium- and long-term loans as a percentage of total corporate loans increased from 59.3% as of December 31, 2023 to 62.4% as of December 31, 2024. The percentage change in the aforementioned corporate loan portfolio was mainly due to the fact that in response to the strategic orientation of the current national economic transformation and taking into account market demand and other factors, the Group increased efforts to grant medium- and long-term loans in 2024.

The following table sets forth the distribution of the Group's corporate loans by product type as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Working capital loans	82,572.8	64.8	75,797.8	63.0
Fixed asset loans	31,684.0	24.9	33,311.2	27.7
Others ⁽¹⁾	13,050.7	10.3	11,175.4	9.3
Total corporate loans	127,307.5	100.0	120,284.4	100.0

Note:

(1) Consist primarily of trade financing, syndicated loans, merger and acquisition loans and advances.

Personal loans

As of December 31, 2024, the Group's personal loans amounted to RMB34,283.7 million, representing an increase of 7.7% from RMB31,819.7 million as of December 31, 2023, mainly because the Group increased its investment in consumer finance and inclusive finance based on the service purpose of urban commercial banks in Shanxi Province. With the concept of high-quality development alongside digital reform, the Group has gradually established a personal loan product system that integrates both online and offline services, offering a diverse range of financial services experience for residents in Shanxi Province.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Residential mortgage loans	24,550.3	71.6	22,983.7	72.2
Personal consumption loans	4,469.1	13.0	2,938.7	9.2
Personal business loans	1,329.5	3.9	1,294.6	4.1
Credit card balances	3,934.8	11.5	4,602.7	14.5
Total personal loans	34,283.7	100.0	31,819.7	100.0

Management Discussion and Analysis

As of December 31, 2024, residential mortgage loans were RMB24,550.3 million, representing an increase of 6.8% from RMB22,983.7 million as of December 31, 2023, mainly because the Group has steadily expanded its residential mortgage business to actively support residential housing demand and continuously expanded its business channels in first-hand and second-hand home transactions, resulting in steady growth in residential mortgage loans.

As of December 31, 2024, personal consumption loans amounted to RMB4,469.1 million, representing an increase of 52.1% from RMB2,938.7 million as of December 31, 2023, mainly attributable to the fact that the Group has actively pursued the well-being of residents in Shanxi Province by prioritizing customer satisfaction, continuously upgrading products and enhancing online service capabilities. At the same time, the Group has adopted differentiated pricing strategies to reduce the cost of consumer financing, and actively expanded the consumer credit business of credit consumption and mortgage consumption, enabling the rapid growth of the scale of personal business loans.

As of December 31, 2024, personal business loans amounted to RMB1,329.5 million, representing an increase of 2.7% from RMB1,294.6 million as of December 31, 2023, mainly due to the Group's development and vigorous promotion of online individual credit loan products in order to further enhance the efficient and convenient financing experience.

As of December 31, 2024, credit card balances amounted to RMB3,934.8 million, representing a decrease of 14.5% from RMB4,602.7 million as of December 31, 2023, which was primarily due to the fact that during the Reporting Period, on the one hand, in the face of macro-economic volatility and the impact of a weaker-than-expected recovery in consumer demand and an increase in precautionary savings, the overall customer vitality of the credit card industry declined; on the other hand, with the rise of the consumer finance market, various consumer financial products and "credit card-like" products emerged, leading to the segmentation of the youth consumer market and causing a certain impact on credit card consumption.

Discounted bills

The balance of discounted bills increased by 1.2% from RMB39,332.0 million as of December 31, 2023 to RMB39,822.9 million as of December 31, 2024, which was primarily due to the Group's adjustment of its asset-liability structure to moderately expanded the scale of discounted bills business.

Financial investments

As of December 31, 2024, the Group's net financial investments (mainly consisting of debt securities investment and special purpose vehicles ("SPV") investment) amounted to RMB106,796.2 million, representing an increase of 17.6% from RMB90,815.4 million as of December 31, 2023, which was primarily due to the fact that the Group has appropriately increased the scale of investment in bonds and funds on the basis of ensuring that the liquidity risk is controllable.

Management Discussion and Analysis

The following table sets forth the classification of the Group's financial investments, based on its business model and cash flow characteristics, as of December 31, 2023 and December 31, 2024.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Financial investments measured at amortized cost	78,409.2	73.0	75,117.9	82.0
Financial investments measured at fair value through other comprehensive income	6,751.5	6.3	4,731.0	5.2
Financial investments measured at fair value through profit or loss	22,212.9	20.7	11,731.8	12.8
Total financial investments	107,373.6	100.0	91,580.7	100.0
Interest accrued	1,068.1		1,056.9	
Less: allowance for impairment losses	(1,645.5)		(1,822.2)	
Net financial investments	106,796.2		90,815.4	

Debt Securities Investment

The following table sets forth the components of the Group's debt securities investment by issuer as of December 31, 2023 and December 31, 2024.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Debt securities issued by the PRC government	56,839.2	72.9	49,788.7	69.6
Debt securities issued by policy banks	15,160.9	19.4	15,228.8	21.2
Debt securities issued by commercial banks and other financial institutions	5,046.9	6.5	5,357.0	7.5
Debt securities issued by corporates	945.5	1.2	1,187.1	1.7
Total debt securities investment	77,992.5	100.0	71,561.6	100.0

Management Discussion and Analysis

The Group's investment in debt securities issued by the PRC government increased by 14.2% from RMB49,788.7 million as of December 31, 2023 to RMB56,839.2 million as of December 31, 2024, which was primarily because the Group increased allocation in debt securities issued by the PRC government as a result of the optimisation of the structure of its assets.

The Group's investment in debt securities issued by policy banks decreased by 0.4% from RMB15,228.8 million as of December 31, 2023 to RMB15,160.9 million as of December 31, 2024, which was basically the same as that of the end of last year.

The Group's investment in debt securities issued by commercial banks and other financial institutions decreased by 5.8% from RMB5,357.0 million as of December 31, 2023 to RMB5,046.9 million as of December 31, 2024, primarily due to the fact that the Group did not renew debt securities issued by commercial banks and other financial institutions after maturity upon the comprehensive consideration of market conditions and the structure of assets and liabilities within the Bank.

The Group's investment in debt securities issued by corporates decreased by 20.4% from RMB1,187.1 million as of December 31, 2023 to RMB945.5 million as of December 31, 2024, primarily due to the fact that the Group did not renew debt securities issued by enterprises after maturity upon the comprehensive consideration of market conditions and the structure of assets within the Bank.

SPV investment

The following table sets forth the distribution of the Group's SPV investment by product type as of December 31, 2023 and December 31, 2024.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Trust plans	718.5	3.3	854.8	8.4
Asset management plans	710.3	3.3	1,231.4	12.2
Funds	20,366.1	93.4	8,062.7	79.4
Total SPV investment	21,794.9	100.0	10,148.9	100.0

As of December 31, 2024, the total SPV investment increased from RMB10,148.9 million as of December 31, 2023 to RMB21,794.9 million, which was mainly because the Group has appropriately increased the scale of the investment in mutual funds, taking into account the market situation and the need for income and liquidity management.

Management Discussion and Analysis

Other Components of the Group's Assets

The following table sets forth the composition of the Group's other components of assets as of December 31, 2023 and December 31, 2024:

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
	<i>(in millions of RMB, except percentages)</i>			
Cash and deposits with the central bank	19,220.8	25.8	22,260.5	26.2
Deposits with banks and other financial institutions	2,141.1	2.9	2,356.7	2.8
Placements with banks and other financial institutions	19,486.0	26.2	13,674.4	16.1
Financial assets held under resale agreements	28,197.9	37.8	41,514.9	48.9
Investment in associate	369.8	0.5	343.6	0.4
Property and equipment	1,230.7	1.7	1,306.4	1.5
Deferred income tax assets	2,514.0	3.4	2,079.3	2.5
Other assets ⁽¹⁾	1,245.5	1.7	1,344.1	1.6
Total other components of assets	74,405.8	100.0	84,879.9	100.0

Note:

- (1) Consist primarily of accounts receivable and temporary payments, intangible assets and right-of-use assets.

As of December 31, 2024, total other components of assets decreased by 12.3% to RMB74,405.8 million from RMB84,879.9 million as of December 31, 2023, which was mainly due to the Group's continuous optimization of its asset-liability structure, which resulted in a reduction in the scale of financial assets held under resale agreements as well as cash and deposits with the central bank, partially offset by the increase in the scale of placements with banks and other financial institutions.

Management Discussion and Analysis

4.2 Liabilities

The following table sets forth the components of the Group's total liabilities as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Borrowing from the central bank	2,821.6	0.8	1,726.2	0.5
Deposits from banks and other financial institutions	49.8	0.0	46.9	0.0
Financial assets sold under repurchase agreements	10,343.4	3.0	22,078.7	6.6
Deposits from customers	310,327.9	89.1	288,250.4	85.6
Income tax payable	453.2	0.1	322.4	0.1
Debt securities issued ⁽¹⁾	21,954.1	6.3	21,825.9	6.5
Other liabilities ⁽²⁾	2,327.2	0.7	2,241.7	0.7
Total liabilities	348,277.2	100.0	336,492.2	100.0

Notes:

- (1) Consist of interbank deposits and tier-two capital debts.
- (2) Consist primarily of employee compensation payable, accounts payable in the process of clearance and settlement, provisions, lease liabilities and other taxes payable.

As of December 31, 2024, the Group's total liabilities amounted to RMB348,277.2 million, representing an increase of 3.5% from RMB336,492.2 million as of December 31, 2023, mainly due to the steady growth of the deposit scale which led to an increase in total liabilities.

Deposits from customers

As of December 31, 2024, the Group's deposits from customers amounted to RMB310,327.9 million, representing an increase of 7.7% from RMB288,250.4 million as of December 31, 2023. The increase in deposits from customers was mainly due to the fact that the Group continued to strengthen its marketing expansion, improved customer service experience to facilitate the steady increase in the scale of deposits.

Management Discussion and Analysis

The following table sets forth the distribution of the Group's deposits from customers by product type and term structure of deposits as of December 31, 2023 and December 31, 2024.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Corporate deposits				
Demand	49,483.5	16.4	57,557.2	20.5
Time	76,309.9	25.4	70,109.4	24.9
Subtotal	125,793.4	41.8	127,666.6	45.4
Personal deposits				
Demand	15,104.8	5.0	14,452.6	5.1
Time	142,677.2	47.4	119,395.0	42.5
Subtotal	157,782.0	52.4	133,847.6	47.6
Others⁽¹⁾	17,287.7	5.8	19,567.8	7.0
Total	300,863.1	100.0	281,082.0	100.0
Interest accrued	9,464.8		7,168.4	
Deposits from customers	310,327.9		288,250.4	

Note:

(1) Consist primarily of pledged deposits, inward and outward remittances and fiscal deposits.

Debt securities issued

As of December 31, 2024, debt securities issued amounted to RMB21,954.1 million, representing an increase of 0.6% from RMB21,825.9 million as of December 31, 2023, and the scale of debt securities issued was basically the same as that of the end of last year.

Financial assets sold under repurchase agreements

As of December 31, 2024, financial assets sold under repurchase agreements amounted to RMB10,343.4 million, representing a decrease of 53.2% from RMB22,078.7 million as of December 31, 2023, primarily because the Group has further strengthened the quality management of its liabilities and proactively adjusted its debt structure to reduce its market financing liabilities while the deposit scale steadily increased.

Management Discussion and Analysis

4.3 Equity

The following table sets forth the components of the Group's equity as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Share capital	5,838.7	20.8	5,838.7	23.5
Other equity instruments	2,000.0	7.1	–	–
Capital reserve	6,626.6	23.7	6,627.6	26.7
Surplus reserve	5,239.3	18.7	4,361.3	17.6
General reserve	4,231.8	15.1	4,228.1	17.0
Fair value reserve	(19.3)	(0.1)	(42.6)	(0.2)
Impairment reserve	3.5	0.0	3.5	0.0
Deficit on remeasurement of net defined benefit liability	(6.9)	0.0	(5.3)	(0.0)
Retained earnings	4,104.0	14.6	3,785.3	15.3
Equity attributable to equity holders of the Bank	28,017.7	99.9	24,796.6	99.9
Non-controlling interests	10.6	0.1	16.2	0.1
Total equity	28,028.3	100.0	24,812.8	100.0

As of December 31, 2024, the total equity of the Group amounted to RMB28,028.3 million, representing an increase of 13.0% from RMB24,812.8 million as of December 31, 2023. As of the same date, the equity attributable to equity holders of the Bank amounted to RMB28,017.7 million, representing an increase of 13.0% from RMB24,796.6 million as of December 31, 2023. The increase in equity was mainly attributable to the Group issuance of undated capital bonds to replenish capital and the increase in retained earnings from the realization of net profit, which was partially offset by the distribution of dividends during the Reporting Period. For the year ended December 31, 2024, the Group realized a net profit of RMB1,749.5 million; according to the 2023 profit appropriation plan approved at the general meeting, cash dividends of RMB583.9 million were distributed to all Shareholders.

Management Discussion and Analysis

5 Off-balance Sheet Items Analysis

The following table sets forth the contractual amounts of the Group's off-balance sheet commitments as of December 31, 2023 and December 31, 2024.

	As of December 31, 2024 <i>(in millions of RMB)</i>	As of December 31, 2023
Loan commitments	8,478.1	8,803.2
Credit card commitments	5,619.0	6,724.9
Bank acceptances	36,541.8	44,684.7
Letters of credit	8,053.6	9,552.6
Letters of guarantee	165.1	109.7
Capital commitments	66.6	19.4
Total off-balance sheet commitments	58,924.2	69,894.5

As of December 31, 2024, the Group's total off-balance sheet commitments amounted to RMB58,924.2 million, representing a decrease of 15.7% from RMB69,894.5 million as of December 31, 2023, mainly due to the decreases of RMB8,142.9 million, RMB1,499.0 million and RMB1,105.9 million in bank acceptances, letters of credit and credit card commitments respectively as compared to the end of the previous year.

Management Discussion and Analysis

6 Asset Quality Analysis

Distribution of loans by the five-category loan classification

The following table sets forth the distribution of the Group's loans by the five-category loan classification as of December 31, 2023 and 2024. According to the current guidelines of risk-based classification of loans, NPLs are classified as substandard, doubtful and loss.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Normal	188,667.2	93.6	180,926.1	94.5
Special Mention	9,181.2	4.6	7,097.7	3.7
Subtotal	197,848.4	98.2	188,023.8	98.2
Substandard	1,820.9	0.9	867.5	0.4
Doubtful	817.7	0.4	1,667.5	0.9
Loss	927.1	0.5	877.3	0.5
Subtotal	3,565.7	1.8	3,412.3	1.8
Gross loans and advances to customers	201,414.1	100.0	191,436.1	100.0
NPL ratio⁽¹⁾		1.77		1.78

Note:

(1) Calculated by dividing total NPLs by gross loans and advances to customers.

As of December 31, 2024, according to the five-category loan classification, the Group's normal loans amounted to RMB188,667.2 million, representing an increase of RMB7,741.1 million from that as of December 31, 2023, accounting for 93.6% of the gross loans and advances to customers. Special mention loans amounted to RMB9,181.2 million, representing an increase of RMB2,083.5 million from that as of December 31, 2023, accounting for 4.6% of the gross loans and advances to customers. NPLs amounted to RMB3,565.7 million, representing an increase of RMB153.4 million from that as of December 31, 2023. The NPL ratio was 1.77%, representing a decrease of 0.01 percentage point from that as of December 31, 2023. The increase in special mention loans was mainly attributable to the temporary difficulties in the operation of certain of the loan customers from the mining industry affected by policy factors; the increase in total NPLs was mainly due to the weak operation of the coal and coking market impacted by the slowdown in regional economic growth, resulting in the defaults on the loans from certain of the Group's coal mining enterprises customers and coking enterprises customers.

Management Discussion and Analysis

Distribution of loans by collateral

The following table sets forth the distribution of the Group's loans and advances to customers by types of collateral as of December 31, 2023 and 2024.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Pledged loans ⁽¹⁾	50,684.1	25.2	50,239.1	26.2
Collateralized loans ⁽¹⁾	32,090.4	15.9	29,073.5	15.2
Guaranteed loans ⁽¹⁾	82,190.5	40.8	85,809.1	44.8
Unsecured loans	36,449.1	18.1	26,314.4	13.8
Gross loans and advances to customers	201,414.1	100.0	191,436.1	100.0

Note:

- (1) Represent the total amount of loans fully or partially secured by collateral, pledges or guarantees in each category. If a loan is secured by more than one form of security interest, the categorization is based on the primary form of security interest.

Distribution of corporate loans by industry

The following table sets forth the distribution of the Group's corporate loans by industry as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Manufacturing	39,910.9	31.4	43,960.9	36.6
Mining	27,366.4	21.5	23,610.6	19.6
Wholesale and retail	12,753.3	10.0	10,089.9	8.4
Leasing and business services	10,789.9	8.5	8,985.8	7.5
Real estate	8,713.7	6.8	8,469.3	7.0
Construction	8,459.6	6.6	6,942.4	5.8
Electricity, heating, gas and water production and supply	7,100.7	5.6	5,081.7	4.2
Water, environment and public utility management	3,673.6	2.9	3,595.4	3.0
Transportation, storage and postal services	3,148.4	2.5	3,043.9	2.5
Finance	1,572.5	1.2	2,841.4	2.4
Lodging and catering	367.6	0.3	591.2	0.5
Education	168.3	0.1	138.0	0.1
Agriculture, forestry, animal husbandry and fishery	82.0	0.1	154.6	0.1
Others ⁽¹⁾	3,200.6	2.5	2,779.3	2.3
Total corporate loans	127,307.5	100.0	120,284.4	100.0

Note:

- (1) Consist primarily of the following industries: (i) scientific research and technical services, (ii) information transmission, software and information technology services, (iii) health and social works, (iv) culture, sports and entertainment, and (v) resident services, maintenance and other services.

Management Discussion and Analysis

For the year ended December 31, 2024, the Group further optimized its credit structure and actively supported the development of the real economy. As of December 31, 2024, the Group's five major components of corporate loans were offered to customers in the following industries: manufacturing, mining, wholesale and retail, leasing and business services and real estate, and the total loans to corporate customers in the top five industries amounted to RMB99,534.2 million, accounting for 78.2% of the total corporate loans and advances to customers granted by the Group.

Distribution of non-performing corporate loans by industry

The following table sets forth the distribution of the Group's NPLs to corporate customers by industry as of the dates indicated.

	As of December 31, 2024			As of December 31, 2023		
	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)
<i>(in millions of RMB, except percentages)</i>						
Manufacturing	1,127.9	40.5	2.83	327.9	12.6	0.75
Leasing and business services	577.0	20.7	5.35	602.8	23.2	6.71
Mining	431.0	15.5	1.57	–	–	–
Wholesale and retail	290.6	10.4	2.28	454.1	17.4	4.50
Construction	276.7	9.9	3.27	280.2	10.8	4.04
Real estate	31.5	1.1	0.36	894.0	34.3	10.56
Agriculture, forestry, animal husbandry and fishery	8.7	0.3	10.61	8.7	0.3	5.63
Education	5.6	0.2	3.33	5.6	0.2	4.06
Lodging and catering	5.6	0.2	1.52	11.4	0.4	1.93
Transportation, storage and postal services	5.6	0.2	0.18	3.9	0.1	0.13
Water, environment and public utility management	2.6	0.1	0.07	1.5	0.1	0.04
Others ⁽²⁾	21.7	0.9	0.68	12.6	0.6	0.45
Total non-performing corporate loans	2,784.5	100.0	2.19	2,602.7	100.0	2.16

Notes:

- (1) Calculated by dividing NPLs to corporate customers in each industry by gross loans to corporate customers in that industry.
- (2) Consist primarily of the following industries: (i) health and social work, (ii) culture, sports and entertainment, (iii) resident services, maintenance and other services, (iv) information transmission, software and information technology services, and (v) scientific research and technical services.

Management Discussion and Analysis

As of December 31, 2024, the Group's non-performing corporate loans were mainly from manufacturing, leasing and business services, mining industry.

As of December 31, 2023 and December 31, 2024, the NPL ratios for corporate loans to the manufacturing industry were 0.75% and 2.83%, respectively; non-performing corporate loans to borrowers in such industry accounted for 12.6% and 40.5% of the total non-performing corporate loans, respectively; the balance of non-performing corporate loans to the manufacturing industry increased from RMB327.9 million as of December 31, 2023 to RMB1,127.9 million as of December 31, 2024. The increase in the balance of NPL and the NPL ratio in the industry was mainly attributable to the difficulties in the operation of certain of the Group's coking enterprises customers due to the impact of the market changes and internal mismanagement, which resulted in loan defaults.

As of December 31, 2023 and December 31, 2024, the NPL ratio for corporate loans in the leasing and business services industry was 6.71% and 5.35%, respectively. Non-performing corporate loans to borrowers in such industry accounted for 23.2% and 20.7% of the total non-performing corporate loans, respectively. The balance of non-performing corporate loans to the leasing and business services industry decreased from RMB602.8 million as of December 31, 2023 to RMB577.0 million as of December 31, 2024, mainly due to these certain enterprises have sufficient guarantee measures in the Group, and the Group has taken various measures to continuously promote the collection and disposal, so that a downward trend has shown in such balance of NPLs and the NPL ratio.

As of December 31, 2023 and December 31, 2024, the NPL ratio for corporate loans in mining industry was 0.0% and 1.57%, respectively, and non-performing corporate loans to borrowers in such industry accounted for 0.0% and 15.5% of the total non-performing corporate loans, respectively, and the non-performing balance of corporate loans in mining industry increased from RMB0.0 million as of December 31, 2023 to RMB431.0 million as of December 31, 2024, mainly due to the slowdown in demand in the coal market and the decline in coal prices, as well as the failure of some enterprises' operations and management to adapt to market changes, resulting in business decline, financial difficulties and loan defaults.

In addition, the Group continued to increase its efforts to collect and dispose of NPLs in real estate in 2024, and NPLs in real estate decreased significantly, with the balance of NPLs significantly decreasing from RMB894.0 million as of December 31, 2023 to RMB31.5 million as of December 31, 2024. The NPL ratio decreased by 10.20 percentage points from 10.56% as of December 31, 2023 to 0.36% as of December 31, 2024.

Management Discussion and Analysis

Distribution of NPLs by product type

The following table sets forth the distribution of NPLs by product type as of the dates indicated.

	As of December 31, 2024			As of December 31, 2023		
	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)
<i>(in millions of RMB, except percentages)</i>						
Corporate loans	2,784.5	78.1	2.19	2,602.7	76.3	2.16
Personal loans	781.2	21.9	2.28	809.6	23.7	2.54
Total NPLs	3,565.7	100.0	1.77	3,412.3	100.0	1.78

Note:

- (1) Calculated by dividing NPLs in each product type by gross loans and advances to customers in that product type.

The NPL ratio for corporate loans increased from 2.16% as of December 31, 2023 to 2.19% as of December 31, 2024, while the balance of non-performing corporate loans increased from RMB2,602.7 million as of December 31, 2023 to RMB2,784.5 million as of December 31, 2024. The increase in the balance of non-performing corporate loans was caused by the defaults of certain of the Group's coal and coking enterprise customers' loans as a result of the internal mismanagement of such coal and coking enterprises, which failed to adapt to market changes, affected by the decrease in the price of the coal and coking products, which was affected by the change in the coal and coking market.

The NPL ratio for personal loans decreased from 2.54% as of December 31, 2023 to 2.28% as of December 31, 2024, and the balance of NPLs for personal loans decreased from RMB809.6 million as of December 31, 2023 to RMB781.2 million as of December 31, 2024. The decrease in the balance of NPLs for personal loans was due to the fact that the Group continued to intensify and accelerate the collection and disposal by means of the combination of various disposal measures, such as direct collection, judicial collection and write-off of bad debts, thus certain of the balance of NPLs and the NPL ratio constantly decreased.

Management Discussion and Analysis

Distribution of NPLs by geographical region

The following table sets forth the distribution of the Group's NPLs by geographical region as of December 31, 2023 and 2024.

	As of December 31, 2024			As of December 31, 2023		
	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)
<i>(in millions of RMB, except percentages)</i>						
Taiyuan	2,358.0	66.1	1.96	2,446.4	71.7	2.06
Outside Taiyuan	1,207.7	33.9	1.49	965.9	28.3	1.33
Total NPLs	3,565.7	100.0	1.77	3,412.3	100.0	1.78

Note:

(1) Calculated by dividing NPLs in each region by gross loans and advances to customers in that region.

Borrowers concentration

Loans to the ten largest single borrowers

In accordance with applicable PRC Banking Industry guidelines, the Group is subject to a lending limit of 10% of its net capital base to any single borrower. As of December 31, 2024, the Group's loans to the largest single borrower accounted for 6.0% of the Group's net capital base, which was in compliance with regulatory requirements.

The following table sets forth the Group's loan balance to the ten largest single borrowers as of the date indicated.

As of December 31, 2024					
Industry		Amount	% of total loans (%)	% of net capital base ⁽¹⁾ (%)	Classification
(in millions of RMB, except percentages)					
Borrower A	Manufacturing	1,947.1	1.0	6.0	Normal
Borrower B	Construction	1,887.0	0.9	5.8	Normal
Borrower C	Manufacturing	1,852.1	0.9	5.7	Normal
Borrower D	Manufacturing	1,711.2	0.9	5.3	Normal
Borrower E	Manufacturing	1,686.0	0.8	5.2	Normal
Borrower F	Manufacturing	1,528.6	0.8	4.7	Normal
Borrower G	Manufacturing	1,506.8	0.8	4.7	Normal
Borrower H	Leasing and business services	1,492.0	0.7	4.6	Normal
Borrower I	Manufacturing	1,489.2	0.7	4.6	Normal
Borrower J	Manufacturing	1,475.0	0.7	4.6	Normal
Total		16,575.0	8.2	51.2	

Note:

(1) Represents loan balances as a percentage of the net capital base. The net capital base is calculated in accordance with the requirements of the Capital Administrative Measures for Commercial Banks and based on the financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles.

Management Discussion and Analysis

As of December 31, 2024, the balance of the Group's loans to the largest single borrower amounted to RMB1,947.1 million, accounting for 1.0% of the gross loans and advances to customers; the total loans to the ten largest single borrowers amounted to RMB16,575.0 million, accounting for 8.2% of the gross loans and advances to customers.

Loan aging schedule

The following table sets forth the Group's loan aging schedule as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
	<i>(in millions of RMB, except percentages)</i>			
Current loan	197,933.5	98.3	187,445.4	97.9
Loans past due for				
Up to 3 months ⁽¹⁾	1,472.3	0.7	950.6	0.5
Over 3 months up to 6 months ⁽¹⁾	152.0	0.1	115.6	0.1
Over 6 months up to 1 year ⁽¹⁾	260.6	0.1	211.8	0.1
Over 1 year up to 3 years ⁽¹⁾	829.9	0.4	2,363.5	1.2
Over 3 years ⁽¹⁾	765.8	0.4	349.2	0.2
Subtotal	3,480.6	1.7	3,990.7	2.1
Gross loans and advances to customers	201,414.1	100.0	191,436.1	100.0

Note:

(1) Represents the principal amount of loans with principal or interest overdue as of the dates indicated.

Changes to allowance for impairment losses

Allowance for impairment losses on loans to customers increased by 8.0% from RMB6,780.7 million as of January 1, 2024 to RMB7,326.1 million as of December 31, 2024, mainly due to the fact that the Group increased the loans to customers, and increased the provision for an impairment loss of loan assets based on the expected credit loss method model and the prudent, dynamic and objective assessment of future risk exposures, taking into account macro-economic situations, default rates, default probabilities and the Group's actual situation.

Management Discussion and Analysis

	As of December 31, 2024 Amount (in millions of RMB)	As of December 31, 2023 Amount
Beginning of the period (January 1)	6,780.7⁽¹⁾	5,938.0⁽³⁾
Charge for the period	1,783.2	959.1
Transfer out	–	(39.8)
Recoveries	11.9	5.2
Write-offs	(1,158.0)	–
Other changes	(91.7)	(81.8)
End of the period	7,326.1⁽²⁾	6,780.7

Notes:

- (1) Includes (i) allowance for impairment losses on the loans and advances to customers measured at amortized cost which amounted to RMB6,778.3 million; and (ii) allowance for impairment losses on the loans and advances measured at fair value through other comprehensive income which amounted to RMB2.4 million.
- (2) Includes (i) allowance for impairment losses on the loans and advances to customers measured at amortized cost which amounted to RMB7,322.8 million; and (ii) allowance for impairment losses on the loans and advances measured at fair value through other comprehensive income which amounted to RMB3.3 million.
- (3) Includes (i) allowance for impairment losses on the loans and advances to customers measured at amortized cost which amounted to RMB5,920.2 million; and (ii) allowance for impairment losses on the loans and advances measured at fair value through other comprehensive income which amounted to RMB17.8 million.

7 Geographical Segments Report

In presenting information by geographical segments, operating income is gathered according to the locations of the branches or subsidiaries that generated the income. For the purpose of presentation, the Group categorizes such information by geographic regions.

The following table sets forth the total operating income of each geographical region for the periods indicated.

	For the year ended December 31,			
	2024		2023	
	Amount	% of total (%)	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Taiyuan	4,208.3	72.7	4,378.4	75.5
Outside Taiyuan	1,582.8	27.3	1,423.8	24.5
Total operating income	5,791.1	100.0	5,802.2	100.0

Management Discussion and Analysis

8 Capital Adequacy Ratio and Leverage Ratio Analysis

The Group is subject to capital adequacy requirements as promulgated by National Financial Regulatory Administration. The following table sets forth, as of the dates indicated, relevant information relating to the Group's capital adequacy ratio.

	As of December 31, 2024 ⁽¹⁾	As of December 31, 2023 ⁽²⁾
<i>(in millions of RMB, except percentages)</i>		
Core tier-one capital		
– Share capital	5,838.7	5,838.7
– Qualifying portion of capital reserve	6,626.6	6,627.6
– Surplus reserve	5,239.3	4,361.3
– General reserve	4,231.8	4,228.1
– Other comprehensive income	(22.7)	(44.4)
– Retained earnings	4,104.0	3,785.3
– Qualifying portion of non-controlling interests	7.8	6.0
Total core tier-one capital	26,025.5	24,802.6
Core tier-one capital deductions	(346.0)	(344.3)
Net core tier-one capital	25,679.5	24,458.3
Other tier-one capital	2,001.0	0.8
Net tier-one capital	27,680.5	24,459.1
Tier-two capital	4,711.2	4,463.9
Net capital base	32,391.7	28,923.0
Total risk-weighted assets	252,347.1	219,585.9
Core tier-one capital adequacy ratio (%)	10.18	11.14
Tier-one capital adequacy ratio (%)	10.97	11.14
Capital adequacy ratio (%)	12.84	13.17

Notes:

- (1) The relevant information on the Group's capital adequacy ratio as of December 31, 2024 is calculated in accordance with the Capital Administrative Measures for Commercial Banks 《商業銀行資本管理辦法》 issued by National Financial Regulatory Administration with effect from January 2024 and the PRC Generally Accepted Accounting Principles.
- (2) The relevant information on the Group's capital adequacy ratio as of December 31, 2023 is calculated in accordance with the Capital Administrative Measures for Commercial Banks (Provisional) 《商業銀行資本管理辦法(試行)》 issued by the former CBIRC and the PRC Generally Accepted Accounting Principles.

As of December 31, 2024, the Group's capital adequacy ratio was 12.84%, down by 0.33 percentage point from the end of 2023; the tier-one capital adequacy ratio was 10.97%, down by 0.17 percentage point from the end of 2023; core tier-one capital adequacy ratio was 10.18%, down by 0.96 percentage point from the end of 2023. The above changes were mainly attributable to the Group's capital replenishment growth rate being lower than that of risk-weighted assets for the year.

As of December 31, 2024, the Group's leverage ratio was 6.57%, representing an increase of 0.65 percentage point from 5.92% as of December 31, 2023. Pursuant to the Capital Administrative Measures for Commercial Banks issued by National Financial Regulatory Administration with effect from January 2024, the minimum leverage ratio shall not be lower than 4%. The leverage ratio as of December 31, 2023 was calculated pursuant to the Leverage Ratio Administrative Measures for Commercial Banks 《商業銀行槓桿率管理辦法》, and the minimum leverage ratio shall not be lower than 4%.

Management Discussion and Analysis

9 Risk Management

The primary risks related to the Bank's operations include credit risk, market risk, liquidity risk, operational risk, information technology risk, reputational risk, strategic risk and ESG risk.

In 2024, the Bank firmly upheld the main keynote of "risk management by the Party", while strengthening its bottom-line thinking and risk awareness with an increasing focus on risk prevention while pursuing steady growth and high-quality development. The Bank constantly improved the long-term mechanism of risk management and control, promoted refined management, strengthened system construction to facilitate and support the steady and rapid development of all businesses across the Bank, and resolutely safeguarded financial stability and financial security.

Credit risk

Credit risk refers to the risk of loss that may arise from the default by, or downgrade of credit rating of, an obligor or counterparty, or from its reduced capacity to fulfill its contractual obligations. The Bank is exposed to credit risks primarily associated with corporate loan business, personal loan business and financial market business.

The Bank has built and continuously enhances its bank-wide credit risk management system to identify, measure, monitor, mitigate and control risks that arise from its credit business. In 2024, the Bank further optimized its credit structure, formulated credit policy guidelines, and concentrated on industrial policies and transformation directions across the province, deeply studied industry and customer trends, deeply explored customers' needs, formulated "Five Priorities (五篇大文章)" action plan, improved work promotion mechanisms and service system and continued to strengthen its ability to provide financial services to the real economy; the Bank strengthened its credit risk monitoring and identification, strengthened see-through management of credit risks, promoted application of big data tools and intelligent platforms in the aspect of post-lending management, thus promoting the improvement of post-lending management efficiency; the Bank steadily promoted the implementation of risk-based classification method of financial asset, established and improved the risk-based classification management system of financial asset of the Bank, carried out risk-based classification management in accordance with the principle of substantial risk judgment, timely adjusted the risk-based classification results, and improved the refinement level of risk-based classification management of financial asset; the Bank continued to improve the asset preservation management system that is integrated and is professional in settlement, and established a supervision mechanism for the disposal and resolution of risk assets, promoted the digital transformation of asset preservation management, strengthened the analysis of non-performing assets, improved the reporting, monitoring and supervision mechanism for multiple policies of an enterprise, and continued to improve the efficiency of the settlement and disposal of non-performing assets.

The Bank is committed to using advanced information technology systems to improve our credit risk management, strengthening financial technology to empower the risk prevention and control, continually optimizing technology risk monitoring indicators, and continually improving the technology capability of risk prevention and control. The Bank introduced external big data such as business administration information and judicial litigation into the credit management system, developed the rules for intelligent risk management, intercepted high-risk customers, and effectively improved the capability of risk identification and the efficiency of risk decision-making management. The Bank applied the concept of digital intelligent management to reconstruct the post-lending management function, iterated the people-oriented post-lending management with the intelligent post-lending management model, and promoted the digital transformation of the post-lending management mechanism.

Management Discussion and Analysis

The Bank is dedicated to striking a balance between achieving steady loan growth and maintaining a prudent culture of risk management. The Bank prepared detailed guidelines on credit risk management based on the provincial, national and international economic conditions, as well as government policies and regulatory requirements. In formulating the credit policies, the Bank studies the macroeconomic environment in the PRC and Shanxi Province and analyzes the risks and uncertainties relevant to the Bank's operations. The Bank also keeps track of the development of the national and local economic development plans, financial regulations and monetary policies, and adjusts the Bank's credit guidelines accordingly.

Management of large-scale risk exposure

The Bank strictly implemented regulatory requirements, continuously improved the system for large-scale risk exposure management, consolidated the data basis, carried out the measurement, monitoring and system construction of large exposures in an orderly manner, strictly implemented each regulatory indicator, regularly submitted regulatory statements and management reports, and continuously improved our capability to measure and manage large-scale risk exposure. As of the end of 2024, other than exempted customers, all limit indicators for the Bank's large-scale risk exposures were in compliance with the regulatory requirements.

Market risk

Market risk refers to the risk from adverse changes in market prices (interest rates, currency rates, stock price and commodity prices) that result in losses to the Bank's on – and off-balance sheet businesses. The Bank is exposed to market risks primarily from interest rate risk and currency rate risk.

During the Reporting Period, the Bank analyzed and studied the development trend of the financial market, formulated a market risk management system that is suitable for the Bank's business development, and confirmed the assignment of responsibilities of the Board, senior management, internal auditing and all departments in accordance with the supervision requirements strictly. In performing the system, each department made joint efforts and better finished the management work on market risk. In this year, the Bank continued to improve its market risk limit system, monitored stop-loss limits for market risk, modified duration, account limits and other indicators by mark-to-market, and better completed daily monitoring of market risk by combining with contingency plans of market risk. Stress tests and reports for market risk were completed on a quarterly basis and regularly reported to senior management and the Board for review. In combination with the Bank's business development strategy and risk appetite, the Bank reasonably controlled the market risk under a bearable range.

As of December 31, 2024, the Bank was engaged in a small-scaled foreign exchange business and held an insignificant amount of US dollars and other foreign currencies. The Bank formulated multiple policies and operating standards for foreign currency businesses, such as foreign exchange capital businesses, and business of foreign exchange settlement and sale, to control foreign currency rate risk.

Liquidity risk

Liquidity risk is the risk of failure to obtain sufficient funds in a timely manner or at a reasonable cost to fulfill payment obligations when due. The liquidity management of the Bank is primarily to provide timely payment of funds for lending, trading and investment activities in business development to meet capital needs, and to fulfill payment obligations when due.

Management Discussion and Analysis

The Bank has established a liquidity risk management system and an organizational structure where the Board bears the ultimate responsibilities for the Bank's liquidity risk management and the senior management is responsible for formulating liquidity risk management strategies and policies. The Bank manages liquidity risk by monitoring the maturities of assets and liabilities to ensure it has sufficient funds readily available or at a reasonable cost to fulfill the payment obligations as they become due. The Assets and Liabilities Management Department monitors the Bank's capital position on a daily basis and provides risk alerts and reminders in a timely manner. The Bank also strictly observes the relevant regulatory requirements, closely monitors each liquidity indicator, formulates crisis management plans, enhances daily liquidity risk management and regularly applies stress tests.

In 2024, the Bank closely monitored the changes in the market interest rates, strengthened the monitoring and management of the regular liquidity risks, and reasonably adjusted its liquidity risk management strategy according to the external market environment by strengthening its fund position management during the day time and rationally adjusting the term structure of assets and liabilities, to ensure that the liquidity risk is controllable for safety purposes. Liquidity risk management was strengthened mainly in the following aspects: 1. The Bank strengthened the routine monitoring of liquidity risks. The Bank improved the monitoring and analysis of large – amount funds through the information system of liquidity risks, rationally adjusted and controlled its day time excess reserves level to ensure that payment and settlement and other businesses could be operated normally. Meanwhile, the Bank strengthened the management and control of liquidity risk indicators and rationally adjusted the structure of its assets and liabilities to ensure that the Bank's liquidity indicators continued to be stable and meet regulatory requirements. 2. The Bank adopted the management of liquidity risk limit indicators and set the limit indicators based on the external market and the actual development of the Bank's business. 3. The Bank strengthened the management of quality liquidity assets to ensure that there were sufficient reserves of quality liquidity assets to meet external financing needs under stress scenarios. 4. The Bank had developed a liquidity risk reporting mechanism to ensure that the Board and senior management can keep abreast of the Bank's liquidity status. 5. The Bank regularly conducted liquidity stress tests and timely predicted the potential liquidity risks based on the results of the stress tests to formulate relevant management measure.

Operational risk

Operational risk refers to the risk of losses arising from potentially defective internal procedures, personnel and information technology systems, and external events.

The Bank has established an operational risk management structure with the Board, the board of supervisors and senior management, and clarified the “three lines of defense” of the operational risk management system for various business and management departments, the Legal and Compliance Department, the Assets and Liabilities Management Department and the Audit Department. During the Reporting Period, the Bank comprehensively revised and improved its operational risk management system, upgraded its digital platform for operational risk and compliance management, optimized the application of operational risk management tools, and strengthened operational risk assessment and monitoring analysis to ensure that operational risk control was within the tolerable range.

Management Discussion and Analysis



Based on strengthening internal control and compliance management, the Bank actively implemented the integrated cross-inspection and problem rectification promoted by the National Financial Regulatory Administration, organized and carried out special rectification of system construction, regularly promoted abolishing, amending and establishing of the systems, and constantly improved the system management system. Continued to strengthen its risk investigation, inspection and supervision in key areas such as credit business, agency business, and staff behavior, standardize and strictly implement management requirements such as important job rotation, mandatory leave, and performance avoidance of employees, so as to continuously enhance its risk prevention capability. Simultaneously, the Bank revised its management system related to business continuity, data security and outsourcing, steadily promoted business impact analysis, business continuity drills and data security categorization and classification, and strengthened the effective connection between operational risk management and relevant system mechanisms to improve the ability to cope with internal and external events.

Information technology risk

Information technology risks include operational risk, reputational risk, legal risk and other types of risks caused by natural factors, human errors, technical loopholes and management failure arising from the Bank's use of information technology. The Bank has set up an Information Technology Management Committee, and the Legal and Compliance Department and the Science and Technology Information Department at the head office are responsible for managing information technology risks. The Bank strives to continuously improve the information technology infrastructure and the Bank's information technology management system to comply with the national standards and regulatory requirements.

To ensure information technology security, the Bank has hired professionals to supervise the information security system and established a series of information security management measures to prevent any unauthorized network intrusions, attacks, data leakage or third-party tampering with the Bank's information system. As part of the Bank's business continuity management measures, the Bank has established a disaster backup and recovery system comprising two local active application-level centers and one off-site data-level disaster recovery center. The Bank has also established detailed contingency plans regarding the potential breakdown of the information system to ensure the continuity of operations. The Bank conducts periodic disaster tolerance and recovery drills for business continuity for important businesses.

Reputational risk

Reputational risk refers to the risk that arises from the behavior of the Bank or its employees or external events that lead to negative evaluations of the Bank by stakeholders, the public and the media, thereby damaging the brand value of the Bank, adversely affecting the operation and management of the Bank, and even affecting the market stability and social stability. The Bank takes its reputation seriously and has established an effective reputational risk management mechanism to monitor, identify, report, control and assess the reputational risk, and at the same time manages the reputational risk emergency handling, and minimizes any loss and negative impact on the Bank due to such incidents.

Management Discussion and Analysis

The office of the Board of the Bank is responsible for undertaking the management of overall reputational risks, including establishing a reputational risk management system, and formulating fundamental internal policies. The Bank has established emergency response teams for reputational risk incidents at the branches and sub-branches, so that the head office can be promptly informed upon the occurrence of material and urgent incidents and take appropriate actions accordingly.

Strategic risk

Strategic risk refers to the risk caused by inappropriate business strategies or changes in the external operating environment during strategy development and implementation, which may have a negative impact on the current or future profitability, capital, reputation or market position of the Bank.

The Bank strengthens its guidance on the strategic development plan, pushes ahead with the implementation of strategic plans for 2021-2025 steadily, continually focuses on the changes in the external environment, actively conducts the evaluation of strategy implementation and interim revisions of the strategy, and always ensures the strategic planning is aligned with the external environment, so as to enhance the Bank's adaptability in the face of unexpected market changes. The office of the Board is responsible for managing the Bank's strategic risks. The Bank identifies strategic risk factors through cooperation between the office of the Board and the Risk Management Department; conducts regular reviews and studies on prevailing market conditions and the Bank's business operation status to timely identify potential risks, makes prompt adjustments to the strategies and relevant measures accordingly, and closely monitors the implementation of the strategies.

ESG risk

ESG risk refers to the risk of financial losses, legal sanctions or reputational damage due to inadequate practices in environmental, social and governance or external shocks (such as climate change, social conflicts, etc.) faced by the Bank. The Bank has effectively established an organizational structure for environmental and social risk management that links up and down. As the highest decision-making body on environmental and social risk management, the Board is responsible for formulating green finance development strategies and ensuring that an appropriate and effective risk management system is in place to address environmental and social-related risks. At the same time, the Bank has set up a Development and Strategy Committee at the Board level to deliberate on environmental, social and governance (ESG) related proposals.

Senior management is responsible for setting environment-related targets, establishing green credit mechanisms and processes, conducting internal control inspections and evaluations, and regularly reporting to the Board on environment-related developments such as green credit. All departments of the Bank's head office and branches are responsible for the implementation of specific work related to the environment in accordance with the division of responsibilities. Among them, the Corporate Finance Department is the lead management department of green finance of the Bank, which is responsible for improving the construction of green finance system, collecting green finance data, organizing and carrying out green finance training, etc., the Risk Management Department, as the overall risk management department, is responsible for green finance-related risks, and other departments and branches are responsible for cooperating with relevant specific work.

Management Discussion and Analysis

10 Business Review

For the year ended December 31, 2024, the Group's principal business lines comprised corporate banking, retail banking and financial markets.

For corporate banking business, the Group focuses on serving the governmental and institutional customers as well as high-quality customers in the business and industries, continuously improves the level of corporate customers management by measures such as intensifying the cooperation between governments and the Bank, enriching trade finance products, deepening reforms within the corporate financial team and accelerating the development of investment banking; for retail banking business, the Bank adheres to the philosophy of "building a bank founded on the basis of deposit (存款立行)" and continues to consolidate the foundation of personal deposits, promotes the rapid development of businesses such as credit cards, personal loans, and wealth management services, accelerates the progress of wealth management and digital transformation, continually enhances customer service capability, and promotes value enhancement for customers, so as to achieve ongoing improvement for retail banking in terms of market competitiveness and brand influence; for financial markets business, the Bank adjusts the asset structure of its bond and bill business proactively, expands credit granting to peer institutions actively, and strengthens the management of counterparties.

The following table sets forth the breakdown of the Group's operating income by business lines for the years ended December 31, 2023 and 2024.

	For the year ended December 31,			
	2024		2023	
	Amount	% of total (%)	Amount	% of total (%)
<i>(in millions of RMB, except percentages)</i>				
Corporate banking	3,479.6	60.1	3,922.7	67.6
Retail banking	1,387.0	23.9	1,345.6	23.2
Financial markets	902.7	15.6	524.6	9.0
Others ⁽¹⁾	21.8	0.4	9.3	0.2
Total operating income	5,791.1	100.0	5,802.2	100.0

Note:

(1) Consists primarily of income that is not directly attributable to any specific segment.

Management Discussion and Analysis

Corporate banking

Positioning itself as a “financial steward” for local governments in Shanxi Province and a “partner” of the real economy, the Bank has embraced the concept of green development, and gave its full support to the energy revolution and transformation and comprehensive reform in Shanxi Province. The Bank actively provides financing support for key projects in Shanxi Province and other cities, and constantly provides corporate banking customers with diversified products and services, including deposits, loans, trade finance, cash management, remittance and settlement, bonds and bills service, etc.

For the year ended December 31, 2024, the Group’s operating income from corporate banking was RMB3,479.6 million, representing a year-on-year decrease of 11.3% and accounting for 60.1% of the total operating income for the same period. The main reasons for the decrease in operating income from corporate banking were: firstly, intense competition within the industry has led to a continuous decline in market loan interest rates as well as in loan prices for both existing and new customers, thereby diminishing business revenue; secondly, the Group has proactively scaled back certain corporate banking business that were either less profitable or carried higher risks.

As of December 31, 2024, the total corporate loans of the Group amounted to RMB127,307.5 million, representing an increase of 5.8% from December 31, 2023. As of December 31, 2024, total corporate deposits amounted to RMB125,793.4 million, representing a decrease of 1.5% from December 31, 2023.

The Bank continued to enhance its capacity to meet the needs of corporate banking customers for differentiated financial products, actively responded to the guidance of the national industrial policies and vigorously promoted the credit orientation towards medium- and long-term manufacturing. The Bank also placed a focus on the development of intelligent online products centering on the improvement of customer experiences, actively expanded green and low-carbon corporate financing, strongly supported technology-based small or medium size enterprises to broaden capital sources, so as to continuously optimize its business structure, enrich its product portfolio, and enhance its overall service capacity.

Retail banking

Capitalizing on its extensive knowledge of the local market and the preferences of retail banking customers, the Group continually develops and promotes retail banking products and services that are well-received by the market and makes consistent efforts in wealth management, customer service, channel operation, product innovation, etc. The Group offers a diverse range of products and services to retail banking customers, including personal loans, deposit-taking services, personal wealth management services, credit card services and funds, insurance services, treasury bonds and other agency services and remittance services, etc.

For the year ended December 31, 2024, the Group’s operating income from retail banking was RMB1,387.0 million, representing a year-on-year increase of 3.1% and accounting for 23.9% of the total operating income for the same period. The increase in operating income from retail banking was mainly due to the decrease in retail banking fee and commission expense as the Group adjusted retail business structure, conducted product transition, adhered to the concept of cost reduction and efficiency improvement, and cut the fee expenses for credit card business and other businesses.

Management Discussion and Analysis

As of December 31, 2024, the total personal loan was RMB34,283.7 million, accounting for 17.0% of the gross loans and advances to customers. As of December 31, 2024, residential mortgage loans, personal consumption loans, personal business loans and credit card balances were RMB24,550.3 million, RMB4,469.1 million, RMB1,329.5 million and RMB3,934.8 million, respectively, accounting for 71.6%, 13.0%, 3.9% and 11.5% of the total personal loans of the Group, respectively. As of December 31, 2024, the Group's total personal deposits amounted to RMB157,782.0 million, representing an increase of 17.9% from December 31, 2023.

Driven by quality services, the number of retail banking customers of the Group further increased during the Reporting Period, from 3,313.0 thousand as of December 31, 2023 to 3,484.9 thousand as of December 31, 2024. After years of persistent efforts, the Group has established an extensive business network in key cities in Shanxi Province. As of December 31, 2024, the Bank had outlets across 11 prefecture-level cities in Shanxi Province. The Bank currently has 153 outlets under its supervision and established a Small Enterprises Financial Service Center. The Bank invested in the establishment of Qingxu Jinshang Village and Township Bank, and initiated the establishment of the first consumer finance company in Shanxi Province – Jinshang Consumer Finance Co., Ltd.

During the Reporting Period, with a business network that has extensive coverage, the Group was committed to providing customers with convenient online and mobile financial products and services with the use of advanced technologies. During the Reporting Period, the Group continued to enrich the types of services offered through online banking and introduced differentiated user experience for customers through technological upgrades. In addition, by integrating high-quality resources, the Group provided professional and comprehensive financial services to customers in the province. The Group won the award of “Excellent Retail Bank of the Year (年度卓越零售銀行)”, “Excellent Investment Return Bank (卓越投資回報銀行)”, “Excellence in Wealth Management of City Commercial Bank (卓越財富管理城市商業銀行)”, “2024 Wealth Management Income Achievement Pioneer Prize (2024 年理財收益達標先鋒獎)”, “Potential Wealth Management Product Sales Bank (理財銷售潛力銀行)”, the sixth “IRON HORSE – Best Small and Medium-sized bank for Asset Management Business (鐵馬 – 最佳資產業務中小銀行)” in 2024 for its professional and outstanding services. Three contestants won the title of “China's Top 100 Financial Planners (2024) (中國百佳金融理財師(2024))”, three participating teams won the title of “China's Excellent Financial Planner Team (中國優秀金融理財師團隊)”; one wealth management product won the “Wealth Management Surprise Prize (理財驚喜獎)”; several wealth management products won the “Golden Bull Five-Star Product Award (金牛五星產品獎)”; one personal loan product won the “Outstanding Collateralized Loan and Home Loan Products Award (傑出抵押貸款和房屋貸款產品獎)” at the third Retail Banking • Jie Fu Awards.

To build a brand image as a private bank for the Bank and to facilitate effective customer management for the private banking business, and with a focus on the service system of “promoting the future (升擢未來)”, “promoting privileges (升享尊貴)”, “promoting the wellbeing (升生之道)”, and “promoting extraordinary experience (升鑑不凡)”, the Private Banking Center actively explores the development model of private banking in line with its own development strategy, scale and management capabilities, consolidates its presence in the family wealth planning service market, builds a differentiated and distinctive private banking brand, and accelerates the steady and robust development of private banking in the region.

Management Discussion and Analysis

Financial markets business

The financial market business of the Group primarily includes inter-bank money market transactions, repurchases transactions, debt securities investment and trading. It also covers the management of the Group's overall liquidity position.

During the Reporting Period, the Group closely monitored the changes in the macroeconomic situation, adhered to the direction of financial market policies, strengthened the monitoring and analysis of market conditions, seized business development opportunities, rationally formulated investment strategies, continuously optimized the investment portfolio, adjusted investment structure and actively carried out innovative business under the premise of risk control, while building a more competitive financial market business.

For the financial market business, the Group continued to focus on liquidity management, constantly promoted its business implementation, maintained risk prevention and compliance management, continuously enhanced its market activity and influence, and made great efforts to improve its profitability. In order to continue to expand the scope of the Group's bond underwriting and distribution business and credit risk prevention and control capabilities, the Group obtained the core dealer qualification of credit risk mitigation instruments and the business qualification of underlying financial derivatives, which further strengthened the Group's capability of risk aversion and hedging.

For the year ended December 31, 2024, the operating income from the Group's financial market business increased by RMB378.1 million to RMB902.7 million from RMB524.6 million in the same period in 2023, accounting for 15.6% of total operating income, mainly due to an increase in interest income from interbank transactions.

Interbank market transactions

The Group's interbank market transactions business primarily consists of (i) interbank deposits; (ii) interbank placements; and (iii) purchases under resale agreements and sales under repurchase agreements, which mainly involve bonds and bills.

As of December 31, 2024, deposits with banks and other financial institutions were RMB2,141.1 million, accounting for 0.6% of the Group's total assets as of December 31, 2024.

As of December 31, 2024, placements with banks and other financial institutions were RMB19,486.0 million, accounting for 5.2% of the Group's total assets as of December 31, 2024.

As of December 31, 2024, financial assets held under resale agreements were RMB28,197.9 million, accounting for 7.5% of the Group's total assets as of December 31, 2024. As of the same date, financial assets sold under repurchase agreements were RMB10,343.4 million, accounting for 3.0% of the Group's total liabilities as of December 31, 2024.

Investment management

The Group's investment management business mainly consists of debt securities investment and SPV investment. Specifically, debt securities include debt securities issued by the PRC government, policy banks, commercial banks and other financial institutions and enterprises. SPV investment refers to investments in trust plans, asset management plans and mutual funds. When making debt securities investment and SPV investment, the Group takes into account a broad range of factors, including but not limited to risk preferences, capital consumption level and expected yields of relevant products of the Group, as well as overall economic conditions and relevant regulatory development, to achieve a better balance between risk and return.

Management Discussion and Analysis



As of December 31, 2024, the total debt securities investment was RMB77,992.5 million, representing an increase of 9.0% from December 31, 2023, primarily because the Group appropriately increased the allocation of government bonds as a result of the optimisation of the structure of its assets and liabilities of the Bank.

As of December 31, 2024, the total SPV investment was RMB21,794.9 million, representing an increase of 114.8% from December 31, 2023, mainly because the Group has appropriately increased the scale of the investment in mutual funds, taking into account the market situation and the need for income and liquidity management.

Wealth management

During the Reporting Period, the Group actively expanded its wealth management products and services to attract a wider range of customers with different financial needs and risk tolerance, and effectively responded to the challenges of traditional banking services amid interest rate liberalisation. For the year ended December 31, 2024, the amount of wealth management products issued by the Group was RMB59,721.2 million, representing a decrease of 11.2% from the year ended December 31, 2023, primarily due to a significant decline in the return on relevant assets, and a certain scale of “asset shortage” in the market as impacted by the economic fundamentals, market liquidity and debt resolution situation while the wealth management business being affected by changes in regulatory policies. As a result, the Group reduced the frequency and quantity of the issuance of wealth management products in a timely and moderate manner. As of December 31, 2024, the Group had more than 455,366 wealth management customers, showing a further increase from the end of 2023.

As of December 31, 2024, the outstanding balance of the non-principal guaranteed wealth management products issued by the Group was RMB40,060.1 million, representing a decrease of 18.1% from December 31, 2023, mainly because based on the above-mentioned decline in the issuance scale, investors voluntarily redeemed a larger scale of products during the period due to fluctuations in the bond and equity markets, and at the same time, the Bank has moderately reduced its scale in accordance with the requirements of the regulatory authorities. For the year ended December 31, 2024, the fee and commission income from the wealth management products issued by the Group was RMB290.2 million, representing an increase of 42.0% from the year ended December 31, 2023, mainly due to the fact that the income and fee income from the wealth management products increased as a result of the impact of the “asset shortage” and debt resolution situation given that the market liquidity was relatively abundant this year, and at the same time, the non-standard assets allocated to long-term products in the previous layout have gradually matured, resulting in an increase of excess income and fee income from the products.

Debt securities distribution

The Bank’s investment banking team provides customers with comprehensive financial services through the debt securities distribution business, to further leverage the Bank’s strong capacity in managing capital market transactions, and to broaden its customer base.

The Bank obtained the preliminary and Class-B qualification for underwriting debt financing instruments issued by non-financial enterprises in October 2016 and February 2019, respectively, and obtained the qualification of independent lead underwriter in February 2024, which allows the Bank to independently act as a lead underwriter in the regional market. For the year ended December 31, 2024, the aggregate principal amount of debt securities the Bank distributed amounted to RMB37,381.4 million, representing a slight increase from the year ended December 31, 2023, mainly because of effective maintenance of customers and vigorous expansion of new channels.

Management Discussion and Analysis

Small and micro enterprise

During the Reporting Period, the Bank has actively implemented the decisions of the Party Central Committee and the State Council on financial support for small and micro enterprises, maintained its strategic determination, adhered to its market positioning, strengthened its inclusive financial services, reasonably reduced the financing costs of inclusive loans to small and micro enterprises to effectively promote the high-quality development of the Bank's financial services for small and micro enterprises.

As of December 31, 2024, the Bank's head office has set up an Inclusive Financial Department (Small Enterprises Financial Department/Small Enterprises Financial Service Center), four directly controlled branches in Taiyuan and ten non-local branches have also set up Inclusive Financial Department (Small Enterprises Financial Department).

As of December 31, 2024, the balance of inclusive loans to small and micro enterprises of the Bank amounted to RMB11,553.9 million, representing an increase of RMB1,722.1 million from December 31, 2023; the number of small and micro enterprise customers for inclusive loans was 5,576, representing an increase of 1,875 from December 31, 2023, achieving the target of "two growth". The NPL ratio of inclusive loans to small and micro enterprises was 3.29%, representing a decrease of 0.52 percentage point from December 31, 2023, and the annualized interest rate of accumulative was 4.00%, representing a decrease of 0.17 percentage point from December 31, 2023, in line with the monitoring requirements of the "two controls".

Management Discussion and Analysis

Digital transformation

During the Reporting Period, the Bank continued to promote digital transformation, completed the work outlined in the Digital Transformation Strategic Plan (2022-2024)《數字化轉型戰略規劃(2022-2024)》, and continued to formulate a three-year digital financial action plan and promote its implementation. Through continuous digital infrastructure construction, the Bank has established an online operational system for retail customers and a digital marketing system for corporate customers; significantly enhanced counter service efficiency and post-loan management efficiency; realized data self-analysis capability, customer demand insight capability and customer experience monitoring capability; and completed digital transformation in file management and human resources management. The above-mentioned digital capabilities, as well as the continuous improvement of unified data computing capabilities, data asset management capabilities, and artificial intelligence application capabilities will gradually become new qualitative productivity that will drive the Bank's high-quality development.

During the Reporting Period, the Bank was simultaneously committed to promoting the results of digital applications, with typical results including a year-on-year increase of 11.5% in the number of registered users of mobile banking and a year-on-year increase of 9.5% in the number of transactions; a year-on-year increase of 61.3% in the volume of video banking business, with nearly 2 million retail customers reached accurately, and a cumulative total of almost 280,000 outbound calls made by remote banking; an increase of 10% in the coverage rate of the customer experience monitoring scene; and an increase of 70% in the efficiency of post-loan management. The above-mentioned achievements in digitalization are attributable to the Bank's persistent efforts in digital transformation and the vigorous implementation of relevant plans. The Bank will also continue to deepen its digital innovation as the driver, strengthen data empowerment, and promote the upgrading of financial services with a higher level of digitalization capability.

During the Reporting Period, the Bank continued to promote data governance, continuously consolidated its data foundation, improved its processes and mechanisms, enhanced its data quality, and actively introduced external data. At the same time, the Bank optimized the design of its data architecture and standards management, continuously refined its data management framework and data control capabilities, and steadily expanded the scope of data application and data value.

During the Reporting Period, the Bank upgraded the digital literacy of all staff by organizing specialized training sessions, providing online training, and facilitating participation in the national qualification examination for digital talents in professional fields. The staff in the Bank have constantly obtained digital competency certifications, such as Data Asset Operation Manager and Data Governance Engineer, and the professional digital team has continued to grow.

Changes in Share Capital and Information of Shareholders

I. CHANGES IN SHARE CAPITAL

There was no change in share capital of the Bank during the Reporting Period.

As of December 31, 2024, the Bank issued a total of 5,838,650,000 shares, including 4,868,000,000 Domestic Shares and 970,650,000 H Shares.

	December 31, 2023		Changes during the Reporting Period	December 31, 2024	
	Number of shares	Percentage to total share capital		Number of shares	Percentage to total share capital
Domestic state-owned shares	1,181,251,686	20.23%	+1,329,478	1,182,581,164	20.25%
Domestic state-owned legal person shares	2,016,928,086	34.54%	-1,329,478	2,015,598,608	34.52%
Domestic social legal person shares	1,593,537,523	27.29%	–	1,593,537,523	27.29%
Domestic natural person shares	76,282,705	1.31%	–	76,282,705	1.31%
H Shares	970,650,000	16.62%	–	970,650,000	16.62%
Total shares	5,838,650,000	100.00%	–	5,838,650,000	100.00%

Note: The difference between the figures in the table and the aggregate figures is due to rounding.

II. INFORMATION OF SHAREHOLDERS

1. Total Number of Domestic Shareholders

As at December 31, 2024, the total number of Shareholders of Domestic Shares was 6,901.

2. Top 10 Shareholders of Domestic Shares

As at December 31, 2024, the Bank's top 10 Shareholders of Domestic Shares are as follows:

No.	Name of Shareholder	Nature of Shareholder	Total number of shares held at the end of the Reporting Period (shares)	Percentage to total share capital at the end of Reporting Period (%)	Shares pledged or frozen	Share status	Quantity
1	Shanxi Finance Bureau (山西省財政廳)	State-owned shares	715,109,200	12.25%	Normal		–
2	Huaneng Capital Services Co., Ltd. (華能資本服務有限公司)	State-owned legal person shares	600,000,000	10.28%	Normal		–
3	Taiyuan Municipal Finance Bureau (太原市財政局)	State-owned shares	467,471,964	8.01%	Normal		–
4	Changzhi Nanye Industry Group Co., Ltd. (長治市南燁實業集團有限公司) ("Changzhi Nanye")	Social legal person shares	450,657,435	7.72%	Normal		–
5	Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司)	State-owned legal person shares	359,091,687	6.15%	Normal		–

Changes in Share Capital and Information of Shareholders

No.	Name of Shareholder	Nature of Shareholder	Total number of shares held at the end of the Reporting Period (shares)	Percentage to total share capital at the end of Reporting Period (%)	Shares pledged or frozen	Share status	Quantity
6	Shanxi International Electricity Group Limited Company (山西國際電力集團有限公司) ("Shanxi International Electricity")	State-owned legal person shares	300,000,000	5.14%	Normal		-
7	Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司)	State-owned legal person shares	291,339,054	4.99%	Normal		-
8	Changzhi Huashengyuan Mining Industry Co., Ltd. (長治市華晟源礦業有限公司) ("Changzhi Huashengyuan")	Social legal person shares	234,569,820	4.02%	Normal		-
9	Taiyuan Steel (Group) Co., Ltd. (太原鋼鐵(集團)有限公司)	State-owned legal person shares	200,000,000	3.43%	Normal		-
10	Jinneng Holding Equipment Manufacturing Group Co., Ltd. (晉能控股裝備製造集團有限公司) ⁽²⁾	State-owned legal person shares	200,000,000	3.43%	Normal		-
Total			3,818,239,160	65.40% ⁽¹⁾	-		-

Notes:

- (1) The difference between the figures in the table and the aggregate figures is due to rounding.
- (2) Jinneng Holding Equipment Manufacturing Group Co., Ltd. (晉能控股裝備製造集團有限公司) was formerly known as Shanxi Jincheng Anthracite Mining Group Co., Ltd. (山西晉城無煙煤礦業集團有限責任公司).

Changes in Share Capital and Information of Shareholders

3. Interests and short positions under the SFO in Hong Kong

As at December 31, 2024, according to the register maintained by the Bank pursuant to Section 336 of the SFO, and to the best knowledge of the Bank, the following persons (other than the Directors, Supervisors and chief executive of the Bank) will have or be deemed or taken to have interests and/or short positions in the Shares or underlying Shares of the Bank which would be required to be disclosed to our Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital of the Bank:

Name of Shareholder	Capacity/Nature of interest	Class of Shares	Number of Shares directly or indirectly held (long position)	Number of Shares directly or indirectly held (short position)	Approximate % of interest in the Bank	Approximate % of the relevant class of Shares of the Bank
Shanxi State-owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司) ("SSCO") ⁽¹⁾	Interest in controlled corporations	Domestic Shares	1,212,220,564		20.76%	24.90%
Shanxi Finance Bureau (山西省財政廳)	Beneficial owner	Domestic Shares	715,109,200		12.25%	14.69%
China Huaneng Group Co., Ltd. (中國華能集團有限公司) ⁽²⁾ ("China Huaneng Group")	Interest in controlled corporations	Domestic Shares	600,000,000		10.28%	12.33%
Huaneng Capital Services Co., Ltd. (華能資本服務有限公司)	Beneficial owner	Domestic Shares	600,000,000		10.28%	12.33%
Taiyuan Municipal Finance Bureau (太原市財政局)	Beneficial owner	Domestic Shares	467,471,964		8.01%	9.60%
	Interest in controlled corporations	H Shares	102,400,000		1.75%	10.55%
Taiyuan State-owned Investment Group Limited (太原國有投資集團有限公司)	Beneficial owner	H Shares	102,400,000		1.75%	10.55%
Changzhi Nanye ⁽³⁾	Beneficial owner	Domestic Shares	450,657,435		7.72%	9.26%
	Interest of persons acting-in-concert	Domestic Shares	234,569,820		4.02%	4.82%

Changes in Share Capital and Information of Shareholders

Name of Shareholder	Capacity/Nature of interest	Class of Shares	Number of Shares directly or indirectly held (long position)	Number of Shares directly or indirectly held (short position)	Approximate % of interest in the Bank	Approximate % of the relevant class of Shares of the Bank
Mr. LI Jianming ⁽³⁾	Interest in controlled corporations/ Interest of persons acting-in-concert	Domestic Shares	685,227,255		11.74%	14.08%
Ms. WANG Yanli ⁽³⁾	Interest in controlled corporations/ Interest of persons acting-in-concert	Domestic Shares	685,227,255		11.74%	14.08%
Changzhi Huashengyuan ⁽³⁾	Beneficial owner	Domestic Shares	234,569,820		4.02%	4.82%
	Interest of persons acting-in-concert	Domestic Shares	450,657,435		7.72%	9.26%
Lu'an Chemical Group Co., Ltd. (潞安化工集團有限公司) ⁽¹⁾	Interest in controlled corporations	Domestic Shares	359,091,687		6.15%	7.38%
Shanxi Lu'an Mining (Group) Co., Ltd. ⁽¹⁾	Beneficial owner	Domestic Shares	359,091,687		6.15%	7.38%
Jinneng Holding Group Co., Ltd. (晉能控股集團有限公司) ⁽⁴⁾	Interest in controlled corporations	Domestic Shares	500,000,000		8.56%	10.27%
Jinneng Holding Power Group Co., Ltd. (晉能控股電力集團有限公司) ⁽⁴⁾	Interest in controlled corporations	Domestic Shares	300,000,000		5.14%	6.16%
Shanxi International Electricity ⁽¹⁾⁽⁴⁾	Beneficial owner	Domestic Shares	300,000,000		5.14%	6.16%
Shanxi Coking Coal Group Co., Ltd. ⁽¹⁾	Beneficial owner	Domestic Shares	291,339,054		4.99%	5.98%
	Interest in controlled corporations	Domestic Shares	5,789,823		0.10%	0.12%
Shanxi Qinxin Energy Group Co., Ltd. (山西沁新能源集團股份有限公司)	Beneficial owner	H Shares	102,297,000		1.75%	10.54%
Taiyuan Industrial Park Investment Holdings Co., Ltd. (太原工業園區投資控股有限公司)	Beneficial owner	H Shares	102,297,000		1.75%	10.54%
China Credit Trust Co., Ltd. (中誠信託有限責任公司) ⁽⁵⁾	Interest in controlled corporations	H Shares	102,297,000		1.75%	10.54%
Harvest Fund Management Co., Ltd. (嘉實基金管理有限公司) ⁽⁵⁾	Investment manager	H Shares	102,297,000		1.75%	10.54%
China Foreign Economy and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司)	Trustee	H Shares	102,297,000		1.75%	10.54%
Guotai Asset Management Co., Ltd. (國泰基金管理有限公司)	Investment manager	H Shares	62,044,000		1.06%	6.39%
Guotai Junan Securities Co., Ltd. ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan Financial Holdings Limited ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%

Changes in Share Capital and Information of Shareholders

Name of Shareholder	Capacity/Nature of interest	Class of Shares	Number of Shares directly or indirectly held (long position)	Number of Shares directly or indirectly held (short position)	Approximate % of interest in the Bank	Approximate % of the relevant class of Shares of the Bank
Guotai Junan Holdings Limited ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan (Hong Kong) Limited (國泰君安(香港)有限公司) ⁽⁶⁾	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan Financial Products Limited (國泰君安金融產品有限公司) ⁽⁶⁾	Beneficial owner	H Shares	61,300,000		1.05%	6.32%
	Beneficial owner	H Shares		61,300,000	1.05%	6.32%

Notes:

- (1) Shanxi State-owned Capital Operation Co., Ltd. was formerly known as Shanxi State-owned Capital Investment and Operation Co., Ltd.

SSCO indirectly held 1,212,220,564 Domestic Shares, representing 20.76% equity interest in our Bank. SSCO's shareholding in our Bank was held through certain subsidiaries, including (i) Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司) (a wholly-owned subsidiary of Lu'an Chemical Group Co., Ltd. (潞安化工集團有限公司), in which SSCO held 90% equity interest) with 6.15% equity interest in our Bank; (ii) Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) (in which SSCO held 90% equity interest) with 4.99% equity interest in our Bank and Shanxi Tongpei Coal and Coke Co., Ltd. (山西統配煤礦煤焦有限公司) (formerly known as Shanxi Tongpei Coal Comprehensive Operation Company (山西統配煤礦綜合經營總公司)) (a wholly-owned subsidiary of Shanxi Coking Coal Group Co., Ltd.) with 0.10% equity interest in our Bank; (iii) Shanxi International Electricity with 5.14% equity interest in our Bank; (iv) Jinneng Holding Equipment Manufacturing Group Co., Ltd. with 3.43% equity interest in our Bank; and (v) Shanxi Investment Group Co., Ltd. (山西省投資集團有限公司) (a wholly-owned subsidiary of Shanxi Cultural Tourism Investment Holding Group Co., Ltd. (山西省文化旅遊投資控股集團有限公司) in which SSCO held 90% equity interest) with 0.96% equity interest in our Bank.

- (2) China Huaneng Group indirectly held 600,000,000 Domestic Shares, representing 10.28% equity interest in our Bank through Huaneng Capital Services Co., Ltd., in which China Huaneng Group held 61.22% equity interest. By virtue of SFO, China Huaneng Group is deemed to be interested in the Domestic Shares held by Huaneng Capital Services Co., Ltd.

- (3) Mr. LI Jianming held 90% of the equity interest in Changzhi Nanye, and Ms. WANG Yanli held 70% of the equity interest in Changzhi Huashengyuan.

Changes in Share Capital and Information of Shareholders

Changzhi Nanye and Changzhi Huashengyuan are parties acting-in-concert according to their respective confirmation. Therefore, Mr. LI Jianming, Ms. WANG Yanli, Changzhi Nanye and Changzhi Huashengyuan will be deemed to be interested in 685,227,255 Domestic Shares, representing approximately 11.74% equity interest in our Bank. By virtue of SFO, Mr. LI Jianming and Ms. WANG Yanli are deemed to be interested in the Domestic Shares held by both Changzhi Nanye and Changzhi Huashengyuan, while Changzhi Nanye and Changzhi Huashengyuan are deemed to be interested in the Domestic Shares held by each other.

- (4) SSCO held 90% of the equity interest in Jinneng Holding Group Co., Ltd. (晉能控股集團有限公司). Jinneng Holding Power Group Co., Ltd., a subsidiary of Jinneng Holding Group Co., Ltd. with 64% equity interest, indirectly held 300,000,000 Domestic Shares, representing 5.14% equity interest in the Bank through its wholly-owned subsidiary, Shanxi International Electricity. By virtue of SFO, Jinneng Holding Group Co., Ltd. and Jinneng Holding Power Group Co., Ltd. are deemed to be interested in the Domestic Shares held by Shanxi International Electricity.

Jinneng Holding Group Co., Ltd. indirectly held 200,000,000 Domestic Shares, representing 3.43% equity interest in the Bank, through its 70% equity interest in Jinneng Holding Equipment Manufacturing Group Co., Ltd. By virtue of SFO, Jinneng Holding Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Jinneng Holding Equipment Manufacturing Group Co., Ltd.

- (5) China Credit Trust Co., Ltd. was interested in the long position of 102,297,000 H Shares, representing 1.75% equity interest in our Bank through its 40%-owned company, Harvest Fund Management Co., Ltd. By virtue of SFO, China Credit Trust Co., Ltd. is deemed to be interested in the H Shares held by Harvest Fund Management Co., Ltd.
- (6) Guotai Junan Securities Co., Ltd. was interested in the long position of 61,300,000 H Shares, representing 1.05% equity interest in our Bank, and 61,300,000 short positions in H Shares, representing 1.05% equity interest in our Bank through its wholly-owned subsidiaries, Guotai Junan Financial Holdings Limited, Guotai Junan Holdings Limited, Guotai Junan International Holdings Limited with an indirect 68.10% equity interest, Guotai Junan (Hong Kong) Limited (a wholly-owned subsidiary) and Guotai Junan Financial Products Limited (a wholly-owned subsidiary). By virtue of SFO, Guotai Junan Securities Co., Ltd., Guotai Junan Financial Holdings Limited, Guotai Junan Holdings Limited, Guotai Junan International Holdings Limited and Guotai Junan (Hong Kong) Limited are deemed to be interested in the H Shares held by Guotai Junan Financial Products Limited.

Saved as disclosed above, as of the end of the Reporting Period, there were no other persons (other than the Directors, Supervisors and chief executive of the Bank) or companies who had interests or short positions in the Shares or underlying Shares of the Bank which would fall to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register maintained by the Bank pursuant to section 336 of the SFO.

Changes in Share Capital and Information of Shareholders

III. SUBSTANTIAL SHAREHOLDERS DURING THE REPORTING PERIOD

According to the Interim Measures for the Equity Management of Commercial Banks 《商業銀行股權管理暫行辦法》 issued by the former CBIRC, substantial shareholders of a commercial bank refer to shareholders holding or controlling 5% or more of shares or voting rights of the commercial bank, or holding less than 5% of total capital or total shares of the commercial bank but having significant impact on the operational management of the commercial bank. The “significant impact” mentioned above includes, but is not limited to dispatching directors, supervisors or senior management to a commercial bank, influencing the financial and operational management decisions of commercial banks through agreements or other means and other circumstances identified by the former CBIRC or its local offices.

1. Shareholders Holding 5% or More of the Bank’s Share Capital

Shanxi Finance Bureau is a government authority legal person, and the ultimate beneficiary is the Shanxi Finance Bureau, without any person acting-in-concert.

The controlling shareholder of Huaneng Capital Services Co., Ltd. is China Huaneng Group; the actual controller is the State-owned Assets Supervision and Administration Commission of the State Council, and the ultimate beneficiary is Huaneng Capital Services Co., Ltd., without any person acting-in-concert.

Taiyuan Municipal Finance Bureau is a government authority legal person, and the ultimate beneficiary is the Taiyuan Municipal Finance Bureau, without any person acting-in-concert.

The controlling shareholder of Changzhi Nanye is LI Jianming; the actual controller is LI Jianming, and the ultimate beneficiary is Changzhi Nanye, being persons acting-in-concert with Changzhi Huashengyuan.

Shanxi Lu’an Mining (Group) Co., Ltd. is wholly-owned by Lu’an Chemical Group Co., Ltd. (潞安化工集團有限公司); the actual controller is the State-owned Assets Supervision and Administration Commission of Shanxi Province, and the ultimate beneficiary is Shanxi Lu’an Mining (Group) Co., Ltd., without any person acting-in-concert.

Shanxi International Electricity is wholly-owned by Jinneng Holding Power Group Co., Ltd.; the actual controller is the State-owned Assets Supervision and Administration Commission of Shanxi Province, and the ultimate beneficiary is Shanxi International Electricity, without any person acting-in-concert.

For Shareholders holding 5% or more of the Bank’s share capital, please also see “II. Information of Shareholders” above.

Changes in Share Capital and Information of Shareholders

2. Other Substantial Shareholders

In addition to the Shanxi Finance Bureau, Huaneng Capital Services Co., Ltd., Taiyuan Municipal Finance Bureau, Changzhi Nanye, Shanxi Lu'an Mining (Group) Co., Ltd. and Shanxi International Electricity disclosed above, Jinneng Holding Equipment Manufacturing Group Co., Ltd. holds less than 5% of the Bank's shares but nominated a supervisor to the Bank; Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) in aggregate holds more than 5% of the Bank's shares, directly and through its wholly-owned subsidiary, Shanxi Tongpei Coal and Coke Co., Ltd. (山西統配煤礦煤焦有限公司); and Changzhi Huashengyuan and Changzhi Nanye, being persons acting-in – concert, in aggregate hold more than 5% of the Bank's shares.

The controlling shareholder of Jinneng Holding Equipment Manufacturing Group Co., Ltd. is Jinneng Holding Group Co., Ltd. The actual controller is the State-owned Assets Supervision and Administration Commission of Shanxi Province, and the ultimate beneficiary is Jinneng Holding Equipment Manufacturing Group Co., Ltd., without any person acting-in-concert.

IV. SHAREHOLDERS' NOMINATION OF DIRECTORS AND SUPERVISORS

- (1) Huaneng Capital Services Co., Ltd. nominated Mr. WANG Qi and Mr. MA Hongchao as Directors of the Bank;
- (2) Shanxi Finance Bureau nominated Mr. WU Canming as a Director of the Bank;
- (3) Taiyuan Municipal Finance Bureau nominated Mr. LIU Chenhang as a Director of the Bank;
- (4) Changzhi Nanye nominated Mr. LI Yang as a Director of the Bank;
- (5) Shanxi Lu'an Mining (Group) Co., Ltd. nominated Mr. WANG Jianjun as a Director of the Bank;
- (6) Jinneng Holding Equipment Manufacturing Group Co., Ltd. nominated Mr. PANG Zhengyu as a Supervisor of the Bank;
- (7) Shanxi Coking Coal Group Co., Ltd. nominated Ms. XU Jin as a Supervisor of the Bank; and
- (8) Shanxi International Electricity nominated Mr. WANG Weiping as a Supervisor of the Bank.

V. PURCHASE, SALE AND REDEMPTION OF ANY OF THE BANK'S LISTED SECURITIES

From January 1, 2024 to the date of this annual report, the Bank or any of its subsidiaries did not purchase, sell or redeem any of the Bank's listed securities.

As of December 31, 2024, the Bank did not hold any treasury shares.

Directors, Supervisors, Senior Management and Employees

I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Directors

Our Board of Directors consists of thirteen Directors, including three executive Directors, five non-executive Directors and five independent non-executive Directors. Our Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six years in accordance with PRC laws and regulations. The following table sets forth certain information regarding our Directors.

Name	Age	Position(s)	Date of appointment ⁽¹⁾
Ms. HAO Qiang (郝強)	52	Executive Director, chairwoman	July 16, 2021
Mr. ZHANG Yunfei (張雲飛)	54	Executive Director, vice chairman	August 30, 2021
Mr. WANG Qi (王琦)	47	Executive Director	December 27, 2024
Mr. WU Canming (武燦明)	60	Non-executive Director	December 27, 2024
Mr. MA Hongchao (馬洪潮)	54	Non-executive Director, vice chairman	June 25, 2023
Mr. LIU Chenhang (劉晨行)	60	Non-executive Director	December 30, 2019
Mr. LI Yang (李楊)	38	Non-executive Director	September 20, 2022
Mr. WANG Jianjun (王建軍)	49	Non-executive Director	August 8, 2018
Mr. WANG Liyan (王立彥)	68	Independent non-executive Director	September 14, 2018
Mr. DUAN Qingshan (段青山)	67	Independent non-executive Director	August 26, 2022
Mr. SAI Zhiyi (賽志毅)	56	Independent non-executive Director	August 7, 2018
Ms. HU Zhihong (胡稚弘)	65	Independent non-executive Director	June 25, 2023
Mr. CHAN Ngai Sang Kenny (陳毅生)	60	Independent non-executive Director	June 25, 2023

Note:

- (1) The date of appointment as a Director stated here represents the date on which the relevant Director obtained the qualification approval from the regulatory authority of the banking industry of the PRC.

Directors, Supervisors, Senior Management and Employees

2. Supervisors

The PRC Company Law stipulates that a joint stock limited company may establish a board of supervisors. The Bank's Board of Supervisors is responsible for supervising the performance of duties by the Board of Directors and senior management and their members, the financial activities, internal control, risk management, etc. Our Board of Supervisors consists of nine Supervisors, including three employee Supervisors, three Shareholder Supervisors and three external Supervisors. Our Supervisors are elected for a term of three years and may be subject to re-election, and the cumulative term of an external Supervisor shall not exceed six years. The following table sets forth certain information about our Supervisors.

Name	Age	Position(s)	Date of appointment
Mr. XIE Liying (解立鷹)	57	Employee Supervisor	July 24, 2009 (as a Supervisor)
		Chairman of the Board of Supervisors	December 8, 2016 (as the chairman of the Board of Supervisors)
Mr. WANG Weiping (王衛平)	54	Shareholder Supervisor	December 22, 2022
Mr. PANG Zhengyu (龐徵宇)	42	Shareholder Supervisor	December 22, 2022
Ms. XU Jin (徐瑾)	48	Shareholder Supervisor	December 22, 2022
Mr. WEN Qingquan (溫清泉)	51	Employee Supervisor	May 13, 2019
Mr. SU Hua (蘇華)	47	Employee Supervisor	December 22, 2022
Mr. ZHUO Zeyuan (卓澤淵)	62	External Supervisor	December 22, 2022
Mr. WU Jun (吳軍)	71	External Supervisor	May 4, 2018
Mr. BAI Guangwei (擺光煒)	59	External Supervisor	December 22, 2022

Directors, Supervisors, Senior Management and Employees

3. Senior Management

Name	Age	Position(s)	Date of appointment ⁽¹⁾
Mr. ZHANG Yunfei (張雲飛)	54	President	September 30, 2022
Mr. LI Yanbin (李燕斌)	46	Vice president	June 14, 2022
		Secretary to the Board of Directors	October 26, 2023
Mr. WANG Yibin (王義斌)	54	Vice president	June 14, 2022
Mr. WANG Qi (王琦)	47	Vice president	July 25, 2024
Mr. SHANGGUAN Yujiang (上官玉將)	52	Assistant to the president	December 9, 2019

Note:

- (1) Unless otherwise stated, the date of appointment stated here represents the date on which the relevant senior management members obtained the qualification approval from the regulatory authority of the banking industry of the PRC.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD AND UP TO THE DATE OF THIS ANNUAL REPORT

Changes in Directors

On March 28, 2024, the Board resolved to nominate Mr. WU Canming (“**Mr. Wu**”) as a non-executive Director. The appointment of Mr. Wu as a non-executive Director has been approved by the Shareholders at the 2023 annual general meeting on June 20, 2024 and the approval from Shanxi Supervision Bureau on the qualification of directorship of Mr. Wu has been obtained on December 27, 2024. Due to retirement, Mr. LI Shishan has proposed to resign as a non-executive Director, and a member of the Development and Strategy Committee of the Board. Since the qualification of directorship of Mr. Wu has been approved by the Shanxi Supervision Bureau, Mr. LI Shishan’s resignation as a non-executive Director and a member of the Development Strategy Committee of the Board became effective on December 27, 2024. For details, please refer to the announcement entitled “PROPOSED CHANGE OF NON-EXECUTIVE DIRECTOR” issued by the Bank on March 28, 2024, the announcement entitled “POLL RESULTS OF THE 2023 ANNUAL GENERAL MEETING HELD ON JUNE 20, 2024 (THURSDAY)” issued by the Bank on June 20, 2024 and the announcement entitled “ANNOUNCEMENT ON APPROVAL OF THE QUALIFICATION OF DIRECTORSHIP BY THE REGULATORY AUTHORITY” issued by the Bank on December 30, 2024. Mr. Wu obtained legal advice on December 27, 2024 confirming his understanding of his responsibilities as a Director under the Hong Kong Listing Rules and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange.

Directors, Supervisors, Senior Management and Employees

Due to work changes, Mr. SAI Zhiyi (“**Mr. Sai**”) has tendered his resignation as an independent non-executive Director, the chairperson of the Risk Management Committee, the chairperson of the Related Parties Transactions Control Committee, the vice chairperson of the Audit Committee, the vice chairperson of the Nomination, Remuneration and HR Committee, and a member of the Customer Rights Protection Committee under the Board on April 26, 2024. Pursuant to the Articles of Association, the resignation of Mr. Sai as an independent non-executive Director was approved by the Shareholders at the 2023 annual general meeting on June 20, 2024. Whereas the resignation of Mr. Sai will result in the number of the independent non-executive Directors falling below the minimum number required by the Articles of Association, pursuant to the Articles of Association, Mr. Sai will continue to perform the duties as an independent non-executive Director and the chairperson/vice chairperson/member of special committees under the Board, until the appointment of a new independent non-executive Director is approved by the Shareholders at a general meeting and his/her qualification of directorship is approved by Shanxi Supervision Bureau. For details, please refer to the announcement entitled “RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR” issued by the Bank on April 29, 2024 and the announcement entitled “POLL RESULTS OF THE 2023 ANNUAL GENERAL MEETING HELD ON JUNE 20, 2024 (THURSDAY)” issued by the Bank on June 20, 2024.

On May 14, 2024, the Board resolved to nominate Mr. WANG Qi as an executive Director and appoint Mr. WANG Qi as a vice president of the Bank. The appointment of Mr. WANG Qi as an executive Director was approved by the Shareholders at the 2023 annual general meeting on June 20, 2024 and was approved by Shanxi Supervision Bureau on the qualification of directorship of Mr. WANG Qi on December 27, 2024. For details, please refer to the announcement entitled “PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR” issued by the Bank on May 14, 2024, the announcement entitled “POLL RESULTS OF THE 2023 ANNUAL GENERAL MEETING HELD ON JUNE 20, 2024 (THURSDAY)” issued by the Bank on June 20, 2024 and the announcement entitled “ANNOUNCEMENT ON APPROVAL OF THE QUALIFICATION OF DIRECTORSHIP BY THE REGULATORY AUTHORITY” issued by the Bank on December 30, 2024. Mr. WANG Qi obtained legal advice on December 27, 2024 confirming his understanding of his responsibilities as a director under the Hong Kong Listing Rules and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange.

On August 6, 2024, the Board resolved to nominate Mr. LI Yanbin (“**Mr. Li**”) as an executive Director. The appointment of Mr. Li as an executive Director has been approved by the Shareholders at the 2024 first extraordinary general meeting on December 27, 2024 and is still subject to the approval from Shanxi Supervision Bureau on the qualification of directorship of Mr. Li. For details, please refer to the announcement entitled “PROPOSED APPOINTMENT OF EXECUTIVE DIRECTORS” issued by the Bank on August 6, 2024 and the announcement entitled “POLL RESULTS OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING HELD ON DECEMBER 27, 2024 (FRIDAY)” issued by the Bank on December 27, 2024.

On November 15, 2024, the Board resolved to nominate each of Mr. LIANG Yongming (梁永明) (“**Mr. Liang**”) and Mr. SUO Xuquan (索緒權) (“**Mr. Suo**”) as an independent non-executive Director of the Bank. The appointment of Mr. Liang and Mr. Suo as an independent non-executive Director was approved by the Shareholders at the 2024 first extraordinary general meeting on December 27, 2024 and is still subject to the approval from Shanxi Supervision Bureau on the qualification of directorship of each of Mr. Liang and Mr. Suo. For details, please refer to the announcement entitled “PROPOSED CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS” issued by the Bank on November 15, 2024 and the announcement entitled “POLL RESULTS OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING HELD ON DECEMBER 27, 2024 (FRIDAY)” issued by the Bank on December 27, 2024.

Directors, Supervisors, Senior Management and Employees

Pursuant to Article 152 of the Articles of Association, an independent non-executive Director shall cumulatively serve a term of at most six years in the Bank. Mr. WANG Liyan tendered his resignation on November 15, 2024 as an independent non-executive Director, the chairperson of the Audit Committee, the vice chairperson of the Consumer Rights Protection Committee, and a member of the Related Parties Transactions Control Committee of the Board, due to the fact that he has served as an independent non-executive Director for a term of six years. Mr. WANG Liyan's resignation as an independent non-executive Director has been approved by the Shareholders at the 2024 first extraordinary general meeting on December 27, 2024. Since the resignation of Mr. WANG Liyan will result in the number of the independent non-executive Directors falling below the minimum number required by the Articles of Association, pursuant to the requirements of the Articles of Association, Mr. WANG Liyan will continue to perform his duties as an independent non-executive Director and the chairperson/vice chairperson/member of special committees under the Board, until the appointment of a new independent non-executive Director is approved by the Shareholders at a general meeting and his/her qualification of directorship is approved by Shanxi Supervision Bureau. For details, please refer to the announcement entitled "PROPOSED CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS" issued by the Bank on November 15, 2024 and the announcement entitled "POLL RESULTS OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING HELD ON DECEMBER 27, 2024 (FRIDAY)" issued by the Bank on December 27, 2024.

On March 27, 2025, the Board resolved to nominate Mr. RONG Changqing ("**Mr. Rong**") as a non-executive Director. The appointment of Mr. Rong as a non-executive Director is still subject to approval by the Shareholders at a general meeting and the approval of Mr. Rong's qualification for directorship by the Shanxi Supervision Bureau. Due to work reallocation, Mr. MA Hongchao ("**Mr. Ma**") intends to resign from his positions as non-executive Director, vice chairman, and member of the Nomination, Remuneration and HR Committee under the Board. His resignation will take effect from the date on which the Shanxi Supervision Bureau approves Mr. Rong's qualification for directorship. For further details, please refer to the announcement titled "PROPOSED CHANGE OF NON-EXECUTIVE DIRECTOR" published by the Bank on March 27, 2025.

Changes in Supervisors

During the Reporting Period and up to the date of this annual report, there were no changes in the Supervisors of the Bank.

Changes in Senior Management

On May 14, 2024, the Board appointed Mr. WANG Qi as a vice president of the Bank. On July 25, 2024, Mr. WANG Qi obtained the approval from Shanxi Supervision Bureau on the qualification of vice president of the Bank. Mr. WANG Qi has been appointed as a vice president of the Bank, with effect from July 25, 2024.

On October 30, 2024, Mr. ZHAO Jiquan resigned as a vice president of the Bank due to his work arrangements. Mr. ZHAO Jiquan's resignation as a vice president of the Bank takes effect from October 30, 2024.

Save as disclosed above, there is no other relevant information required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules during the Reporting Period and up to the date of this annual report.



III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Directors

Executive Director and chairwoman of the Board, HAO Qiang

Ms. HAO Qiang (郝強), aged 52, has been an executive Director and the chairwoman of the Board since July 16, 2021. She currently serves as the chairperson of the Development and Strategy Committee of the Board, a member of the Nomination, Remuneration and HR Committee of the Board, and the party committee secretary of the Bank.

Ms. Hao has over 30 years of experience in the banking industry. She joined our Bank in September 2008 and worked at the preparatory team of our Bank from September 2008 to May 2009. Afterwards, Ms. Hao served as the general manager of the credit review department (授信審查部) of our Bank from May 2009 to May 2013, as the principal (負責人) and then the president of the Jinyang sub-branch of our Bank from May 2013 to January 2015, as the assistant to the president of our Bank and the general manager of the corporate finance department (公司金融部) from January 2015 to November 2017, during which period she was also the general manager of the investment banking department (投資銀行部) of our Bank from April 2015 to January 2017, as the secretary to the Board from June 2017 to April 2019, and as the vice president of our Bank from November 2017 to April 2021. Prior to joining our Bank, Ms. Hao successively worked at the Taiyuan branch and then the Shanxi branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司) (“ICBC”) (a company listed on the Shanghai Stock Exchange with stock code 601398, and on the Hong Kong Stock Exchange with stock code 1398) from December 1993 to September 2008.

Ms. Hao obtained a bachelor’s degree in English from Shanxi Normal University (山西師範大學) in Shanxi Province, the PRC, in June 1993. She completed the on-the-job postgraduate study in finance at Shanxi University of Finance and Economics (山西財經大學) in Shanxi Province, the PRC, in July 2003. Ms. Hao completed the EMBA core courses training program of ICBC and obtained the training certificate in November 2005.

Directors, Supervisors, Senior Management and Employees

Executive Director and vice chairman, ZHANG Yunfei

Mr. ZHANG Yunfei (張雲飛), aged 54, has been an executive Director and the vice chairman of the Board since August 30, 2021 and the president of the Bank since September 30, 2022. He is currently the vice chairperson of the Board's Development and Strategy Committee, a member of the Board's Risk Management Committee and Related Parties Transactions Control Committee, and the deputy party committee secretary of the Bank.

Mr. Zhang has more than 30 years of experience in the banking industry. He joined our Bank in September 2009 and worked at our Bank's risk management department from September 2009 to January 2014 and served as the general manager of the risk management department of our Bank from May 2013 to January 2014, served as the chief risk officer of the Bank from May 2011 to April 2021, and served as the Bank's deputy party committee secretary and vice president from August 2021 to September 2022, taking up the duties and responsibilities of the president of the Bank. Prior to joining our Bank, Mr. Zhang successively worked at the Taiyuan branch, Changzhi branch and Shanxi branch of ICBC from September 1994 to September 2009.

Mr. Zhang obtained a bachelor's degree in international trade from Shanxi Economics Management College (山西經濟管理學院) (currently known as Shanxi University of Finance and Economics (山西財經大學)) in Shanxi Province, the PRC, in July 1994. Mr. Zhang is a middle level economist granted by ICBC in July 1999 and was recognized as a senior economist in February 2023. For the details of the warning received by Mr. Zhang from the former CBIRC Shanxi Office as our chief risk officer in March 2018, please refer to the 2020 annual report of the Bank.

Executive Director, WANG Qi

Mr. WANG Qi (王琦), aged 47, has been a vice president of the Bank since July 25, 2024 and an Executive Director since December 27, 2024.

Mr. Wang has more than 20 years of experience in economic management. He has been working in China Huaneng Finance Co., Ltd. (中國華能財務有限責任公司) ("**Huaneng Finance**") since July 2005, and has been the director (主任) of its credit business department (信貸業務部) since March 2023. He worked in the settlement business department (結算業務部) of Huaneng Finance and served as a trainee (見習生) from July 2005 to January 2006 and an operator (業務員) from January 2006 to March 2007; he served as the specialist (專責) in the general manager working department (總經理工作部) from March 2007 to August 2008; he worked in the human resources department (人力資源部) and served as the specialist (專責) from August 2008 to September 2009 and the department head (主管) from September 2009 to March 2013; he served as the department head (主管) of the comprehensive planning department (綜合計劃部) from March 2013 to May 2014, and the manager assistant (經理助理) of the settlement business department from May 2014 to March 2016; he worked in the credit business department and served as the manager assistant (經理助理) from March 2016 to April 2016, the deputy manager (副經理) from April 2016 to April 2018, and the manager (經理) from April 2018 to August 2019; he served as the director (主任) of the party committee office (黨委辦公室) from August 2019 to March 2023, the director (主任) of the procurement management office (採購管理辦公室) from October 2019 to March 2023, and took a temporary post (掛職) in Huaneng Taicang Power Plant (華能太倉電廠) from October 2020 to October 2021. Before joining Huaneng Finance, he worked at the comprehensive management department (綜合管理部) of Qilu Petrochemical Company specialized sub-branch (齊魯石化公司專業支行) of China Construction Bank Corporation (中國建設銀行股份有限公司) (a company listed on the Hong Kong Stock Exchange with stock code 0939 and on the Shanghai Stock Exchange with stock code 601939) from July 2000 to September 2002.

Directors, Supervisors, Senior Management and Employees

Mr. Wang obtained a bachelor's degree in economic information management (經濟信息管理) from Shandong Building Materials Industry College (山東建築材料工業學院) (currently known as Jinan University (濟南大學)) in Jinan, Shandong Province, the PRC in July 2000, and a master's degree in finance from Capital University of Economics and Business (首都經濟貿易大學) in Beijing, the PRC in July 2005. Mr. Wang is a senior accountant (高級會計師) granted by China Huaneng Group Co., Ltd. (中國華能集團有限公司) in December 2019.

Non-executive Director, WU Canming

Mr. WU Canming (武燦明), aged 60, has been a non-executive Director since December 27, 2024.

Mr. WU Canming has more than 35 years of experience in economic management. Mr. Wu has been a supervisor in Shanxi Financial Investment Holding Group Co., Ltd. (山西金融投資控股集團有限公司) since June 2016. He served as a director in Shanxi Bank Co., Ltd. (山西銀行股份有限公司) from April 2021 to May 2022. He worked at Shanxi Department of Finance (山西省財政廳) from August 2000 to June 2016 and served as the deputy division director (副處長) of comprehensive division (綜合處) from August 2000 to July 2007, the director (主任) of rural comprehensive reform office (農村綜合改革辦公室) from July 2007 to November 2009, the division director (處長) of rural comprehensive reform division (農村綜合改革處) from November 2009 to December 2015 and the division director (處長) of accounting division (會計處) from December 2015 to June 2016. He worked at Shanxi Provincial State-owned Assets Administration Bureau (山西省國有資產管理局) and successively served as a staff member (科員), senior staff member (副主任科員) and principal staff member (主任科員) from June 1990 to December 1997 and as the deputy division director (副處長) from December 1997 to August 2000. Mr. Wu worked as a teacher in the Department of Materials and Engineering (材料工程系) of Taiyuan Mechanical College (太原機械學院) from July 1987 to June 1990.

Mr. Wu obtained a master's degree in materials science and engineering from Taiyuan Mechanical College (太原機械學院, currently known as North University of China (中北大學)) in Taiyuan, Shanxi Province, the PRC in July 1987.

As a non-executive Director, Mr. Wu does not receive remuneration from the Bank.

Non-executive Director and vice chairman, MA Hongchao

Mr. MA Hongchao (馬洪潮), aged 54, has served as a non-executive Director since June 25, 2023. He is currently a member of the Nomination, Remuneration and HR Committee of the Board.

Mr. MA Hongchao (馬洪潮) has 23 years of experience in economic management. Mr. Ma has served as the chairman and party committee secretary of Huaneng Tiancheng Financial Leasing Co., Ltd. (華能天成融資租賃有限公司) since August 2024. Previously, Mr. Ma served as a deputy general manager and a member of the party committee in Huaneng Capital Services Co., Ltd. (華能資本服務有限公司) from June 2020 to July 2024 and held a concurrent post of the chairman of Huaneng Invesco Private Equity Management Company Ltd. (華能景順私募基金管理有限公司) from January 2024 to July 2024. Mr. Ma worked in Huaneng Finance from June 2001 to June 2020. He successively served as an employee, accountant and assistant to the manager from June 2001 to January 2004, and as a deputy manager and manager in the department of general planning (綜合計劃部) of Huaneng Finance from January 2004 to October 2012. He worked as an assistant to the general manager of Huaneng Finance as well as the manager of the department of general planning of Huaneng Finance. From August 2014 to December 2016, Mr. Ma served as the deputy general manager and a member of the party group of Huaneng Finance. From December 2016 to August 2017, he was the deputy general manager and a member of the party committee of Huaneng Finance. From August 2017 to June 2020, he was the deputy general manager, a member of the party committee and general counsel of Huaneng Finance, during which period he also served as a member of the Standing Committee (市委常委) and the vice mayor of Yulin City (榆林市) of Shaanxi Province (suspended post) from April 2018 to June 2020, and as the party committee secretary, chairman and general manager (suspended post) of Shaanxi Yulin Energy Group Co., Ltd. (陝西榆林能源集團有限公司) from May 2019 to June 2020.

Directors, Supervisors, Senior Management and Employees

Mr. Ma obtained a doctor's degree in quantitative economy from Jilin University (吉林大學) in Jilin Province, the PRC, in June 2001. Mr. Ma is a chief senior accountant (正高級會計師) granted by China Huaneng Group Co., Ltd. (中國華能集團有限公司) in May 2020.

As a non-executive Director, Mr. Ma does not receive remuneration from the Bank.

Non-executive Director, LIU Chenhang

Mr. LIU Chenhang (劉晨行), aged 60, has served as a non-executive Director since December 30, 2019. He is currently a member of the Audit Committee of the Board.

Mr. Liu has more than 39 years of experience in economic management. He has been serving as the general manager of Taiyuan Haixin Asset Management Co., Ltd. (太原市海信資產管理有限公司) since February 2018 and as a director of Taiyuan Haixin Public Rental Housing Real Estate Development Co., Ltd. (太原海信公租房置業發展有限公司) (currently known as Taiyuan Haixin Rental Housing Construction Management Co., Ltd. (太原市海信租賃住房建設管理有限公司)) since July 2018. Mr. Liu served as the deputy manager of Taiyuan Finance Assets Management Center (太原市財政資產管理中心) from February 2018 to December 2020, as the general manager of Taiyuan Linhaitong Technology and Innovation Corporate Management Co., Ltd. (太原林海通科創企業管理有限公司) from May 2018 to September 2019, and as the vice chairman of the board of directors of Taiyuan Shuilang Road Network Construction Co., Ltd. (太原水廊路網建設工程有限公司) from July 2018 to December 2019. Mr. Liu worked at Taiyuan Municipal Finance Bureau (太原市財政局) from August 1985 to February 2018 and served as a staff member of the city construction section (城建科) from August 1985 to May 1995, as a deputy section chief (副科長) of other corporations section (其他企業科) from June 1995 to September 1998, as a deputy section chief (副科長) of city construction section from September 1998 to June 2002, as a deputy division director (副處長) of city construction division from June 2002 to March 2013, and as the office director (辦公室主任) of Taiyuan Municipal Finance Bureau from March 2013 to February 2018.

Mr. Liu completed studies at junior college level (專科) through correspondence study and graduated from Central Institute of Finance and Banking (中央財政金融學院) (currently known as Central University of Finance and Economics (中央財經大學)) in Beijing, the PRC, in July 1992, majoring in finance. Mr. Liu graduated from Shanxi University of Finance and Economics (山西財經大學) in Shanxi Province, the PRC, in July 1999, majoring in marketing (市場營銷). He is an accountant granted by the Ministry of Finance of the PRC (中華人民共和國財政部) in October 1994.

As a non-executive Director, Mr. Liu does not receive remuneration from the Bank.

Directors, Supervisors, Senior Management and Employees

Non-Executive Director, LI Yang

Mr. LI Yang (李楊), aged 38, has served as a non-executive Director since September 20, 2022. He is currently a member of the Consumer Rights Protection Committee of the Board.

Mr. Li has more than 13 years of experience in corporate management. He worked as a vice director (副主任) of the office of the board of directors and the manager of the strategic investment department (戰略投資部經理) of Changzhi Nanye from March 2009 to April 2011. He subsequently served as the assistant to the chairman of the board of directors of Changzhi Nanye from April 2011 to July 2017. Mr. Li subsequently served as the executive director of Changzhi Nanye from July 2017 to June 2020. Mr. Li has been a director of Chang Jiang Shipping Group Phoenix Co., Ltd. (長航鳳凰股份有限公司, currently renamed as Phoenix Shipping (Wuhan) Co., Ltd. (鳳凰航運(武漢)股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code: 000520) since July 2020, the deputy general manager of China Coal Insurance Co., Ltd. (中煤財產保險股份有限公司) since February 2021 and the vice chairman of China Coal Insurance Co., Ltd. since March 2021.

Mr. Li obtained a bachelor's degree in law from Shanxi University (山西大學) in Shanxi Province, the PRC, in July 2015. Mr. Li was previously the legal representative, managing director or supervisor of the companies shown in the table below before their respective deregistration.

Name of the Company	Place of establishment	Position(s)	Status	Date of deregistration
Changzhi Nanye Mining Industry Co., Ltd. (長治市南燁礦業有限責任公司) ("Changzhi Nanye Mining Industry")	PRC	Legal representative and managing director	Deregistered	September 1, 2020
Changzhi Huashengrong Mining Industry Co., Ltd. (長治市華晟榮礦業有限公司) ("Changzhi Huashengrong")	PRC	Supervisor	Dissolved and deregistered	June 30, 2012

Mr. Li confirmed that Changzhi Nanye Mining Industry was deregistered, and he did not incur any debt and/or liabilities because of such deregistration, and that the deregistration did not have any negative effect on our Bank.

Mr. Li confirmed that Changzhi Huashengrong was absorbed by Shanxi Huashengrong Coal Mine Co., Ltd. (山西華晟榮煤礦有限公司) in July 2010 and the debts and obligations of Changzhi Huashengrong were all transferred to Shanxi Huashengrong Coal Mine Co., Ltd. Mr. Li confirmed that after the absorption, Changzhi Huashengrong was deregistered and it was solvent at the time of deregistration, and he did not incur any debt and/or liabilities because of such deregistration, and that the deregistration did not have any negative effect on the Bank.

As a non-executive Director, Mr. Li does not receive remuneration from the Bank.

Directors, Supervisors, Senior Management and Employees

Non-Executive Director, WANG Jianjun

Mr. WANG Jianjun (王建军), aged 49, has been a non-executive Director since August 2018. He is currently a member of the Risk Management Committee of the Board.

Mr. Wang has over 27 years of experience in accounting. He holds positions at several subsidiaries of Lu'an Mining (Group) Co., Ltd. (潞安礦業(集團)有限責任公司) ("**Lu'an Mining Group**"), including a director of Lu'an Group Finance Co., Ltd. (潞安集團財務有限公司) since August 2018, a director of Shanxi Lu'an Ruitai Investment Co., Ltd. (山西潞安瑞泰投資有限責任公司) since December 2017, and the head (部長) of the finance department (財務部) of Shanxi Lu'an Environmental-friendly Energy Development Co., Ltd. (山西潞安環保能源開發股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 601699) since November 2017. From March 2015 to November 2017, Mr. Wang worked at Wangzhuang pit (王莊煤礦) of Lu'an Mining Group, as the section chief (科長) of the finance section (財務科) from March 2015 to February 2017, and as the chief accountant (總會計師) and a deputy division chief (副處長) from February 2017 to November 2017. He was the financial director (財務總監) of Shanxi Shouyang Luyang Ruilong Coal Industry Co., Ltd. (山西壽陽潞陽瑞龍煤業有限公司) from July 2012 to March 2015. Prior to that, Mr. Wang worked as the financial director of Shanxi Shouyang Luyang Changtai Coal Industry Co., Ltd. (山西壽陽潞陽昌泰煤業有限公司) from December 2009 to July 2012. He worked at the finance section (財務科) of Changcun pit (常村煤礦) of Lu'an Mining Group, as a staff member (科員) and then a deputy section chief (副科長) from May 1997 to December 2009.

Mr. Wang graduated from Harbin Normal University (哈爾濱師範大學) through correspondence study in Heilongjiang Province, the PRC, in July 2013, majoring in financial management (財務管理). Mr. Wang has been a member of the Chinese Institute of Certified Public Accountants since December 2009. Mr. Wang is a middle level accountant granted by the Ministry of Finance of the PRC in May 2002.

As a non-executive Director, Mr. Wang does not receive remuneration from the Bank.

Independent non-executive Director, WANG Liyan

Mr. WANG Liyan (王立彥), aged 68, has been an independent non-executive Director since September 2018. He is currently the chairperson of the Board's Audit Committee, the vice chairperson of the Board's Consumer Rights Protection Committee, and a member of the Board's Related Parties Transactions Control Committee.

Mr. Wang has been working at Peking University for over 39 years since 1985 and consecutively served as a teaching assistant (助教), teacher (講師), associate professor and professor of accounting. Mr. Wang is a professor and Ph.D. supervisor of the Accounting Faculty of Guanghua School of Management, Peking University. Mr. Wang is also the editor-in-chief of China Accounting Review (《中國會計評論》) and China Management Accounting (《中國管理會計》).

Directors, Supervisors, Senior Management and Employees

Mr. Wang was and is an independent non-executive director of the listed companies shown in the table below.

Name of the Company	Place of Establishment	Nature of Business	Term of Service
China Shengmu Organic Milk Limited (中國聖牧有機奶業有限公司) listed on the Hong Kong Stock Exchange (stock code: 1432)	Cayman Islands	Dairy industry	June 2017 to present
Beijing Dabeinong Technology Group Co., Ltd. (北京大北農科技集團股份有限公司) listed on the Shenzhen Stock Exchange (stock code: 002385)	PRC	Agricultural and sideline products processing industry	March 2020 to May 2023
Unigroup Guoxin Microelectronics Co., Ltd. (紫光國芯微電子股份有限公司) listed on the Shenzhen Stock Exchange (stock code: 002049)	PRC	Circuit chip design and development	March 2017 to March 2023
Gettop Acoustic Co., Ltd. (共達電聲股份有限公司) listed on the Shenzhen Stock Exchange (stock code: 002655)	PRC	Audio engineering industry	April 2018 to April 2021
Huaxin Cement Co., Ltd. (華新水泥股份有限公司) listed on the Shanghai Stock Exchange (stock code: 600801) and on the Hong Kong Stock Exchange (stock code: 6655)	PRC	Cement industry	April 2015 to April 2021

Mr. Wang obtained a doctor's degree in economics from Peking University in Beijing, the PRC, in July 1992. He has been a non-practicing member of the Chinese Institute of Certified Public Accountants since April 1994.

Independent non-executive Director, DUAN Qingshan

Mr. DUAN Qingshan (段青山), aged 67, has been an independent non-executive Director since August 26, 2022. He is currently the chairperson of the Board's Nomination, Remuneration and HR Committee, the vice chairperson of the Board's Risk Management Committee and Related Party Transactions Control Committee, and a member of the Board's Development and Strategy Committee and Audit Committee.

Directors, Supervisors, Senior Management and Employees

Mr. Duan has more than 50 years of experience in the banking industry. He worked at the head office of China Minsheng Bank Corp., Ltd. (中國民生銀行股份有限公司) (“**China Minsheng Bank**”) (a company listed on the Shanghai Stock Exchange with stock code 600016, and on the Hong Kong Stock Exchange with stock code 1988) from November 2007 to February 2017, and served as the general manager of the human resources department from November 2007 to September 2012, as the chief financial director (財務總監) from April 2010 to April 2012, and as the chairman of the board of supervisors from April 2012 to February 2017. Mr. Duan worked at the Taiyuan branch, China Minsheng Bank from November 1996 to November 2007, as a vice president from November 1996 to August 2000, and as the president from August 2000 to November 2007. Mr. Duan served as a staff member (職員) from July 1974 to August 1987 and worked in the audit division (稽核處) from September 1987 to October 1996 at the Taiyuan branch of the People’s Bank of China.

Mr. Duan obtained a master’s degree in business administration from Wuhan University in Hubei Province, the PRC, in December 2006.

Independent non-executive Director, SAI Zhiyi

Mr. SAI Zhiyi (賽志毅), aged 56, has been an independent non-executive Director since August 2018. He is currently the chairperson of the Board’s Risk Management Committee and Related Party Transactions Control Committee, the vice chairperson of the Board’s Audit Committee and Nomination, Remuneration and HR Committee, and a member of the Board’s Consumer Rights Protection Committee.

Mr. Sai has nearly 32 years of experience in the banking industry and corporate management. Mr. Sai has been a member of the standing party committee and vice general manager of Shandong Hi-speed Group Co., Ltd. (山東高速集團有限公司) since February 2024, and the chairman of the board of directors of its subsidiary Shandong Hi-speed Company Limited (山東高速股份有限公司) (“**Shandong Hi-speed**”, a company listed on the Shanghai Stock Exchange with stock code 600350) since July 2018. Mr. Sai worked as the vice chairman of the board of directors and the general manager of Shandong Hi-speed from June 2017 to July 2018. Mr. Sai has been the executive director of Shandong Hi-speed Group Co., Ltd. (山東高速集團有限公司) from July 2020 to February 2024.

Prior to that, Mr. Sai worked as the vice chairman of the board of directors and the president of Weihai Bank Co., Ltd. (威海銀行股份有限公司) (“**Weihai Bank**”, a company listed on the Hong Kong Stock Exchange with stock code 9677, formerly known as Weihai City Commercial Bank Co., Ltd. (威海市商業銀行股份有限公司) and Weihai City Cooperative Bank Co., Ltd. (威海市城市合作銀行股份有限公司)) from May 2011 to June 2017. He was the general manager of Shandong Re-guarantee Group Co., Ltd. (山東再擔保集團有限公司) from November 2009 to June 2011. Mr. Sai served as a vice president of Weihai Bank from January 2002 to October 2009. From December 1998 to January 2002, Mr. Sai served as the president of a sub-branch of Weihai Bank. From August 1997 to December 1998, he was the director (主任) of the credit loan department (信貸部) of Weihai Bank. Mr. Sai worked for the Weihai branch of ICBC as an officer at the deputy section level (副科級幹部) from February 1996 to August 1997. From November 1995 to February 1996, Mr. Sai served as the vice plant manager of Weihai Hua’ao Aluminum Windows Co., Ltd. (威海華澳鋁塑門窗有限公司). He worked at the Weihai branch of ICBC and consecutively served as an accountant, an office clerk (辦事員) and an operation officer (業務主任) from January 1992 to November 1995.

Mr. Sai obtained a master’s degree in management from Tongji University (同濟大學) in Shanghai, the PRC, in May 2004. He obtained a doctor’s degree in management from Tongji University in Shanghai, the PRC, in June 2008. Mr. Sai is a senior economist granted by the Department of Human Resources of Shandong Province (山東省人事廳) in March 2007.

Mr. Sai does not receive a salary from the Bank.

Directors, Supervisors, Senior Management and Employees

Independent non-executive Director, HU Zhihong

Ms. HU Zhihong (胡稚弘), aged 65, has been an independent non-executive Director since June 25, 2023. She is currently the chairperson of the Board's Consumer Rights Protection Committee, and a member of the Development and Strategy Committee, the Risk Management Committee and the Nomination, Remuneration and HR Committee of the Board.

Ms. Hu has 39 years of experience in financial technology planning and innovation in the banking industry. Ms. Hu served as the senior information technology specialist (高級信息科技專家) from May 2011 to August 2019, as a researcher at the deputy general manager level (副總經理級調研員) from July 2007 to May 2011, as the assistant to the general manager from December 1999 to June 2007, and as a departmental general manager from June 1997 to December 1999 of the software development center (軟件開發中心) of ICBC. Ms. Hu was the section chief (科長) and the deputy chief engineer (副總工程師) of the computer center (電腦中心) of the Changchun branch of ICBC from September 1991 to June 1997, and a deputy section chief (副科長) of the technology section (科技處) of the Jilin branch of ICBC from September 1984 to September 1991. Before that, she worked in the electrical station (電子站) of Jilin Branch of the PBoC from October 1982 to September 1984.

Ms. Hu obtained a bachelor's degree in engineering from Jilin University (吉林大學) in Jilin Province, the PRC, in August 1982, a master's degree in computer science from Harbin Institute of Technology (哈爾濱工業大學) in Heilongjiang Province, the PRC, in November 2002. She is a senior engineer granted by the Senior Engineer Assessment Committee of the ICBC (中國工商銀行高級工程師評審委員會) in August 1997.

Independent non-executive Director, CHAN Ngai Sang Kenny

Mr. CHAN Ngai Sang Kenny (陳毅生), aged 60, a Hong Kong Chinese citizen, has been an independent non-executive Director since June 25, 2023. He is currently a member of the Audit Committee of the Board.

Mr. Chan has over 36 years of experience in accounting, taxation, auditing and corporate finance. He is a partner and founder of Kenny Chan & Co., a firm of Certified Public Accountants (Practicing). Mr. Chan has served on several tribunals and committees of the Government of Hong Kong, which includes the Mandatory Provident Fund Schemes Appeal Board (強制性公積金計劃上訴委員會), and the Advisory Committee on "Enhancing Self-Reliance" Through District Partnership Programme, where he has served as a committee member, and the Organizing Committee of the Hong Kong Youth Cultural & Arts Competitions Committee (全港青年學藝比賽大會統籌委員會) and the Youth Development Programme Advisory Committee of Home Affairs Department (民政事務總署青年發展計劃諮詢小組), where he has served as the chairperson. Mr. Chan was/currently is an independent non-executive director of the listed companies shown in the table below.

Directors, Supervisors, Senior Management and Employees

Name of the Company	Place of Establishment	Nature of Business	Term of Service
Minsheng Education Group Company Limited (民生教育集團有限公司) (listed on the Hong Kong Stock Exchange stock code: 1569)	Cayman Islands	Education industry	March 2017 to present
Hebei Construction Group Corporation Limited (河北建設集團股份有限公司) (listed on the Hong Kong Stock Exchange stock code: 1727)	PRC	Construction industry	December 2017 to present
Pak Tak International Limited (百德國際有限公司) (listed on the Hong Kong Stock Exchange stock code: 2668)	Bermuda	Supply chain business, leasing business, property investment, money lending business and securities investment	October 2019 to December 2022
Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司) (listed on the Hong Kong Stock Exchange stock code: 1216)	PRC	Banking industry	March 2017 to November 2023
Kingland Group Holdings Limited (景聯集團控股有限公司) (listed on the Hong Kong Stock Exchange stock code: 1751, formerly known as Sing On Holdings Limited)	Cayman Islands	Provision of concrete demolition services	November 2016 to May 2020
CM Energy Tech Co., Ltd. (華商能源科技股份有限公司) (listed on the Hong Kong Stock Exchange stock code: 206, formerly known as CMIC Ocean En-Tech Holding Co., Ltd. (華商國際海洋能源科技控股有限公司))	Cayman Islands	Asset investment and operation management of offshore engineering platforms, design, manufacturing and service of related equipment and packages in the land and offshore oil and gas exploration and development, the offshore wind power installation and other industries, and other clean energy and technology investments	October 2005 to July 2024

Mr. Chan has been a member of the New Zealand Institute of Chartered Accountants (currently known as Chartered Accountants Australia and New Zealand) since March 1998, the Hong Kong Institute of Certified Public Accountants (香港會計師公會) since February 1992 and The Hong Kong Institute of Directors (香港董事學會) since October 2016. Mr. Chan received a bachelor's degree in commerce (accounting and finance) from the University of New South Wales in Australia in October 1988. Mr. Chan has been a member of The Taxation Institute of Hong Kong (香港稅務學會) since August 1998 and the Australian Society of Certified Practicing Accountants (currently known as CPA Australia) since February 1989.

Directors, Supervisors, Senior Management and Employees

2. Supervisors

The PRC Company Law stipulates that a joint stock limited company may establish a board of supervisors. The Bank's Board of Supervisors is responsible for supervising the performance of duties by the Board of Directors and senior management and their members, the financial activities, internal control, risk management, etc. Our Board of Supervisors consists of nine Supervisors, including three employee Supervisors, three Shareholder Supervisors and three external Supervisors. Our Supervisors are elected for a term of three years and may be subject to re-election, and the cumulative term of an external Supervisor shall not exceed six years. The certain information about our Supervisors is set out as follows.

Mr. XIE Liying (解立鷹), aged 57, has been an employee Supervisor since July 2009, the chairman of the Board of Supervisors since December 2016 and the full-time deputy secretary of the party committee since December 2020.

Mr. Xie has over 22 years of experience in administrative and corporate management. He has been the chief human resources officer (首席人力資源官) of our Bank from January 2014 to November 2016. He served as the general manager of the human resources department (人力資源部) of our Bank from May 2009 to January 2014. Mr. Xie was seconded to the preparatory team of our Bank from September 2008 to May 2009, when he worked as the deputy director (副主任) in the cadre report center (幹部舉報中心) of the organization department of the Shanxi Provincial Party Committee (山西省委組織部) from April 2006 to May 2009. Mr. Xie was a principal staff member (主任科員) in the cadre (under direct management) section (省直幹部處) of the organization department of the Shanxi Provincial Party Committee from April 2003 to April 2006. Prior to that, he worked as a director at the expert services center (專家服務中心) of the organization department of the Shanxi Provincial Party Committee (山西省委組織部) from February 1998 to April 2003. Mr. Xie worked as the deputy director (副主任) and then the director (主任) of the office of the training center (培訓中心辦公室) of Shanxi Administration for Industry and Commerce (山西省工商行政管理局) from December 1994 to February 1998, during which period he was seconded to the expert services center (專家服務中心) of the organization department of the Shanxi Provincial Party Committee (山西省委組織部) from October 1996 to February 1998.

Mr. Xie obtained a bachelor's degree in economics from Beijing College of Finance and Commerce (北京財貿學院) in Beijing, the PRC, in July 1989.

Directors, Supervisors, Senior Management and Employees

Mr. WANG Weiping (王衛平), aged 54, has been a Shareholder Supervisor of the Bank since December 2022.

Mr. Wang has 30 years of experience in economic management. Mr. Wang has served as the deputy chief accountant (副總會計師) and head of the financial asset department (財務資產部部長) of Jinneng Holding Power Group Co., Ltd. (晉能控股電力集團有限公司) since March 2021. Mr. Wang worked in Taiyuan No. 1 Construction Engineering Company (太原市第一建築工程公司) as a corporate accountant (公司會計) from May 1994 to July 1997. From July 1997 to October 1999, he worked as a project manager at Shanxi Gaoxin Accounting Firm (山西高新會計師事務所). He then worked in Shanxi Local Power Co., Ltd. (山西地方電力公司) from October 1999 to February 2002. He worked at Shanxi Financial Leasing Co., Ltd. (山西金融租賃公司) from February 2002 to February 2008, during which period he served as the deputy chief accountant (副總會計師) and manager of the accounting and finance department (計財部) from February 2002 to January 2004, and as assistant to the general manager from January 2004 to February 2008. He worked at Shanxi International Electricity Group Limited Company (山西國際電力集團有限公司) from February 2008 to December 2008. After that, he worked as a member of the party committee and chief accountant (總會計師) in Shanxi International Electricity Asset Management Company (山西國際電力資產管理公司) from December 2008 to October 2009. Mr. Wang was a member of the party committee and chief accountant of Shanxi Top Energy Co., Ltd. (山西通寶能源股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600780) from October 2009 to January 2011 and a member of the party committee and chief accountant of Shanxi International Electricity Property Co., Ltd. (山西國電置業有限公司) from January 2011 to July 2014. Mr. Wang served as the manager of the finance department (財務部經理) of Jinneng Electricity Group Co., Ltd. (晉能電力集團有限公司) from July 2014 to March 2017. He then served as a member of the party committee and chief accountant (總會計師) of Jinneng Electricity Group Co., Ltd. from March 2017 to March 2021.

Mr. Wang obtained a bachelor's degree through correspondence study in accounting from Shanxi Radio and Television University (山西廣播電視大學) (currently known as Shanxi Open University (山西開放大學)) in Shanxi Province, the PRC, in June 2009. Mr. Wang is a senior accountant (高級會計師) granted by the Department of Human Resources and Social Security of Shanxi Province (山西省人力資源和社會保障廳) in October 2010.

Directors, Supervisors, Senior Management and Employees

Mr. PANG Zhengyu (龐徵宇), aged 42, has been a Shareholder Supervisor of the Bank since December 2022.

Mr. Pang has 17 years of experience in economic management. Mr. Pang has served as the deputy head of the planning and finance department (計劃財務部副部長) of Jinneng Holding Equipment Manufacturing Group Co., Ltd. (晉能控股裝備製造集團有限公司) since June 2021. He worked in Shanxi Jincheng Anthracite Mining Group Co., Ltd. (山西晉城無煙煤礦業集團有限責任公司) (currently known as Jinneng Holding Equipment Manufacturing Group Co., Ltd.) from September 2007 to December 2020, and consecutively served as the accountant, deputy section chief (副科長), and section chief (科長) of the property section, finance center (財務中心產權科). After that, Mr. Pang successively worked as the head of the finance department (財務部主管) and head of the financial management office (財務管理室主管) in Jinneng Holding Equipment Manufacturing Group Co., Ltd. from December 2020 to June 2021.

Mr. Pang obtained a bachelor's degree in accounting from Taiyuan University of Technology in Shanxi Province, the PRC, in July 2007. Mr. Pang further obtained a master's degree in economics from Dongbei University of Finance & Economics (東北財經大學) in Liaoning Province, the PRC, in January 2014 after studying in the executive Master of Professional Accounting (MPACC) class from January 2011 to January 2014. Mr. Pang obtained the qualification as an accountant (會計師) from the Ministry of Finance of the PRC (中華人民共和國財政部) in September 2018.

Ms. XU Jin (徐瑾), aged 48, was a Shareholder Supervisor of the Bank from December 2015 to June 2021, and has been a Shareholder Supervisor of the Bank since December 2022.

Ms. Xu has 24 years of experience in economic management. Ms. Xu has been working as the director (部長) of the capital operation department (資本運營部) of Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) ("**Shanxi Coking Coal**") since November 2020. From November 2009 to November 2020, Ms. Xu consecutively served as the vice director (副主任), head of property management (資產管理主管) and deputy head (副部長) of the finance department (財務部), director (主任) of the preparatory office of finance shared center (財務共享中心籌備辦公室) and deputy director (副主任) of the financial work office (金融工作辦公室) of Shanxi Coking Coal. Before that, she successively served as a staff member (科員) and deputy chief staff member (副主任科員) in the capital settlement and management center (資金結算管理中心) of Shanxi Coking Coal from January 2006 to November 2009. Ms. Xu worked in the West Bureau Workers General Hospital (西局職工總醫院) from December 1999 to September 2003. She then worked in the finance division (財務處) at the headquarters of Xishan Coal Company (西山煤礦總公司) from October 2003 to January 2006.

Ms. Xu obtained a bachelor's degree in engineering in June 2003 from Taiyuan University of Technology (太原理工大學) in Shanxi Province, the PRC. She obtained a bachelor's degree in accounting from Taiyuan University of Technology in January 2008 through correspondence study in the evening university (夜大). Ms. Xu obtained a master's degree in business administration in June 2011 from Shanxi University of Finance and Economics (山西財經大學) in Shanxi Province, the PRC. Ms. Xu has been a non-practicing member of the Chinese Institute of Certified Public Accountants since December 2006. She is also a holder of the certificate of senior level of accounting granted by the Department of Human Resources and Social Security of Shanxi Province (山西省人力資源和社會保障廳) in April 2011.

Directors, Supervisors, Senior Management and Employees

Mr. WEN Qingquan (溫清泉), aged 51, has been an employee Supervisor of the Bank since May 2019.

Mr. Wen has over 12 years of experience in the banking industry. Mr. Wen has been the head (部長) of the Party Committee Work Department (黨委工作部) of the Bank since September 2024. Mr. Wen joined our Bank in March 2011, and served as the general manager (總經理) of the Channel Management Department (渠道管理部) of our Bank from August 2021 to January 2025, the director (主任) of the president's office (行長辦公室) of our Bank from February 2019 to August 2021, the deputy general manager (副總經理) of the HR department (人力資源部) of our Bank from May 2015 to February 2019, during which period he also served as the deputy director (副主任) of the assessment office (考核辦公室) of our Bank from November 2016 to February 2018 and then the general manager (總經理) of the assessment training department (考核培訓部) of our Bank from February 2018 to February 2019. Mr. Wen served as the assistant to the general manager (總經理助理) of the HR department (人力資源部) of our Bank from April 2011 to May 2015. Prior to joining our Bank, Mr. Wen worked at the Shanxi Elderly Cadre Bureau of Shanxi Provincial Party Committee (山西省委老幹部局) from November 2001 to March 2011 and served as a senior staff member (副主任科員) from November 2002 to October 2005, as a principal staff member (主任科員) from October 2005 to February 2009 and as an associate editor (副主編) and the vice president (副社長) of Shanxi Elderly Magazine (老年雜誌社) of Shanxi Elderly Cadre Bureau of Shanxi Provincial Party Committee from February 2009 to March 2011. Mr. Wen worked at the party school of Heshun County Party Committee (和順縣委黨校) from August 1998 to October 2000 and then worked at the organization department of the Heshun County Party Committee (和順縣委組織部) from October 2000 to November 2001.

Mr. Wen obtained a bachelor's degree in economics from Shanxi Agricultural University (山西農業大學) in Shanxi Province, the PRC, in July 1998.

Mr. SU Hua (蘇華), aged 47, has served as the general manager of the audit department (審計部) of the Bank since September 2023, and has been an employee Supervisor of the Bank since December 2022.

Mr. Su has over 21 years of experience in audit, economics and economic management. He worked in the Taiyuan Audit Office of China National Audit Office (審計署太原特派辦) from July 2004 to September 2017, during which period he worked in section II for treasury auditing (財政審計二處) from July 2004 to July 2005 and was a senior staff member (副主任科員) of section II for treasury auditing from July 2005 to August 2005, a senior staff member of the financial auditing section (金融審計處) from August 2005 to September 2008, a principal staff member (主任科員) of the financial auditing section from September 2008 to December 2012, the deputy head (副處長) of the financial auditing section from December 2012 to February 2016, and the deputy head of the foreign funds utilization and application auditing section (外資運用審計處) from February 2016 to September 2017. After that, Mr. Su joined the Bank in September 2017 and worked as the deputy general manager of the auditing department (審計部) of the Bank's head office from September 2017 to July 2019. He also served as the vice director of the disciplinary inspection committee office (紀委辦) of the Bank's head office from October 2018 to April 2019 and as the vice director (in charge) from July 2019 to March 2020. Mr. Su served as a member of the Shanxi Province Commission for Discipline Inspection and Supervisory Commission's disciplinary inspection and supervision group in the Bank (山西省紀委監委駐晉商銀行紀檢監察組紀檢監察員) from August 2019 to September 2021 and worked as the general manager of the legal compliance department (法律合規部) of the Bank's head office from November 2021 to August 2023.

Directors, Supervisors, Senior Management and Employees

Mr. Su obtained a bachelor's degree in statistics from Qingdao Construction and Engineering College (青島建築工程學院) (currently known as Qingdao University of Technology (青島理工大學)) in Shandong Province, the PRC in July 1999. He further obtained a master's degree in economics from Nankai University (南開大學) in Tianjin, the PRC in July 2004. Mr. Su obtained the qualification of Certified Internal Auditor from the Institute of Internal Auditors in July 2020, and he obtained the qualification of senior auditor (審計師) from the Department of Human Resources and Social Security of Shanxi Province (山西省人力資源和社會保障廳) in January 2024.

Mr. ZHUO Zeyuan (卓澤淵), aged 62, has been an external Supervisor of the Bank since December 2022.

Mr. ZHUO Zeyuan joined the Central Party School of the CPC (中央黨校) in August 2003. He became the vice director of the political science and law department (政法部副主任) in December 2003 and the principal of the graduate school (研究生院院長) in July 2008 at the Central Party School of the CPC. Mr. Zhuo has also been working as the deputy director (suspended post) of the office for judicial reform of the Supreme People's Court (最高人民法院司法體制改革辦公室副主任) since December 2012. Mr. Zhuo has been serving as the standing vice director (常務副主任) of the Central Party School of the CPC since January 2015, and the director of the political science and law department of the Central Party School of the CPC since November 2015. Mr. Zhuo served as the deputy head of the education division (副教育長) of the Central Party School of the CPC (National Academy of Governance) (中央黨校(國家行政學院)) from August 2018 to July 2021, and he subsequently resigned as the deputy head of the education division and became a professor in the political science and law department in July 2021. Mr. Zhuo served as a teaching assistant in the faculty of law of the Southwest University of Political Science & Law (西南政法大學) ("SWUPL") from July 1984 to September 1987, and he then studied for a master's degree in SWUPL from September 1987 to July 1990. From July 1990 to August 2003, he worked in SWUPL and served consecutively as a teaching assistant, lecturer, associate professor, professor, member of the school's standing party committee and vice principal.

Mr. Zhuo obtained a bachelor's degree in law from SWUPL in Chongqing, the PRC, in July 1984, a master's degree in law from SWUPL in July 1990, and an on-job doctorate degree in law from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in Beijing, the PRC, in July 2000.

Directors, Supervisors, Senior Management and Employees

Mr. WU Jun (吳軍), aged 71, has been an external Supervisor of the Bank since May 2018.

Mr. Wu worked at the School of Banking & Finance (金融學院) of the University of International Business and Economics (“**SoBF**”) for over 25 years since 1992 and once served as deputy professor, professor, Ph.D. supervisor and dean of SoBF.

Mr. Wu was and is an independent non-executive director of the listed companies shown in the table below.

Name of the Company	Place of Establishment	Nature of Business	Positions	Term of Service
New China Asset Management Co., Ltd. (新華資產管理股份有限公司)	PRC	Insurance asset management	Independent director	March 2020 to present
Bank of Jinzhou Co., Ltd. (錦州銀行股份有限公司) (delisted on the Hong Kong Stock Exchange on April 15, 2024)	PRC	Financial services	Independent director	November 2019 to present
Shijihengtong Technology Co., Ltd. (世紀恒通科技股份有限公司)	PRC	Technology services, etc.	Independent director	March 2019 to September 2023
Southwest Securities International Securities Limited (西證國際證券股份有限公司) (listed on the Hong Kong Stock Exchange (stock code: 0812))	Bermuda	Financial services	Independent director	January 2015 to June 2020
Southwest Securities Co., Ltd. (西南證券股份有限公司) (listed on the Shanghai Stock Exchange (stock code: 600369))	PRC	Financial services	Independent director	March 2009 to March 2017
Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd. (浙江紹興瑞豐農村商業銀行股份有限公司) (listed on the Shanghai Stock Exchange (stock code: 601528))	PRC	Financial services	Independent director	March 2005 to March 2017
Shenzhen Shenxin Taifeng Group Co., Ltd. (深圳市深信泰豐(集團)股份有限公司) (listed on the Shenzhen Stock Exchange (stock code: 000034)) (the company was renamed as “ Digital China Group Co., Ltd. ” (神州數碼集團股份有限公司) in 2016)	PRC	Technology, telecommunications and aquaculture, etc.	Independent director	June 2008 to June 2014

Mr. Wu obtained a junior college (專科) degree in finance from the finance department, at Yunnan Finance and Trade College in Yunnan Province, the PRC, in July 1981. He obtained a master’s degree in finance from the Finance Research Institute of Head Office of the People’s Bank of China (中國人民銀行總行金融研究所) (currently known as PBC School of Finance, Tsinghua University (清華大學五道口金融學院)) in Beijing, the PRC, in July 1988. Mr. Wu obtained a doctor’s degree in finance from the Finance Research Institute of Head Office of the People’s Bank of China in May 1995.

Directors, Supervisors, Senior Management and Employees

Mr. BAI Guangwei (擺光煒), aged 59, has been an external Supervisor of the Bank since December 2022.

Mr. Bai has been the chairman of Shanghai Tian Quan Investment Management Co., Ltd. (上海天泉投資管理有限公司) since October 2014. Mr. Bai served consecutively as a staff member (科員) and the credit director of the operation division (營業部信貸負責人) of Shanxi branch of China Investment Bank (中國投資銀行) from July 1986 to December 1997, during which period he was seconded to the government of Shanxi Province from September 1992 to July 1993. He worked in Huaxia Bank Co., Ltd. (華夏銀行股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code 600015) from January 1998 to July 2014, during which period he served consecutively as the general manager of the division for individuals (個人部) in the Taiyuan branch, president of the Taoyuan South Road sub-branch under the Taiyuan branch, vice president of the Urumqi branch and vice president of the Shanghai branch.

Mr. Bai obtained an EMBA degree from South China University of Technology (華南理工大學) in Guangdong Province, the PRC, in July 2008. Mr. Bai obtained the qualification as an economist (經濟師) from the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) in October 2003.

3 Senior Management

Mr. ZHANG Yunfei (張雲飛), aged 54, has been a president of the Bank since September 30, 2022.

For the biographical information of Mr. ZHANG Yunfei, see “III. Biographies of Directors, Supervisors and Senior Management – 1. Directors – Executive Director and vice chairman, ZHANG Yunfei”.

Mr. LI Yanbin (李燕斌), aged 46, has been a vice president of the Bank since June 14, 2022, as joint company secretary of the Bank since August 29, 2023, and as secretary of the Board of Directors since October 26, 2023.

Mr. Li has more than 22 years of experience in the economy. Mr. Li joined the Bank in December 2021 and has been the general manager of the asset custody department (preparatory) (資產託管部(籌)) of the Bank since January 2022. He also served as the general manager of the investment banking department (投資銀行部) of the Bank from January 2022 to March 2023. Prior to joining our Bank, he worked as the deputy director of the preparatory office of Huayuan Landport Capital Operation Co., Ltd. (華遠陸港資本運營有限公司) from December 2020 to January 2021. He worked as the head of the financial management department of Huayuan International Land Port Group Co., Ltd. (華遠國際陸港集團有限公司) from January 2021 to December 2021, during the period, he worked as the director, vice chairman and general manager of Huayuan Landport Capital Operation Co., Ltd. (華遠陸港資本運營有限公司) from January 2021 to July 2021 and worked as the deputy secretary of the Party committee, vice chairman and general manager of Huayuan Landport Capital Operation Co., Ltd. (華遠陸港資本運營有限公司) from July 2021 to December 2021. He worked as the director of the asset management center of Huayuan International Land Port Group Co., Ltd. (華遠國際陸港集團有限公司) from October 2020 to December 2021. He worked as director of the capital operation department and Secretary of Youth League Committee of Huayuan International Land Port Group Co., Ltd. (華遠國際陸港集團有限公司) from April 2020 to October 2020. He worked as director of the capital operation department and Secretary of the Youth League Committee of Shanxi Energy Transportation Investment Co., Ltd. (山西能源交通投資有限公司) from June 2016 to April 2020. Mr. Li worked as the deputy head of the capital operation department of Shanxi Energy Transportation Investment Co., Ltd. (山西能源交通投資有限公司) from August 2015 to June 2016 (presiding over the work). Mr. Li worked as deputy head of capital operation department of Shanxi Energy Transportation Investment Co., Ltd. (山西能源交通投資有限公司) from February 2013 to August 2015. Mr. Li worked as a director of Shanxi Enterprise Re Guarantee

Directors, Supervisors, Senior Management and Employees

Co., Ltd. (山西企業再擔保有限公司) from September 2013 to December 2021, during the period, he worked as the chairman of the board of supervisors of Jinyulu Railway Transport Co., Ltd. (晉豫魯鐵路通道股份有限公司) from October 2019 to December 2021. Mr. Li joined Shanxi Energy Transportation Investment Co., Ltd. (山西能源交通投資有限公司) in September 2010. Prior to joining that company, Mr. Li worked as the chief of the credit section of the major customer department of the Shanxi branch of Bank of Communications from August 2010 to September 2010; Mr. Li worked as the customer manager of the major customer department of the Shanxi branch of Bank of Communications from June 2009 to August 2010; Mr. Li worked as the customer manager of the Taiyuan 51 Road branch of Bank of Communications from January 2006 to June 2009; Mr. Li worked as the customer manager of the Taiyuan Xinjian South Road branch of Bank of Communications from November 2005 to January 2006; Mr. Li worked as the general secretary of the office of the Taiyuan Branch of Bank of Communications from March 2003 to November 2005; Mr. Li worked as the accountant of the business department of the Taiyuan Branch of Bank of Communications from December 2002 to March 2003; Mr. Li worked as the accountant of the Shangguanxiang Savings Office of the Taiyuan Branch of Bank of Communications from August 2002 to December 2002.

Mr. Li obtained a bachelor's degree in economics/management from Shanxi University of Finance and Economics (山西財經大學) in Shanxi, the PRC in July 2002. Mr. Li obtained a master's degree in economics from Shanxi University of Finance and Economics (山西財經大學) in June 2008. Mr. Li was qualified as a senior economist in August 2019.

Mr. WANG Yibin (王義斌), aged 54, has been a vice president of the Bank since June 14, 2022.

Mr. Wang has more than 30 years of experience in the banking industry. He joined our Bank in May 2009. He has been the general manager of the Bank's consumer rights protection department since January 2024. He was the general manager of the Bank's retail banking division from April 2013 to January 2024 and during this period, served as the general manager of the Bank's asset management department from July 2016 to July 2021, and worked as the general manager of the Bank's private banking division from April 2013 to January 2014. From February 2011 to April 2013, he was the general manager of the personal business department and general manager of the credit card department of the Bank. From November 2009 to February 2011, he served as deputy general manager of new business development division of the Bank. From August 2009 to November 2009, he served as general manager of corporate business department No. 6 of the Bank. Prior to joining our Bank, he served as general manager of the corporate business department of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司) ("ICBC") Changzhi Branch from March 2008 to May 2009, worked as a vice president of ICBC Changzhi County Sub-branch (presiding over the work) from April 2006 to March 2008, he served as a vice president of ICBC Licheng County Sub-branch (presiding over the work) from February 2004 to April 2006. He worked as the manager of new business development center of ICBC Changzhi Branch from February 2003 to February 2004, he worked as a vice president of ICBC Changzhi county Sub-branch from September 2001 to February 2003, he served as manager of chief accountant of ICBC Huguan County Sub-branch from June 2000 to September 2001, chief accountant of ICBC Tunliu County Sub-branch from August 1998 to June 2000. From February 1997 to August 1998, he served as a section officer of the Planning & Finance Department of the ICBC Changzhi Branch, he worked as an officer and creditor of ICBC Changzhi Changbei Office from July 1994 to February 1997.

Mr. Wang graduated from Harbin Finance College in Heilongjiang Province, China in July 1994, majoring in accounting and statistics. Mr. Wang graduated from China Central Radio and Television University in November 2005 through correspondence studies, majoring in law. Mr. Wang passed the examination of Shanxi Provincial Personnel Department in June 2000 and obtained the title of economist.

Directors, Supervisors, Senior Management and Employees

Mr. WANG Qi (王琦), aged 47, has been a vice president of the Bank since July 25, 2024.

For the biographical information of Mr. WANG Qi, see “III. Biographies of Directors, Supervisors and Senior Management – 1. Directors – Executive Director, WANG Qi”.

Mr. SHANGGUAN Yujiang (上官玉將), aged 52, has been serving as assistant to the president of the Bank since December 2019.

Mr. Shangguan has about 29 years of experience in the banking industry. He has been the secretary to the party committee of Jinshang Consumer Finance Co., Ltd. (晉商消費金融股份有限公司) since December 2021. Mr. Shangguan was the president of the Bingzhou branch (并州支行) of our Bank and the general manager of the energy division of the Bank from January 2018 to July 2021 successively. During the period, he served as an employee Supervisor at our Bank from June 2018 to May 2019. From September 2012 to January 2018, Mr. Shangguan worked at the Changzhi branch (長治分行) of our Bank, as the leader of the preparatory team, a vice president and the president successively. Prior to joining our Bank, Mr. Shangguan worked for the Beijing branch, China Bohai Bank Co., Ltd. (渤海銀行股份有限公司) (a company listed on the Hong Kong Stock Exchange with stock code 9668) from December 2007 to September 2012. He served as the president of the Taixi sub-branch (太西支行) and rural area sub-branch (郊區支行), Changzhi City Commercial Bank Co., Ltd. (長治市商業銀行股份有限公司) from October 2006 to December 2007 successively. Mr. Shangguan worked for several Urban Credit Cooperatives in Changzhi City from August 1995 to October 2006.

Mr. Shangguan obtained a master's degree in business administration from Xiamen University (廈門大學) in Fujian Province, the PRC, in September 2018.

IV. CONFIRMATION OF THE INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Bank has received the annual independence confirmation letter from each of the independent non-executive Directors and believes that all independent non-executive Directors are independent according to the relevant guidelines contained in Rule 3.13 of the Hong Kong Listing Rules.

V. INFORMATION ON REMUNERATION PAID TO DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For the total amount of the remuneration of Directors and Supervisors during the Reporting Period, please refer to Note 9 to the consolidated financial statements. For the year ended December 31, 2024, no emolument was paid by the Bank to any of the Directors, Supervisors or the five highest paid individuals (including Directors, Supervisors and employees) as an inducement to join or upon joining the Bank or as compensation for loss of office.

For the year ended December 31, 2024, the remuneration of senior management by remuneration band is set out as follows:

Remuneration band	Number of people
RMB1,000,000 or less	3
RMB1,000,001 to RMB1,500,000	2

VI. NUMBER OF EMPLOYEES, TRAINING PROGRAMS AND EMPLOYEES' RIGHTS

As of December 31, 2024, the total number of employees of the Group reached 4,373, including 2,345 female employees and 2,028 male employees, of which 18.2% were employees aged 30 and below, and 90.3% were employees with a bachelor's degree or above. An excellent age distribution and a professional talent team can help cultivate a positive and innovative corporate culture and strengthen the ability to respond sensitively to market changes and seize market opportunities. As of December 31, 2024, 289 employees in the retail banking line were holders of Associate Financial Planner (AFP); 31 employees were holders of Certified Financial Planner (CFP).

In strict compliance with the Labor Law of the People's Republic of China 《中華人民共和國勞動法》, the Trade Union Law of the People's Republic of China 《中華人民共和國工會法》, the Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》 and other laws and regulations, the Bank formulated the Employee Recruitment Administrative Measures of Jinshang Bank 《晉商銀行員工招聘管理辦法》, the Work Regulations for the Selection and Engagement of Management Staff of Jinshang Bank 《晉商銀行管理人員選拔聘任工作規程》 and other regulations, establishing an employee introduction mechanism with the characteristics of professionalism and marketization. The Bank adhered to the principle of selecting employees in accordance with position demand (因崗擇人), built a diversified and inclusive workplace environment, firmly opposed any discriminations based on gender, age, nation, nationality, marriage, religious faith and other factors, in order to provide chances of fair competition to job seekers. The Bank paid attention to the employees' legal rights and reasonable appeals in employment, promotion, salary, benefits, working hours, equal opportunities, diversity and other aspects, actively built a compliant labor relationship, ensuring its compliance with the requirements of relevant laws and regulations. The Bank constantly enriched the recruitment network with various parallel channels and actively increased the introduction of interdisciplinary and cross-industry talents. In 2024, the Bank had 97 new employees, with a labor contract coverage ratio of 100%.

The Bank attached great importance to the employees' right for regular vacations and implemented the system of paid annual leave pursuant to the PRC laws. For employees who are unable to enjoy the paid annual leaves due to work requirements or have remaining annual leaves as at the end of the year, the Bank will compensate them in salary according to the number of their remaining annual leave dates. In addition, the Bank offered maternity leave, birth care leave, funeral leave, marriage leave, home leave, parent leave, care leave and others, and paid the infant nursing and education fees each month to each parent in a family with infant(s) under 3 years old, protecting various rights of the employees. For the remuneration policies for our employees, please refer to "VII. Remuneration Policies" section below.

Directors, Supervisors, Senior Management and Employees

The Bank provided smooth career development paths for its employees, established a dual-channel development mechanism in specialty and management sequences, formulated and optimized the Administrative Measures for Employees' Development in Specialty Sequence of Jinshang Bank 《晉商銀行員工專業序列發展管理辦法》, earnestly forming the effective matching of employees' individual traits and professional channels. In 2024, the Bank organized the specialty sequence rating for all its employees, with 407 individuals in total assessed and appointed. The Bank earnestly implemented the national vocational skills improvement action plan, continuously promoted the construction of "learning bank (學習型銀行)", closely focused on financial hotspots and trends of domestic and international markets and the Bank's management and development strategy. According to the training concept of "party building leading, close to business, pragmatic and efficient, and service operation", and based on the working idea of "systematic design, project promotion, practical assessment, and market-oriented operation", we built a talent training system with different hierarchies and categories, formulated and decomposed the annual training plan, and organized and carried out various types of training with a goal of cultivating management experts, professionals and business backbones, thus empowering the growth of employees and supporting the Bank's structural development. The annual training work was aimed at providing strong talent support and intellectual guarantee for the long-term development of the Bank. It has been carried out practically from the three dimensions of focusing on capacity building, improving the training system and strengthening the training management mechanism building. During the Reporting Period, the Bank consolidated the three level training resources at its headquarters, branches and sub-branches, adhered to the principle of combining internal training with external training, and complemented each other online and offline, and carried out all-round and multi-dimensional training work for the Bank's employees focusing on front-line business operations, new products business promotion, customer marketing management, and case study of internal control compliance. As of December 31, 2024, the Bank carried out over 1,400 employee trainings, with over 842,000 person-times for employees attending trainings and a total of nearly 298,000 training hours. The average training hours of employees reached 66.4, with an employee coverage ratio of 100% and a total training cost of RMB7.478 million.

VII. REMUNERATION POLICIES

The Structure and Decision Process of Remuneration Management

The Bank has established a more scientific and reasonable organizational structure for remuneration management and has set up a Nomination, Remuneration and HR Committee at the Board of Directors' level, which is responsible to the Board of Directors. Important allocation systems or major matters involving remuneration management shall be submitted to the Nomination, Remuneration and HR Committee for consideration and the Board of Directors for resolution, and major proposals involving remuneration allocation shall be voted on and approved by the Shareholders' general meeting or reported to the relevant competent authorities for approval and filing procedures.

Directors, Supervisors, Senior Management and Employees

Remuneration policy

The Bank has clearly regulated the remuneration policy for directors, supervisors and senior management, and has continuously improved the performance appraisal system and incentive and restraint mechanism for directors, supervisors and senior management. The remuneration of the Bank's directors, supervisors and senior management personnel who are included in the remuneration management of the heads of state-owned enterprises in Shanxi Province shall be implemented in accordance with the Interim Measures for the Remuneration Management of the Heads of State-owned Local Financial Enterprises in Shanxi Province; the remuneration of the non-executive directors (including independent non-executive directors), shareholders' representative supervisors and external supervisors is determined by the Shareholders' general meeting; the remuneration of other employees is implemented according to the measures for the remuneration management formulated by the Bank. The remuneration of employees consists of fixed remuneration, variable remuneration and subsidies and allowances. The Bank did not give independent non-executive directors equity remuneration with performance-related elements.

In compliance with the PRC laws and regulations, our Bank contributes to its employees' social security and other benefits programs including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing allowances, supplementary medical insurance and corporate annuity. Our Bank has a labor union established in accordance with PRC laws and regulations, which represents the interests of our Bank's employees and works closely with our Bank's management on labor-related issues.

The standard between remuneration, performance measurement and risk adjustment

The Bank has established the remuneration management mechanism linked with performance and risk, and fully implemented the Measures for the Management of Total Wages of Provincial Financial Enterprises, with annual remuneration directly linked to economic efficiency, labor productivity and performance evaluation scores of provincial enterprises. The payment of the Bank's performance bonus is strictly linked with the result of the performance appraisal. According to the "High-quality Development Performance Evaluation Indicators of Jinshang Bank" and the annual business plan, the performance appraisal is conducted from ten dimensions: compliance operation, risk management, project KPI, data governance, core management index, digital transformation, learning bank, key work of strategic transformation, service and efficiency and comprehensive evaluation. The Bank's assessment indicators include but are not limited to scale indicators, profit indicators, performance indicators, risk indicators, social responsibility indicators, development and transformation indicators and other indicators. In order to further implement the purpose that the indicators of regulatory risk management and compliance operation should be significantly higher than other indicators, the Bank ensured its asset quality and safe development, made evaluation standards strictly, enriched assessment content, and promoted quality and efficiency improvement.

Deferment, recourse and deduction of performance remuneration and non-cash remuneration

The Bank actively implemented the risk responsibility and strictly enforced the system of deferred payment and recourse to withholding of performance remuneration for senior management and key positions, which is implemented in accordance with a certain proportion of performance remuneration and the deferred payment period is not less than 3 years. In 2024, the Bank took the initiative to implement the Supervisory Guidelines on Sound Compensation in Commercial Banks and other relevant guidelines and systems and measures, stopped, recovered and deducted the payment of performance remuneration of corresponding personnel according to the degree of severity in the event of violation of regulations and disciplines or abnormal risk exposure within the scope of duties; in 2024, the number of employees in the implementation of the Bank's performance remuneration recourse and deduction was 38 and the total amount of performance remuneration recourse and deduction was RMB155,222.68. During the Reporting Period, the Bank did not implement non-cash remuneration.

Directors, Supervisors, Senior Management and Employees

Remuneration of the employees in positions that have an important influence on the Bank's risk

The Bank has a total of 1,321 employees in positions such as management staff of the branches and subbranches, the main person in charge of the front and middle office of the head office and branches, and independent approver that have important influence on risk. In accordance with regulatory requirements, a certain proportion of performance-based remuneration was paid in arrears, and the deferred payment period was not less than 3 years, and the deferred payment amount in 2024 was RMB47.12 million.

The formulation and filing of annual remuneration plans, and the completion assessment of economic, risk and social responsibility indicators

The formulation and filing of remuneration plans are managed by the Shanxi Finance Bureau for annual coordination; the economic, risk and social responsibility indicators involved are comprehensively assessed by the Shanxi Finance Bureau in accordance with the Performance Evaluation Measures of Provincial Enterprises. The Bank's capital adequacy ratio, provision coverage ratio, NPL ratio and leverage ratio all met the appraisal requirements.

The exception of exceeding the original remuneration plan

During the Reporting Period, no exception exceeds the original remuneration plan in our Bank.

Please refer to Note 8 to the consolidated financial statements for the total amount and composition of employee compensation and benefit expenses of the Bank for 2024; please refer to Note 9 to the consolidated financial statements for details of the remuneration of Directors and Supervisors; please refer to above "V. Information on Remuneration Paid to Directors, Supervisors and Senior Management" for details of the remuneration of senior management.

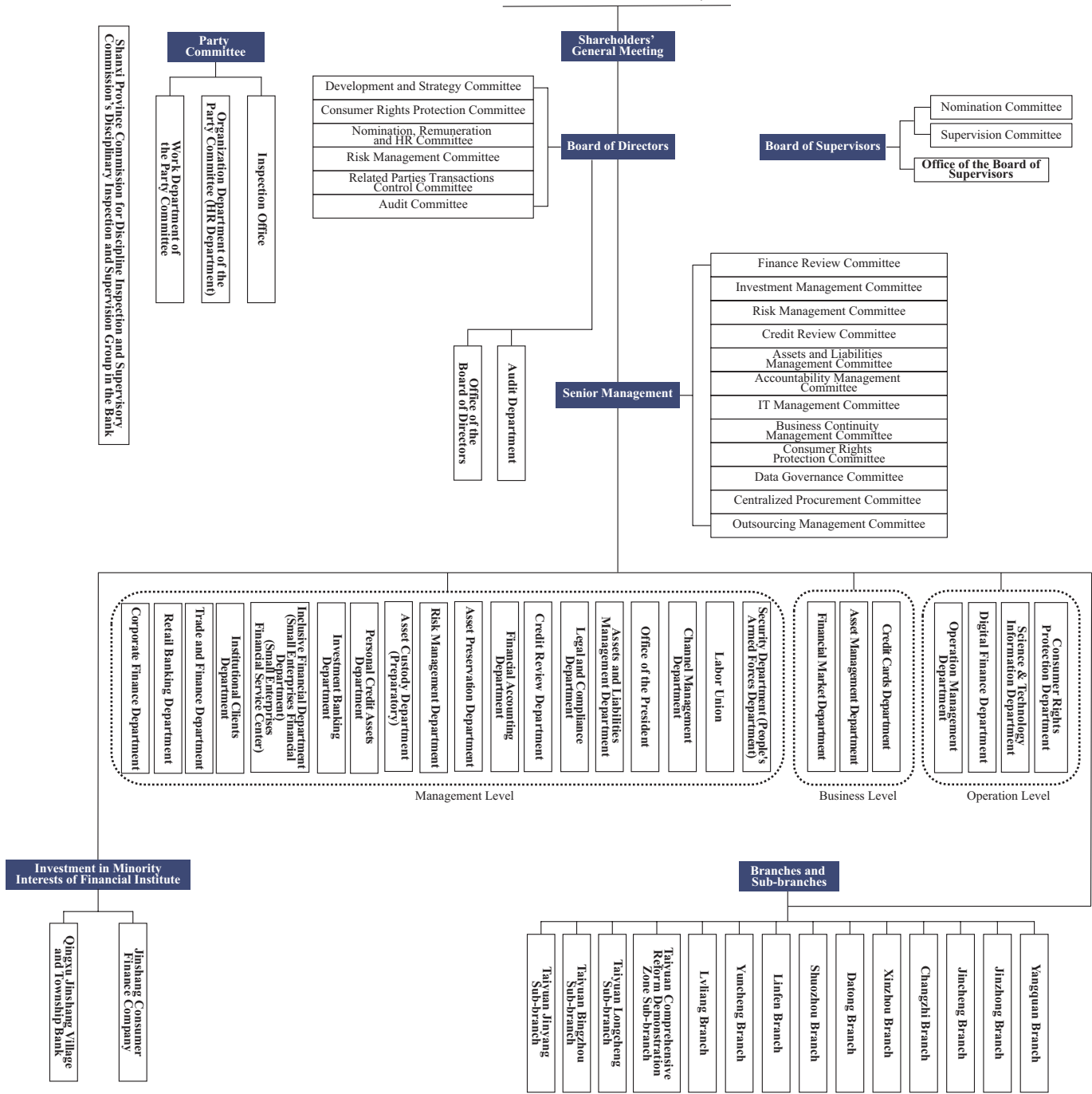
VIII. SHARE INCENTIVE PLAN

During the Reporting Period, the Bank did not implement any share incentive plan. Members of the Nomination, Remuneration and HR Committee of the Board have not reviewed or approved any share incentive plan.

Corporate Governance Report

ORGANIZATIONAL STRUCTURE FOR CORPORATE GOVERNANCE

Organizational Structure of JINSHANG BANK CO., LTD.
JINSHANG BANK CO., LTD.



Corporate Governance Report



CORPORATE GOVERNANCE CODE

During the Reporting Period, the Bank continued to improve the transparency and accountability of corporate governance and ensured high-level corporate governance practices to protect the Shareholders' interests and enhance corporate value and commitment.

Our Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. The compositions of the Board of Directors and the special committees under the Board of Directors are in compliance with the requirements of the Hong Kong Listing Rules. The Bank clearly divides the duties of the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management. The Shareholders' general meeting is the supreme authority of the Bank. The Board of Directors is accountable to the Shareholders' general meeting. The Board of Directors has established six special committees, which operate under the leadership of the Board of Directors and advise on the decisions of the Board. The Board of Supervisors is responsible for supervising the performance of duties by the Board of Directors, senior management and their members as well as the financial activities, internal control, and risk management. Under the leadership of the Board of Directors, the senior management is responsible for executing the resolutions of the Board and for the day-to-day business and management of the Bank, and reports to the Board of Directors and the Board of Supervisors on a regular basis. The president of the Bank is appointed by the Board of Directors to be responsible for the overall business operation and management of the Bank.

The Bank has adopted the Corporate Governance Code (the “**Code**”) in Appendix C1 to the Hong Kong Listing Rules, met the requirements of the administrative measures and corporate governance for domestic commercial banks and established a good corporate governance system. During the Reporting Period, the Bank has observed all applicable code provisions set forth in Appendix C1 to the Hong Kong Listing Rules.

The Bank is committed to maintaining a high standard of corporate governance. The Bank will continue to review and enhance its corporate governance to ensure compliance with the Code and meet the expectations of Shareholders and potential investors of the Bank. All Directors act with integrity and lead by example, and promote the desired culture. Such culture can instill and continually reinforce the organization values of “acting lawfully, ethically and responsibly” across the Bank.

Corporate Governance Report

SHAREHOLDERS' GENERAL MEETING

During the Reporting Period, the Bank held two Shareholders' general meetings in total, namely the 2023 Annual General Meeting held on June 20, 2024, considered and approved the Work Report of the Board of Directors for 2023, the Work Report of the Board of Supervisors for 2023, the Profit Distribution Plan for 2023, the Report of Final Financial Accounts for 2023, the Financial Budget for 2024, the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2023, the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2023, the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Senior Management during 2023, the appointment of auditors to audit financial statements for 2024, the appointment of Directors, the resignation of independent non-executive Directors, and the acquisition, absorption and merger of Qingxu Jinshang Village and Township Bank and turning it into a sub-branch of the Bank; and the 2024 First Extraordinary General Meeting held on December 27, 2024 to consider and approve the renewal of continuing connected transactions, the appointment of Directors, the resignation of independent non-executive Directors and the determination of the write-off amount for non-performing assets (including credit assets and non-credit assets) for 2025.

Among the resolutions passed at the 2023 Annual General Meeting held on June 20, 2024, the acquisition, absorption and merger of Qingxu Jinshang Village and Township Bank and turning it into a sub-branch of the Bank was passed by a special resolution, while the other resolutions were passed by ordinary resolutions.

The notification, convening and voting procedures of the above Shareholders' general meetings are all in compliance with the relevant provisions of the PRC Company Law and the Articles of Association.

Details of the Shareholders' General Meeting

Details of Shareholders' General Meeting convened during the Reporting Period were as follows:

Meeting	Meeting date	Meeting form
2023 Annual General Meeting	June 20, 2024	Onsite
2024 First Extraordinary General Meeting	December 27, 2024	Onsite

Functions and Powers of the Shareholders' General Meeting

Shareholders' general meeting is the organ of authority of our Bank. Its principal responsibilities include:

- determining the business guidelines and extremely important investment plans of the Bank;
- electing and changing directors and determining the remuneration of relevant directors;
- electing and changing non-employee supervisors and determining the remuneration of relevant supervisors;
- reviewing and approving the reports of the Board of Directors;
- reviewing and approving the reports of the Board of Supervisors;
- listening to the evaluation on Directors by the Board of Supervisors and the mutual evaluation result reports of independent directors;
- listening to the evaluation on supervisors by the Board of Supervisors and the mutual evaluation result reports of external supervisors;

Corporate Governance Report



- reviewing and approving the annual financial budget plans and final accounting plans of the Bank;
- reviewing and approving profit distribution plans and loss recovery plans of the Bank;
- reviewing and approving extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee and related party transactions of the Bank which shall be considered and approved at the Shareholders' general meeting as required by the laws, administrative regulations, rules and the securities supervision rules of the place where the Shares of the Bank are listed;
- resolving on the increase or decrease in the registered capital of the Bank;
- resolving on the issuance of bonds or the listing of the Bank;
- resolving on the merger, division, dissolution, liquidation or change in the corporate form of the Bank;
- amending the Articles of Association;
- reviewing and approving the Rules of Procedures for the Shareholders' General Meeting, the Board of Directors and the Board of Supervisors;
- resolving on the acquisition of the shares of the Bank in accordance with the requirements of the laws and the Articles of Association;
- resolving on the appointment, dismissal or non-reappointment of accounting firms of the Bank for regular legal audit of the Bank's financial reports;
- reviewing the Bank's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Bank;
- reviewing and approving matters relating to changes in the use of proceeds from share offerings;
- reviewing and approving the plans of the equity incentive scheme;
- reviewing the proposals by the Shareholders individually or jointly holding more than 3% of the voting shares of the Bank; and
- reviewing and approving other issues which should be determined by the Shareholders' general meeting as stipulated by laws, administrative regulations, rules, rules governing securities of the place where shares of the Bank are listed and the Articles of Association.

Corporate Governance Report

MEETINGS OF THE BOARD OF DIRECTORS AND SPECIAL COMMITTEES

The Board shall hold at least four regular meetings annually, and arrange other meetings if necessary. Board meetings shall be held on-site or by means of teleconference. The Board of Directors shall send a meeting notice to all Directors in advance and timely provide all Directors with sufficient information (including background information about the proposals submitted and other information necessary for the Directors to make informed decisions). The notice of a regular Board meeting shall be given to all Directors at least 14 days before the date of the meeting, and the notices of all other Board meetings shall be given to all Directors five days before the date of the meetings. A good communication and reporting mechanism has been established among the Directors, Board of Directors and senior management. All Directors may seek independent professional opinions at the expense of the Bank. Our president reports to the Board on a regular basis and accepts the supervision thereof. At the Board meetings, all Directors may freely express their opinions, but important decisions shall be subject to detailed discussion.

During the Reporting Period, the Board of Directors held 5 meetings, at which 69 resolutions were considered and adopted. The special committees under the Board of Directors held 26 meetings, including 5 meetings of the Development and Strategy Committee, 4 meetings of the Audit Committee, 5 meetings of the Related Party Transactions Control Committee, 5 meetings of the Risk Management Committee, 5 meetings of the Nomination, Remuneration and HR Committee and 2 meetings of the Consumer Rights Protection Committee, at which 64 resolutions were considered and adopted.

The Board of Directors shall have a board office as its daily administrative body responsible for preparing Shareholders' general meetings, Board meetings and meetings of various special committees under the Board and for handling other tasks assigned by the same. The Board of Directors and senior management exercise their respective powers within their terms of reference as specified in the Articles of Association. Directors who have significant interests in a proposal must waive their right to discuss and vote on the proposal and shall not be included in the quorum of the proposal. The Board of Directors has reviewed the effectiveness of the Bank's risk management and internal control system (covering finance, operation and compliance control). The risk management and internal control system is reviewed once every year (for the period from January 1, 2024 to December 31, 2024). The Bank believes that relevant review is sufficient and effective.

The Board believes that the risk management and internal control system established and implemented by the Bank is sufficient and effective.

For details about the internal audit of the Bank, please refer to "Risk Management and Internal Control – Internal Audit" of this annual report.

The Board's implementation of the resolutions approved at the Shareholders' general meetings

In 2024, the Board of Directors implemented the resolutions approved at the Shareholders' general meetings, including the Financial Budget Report for 2023 and the Financial Budget for 2024, the Profit Distribution Plan for 2023 and the Appointment of Auditors to Audit Financial Statements for 2024 and the Acquisition, Absorption and Merger of Qingxu Jinshang Village and Township Bank and turning it into a sub-branch of the Bank.

In particular, on March 5, 2025, the Bank had received approval from the Shanxi Supervision Bureau in respect of the acquisition, absorption and merger of Qingxu Jinshang Village and Township Bank and turning it into a sub-branch of the Bank.

Corporate Governance Report

Composition of the Board of Directors

As of the date of this annual report, the Board comprises 13 Directors, including three executive Directors, namely Ms. HAO Qiang (chairwoman), Mr. ZHANG Yunfei (vice chairman) and Mr. WANG Qi; five non-executive Directors, namely Mr. Wu Canming, Mr. MA Hongchao (vice chairman), Mr. LIU Chenhong, Mr. LI Yang and Mr. WANG Jianjun; and five independent non-executive Directors, namely Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny. Directors are elected for a term of three years. Please refer to the section headed “Directors, Supervisors, Senior Management and Employees” of this annual report for the resumes and terms of office of Directors. None of the members of the Board is connected with other members.

Board Diversity Policy

The Board believes that a diverse Board membership is conducive to improving the Bank’s performance. The Board diversity of the Bank is of huge importance to achieve sustainable development, implementing strategies and maintaining good corporate governance.

The Bank adopted a board diversity policy (the “**Board Diversity Policy**”) before listing, setting out the approach to achieve and maintain diversity on the Board in compliance with the Hong Kong Listing Rules, pursuant to which the Bank seeks to achieve Board diversity through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time.

Furthermore, the Nomination, Remuneration and HR Committee will review the Board composition at least once annually taking into account the benefits of all relevant diversity aspects, and support the Board Diversity Policy when making recommendations to the Board on the appointment of new directors. The Nomination, Remuneration and HR Committee also reviews the Board Diversity Policy annually, to ensure its continued effectiveness and the Bank will take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for the Board so as to ensure that a pipeline of potential successors to the Board is developed to achieve gender diversity and appropriate gender diversity is achieved with reference to stakeholders’ expectations and international and local recommended best practices.

The Board comprises 13 members, including three executive Directors, five non-executive Directors and five independent non-executive Directors. Directors have a balanced mix of experience, including banking, corporate/economics/administrative management, auditing, accounting and finance. Furthermore, the members of the Board have a relatively wide range of age, ranging from 38 years old to 68 years old. Two members of the Board are females. The Bank has achieved the goal of at least 15% female representation in the Board within five years of the listing.

As at December 31, 2024, among all employees, the proportion of females is 53.62%, and the proportion of males is 46.38%. The Bank strictly follows laws and regulations in personnel recruitment, contract signing, position promotion, salary package, and protects the lawful rights and interests of employees in accordance with the law. The relevant working procedures are fair, just and open, and there is no gender discrimination, so as to ensure gender diversity of staff. The Bank believes that the current gender ratio of staff is relatively balanced and will continue to maintain a reasonable level of gender diversity at the staff level.

Going forward, to develop a pipeline of potential successors to the Board that could ensure gender diversity of the Board in a few years, the Bank will (i) consider the possibility of nominating female senior management who has the necessary skills and experience for the Board; (ii) ensure that there is gender diversity when recruiting staff at mid to senior level; and (iii) engage more resources in training female staff with the aim of promoting them to the senior management or directorship of the Bank.

Corporate Governance Report

Board Independence

The Bank has appointed independent non-executive Directors in accordance with the independence criteria as set out in the Hong Kong Listing Rules. During the Reporting Period, the Board appointed at least three independent non-executive Directors, who shall jointly account for at least one third of members of the Board of Directors and at least one of whom shall have appropriate professional qualifications or accounting or relevant financial management expertise. The independent non-executive Directors of the Bank do not have any business or financial interests, nor hold any management positions, in the Bank. All the current independent non-executive Directors of the Bank are elected and appointed for a term of three years, and are eligible for reelection upon the expiry of their term of office, provided that the term of office of an independent non-executive Director must not be more than six years on an accumulative basis.

The Bank has proactively organized its independent non-executive Directors to join in each of the special committees under the Board, to make sure that the Board and the special committees under the Board can obtain independent views. During the Reporting Period, the Bank's independent non-executive Directors actively attended the meetings of the Board and the special committees thereof and provided independent and objective advice on various material decisions at the meetings of the Board and relevant special committees by application of their professional capabilities and industrial experiences, and the Bank encouraged them to express freely their independent views and constructive proposals during the Board and special committee meetings. The Bank's independent non-executive Directors strengthened their communication with the senior management, business departments and external auditors and thoroughly studied the operation and management of the Bank. They effectively fulfilled their fiduciary and diligent obligations and provided strong support to the Board for it to make rational decisions and protected the interests of the Bank and its Shareholders as a whole.

Same as other Directors, the independent non-executive Directors have rights to seek further information and documents from the management of the Bank in respect of the issues discussed at the Board meetings, to facilitate their adequate evaluation and then propose constructive independent views. The Board of Directors has annually evaluated the independence of all its independent non-executive Directors in accordance with the independence criteria as set out in the Hong Kong Listing Rules to make sure that they can constantly exercise independent judgement. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. Directors would be reimbursed for any professional fees in relation to their fulfillment of the roles and responsibilities. Accordingly, the Bank has established a working mechanism for the Board of Directors to obtain independent views and opinions, to ensure strong independence of the Board of Directors of the Bank and facilitate the efficient operation and independent judgment of the Board of Directors. The Board of the Bank reviews the implementation and effectiveness of such mechanism annually, and considers that the working mechanism of the Bank is fully effective.

Corporate Governance Report



Changes in Board Members during the Reporting Period

For details of the changes in Directors of the Bank, see “Directors, Supervisors, Senior Management and Employees – II. Changes in Directors, Supervisors and Senior Management during the Reporting Period” in this annual report.

Functions and Powers of the Board of Directors

The Board of Directors shall be accountable to the Shareholders’ general meeting, undertake final responsibility of operation and management of the Bank, and exercise the following functions and powers in accordance with the laws:

- to convene Shareholders’ general meetings, and report its performance at the Shareholders’ general meetings, and implement resolutions of the Shareholders’ general meetings;
- to formulate development strategies of the Bank and to monitor the implementation of such strategies, and decide on operational plans and investment plans of the Bank;
- to formulate annual financial budget plans, final accounting plans, and risk capital allocation plans of the Bank;
- to formulate the Bank’s profit distribution plans and loss recovery plans;
- to formulate proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;
- to formulate proposals for repurchase of the Bank’s shares;
- to formulate plans for material acquisition, merger, separation, dissolution, or change of corporate form of the Bank;
- to formulate proposals for any amendment to the Articles of Association;
- to formulate the Rules of Procedures for the Shareholders’ General Meeting and the Rules of Procedures for the Board of Directors, and to consider and approve the work rules of the special committees under the Board of Directors;
- to formulate the basic management system of the Bank;
- to formulate and execute a clear responsibility system and accountability system, and to assess and complete corporate governance of the Bank regularly;
- to decide asset and liability management (including but not limited to capital requirement), risk tolerability, risk management and internal control policy of the Bank, and to take ultimate responsibility for comprehensive risk management;
- to formulate capital planning, and undertake the final responsibility of capital management;
- to formulate a related party transaction management system, to examine and approve or accredit Related Party Transactions Control Committee to approve related party transactions;
- to examine and approve the annual work report of the Bank;

Corporate Governance Report

- to decide the long-term award plan, remuneration plan and salary plan of the Bank;
- to approve the internal audit plan, annual work plan and audit budget of the Bank;
- to examine and approve proposals raised by each special committee under the Board of Directors;
- to decide the Bank's important external investment, important asset acquisition, disposals and writeoff, important external guarantee, important trust management, important related party transactions, large loans, pledge of assets, and data governance; to initially examine the Bank's extremely important external investment, extremely important asset acquisition and disposals, extremely important external guarantee, extremely important trust management, and submit them to the Shareholders' general meeting for approval;
- to appoint or dismiss the president, the secretary to the Board, chief audit officer and the person in charge of the audit department of the Bank as nominated by the chairman; to appoint or dismiss the vice president, assistant to the president, chief financial officer, chief risk officer, chief technology information officer, chief human resources officer, chief compliance officer, etc. as nominated by the president; and to decide remunerations, awards and punishments of the aforesaid persons;
- to authorize certain operation and management power to the president annually, and to debrief work reports of the president and to examine the performance of the president;
- to decide the chairman and members of each special committee under the Board as nominated by the Nomination, Remuneration and HR Committee;
- to decide on the establishment of the internal management structure of the Bank and the establishment of branches of the Bank;
- to propose to the Shareholders' general meeting the engagement, dismissal or discontinuation of the appointment of the accounting firm that provides regular statutory audit on financial reports of the Bank, and to give an explanation to the Shareholders' general meeting on the non-standard audit opinions of certified public accountant on our financial report;
- to disclose information of the Bank and take ultimate responsibility for the authenticity, completeness, accuracy, and timeliness of our accounting and financial reports;
- to regularly debrief the internal audit department and compliance department's report on the internal audit and examination results, and report regulatory opinions of relevant regulatory authorities on the Bank, and to examine the Bank's rectification report on executing regulatory opinions; to regularly assess operation status of the Bank, comprehensively evaluate performance of senior management staff according to assessment result, and to supervise and ensure effective management performance of senior management;
- to safeguard legitimate rights and interests of financial consumers and other stakeholders;
- to establish an identification, investigation and management mechanism for the conflict of interest between the Bank and Shareholders, especially substantial Shareholders;
- to undertake the management responsibility for the affairs in relation to the Shareholders; and
- to exercise other functions and powers prescribed by the laws, administrative regulations, and the Articles of Association and authorized by the Shareholders' general meetings.

Corporate Governance Report



Directors' Responsibility for Preparing Financial Statements

Directors confirm that they shall be responsible for preparing the financial statements for the year ended December 31, 2024 that truly and fairly reflects the affairs and results of the Bank. When preparing financial statements, Directors select and implement appropriate accounting policies and make use of accounting estimates applicable to relevant circumstances. Under the assistance of accounting and financial personnel, Directors ensure that the Bank prepares financial statements in accordance with statutory provisions and applicable financial reporting standards. Reporting obligation statements of the external auditors on the Group's financial statements are set out in the independent auditor's report on pages 161 to 167.

Board Meetings and Directors' Attendances at the Meetings

During the Reporting Period, the Bank convened a total of 5 Board meetings, and deliberated and approved 69 proposals, which mainly involved topics including the Work Report of the Board of Directors for 2023, the Profit Distribution Plan for 2023, the Report of the Disclosure of Environmental Information for 2023, the Report of Financial Budget for 2024 and the Capital Adequacy Ratio Management Plan for 2024 of the Bank. Apart from regular Board meetings, the Chairman also held 1 meeting with the independent non-executive Directors without the presence of other Directors during the year. Details of the Board meetings convened during the Reporting Period are as follows:

Meeting	Meeting date	Meeting form
The 7th meeting of the sixth session of the Board of Directors	March 28, 2024	Onsite and by means of teleconference
The 8th meeting of the sixth session of the Board of Directors	May 14, 2024	Onsite and by means of teleconference
The 9th meeting of the sixth session of the Board of Directors	August 6, 2024	Onsite and by means of teleconference
The 10th meeting of the sixth session of the Board of Directors	August 29, 2024	Onsite and by means of teleconference
The 11th meeting of the sixth session of the Board of Directors	November 15, 2024	Onsite and by means of teleconference

Corporate Governance Report

Attendances of each Director at Board meetings during the Reporting Period are as follows:

Member of the Board	Number of scheduled attendances at Board meetings	Number of attendances in person at Board meetings	Number of attendances by proxy at Board meetings	Number of actual attendances at Shareholders' general meetings/ number of required attendances at Shareholders' general meetings
Ms. HAO Qiang	5	5	0	0/2
Mr. ZHANG Yunfei	5	5	0	2/2
Mr. WANG Qi ⁽¹⁾	0	0	0	–
Mr. LI Shishan ⁽²⁾	5	5	0	2/2
Mr. WU Canming ⁽²⁾	0	0	0	–
Mr. MA Hongchao	5	5	0	1/2
Mr. LIU Chenhong	5	5	0	2/2
Mr. LI Yang	5	5	0	2/2
Mr. WANG Jianjun	5	5	0	2/2
Mr. WANG Liyan	5	4	1	1/2
Mr. DUAN Qingshan	5	4	1	2/2
Mr. SAI Zhiyi	5	4	1	0/2
Ms. HU Zhihong	5	5	0	2/2
Mr. CHAN Ngai Sang Kenny	5	5	0	2/2

Notes:

1. Mr. WANG Qi obtained approval from the Shanxi Supervision Bureau for the qualification of directorship on December 27, 2024.
2. Mr. LI Shishan has resigned as a non-executive Director and a member of the Development and Strategy Committee of the Board due to retirement, with effect from December 27, 2024. Mr. WU Canming obtained approval from the Shanxi Supervision Bureau for the qualification of directorship on December 27, 2024.

Corporate Governance Report



Independent Non-executive Directors

The Board currently has five independent non-executive Directors in compliance with the provisions of Hong Kong Listing Rules on the appointment of at least three independent non-executive Directors, who shall jointly account for at least one third of members of the Board of Directors and at least one of whom shall have appropriate professional qualifications or accounting or relevant financial management expertise.

During the Reporting Period, independent non-executive Directors performed their fiduciary and due diligence duties, as well as duties required to be performed under the Articles of Association, and protected the interests of the Bank and its Shareholders as a whole. Independent non-executive Directors of the Bank earnestly attended meetings of the Board and special committees, put forward objective and independent opinions on a number of issues discussed at the meetings of the Board and related special committees, and actively participated in the decision-making of the Board and supervised the Board.

The Bank has received the annual confirmation from every independent non-executive Director concerning independence thereof in accordance with Hong Kong Listing Rules for written confirmation of their independence. Therefore, the Bank confirms that all the independent non-executive Directors have complied with Hong Kong Listing Rules regarding independence thereof.

Special Committees of the Board of Directors

As of the date of this annual report, the Board of Directors has established six special committees, including the Development and Strategy Committee, Audit Committee, Risk Management Committee, Related Party Transactions Control Committee, Nomination, Remuneration and HR Committee, and Consumer Rights Protection Committee.

Development and Strategy Committee

As of the date of this annual report, the Development and Strategy Committee consisted of four Directors, being Ms. HAO Qiang, Mr. ZHANG Yunfei, Mr. DUAN Qingshan and Ms. HU Zhihong. The chairperson of the Development and Strategy Committee is Ms. HAO Qiang, and the vice chairperson is Mr. ZHANG Yunfei. Ms. HAO Qiang and Mr. ZHANG Yunfei are executive Directors, and Mr. DUAN Qingshan and Ms. HU Zhihong are independent non-executive Directors. The primary duties of the Development and Strategy Committee include:

- formulating our development strategies and operational objectives, and making relevant recommendations to the Board of Directors;
- reviewing our annual budgets, strategic asset allocation plans, goals for assets and liabilities management, and development plans on various matters, and making relevant recommendations to the Board of Directors;
- making recommendations on plans for our organizational re-construction, material investment plans and merger and acquisition plans to the Board of Directors;
- assessing the soundness of our corporate structure to improve our financial reports, risk management and internal control in accordance with the standards of our corporate governance policies, and supervising the implementation of our annual operational and investment plans; and
- performing other duties as authorized by the Board of Directors and as required by applicable laws and regulations.

Corporate Governance Report

During the Reporting Period, the Development and Strategy Committee convened 5 meetings in total, and deliberated and approved 10 proposals, which mainly involved topics including: the Profit Distribution Plan for 2023, the Environmental, Social and Governance Report for 2023 and the Financial Budget for 2024.

Attendances of each member at the meetings of the Development and Strategy Committee in 2024 are as follows:

Member	Number of scheduled attendances at the meetings	Number of attendances in person at the meetings	Number of attendances by proxy at the meetings
Ms. HAO Qiang	5	5	0
Mr. ZHANG Yunfei	5	4	1
Mr. LI Shishan ⁽¹⁾	5	4	1
Mr. DUAN Qingshan	5	4	1
Ms. HU Zhihong	5	5	0

Note:

1. Mr. LI Shishan has resigned as a non-executive Director and a member of the Development and Strategy Committee of the Board due to retirement, with effect from December 27, 2024.

Audit Committee

The Bank has established an Audit Committee with written terms of reference in compliance with the requirements under the Hong Kong Listing Rules. As of the date of this annual report, the Audit Committee consisted of five Directors, being Mr. WANG Liyan, Mr. SAI Zhiyi, Mr. LIU Chenhang, Mr. DUAN Qingshan and Mr. CHAN Ngai Sang Kenny. The chairperson of the Audit Committee is Mr. WANG Liyan, and the vice chairperson is Mr. SAI Zhiyi. Mr. LIU Chenhang is a non-executive Director, and Mr. WANG Liyan, Mr. SAI Zhiyi, Mr. DUAN Qingshan and Mr. CHAN Ngai Sang Kenny are independent non-executive Directors. More than half of the members of the Audit Committee of the Bank are independent non-executive Directors and the chairperson of the Audit Committee is an independent non-executive Director. The primary duties of the Audit Committee include:

- reviewing our risk management and compliance conditions, accounting policies, financial conditions and financial report procedures;
- conducting inspections on our risk control system to make sure that the management has established an effective system;
- conducting inspections on and reviewing the compliance and effectiveness of our material operational activities;
- being responsible for annual audit work of the Bank and material adjustments regarding the same;

Corporate Governance Report

- supervising the completeness of the audited financial reports, reviewing such reports before submitting them to our Board of Directors for review;
- making recommendations on appointment, re-appointment or removal of external auditors, and communicating with the external auditors on behalf of the Bank and providing responses to their management letter;
- raising concerns about possible improprieties in financial reporting, internal control or other matters, and making sure that proper arrangements are in place for fair and independent investigations;
- reporting to the Board on the provisions of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules; and
- performing other duties as authorized by the Board of Directors and as required by applicable laws and regulations.

During the Reporting Period, the Audit Committee convened 4 meetings in total, and deliberated and approved 9 proposals, which mainly involved topics including: the 2023 annual results announcement and 2023 annual report, the Report of Final Financial Accounts for 2023, and appointment of accounting firms for 2024, etc.

The Audit Committee also arranged the preparation and review of the 2023 annual report and 2024 interim report according to the provisions on disclosure in the annual financial report. During the Reporting Period, the Audit Committee had several meetings and communications with external auditors in the absence of the executive Directors and senior management. As at March 27, 2025, the Audit Committee had reviewed the audited consolidated financial statements for the year ended December 31, 2024, which were prepared in accordance with the accounting principles and policies of the Bank. It also reviewed the effectiveness of the internal control system and internal audit functions of the Bank by regularly listening to the audit department's report on internal audit.

Attendances of each member at the meetings of the Audit Committee during the Reporting Period are as follows:

Member	Number of scheduled attendances at the meetings	Number of attendances in person at the meetings	Number of attendances by proxy at the meetings
Mr. WANG Liyan	4	3	1
Mr. SAI Zhiyi	4	1	3
Mr. LIU Chenhang	4	4	0
Mr. DUAN Qingshan	4	3	1
Mr. CHAN Ngai Sang Kenny	4	4	0

Corporate Governance Report

Related Party Transactions Control Committee

The Bank has established a Related Party Transactions Control Committee with written terms of reference. As of the date of this annual report, the Related Party Transactions Control Committee consisted of four Directors, being Mr. SAI Zhiyi, Mr. DUAN Qingshan, Mr. ZHANG Yunfei and Mr. WANG Liyan. The chairperson of the Related Party Transactions Control Committee is Mr. SAI Zhiyi and the vice chairperson is Mr. DUAN Qingshan. Mr. ZHANG Yunfei is an executive Director, and Mr. SAI Zhiyi, Mr. DUAN Qingshan and Mr. WANG Liyan are independent non-executive Directors. The primary duties of the Related Party Transactions Control Committee include:

- assisting the Board of Directors in performing duties in relation to related party transactions and connected transactions in accordance with applicable laws and regulations;
- reviewing, supervising and approving the lists of related parties and connected persons, and identifying and managing related party transactions and connected transactions, so as to control risks in relation to such transactions;
- examining and supervising the control over our related party transactions and connected transactions and the implementation of systems in relation to related party transactions and connected transactions, and reporting to the Board of Directors;
- being responsible for the information disclosure of our related party transactions and connected transactions, and the authenticity, accuracy and completeness of the information in relation to such transactions; and
- performing other duties as authorized by the Board of Directors and as required by applicable laws and regulations.

During the Reporting Period, the Related Party Transactions Control Committee convened 5 meetings, and deliberated and approved 11 proposals, which mainly involved topics including: the credit business for related transactions in 2024 and identification of related parties, etc.

Attendances of each member at the meetings of the Related Party Transactions Control Committee during the Reporting Period are as follows:

Member	Number of scheduled attendances at the meetings	Number of attendances in person at the meetings	Number of attendances by proxy at the meetings
Mr. SAI Zhiyi	5	1	4
Mr. DUAN Qingshan	5	4	1
Mr. ZHANG Yunfei	5	4	1
Mr. WANG Liyan	5	4	1

Corporate Governance Report



Risk Management Committee

The Bank has established a Risk Management Committee with written terms of reference. As of the date of this annual report, the Risk Management Committee consisted of five Directors, being Mr. SAI Zhiyi, Mr. DUAN Qingshan, Mr. ZHANG Yunfei, Mr. WANG Jianjun and Ms. HU Zhihong. The chairperson of the Risk Management Committee is Mr. SAI Zhiyi and the vice chairperson is Mr. DUAN Qingshan. Mr. ZHANG Yunfei is an executive Director, Mr. WANG Jianjun is a non-executive Director, and Mr. SAI Zhiyi, Mr. DUAN Qingshan and Ms. HU Zhihong are independent non-executive Directors. The primary duties of the Risk Management Committee include:

- reviewing our overall risk management policies, measures and preferences in relation to various risks, and assessing the control over these risks by our senior management;
- periodically conducting assessments and listening to reports on our risk policies, management status and risk tolerance ability;
- formulating working procedures and evaluating the working proficiency of our internal audit department and advising on the improvement of our risk management and internal control system;
- conducting a preliminary examination of the risk identification of various types of transactions, reviewing such transactions and providing opinions in relation to such transactions; and
- performing other duties as authorized by the Board of Directors and as required by applicable laws and regulations.

During the Reporting Period, the Risk Management Committee convened 5 meetings, and deliberated and approved 21 proposals, which mainly involved topics including: risk appetite statement for 2024, determination of the write-off amount for non-performing assets (credit and non-credit) and bad debts for 2025, etc. The Risk Management Committee reviews the Bank's risk management system covering credit risk, market risk, operational risk, information technology risk, reputational risk, strategic risk and ESG risk by listening to the senior management's reports on the Bank's risk management on a quarterly basis, puts forward opinions and suggestions on improving the Bank's risk management work and urges the senior management to improve the risk management process according to changes in economic trends and macroeconomic control policies and the actual business development of the Bank.

Corporate Governance Report

Attendances of each member at the meetings of the Risk Management Committee during the Reporting Period are as follows:

Member	Number of scheduled attendances at the meetings	Number of attendances in person at the meetings	Number of attendances by proxy at the meetings
Mr. SAI Zhiyi	5	1	4
Mr. DUAN Qingshan	5	4	1
Mr. ZHANG Yunfei	5	4	1
Mr. WANG Jianjun	5	5	0
Ms. HU Zhihong	5	5	0

Nomination, Remuneration and HR Committee

The Bank has established a Nomination, Remuneration and HR Committee with written terms of reference in compliance with the requirements under the Hong Kong Listing Rules. As of the date of this annual report, the Nomination, Remuneration and HR Committee consisted of five Directors, being Mr. DUAN Qingshan, Mr. SAI Zhiyi, Ms. HAO Qiang, Mr. MA Hongchao and Ms. HU Zhihong. The chairperson of the Nomination, Remuneration and HR Committee is Mr. DUAN Qingshan and the vice chairperson is Mr. SAI Zhiyi. Ms. HAO Qiang is an executive Director, Mr. MA Hongchao is a non-executive Director and Mr. DUAN Qingshan, Mr. SAI Zhiyi and Ms. HU Zhihong are independent non-executive Directors. More than half of the members of the Nomination, Remuneration and HR Committee are independent non-executive Directors, and the chairperson is an independent non-executive Director. The primary duties of the Nomination, Remuneration and HR Committee include:

Nomination duties

- Formulating the criteria and procedures for selecting directors and senior management personnel for approval by the Board of Directors;
- Periodically making recommendations on the size and composition of the Board of Directors in accordance with the Bank's development strategies;
- Identifying qualified individuals as directors, the president of the Bank, the chief audit officer, and the secretary to the Board of Directors, conducting preliminary examination of qualifications and conditions of candidates for directorships and senior management positions, and making recommendations to the Board of Directors;
- Assessing the independence of independent non-executive Directors;
- Making recommendations on the appointment or re-appointment of directors to the Board of Directors;
- Formulating training plans for senior management and key personnel of the Bank; and
- Formulating the policy relating to diversity of Board members (including any measurable objectives set for implementing the policy, and progress on achieving those objectives), and disclosing the policy or a summary of the policy in the corporate governance report.

Corporate Governance Report



Remuneration and appraisal duties

- Making recommendations to the Board of Directors on the policy and structure for remunerations of directors and senior management personnel, and on the establishment of formal and transparent procedures for developing remuneration policy;
- Reviewing and approving the management's remuneration proposals with reference to the Board of Directors' corporate goals and objectives;
- Formulating the remuneration packages of directors and senior management, making recommendations to the Board of Directors regarding such packages, submitting such packages to the Shareholders' general meeting for approval, and supervising the implementation of the same;
- Reviewing the Bank's remuneration policies, contemplating the criteria for appraising directors and senior management, conducting assessments and evaluations and making recommendations to the Board of Directors according to actual conditions;
- Reviewing and approving compensation payable to executive directors and senior management for any loss or termination of office to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- Reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- Performing other duties as authorized by the Board and as required by applicable laws and regulations.

During the Reporting Period, the Nomination, Remuneration and HR Committee convened 5 meetings, and deliberated and approved 12 proposals, which mainly involved topics including: report of the Board of Directors on assessment on the performance of duties by Directors during 2023, formulation of the 2024 Performance Evaluation Measures for Senior Management of the Head Office of Jinshang Bank, etc.

The Nomination, Remuneration and HR Committee formulates the remuneration policies for Directors, regularly evaluates the performance of executive Directors and reviews the evaluation reports on the performance of duties by Directors. For details of the policy on nomination of Directors adopted by the Nomination, Remuneration and HR Committee, including the nomination procedures and the process and criteria to select and recommend candidates for directorship, please refer to "Corporate Governance Report – Board Diversity Policy" of this annual report. During the Reporting Period, the Nomination, Remuneration and HR Committee approved the terms of the service contract between the Bank and the executive Director Mr. WANG Qi.

Corporate Governance Report

Attendances of each member at the meetings of the Nomination, Remuneration and HR Committee during the Reporting Period are as follows:

Member	Number of scheduled attendances at the meetings	Number of attendances in person at the meetings	Number of attendances by proxy at the meetings
Mr. DUAN Qingshan	5	4	1
Mr. SAI Zhiyi	5	1	4
Ms. HAO Qiang	5	5	0
Mr. MA Hongchao	5	5	0
Ms. HU Zhihong	5	5	0

Consumer Rights Protection Committee

The Bank has established a Consumer Rights Protection Committee with written terms of reference. As of the date of this annual report, the Consumer Rights Protection Committee consisted of four Directors, being Ms. HU Zhihong, Mr. WANG Liyan, Mr. LI Yang and Mr. SAI Zhiyi. The chairperson of the Consumer Rights Protection Committee is Ms. HU Zhihong and the vice chairperson is Mr. WANG Liyan. Mr. LI Yang is the non-executive Director. Ms. HU Zhihong, Mr. WANG Liyan and Mr. SAI Zhiyi are independent non-executive Directors. The primary duties of the Consumer Rights Protection Committee are as follows:

- being responsible for formulating the strategies, policies and goals of the Bank's consumer rights protection work;
- supervising the senior management to effectively implement consumer rights protection work;
- periodically listening to special reports on consumer rights protection work, supervising and evaluating the comprehensiveness, promptness, and effectiveness of the Bank's consumer rights protection work and the performance of the senior management, and submitting the relevant reports to the Board of Directors; and
- performing other duties as authorized by the Board of Directors and as required by applicable laws and regulations.

During the Reporting Period, the Consumer Rights Protection Committee convened 2 meetings, and deliberated and approved 3 proposals, which mainly involved topics including: the 2024 guiding opinions on the consumer rights protection work, and the Work Plan for Specialized Treatment of Key Organizations and Key Areas of Consumer Complaints for 2024, etc.

Corporate Governance Report

Attendances of each member at the meeting of the Consumer Rights Protection Committee during the Reporting Period are set out as follows:

Member	Number of scheduled attendances at the meetings	Number of attendances in person at the meetings	Number of attendances by proxy at the meetings
Ms. HU Zhihong	2	2	0
Mr. WANG Liyan	2	2	0
Mr. LI Yang	2	2	0
Mr. SAI Zhiyi	2	1	1

Corporate Governance Function

As the Bank has no corporate governance committee, the Board undertakes the Bank's corporate governance functions, such as formulating and reviewing the Bank's policies and corporate governance practices, reviewing and supervising the training and continuous professional development of directors, supervisors and senior management, reviewing and supervising the Bank's policies and practices on compliance with legal and regulatory requirements, and reviewing the Bank's compliance with related codes and disclosure in corporate governance report.

The Board of Directors urges the Directors and senior management to participate in training regularly to constantly improve their professional capabilities. During the Reporting Period, the Board organized the Directors to attend the Seminar for Strengthening Continuous Professional Development of Corporate Governance Professionals by the Hong Kong Chartered Governance Institute, which effectively enhanced the Directors' abilities to perform their duties. The Board carried out corporate governance assessment based on the regulatory requirements, and inspected problems according to the regulatory assessment results and internal and external audit to earnestly urge and promote the rectification of the problems, so as to continuously improve the effectiveness of corporate governance.

BOARD OF SUPERVISORS

Composition of the Board of Supervisors

As of the date of this annual report, the Board of Supervisors consisted of nine Supervisors, including three employee Supervisors, namely Mr. XIE Liying, Mr. WEN Qingquan and Mr. SU Hua; three shareholder Supervisors, namely Mr. WANG Weiping, Mr. PANG Zhengyu and Ms. XU Jin; and three external Supervisors, namely Mr. ZHUO Zeyuan, Mr. WU Jun and Mr. BAI Guangwei. The number of members and composition of the Board of Supervisors complied with the applicable laws and regulations.

Corporate Governance Report

Functions and Powers of the Board of Supervisors

The Board of Supervisors, as the internal supervising institution of the Bank, shall be accountable to the Shareholders' general meeting and exercise the following functions and powers:

- to review and give written review opinions on the regular reports on the Bank prepared by the Board of Directors;
- to examine the financial activities of the Bank;
- to supervise the Board of Directors and senior management staff to complete the internal control system;
- to supervise the performance of the Board of Directors, Directors, senior management and its staff under relevant laws and regulations and the Articles of Association;
- to supervise the behaviors of the Directors, president and senior management staff in their performance of their duties in our Bank and to propose the removal of Directors and senior management staff who have violated laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' general meetings;
- when the acts of a Director, president or senior management staff of the Bank are detrimental to its interests, to require the aforementioned persons to correct these acts;
- to regularly assess the performance of Directors and senior management staff on the basis of the Board of Directors' evaluation on Directors, and report to the Shareholders' general meeting;
- to propose the convening of an extraordinary Shareholders' general meeting and to convene and preside over Shareholders' general meeting when the Board fails to perform the duty of convening and presiding over Shareholders' general meetings under the Articles of Association;
- to submit proposals to the Shareholders' general meetings;
- to attend meetings of the Board of Directors and senior management, and obtain meeting materials;
- to formulate the scheme for the remuneration of the members of the Board of Supervisors for review and determination at the Shareholders' general meeting;
- to formulate assessment method for the performance of duties of Directors and Supervisors, examine and assess Directors and Supervisors, and report to the Shareholders' general meeting for determination;
- to verify financial information including financial reports, operation reports and profit distribution plans to be proposed by the Board of Directors to the Shareholders' general meeting, and engage certified public accountants or practicing auditors to assist in the re-examination in the name of the Bank if problems are identified;

Corporate Governance Report

- to conduct investigation or special examination activity when noticing unusual operation conditions of the Bank, and require senior management to propose and execute rectification opinions as to noticed problems. If necessary, to engage intermediary organs such as accounting firm for assistance, fee of which shall be undertaken by the Bank;
- to negotiate with a Director or bring actions against a Director or senior management staff on behalf of the Bank according to the PRC Company Law;
- to supervise the Board of Directors to determine stable operational principle and value criterion, and to formulate a feasible development strategy for the Bank;
- to assess regularly the scientificity, reasonability, and effectiveness of the development strategy formulated by the Board of Directors, which shall be made to an assessment report;
- to supervise and examine the operation decision, risk management, and internal control of the Bank, and supervise the rectification;
- to supervise the engagement procedure of Directors;
- to supervise the scientificity and reasonability of the actual situation of the remuneration management system and policy of the Bank and remuneration plan of senior management staff;
- to regularly communicate with the banking regulatory authority about the Bank's condition;
- to suggest, remind, talk and inquire, if necessary, the Board of Directors and senior management and its members or other personnel, in writing or by parole, and ask for reply; and
- to exercise any other functions and powers prescribed by the laws, administrative regulations, and the Articles of Association and authorized by the Shareholders' general meetings.

Functions and Powers of the chairman of the Board of Supervisors

The chairman of the Board of Supervisors exercises the following functions and powers:

- to convene and preside over the meeting of the Board of Supervisors;
- to organize and perform the duties of the Board of Supervisors;
- to review and sign the report of the Board of Supervisors, resolutions and other important documents;
- to report the work to the Shareholders' general meeting on behalf of the Board of Supervisors; and
- other functions and powers that should be performed according to relevant laws, administrative regulations, rules and the Articles of Association.

Corporate Governance Report

The Tasks of External Supervisors

The main tasks of external Supervisors include:

- to continuously understand the Bank's corporate governance, strategic management, operating investments, risk management, internal control and compliance, financial accounting, etc., participate in meetings, provide opinions and suggestions, and exercise voting rights in accordance with laws and regulations;
- to promote and supervise the implementation of resolutions of the Shareholders' general meeting, the Board of Directors, and the Board of Supervisors;
- to pay attention to the evaluation of the Bank by regulatory authorities, market intermediaries, media and the public, and continue to follow up on the rectification and accountability of problems discovered by regulatory authorities;
- to understand the laws, regulations and regulatory provisions related to the Bank's operation and management, actively participate in trainings provided by regulatory authorities, industry associations, the Bank and other organizations, and continuously improve the ability and level of duty performance;
- to actively participate in the supervision and inspection activities organized by the Board of Supervisors, have the right to conduct independent investigations and collect evidence in accordance with the law, and seek truth from facts to raise issues and supervisory opinions;
- to supervise the performance of duties of the Board of Directors and its members, senior management and its members;
- to supervise and evaluate the scientificity, effectiveness, rationality and implementation of the Bank's development strategy and business philosophy;
- to supervise the financial status, internal control and compliance;
- to supervise the comprehensive risk management structure and major risk management and control;
- to supervise the scientificity, robustness and specific implementation effects of the incentive and restraint mechanisms;
- to supervise the timeliness, authenticity and completeness of regulatory submission data;
- to supervise the implementation of regulatory opinions and accountability for problem rectification;
- to pay attention to and supervise other key matters that affect the Bank's legal and stable operations and sustainable development; and
- to fulfill other important responsibilities that Supervisors should undertake as stipulated in laws, regulations, regulatory requirements and the Articles of Association.

Corporate Governance Report



Changes in Members of the Board of Supervisors during the Reporting Period

There were no changes in the members of the Board of Supervisors of the Bank during the Reporting Period.

Meetings of the Board of Supervisors and Supervisors' Attendances at the Meetings

During the Reporting Period, the Bank convened 5 meetings of the Board of Supervisors, and deliberated and approved 81 proposals, which mainly involved topics including 2023 Annual Results Announcement, 2023 Annual Report, the Profit Distribution Plan for 2023 and the Risk Appetite Statement for 2024.

Attendances of each Supervisor at the meetings of the Board of Supervisors during the Reporting Period are as follows:

Member	Number of scheduled attendances at the meetings	Number of attendances in person at the meetings	Number of attendances by proxy at the meetings
Mr. XIE Liying	5	5	0
Mr. WANG Weiping	5	5	0
Mr. PANG Zhengyu	5	4	1
Ms. XU Jin	5	5	0
Mr. WEN Qingquan	5	5	0
Mr. SU Hua	5	5	0
Mr. ZHUO Zeyuan	5	5	0
Mr. WU Jun	5	4	1
Mr. BAI Guangwei	5	4	1

Committees under the Board of Supervisors

There are two committees under the Bank's Board of Supervisors, namely, the Supervision Committee and the Nomination Committee. The committees operate in accordance with the terms of reference established by the Board of Supervisors.

Corporate Governance Report

Supervision Committee

As of the date of this annual report, the Supervision Committee consisted of 5 Supervisors, being Mr. ZHUO Zeyuan, Mr. WANG Weiping, Ms. XU Jin, Mr. PANG Zhengyu and Mr. SU Hua. The chairperson of the Supervision Committee is Mr. ZHUO Zeyuan. The primary duties of the Supervision Committee include:

- supervising the formulation of examination plans, and the implementation of operational decisions, financial activities, risk management and internal control of the Bank;
- making recommendations on penalties for violations of applicable laws, regulations and rules by the Board of Directors and senior management;
- supervising the issuance of written reports by the office of the Board of Supervisors on financial reports and distribution plans;
- conducting a preliminary review on removals of independent non-executive directors, and making recommendations to the Board of Supervisors regarding such removals;
- supervising other relevant matters which are material to our business and operation; and
- performing other duties as authorized by the Board of Supervisors.

During the Reporting Period, the Supervision Committee convened 5 meetings, and deliberated and approved 67 proposals, which mainly involved topics including Environmental, Social and Governance Report for 2023, the Capital Adequacy Ratio Management Plan for 2024, and the Financial Budget for 2024.

Attendances of each member at meetings of the Supervision Committee during the Reporting Period are shown in the table below:

Member	Number of scheduled attendances at the meetings	Number of attendances in person at the meetings	Number of attendances by proxy at the meetings
Mr. ZHUO Zeyuan	5	5	0
Mr. WANG Weiping	5	5	0
Ms. XU Jin	5	5	0
Mr. PANG Zhengyu	5	4	1
Mr. SU Hua	5	5	0

Corporate Governance Report



Nomination Committee

As of the date of this annual report, the Nomination Committee consisted of 5 Supervisors, being Mr. WU Jun, Mr. XIE Liying, Mr. WEN Qingquan, Mr. BAI Guangwei and Mr. SU Hua. The chairperson of the Nomination Committee is Mr. WU Jun. The primary duties of the Nomination Committee include:

- instructing the formulation of criteria and procedures for selecting supervisors;
- conducting preliminary examination of qualifications and conditions of supervisor candidates, and making recommendations to our Board of Supervisors;
- formulating the assessment plans for supervisors, conducting assessments for supervisors, and raising preliminary assessment opinions;
- formulating the remuneration packages for supervisors, making recommendations to the Board of Supervisors in relation to such packages, and submitting to the Shareholders' general meeting for approval;
- periodically assessing the performance of directors and senior management and reporting to the Shareholders' general meeting;
- conducting a preliminary review on resignations or removals of supervisors, and making recommendations to the Board of Supervisors; and
- performing other duties as authorized by the Board of Supervisors.

During the Reporting Period, the Nomination Committee convened 4 meetings, and deliberated and approved 12 proposals, which mainly involved topics including the proposal on nominating Mr. WU Canming as the proposed non-executive Director of the sixth session of the Board of the Bank, the proposal on nominating Mr. WANG Qi as the proposed executive Director of the sixth session of the Board of the Bank, and the resignation of Mr. SAI Zhiyi as an independent non-executive Director.

Attendances of each member at meetings of the Nomination Committee during the Reporting Period are shown in the table below:

Member	Number of scheduled attendances at the meetings	Number of attendances in person at the meetings	Number of attendances by proxy at the meetings
Mr. WU Jun	4	3	1
Mr. XIE Liying	4	4	0
Mr. WEN Qingquan	4	4	0
Mr. BAI Guangwei	4	4	0
Mr. SU Hua	4	4	0

Corporate Governance Report

Attendances at the Shareholders' General Meetings during the Reporting Period

During the Reporting Period, the Bank convened two Shareholders' general meetings. The Board of Supervisors dispatched representatives to attend the meetings and supervised onsite whether the contents considered at the meetings, meeting procedures and voting processes comply with the laws and regulations.

Attendances at the Board Meetings during the Reporting Period

During the Reporting Period, to improve the basic duty performance evaluation work, the Board of Supervisors of the Bank dispatched supervisors to attend the Board meetings and required the Supervisors to record the key contents and information related to the meetings of the special committees of the Board attended by them, which records were used as the basic data for year-end evaluation of the Board of Supervisors and effectively improved the objectivity of evaluation work.

TRAINING OF THE DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD

During the Reporting Period, the Directors and Supervisors of the Bank participated in the related training mainly on duty performance of the Directors and Supervisors, etc.

During the Reporting Period, the Board organized the Directors to participate in the seminar for strengthening the continuous professional development for corporate governance professionals organized by the Hong Kong Chartered Governance Institute to study risk management and control, transaction management and control, information disclosure and other contents, effectively improving the ability to perform the Directors' duties. According to the Bank's records, Directors have participated in the following continuous professional development training in 2024:

Types of continuous professional development training		
Executive Directors		
Ms. HAO Qiang (<i>Chairwoman</i>)		B
Mr. ZHANG Yunfei		B
Mr. WANG Qi		B
Non-executive Directors		
Mr. Wu Canming		B
Mr. MA Hongchao		B
Mr. LIU Chenhang	A	B
Mr. LI Yang		B
Mr. WANG Jianjun	A	B
Independent non-executive Directors		
Mr. WANG Liyan	A	B
Mr. DUAN Qingshan	A	B
Mr. SAI Zhiyi		B
Ms. HU Zhihong	A	B
Mr. CHAN Ngai Sang Kenny	A	B
Former Director		
Mr. LI Shishan	A	B

A. Attending surveys of the Board and/or training sessions

B. Reading articles, journals, newspapers and/or other materials

Corporate Governance Report

During the Reporting Period, the sixth session of the Board of Supervisors of the Bank organized the Supervisors to participate in the 2024 Four Seasons Lecture on Banking Corporate Governance held by the China Banking Association, the special training on “key and difficult points of corporate governance for small and medium-sized banks”, and the special training on “the board of supervisors and supervisors’ performance of duties”. During the Reporting Period, all Supervisors participated in part of the above-mentioned trainings, and at the same time, some Supervisors carried out research on the topic of green finance business development.

SENIOR MANAGEMENT

Senior management has the power granted by the Board to manage the daily operation of the Bank. The President of the Bank is mainly responsible for executing the decisions of the Board and reporting to the Board.

The Board and management represented by the president perform their respective responsibilities according to the terms of reference specified in the Articles of Association. Under the Articles of Association, the president and senior management are accountable to the Board and accept the supervision of the Board of Supervisors. The president and senior management shall, in a regular manner or as required by the Board or the Board of Supervisors, report to the Board or the Board of Supervisors the Bank’s operation performance, financial conditions, risk conditions, operation prospects, material contracts, significant events and other conditions, and shall ensure the authenticity of such reports. Senior management may set up special committees and functional departments according to work needs and as required by the Board, and specify the structure of functional departments.

Chairperson of the Board and President

During the Reporting Period, Ms. HAO Qiang was the chairwoman of the Bank, and Mr. ZHANG Yunfei was the president of the Bank. The roles and functions of the chairperson and the president of the Bank were performed by different persons, and the respective duties of the chairman of the Board and the president of the Bank were defined clearly, which complied with the Hong Kong Listing Rules.

JOINT COMPANY SECRETARIES

Mr. LI Yanbin and Mr. WONG Wai Chiu are joint company secretaries of the Bank.

Each Director may discuss with the company secretaries for advice and information. Mr. LI Yanbin (secretary to the Board of Directors and joint company secretary) is the principal contact of Mr. WONG Wai Chiu at the Bank.

During the Reporting Period, Mr. LI Yanbin and Mr. WONG Wai Chiu have received no less than 15 hours of relevant professional training respectively in accordance with the requirements of Rule 3.29 of the Hong Kong Listing Rules.

RELATIONSHIP BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT PERSONNEL

There is no financial, business or kinship relationship between the Directors, Supervisors and senior management personnel of the Bank.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE BANK

There are no significant changes in the Articles of Association during the Reporting Period and as of the date of this annual report. The Articles of Association are available on the websites of the Bank and the Hong Kong Stock Exchange.

Corporate Governance Report

INVESTOR RELATIONS, COMMUNICATIONS WITH SHAREHOLDERS AND SHAREHOLDERS' COMMUNICATION POLICY

The Bank attached great importance to communication and liaison with shareholders and investors, and has formulated the Measures for Investor Relations Management of Jinshang Bank Co., Ltd. In 2024, the Bank further improved its market value management-related mechanisms, established a capital market promotion mechanism, enhanced the ability and level of investor returns, and continuously improved the transparency and accuracy of information disclosure, so as to maintain a good relationship and respond to the reasonable requirements of Shareholders and investors in a timely manner.

Shareholders and investors who need to make inquiries to the Board may contact: the Office of the Board of Jinshang Bank Co., Ltd.

Address: No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC

Postal Code: 030000

Tel.: (86) 0351-7812583

Fax: (86) 0351-6819503

E-mail: dongban@jshbank.com

The Bank communicates information to Shareholders and potential investors mainly through its annual reports, interim reports, results announcements, circulars, notices of meetings and all announcements, which are disclosed by the Bank on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and are subsequently published on the Bank's website at www.jshbank.com in real time. A dedicated "Investor Relations" section is available on the Bank's website and information on the Bank's website is updated on a regular basis to provide access to the up-to-date and important information on the Bank's developments.

Shareholders are entitled to supervise the business operations of the Bank and to make suggestions or inquiries. Shareholders who wish to communicate with the Bank, or who have any questions about this policy, including request for an extraordinary general meeting according to Article 71 of the Articles of Association, supervision and management of the Bank's business operations, and suggestions or inquiries, may write to the president of the Bank, or the company secretary, or the investor relations manager of the Bank at the address of No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC.

For the year ended December 31, 2024, the Bank has reviewed the implementation and effectiveness of its Shareholder communication policy, including arranging special personnel to answer phone calls from investors and timely respond to questions raised by investors. Meanwhile, the Bank communicates with investors and improves their understanding of the Bank through various channels, including general meetings, issuance of the circulars and announcements and media publicity. Therefore, upon the review and examination, the Bank is of the view that its Shareholders' communication policy can be effectively implemented during the Reporting Period.



SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Call an Extraordinary General Meeting

The Bank effectively safeguards Shareholders' rights in strict accordance with the applicable laws and regulations, the Hong Kong Listing Rules, the Articles of Association and the corporate governance system.

Pursuant to the Articles of Association, an extraordinary general meeting is required to be held within two months from the date of occurrence of any of the following:

Shareholders individually or in aggregate holding more than 10% of the Bank's Shares may request in writing to the Board to convene an extraordinary general meeting or class meeting; the Board shall, pursuant to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or class meeting within ten days after receipt of the request. The number of shares held by the aforesaid Shareholders shall be subject to the number of shares held by such Shareholders on the date of their written request to the Board.

The Bank shall convene an extraordinary general meeting within two months upon proposal by more than half and not less than two of the independent Directors. If the extraordinary general meeting is not convened within the period prescribed by the PRC Company Law and the Articles of Association, the Bank shall submit a written report to the regulatory authorities and explain the reasons.

The Board of Supervisors or more than half of the external supervisors (if there are only two external supervisors, they shall agree unanimously) shall be entitled to propose to the Board to convene an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, pursuant to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting within 10 days after receipt of the proposal.

If the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the Board of Supervisors. If the Board does not agree to hold the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Board of Supervisors may convene and preside over the meeting by itself.

For further details, Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and our Bank.

Corporate Governance Report

Procedures for Making Proposals at Shareholders' General Meeting

Where the Bank convenes a Shareholders' general meeting, the Board, Board of Supervisors, and Shareholder(s) individually or in aggregate holding more than 3% of the total voting shares of the Bank may make proposals to the Bank. The Bank shall include in the agenda of the meeting the matters in the proposal that fall within the scope of functions of the Shareholders' general meeting.

Shareholders individually or in aggregate holding more than 3% of the total voting shares of the Bank may submit written provisional proposals to the convener 10 days before the Shareholders' general meeting. The convener shall serve a supplementary notice of Shareholders' general meeting within two days after receipt of the proposals and announce the contents of the provisional proposals.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of Shareholders' general meeting or add any new proposal after the said notice is served.

For contact details for submitting proposals, please refer to "Investor Relations, Communications with Shareholders and Shareholders' Communication Policy" in this annual report.

For further details, Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank.

Right to Ask Questions at Shareholders' General Meeting

The Directors, Supervisors and senior management shall give explanations on Shareholders' inquiries and suggestions at the Shareholders' general meeting, except for those involving business secrets of the Bank which cannot be disclosed at the Shareholders' general meeting.



EXTERNAL AUDITORS AND THEIR REMUNERATIONS

On June 10, 2021, the Shareholders deliberated and approved the appointment of Ernst & Young Hua Ming LLP and Ernst & Young as the auditors of the Group at the 2020 annual general meeting and the tenure will terminate until the end of next annual general meeting of the Bank. On June 10, 2022, the Shareholders deliberated and approved the appointment of Ernst & Young Hua Ming LLP and Ernst & Young as the auditors of the Group at the 2021 annual general meeting and the tenure will terminate until the end of next annual general meeting of the Bank. On June 9, 2023, the Shareholders deliberated and approved the appointment of Ernst & Young Hua Ming LLP and Ernst & Young as the auditors of the Group at the 2022 annual general meeting and the tenure will terminate until the end of next annual general meeting of the Bank. On June 20, 2024, the Shareholders deliberated and approved the appointment of Ernst & Young Hua Ming LLP and Ernst & Young as the auditors of the Group at the 2023 annual general meeting and the tenure will terminate until the end of next annual general meeting of the Bank.

For the year ended December 31, 2024, the remuneration agreed to be paid by the Bank to Ernst & Young Hua Ming LLP and Ernst & Young for the review of interim financial statements, the audit of annual financial statements and the audit of internal control was RMB3.7 million in aggregate, among which, the total remuneration of RMB400,000 was agreed to be paid to Ernst & Young Hua Ming LLP for the audit of internal control. During the Reporting Period, the non-audit services provided by Ernst & Young Hua Ming LLP and Ernst & Young (China) Advisory Limited to the Bank were mainly professional services for bond issuance projects and others, and the non-audit professional service fees collected amounted to RMB405,000 in total.

Ernst & Young Hua Ming LLP and Ernst & Young have provided audit services to the Bank for 5 consecutive years. The certified public accountants who signed the audit report on the financial statements prepared for the Bank in accordance with the provisions of the Enterprise Accounting Standards in 2024 are Xu Xuming (許旭明) and Yin Chuanmei (尹傳美). Xu Xuming has provided audit services to the Bank for 5 years, and Yin Chuanmei has provided audit services to the Bank for 1 year. The certified public accountant who signed the independent auditor's report on the financial statements prepared by the Bank in accordance with the International Financial Reporting Standards in 2024 is Wu Zhiqiang (吳志強), who has provided audit services to the Bank for 1 year.

REMUNERATION OF SENIOR MANAGEMENT

Details of the remuneration of senior management for the year ended December 31, 2024 are set out in the "Directors, Supervisors, Senior Management and Employees – V. Information on Remuneration Paid to Directors, Supervisors and Senior Management" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

For details of the Bank's risk management and internal control, please refer to the "Risk Management and Internal Control" of this annual report.

SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Bank has adopted the standards set by the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Hong Kong Listing Rules as its code of conduct for regulating securities transactions by Directors, Supervisors and relevant employees of the Bank. Having made inquiries with all Directors and Supervisors, the Bank confirmed that they have been in compliance with the Model Code above throughout the Reporting Period. The Bank is also not aware of any violations of the Code by the employees concerned.

Directors' Report

The Board hereby presents the Directors' report and audited financial statements of the Bank for the year ended December 31, 2024.

MAIN OPERATIONS

The Bank is principally engaged in banking and relevant financial services, including corporate banking, retail banking and financial markets. The data on business audit of the Bank for the year ended December 31, 2024 is set out in "Management Discussion and Analysis" of this annual report.

BUSINESS REVIEW

Business Review of the Bank

The business review of the Bank during the Reporting Period is set out in "Management Discussion and Analysis – 10 Business Review" of this annual report.

Environmental Policy and Performance

In recent years, the Bank has actively undertaken social responsibilities related to environmental policies.

The Bank has actively put into practice the concept of green development, attached great importance to and proactively fulfilled ESG responsibilities, promoted the green finance business from a strategic perspective, continued to increase financial support for green and low-carbon areas, continuously enhanced the comprehensive green service capability, focused on the implementation of strategic planning, optimization of credit extension, enrichment of product systems, enhancement of scientific and technological support and other aspects to continue to empower green finance, and to actively contribute to the high-quality development of the economy and society and the comprehensive green and low-carbon transformation.

In 2024, the Bank actively fulfilled corporate social responsibilities, made overall plans and took into account Shareholders, customers, employees and other stakeholders, and achieved the comprehensive enhancement of economic, environmental and social benefits, and therefore the Bank was widely recognized by all sectors of society and granted several awards and honors. The Bank actively implemented policies to help ease enterprises' burden, focused on strengthening financial services to support real economic demands, made targeted efforts in promoting inclusive finance to reduce corporate financing costs and support the development of small and micro enterprises, contributing to the stability of the overall economy; continuously strengthened the role of green credit in leverage adjustment by actively promoting green credit to support low-carbon economy; supported the development of "Sannong", actively gave play to the professional advantages as a financial enterprise, mobilized and gathered the strengths of the whole bank, empowering rural revitalization; continuously developed a "secure Jinshang", focused on the long-term construction of a comprehensive, full-staff and full-process risk management system, and strengthened the risk management and operation capabilities to resolutely maintain the bottom line of non-occurrence of systemic risks; advocated green office, energy saving and environmental protection to reduce the negative effects of its daily operation on the environment as much as possible; actively conveyed public spirit, continuously promoted concepts on people's livelihood, environmental protection and charities and advocated its employees to participate in voluntary activities, and jointly built branded public welfare projects in areas such as caring for the elderly, helping the disabled and the poor, fully displaying the image of the Bank as an excellent corporate resident; being people-oriented, the Bank paid attention to employee capacity building, cared about the physical and mental health of its employees to create a positive and harmonious corporate culture; the Bank maintained its market positioning as a city commercial bank with aims to build a "mainstream bank, digital bank and warm bank" in all respects to serve the economic and social development of Shanxi Province, and strove to be an excellent local mainstream bank with good customer experience, distinctive advantages, solid risk control capability and diversified comprehensive services.

Directors' Report

In 2024, the Bank complied with the “comply or explain” provisions set forth in the Environmental, Social and Governance Reporting Guide. For further information on the environmental policies and performance of the Bank during the Reporting Period, please refer to the 2024 Environmental, Social and Governance Report published by the Bank at the same time with this annual report on the websites of the Hong Kong Stock Exchange and the Bank.

CONSUMER RIGHTS PROTECTION

The Board has established the Consumer Rights Protection Committee. For details of its responsibilities, please refer to the “Corporate Governance Report – Special Committees of the Board of Directors – Consumer Rights Protection Committee” of this annual report.

Overall: The Bank received 41 consumer complaints reported by the supervisory system in 2024, representing a decrease of 194 complaints (235 complaints in 2023) or 82.55% as compared to the same period of the previous year.

(I) Categorized by the complaint regions

Categorized by the regions: 36 complaints from Taiyuan, accounting for 87.80%; 3 complaints from Datong, accounting for 7.32%; 1 complaint from Jincheng, accounting for 2.44%; 1 complaint from Yuncheng, accounting for 2.44%.

(II) Categorized by types of business

Categorized by business types: 24 credit card complaints, accounting for 58.54%; 7 personal loan complaints, accounting for 17.07%; 6 agency complaints, accounting for 14.63%; 2 other complaints, accounting for 4.88%; 1 personal deposit complaint, accounting for 2.44%; and 1 debit card complaint, accounting for 2.44%.

COMPLIANCE WITH LAWS AND REGULATIONS

Based on the Corporate Governance Standards for Banking and Insurance Institutions, Guidelines on Comprehensive Risk Management for Banking Financial Institutions and other risk management principles, the Bank has established a sound risk management organizational structure, comprising (1) the Board of Directors, the Risk Management Committee at the board level and the Board of Supervisors; (2) various special risk management committees at the board level and at the senior management level that take charge of the guidance, support and coordination of our risk management system; and (3) various departments at our head office, branches and sub-branches that are in charge of daily risk management work. Capitalizing on our comprehensive risk management structure, the Bank has been able to effectively manage key risks associated with our daily operations, primarily including credit risk, market risk, liquidity risk and operational risk.

Directors' Report

The Bank has established a range of systems and measures to manage and control the legal risks faced by the Bank. Our Legal and Compliance Department at the head office and the corresponding departments at the branch level are responsible for management of our legal risk. The Bank carries out legal risk management mainly through the following measures: (1) Implementing the legal review system. The Bank requires the contracts for all types of businesses bank-wide to be submitted to our Legal and Compliance Department for legal review, and to be used only after obtaining their legal opinion. The Bank conducts a legal review of our businesses to prevent legal risks and ensure the legality of our operational activities; (2) Formulating form agreements. The Bank formulates form agreements for frequent operational activities and uses them in the whole Bank's businesses to reduce legal risks; (3) Strengthening litigation management. The Bank studies and discusses the action plans upon litigation, formulates internal procedures relating to litigation management, and enhances our case management capability; (4) Periodic legal training. The Bank conducts multiple bank-wide legal training every year to enhance the legal knowledge and risk awareness of our personnel; and (5) Legal risk alert system. For common legal risks in the Bank's business operations, the Bank publishes legal risk alerts to remind our employees to prevent and reduce the occurrence of legal risk incidents.

The Bank has developed multiple internal policies and procedures with respect to anti-money laundering which are primarily relating to customer due diligence, customer information and transaction record keeping, customer classification for anti-money laundering, and large-amount and suspicious transaction reporting. The Bank systematically conducted customer due diligence and collected relevant information and transaction records pursuant to applicable laws and regulations and our internal policies. The Bank has developed an anti-money laundering system, which enables us to effectively identify, evaluate, monitor, control and report anti-money laundering risks. The Bank also optimizes the system and improves our model for identifying suspicious transactions on a continuous basis in order to enhance our ability to report large-amount and suspicious transactions. The Bank provides frequent training to our employees to assist them in understanding the latest developments in domestic and international anti-money laundering laws and regulations.

Based on our internal rules and policies, the Bank classifies our customers into five levels for management based on their money laundering risk. For newly acquired customers who have a newly established business relationship with us, the Bank reviews the customer information and classifies their risk levels. The Bank continuously monitors changes in the customer's situation and their transactional records and makes dynamic adjustments to their risk levels as appropriate. For high-risk customers, the Bank implements enhanced due diligence and risk control measures, and focuses on analyzing their source of funds, use of funds, operational status and beneficiaries. The Bank also conducts closer monitoring on their transactional details through our core business system or anti-money laundering system.

The Bank has established a management system for large-amount and suspicious transaction reporting, and has formulated independent monitoring rules and models according to the requirements set forth by the regulatory authorities. The Bank submits suspicious transaction reports which fulfill the requirements and have gone through the artificial analysis to the Anti-money Laundering Monitoring Center of PBoC, and the Bank timely files the key suspicious transaction reports to the local PBoC.

The Board closely monitors the policies and regulations in relation to compliance with laws and regulatory requirements. As of December 31, 2024, to the best knowledge of the Board, the Bank has complied in all material respects with all applicable laws and regulations which could materially affect the Bank.



RELATIONSHIP BETWEEN THE BANK AND ITS EMPLOYEES

The senior management of the Bank pays particular attention to the cultivation of talents and considers the identification and utilization of talents as the basis of the Bank's development. The Bank has established a workforce with necessary expertise and strong execution capacity. The Bank has established a comprehensive incentive management system, offering a clear career development path for its staff and encouraging employees with different expertise to fully realize their value. The Bank invests in improvements in our continued training program for employees that comprise multi-level courses and on-the-job training covering various positions, where it aims to enhance employees' professional capability and to comprehensively build a professional, dedicated, honest and united talent team.

Believing that its sustainable growth relies on the capability and dedication of its employees, the Bank has invested significant resources in talent development. With the mission of building a team of high-quality and professional cadres and talents, the Bank organizes and conducts a variety of training programs. The Bank adopts the "going out" strategy to learn management, and cooperates with internationally renowned companies to provide cutting-edge programs with various forms, novel contents and wide categories, which offer managers diverse thinking and support for their decision-making, for middle and senior management team and branch executives. The Bank conducts intensive training programs on workplace skills and business knowledge arranging for new employees, and creates diversified online training channels based on current situation to expand the coverage of training.

In compliance with the PRC laws and regulations, the Bank contributes to its employees' social security and other benefits programs including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing allowances, supplementary medical insurance and corporate annuity.

The Bank has established a labor union in accordance with PRC laws and regulations, which represents the interests of the employees and works closely with the management of the Bank on labor-related issues. During the Reporting Period, the Bank did not experience any strikes or other material labor disputes that affected its operations, and the Bank believed that the management had been maintaining a good relationship with the labor union.

For details of the Bank's employees and employment policies, please refer to the aforesaid section "Directors, Supervisors, Senior Management and Employees" and 2024 Environmental, Social and Governance Report published by the Bank at the same time with this annual report on the websites of the Hong Kong Stock Exchange and the Bank.

PERFORMANCE

The performance of the Bank for the year ended December 31, 2024 is set out in the section headed "Consolidated Income Statement" and "Consolidated Statement of Comprehensive Income" of this annual report.

DIVIDEND

Aiming at providing stable and sustainable returns to Shareholders, the Bank strives to maintain a stable dividend policy, under which when deciding whether to distribute dividends and the amount of dividends, the Board will consider the Group's operating results, financial conditions, distributable profits generated in the current year, working capital adequacy, capital requirements, future prospects and any other factors the Board deems appropriate.

Directors' Report

On March 28, 2024, the Board passed a resolution which proposed to declare and distribute cash dividends of RMB10.0 (tax inclusive) per 100 shares, totaling RMB583.9 million for the year ended December 31, 2023 to all existing Shareholders on record as at July 2, 2024. The declaration and distribution of these dividends were approved at the Shareholders' general meeting on June 20, 2024. The Bank has distributed these dividends for the year ended December 31, 2023 with its internal funds on August 9, 2024.

The Board has proposed to distribute final cash dividends for the year ended December 31, 2024 at RMB8.0 (tax inclusive) per 100 shares, totaling approximately RMB467.1 million. The final dividend is subject to the approval of Shareholders at the Bank's annual general meeting of 2024. If approved, the Bank's final dividend for the year ended December 31, 2024 will be denominated and declared in RMB. Dividends will be distributed to holders of Domestic Shares of the Bank in Renminbi and to holders of H Shares in equivalent Hong Kong dollars. For this conversion, Renminbi will be converted to Hong Kong dollars at the average of the central parity rates as published by the PBoC of the five working days preceding June 27, 2025 (inclusive) (the date of the Bank's annual general meeting of 2024). If approved at the Bank's annual general meeting of 2024, it is expected that the final dividend will be paid on July 31, 2025.

The Bank's register of members of H Shares will be closed from Friday, July 4, 2025 to Wednesday, July 9, 2025 (both days inclusive). Shareholders of the Bank whose names appear on the Bank's register of members of H Shares and the register of members of Domestic Shares on Wednesday, July 9, 2025 will be entitled to receive the final dividend. In order to be qualified to receive the final dividend, all transfer documents together with the relevant share certificates shall be delivered to the Bank's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the Shareholders of H Shares of the Bank), or the office of the Board, at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the Shareholders of Domestic Shares of the Bank), for registration no later than 4:30 p.m. on Thursday, July 3, 2025. For the year ended December 31, 2024, the Bank was not aware of any Shareholder who has waived or agreed to waive any dividend arrangement.

The Bank had no plan for conversion of capital reserve into share capital in the past three years. The cash dividend on ordinary shares in the past three years was as follows:

	2021	2022	2023
Cash dividend (tax inclusive, in millions of RMB)	583.9	583.9	583.9
Percentage in the annual profit (%)	34.51	31.71	29.12

Date of the 2024 Annual General Meeting and Closure of Registration of Share Transfer

The Bank planned to hold the 2024 Annual General Meeting on Friday, June 27, 2025. For the purpose of determining Shareholders who have the right to attend and vote at the 2024 Annual General Meeting, the register of H Shares of the Bank will be closed from Tuesday, June 24, 2025 to Friday, June 27, 2025 (both days inclusive). The holders of H Shares of the Bank who intend to attend and vote at the 2024 Annual General Meeting shall submit all the transfer documents together with the relevant share certificates to our H Share Registrar, namely Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Monday, June 23, 2025. Shareholders registered on our share register as at the close of business on Monday, June 23, 2025 shall be entitled to attend and vote at the 2024 Annual General Meeting.

RELATIONSHIP BETWEEN THE BANK AND ITS CUSTOMERS

The Bank is the only listed provincial city commercial bank in Shanxi Province. After years of persistent efforts, the Bank has established an extensive business network in key cities in the province. As of December 31, 2024, we had a business network comprising 153 outlets that covered all 11 prefecture-level cities in Shanxi Province. Capitalizing on our deep knowledge on the local economy and leveraging policies promulgated by the PRC Government in recent years promoting industry upgrade and economic transformation in Shanxi Province, we strategically expanded into industries that enjoy strong business prospects. In particular, we invested in capturing opportunities arising from industries and businesses encouraged by favorable policies, including the consolidation and upgrade of coal-related industries, the integration of coal and power industries as well as the new material industries, and the development of advanced manufacturing and tourism industries that focus on products and services with unique features and advantages.

Following policies of the PRC Government encouraging financial services supporting the real economy, the Bank successively issued a series of special documents such as the Action Plan on Doing a Good Job in the “Five Priorities” 《關於做好「五篇大文章」行動方案》, Action Plan on Supporting the High-quality Development of the Manufacturing Industry 《支持製造業高質量發展行動方案》 and Plan on Implementing a Series of Incremental Policies of the Country 《關於落實國家一攬子增量政策方案》, and implemented several supporting working mechanisms such as medium, small and micro enterprises financing coordination, special work team, “whitelist” of projects and green channel. The Bank increased credit extension to high-tech industries and new, distinctive, specialized and sophisticated businesses, continued to improve the “green series (綠系列)” product system, effectively increased the availability of medium, small and micro enterprises financing, continuously enriched pension product supply, and comprehensively implemented digital transformation strategy to promote the significant improvement in the quality and efficiency of financial services.

Relationships with Retail Customers

The Bank classified its retail banking customers into public customers (with average financial asset balances assets of less than RMB50,000), auspicious wealth management customers (with average financial asset balances between RMB50,000 (inclusive) and RMB200,000), medium wealth management customers (with average financial asset balances between RMB200,000 (inclusive) and RMB500,000), core wealth management customers (with average financial asset balances between RMB500,000 (inclusive) and RMB3,000,000), prospective private banking customers (with average financial asset balances between RMB3,000,000 (inclusive) and RMB6,000,000), core private banking customers (with average financial asset balances between RMB6,000,000 (inclusive) and RMB10,000,000) and ultra-high-net-worth customers (with average financial asset balances of more than RMB10,000,000). As of December 31, 2024, the Bank had 437,500 wealth management customers and 4,378 private banking customers. The large retail customer base not only provides a stable source of deposits, but also provides opportunities for the Bank to strengthen cross-selling and develop its retail business.

Relationships with Corporate Customers

The Bank offers corporate customers a broad range of financial products and services, including loans, discounted bills and online banking, cash management and other settlement products and services. The Bank's corporate customers primarily include government agencies, public organizations, state-owned enterprises, private enterprises and foreign-invested enterprises. The Bank is committed to serving local customers with a focus on small and medium-sized enterprises. In addition, the Bank seeks to develop long-term business relationships with customers by closely monitoring their financial needs and offering tailored financial solutions.

Directors' Report

KEY RISKS FACED BY THE BANK

For key risks facing the Bank during the Reporting Period, please see “Management Discussion and Analysis – 9 Risk Management” of this annual report.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

For significant events of the Bank subsequent to the end of the Reporting Period, please refer to “Important Matters – Significant Events Subsequent to the End of the Reporting Period” of this annual report.

FUTURE DEVELOPMENT

A review on aspects affecting the future development of the Bank is set out in “Management Discussion and Analysis – 2 Business Overview and Development Strategies” of this annual report.

ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS DURING THE YEAR

For details, please refer to the sections headed “Summary of Five-Year Accounting Data and Financial Indicators” and “Management Discussion and Analysis” of this annual report.

SHARE CAPITAL

For details of the Bank's share capital, please refer to “Changes in Share Capital and Information of Shareholders – I. Changes in Share Capital” of this annual report.

PRE-EMPTIVE RIGHT

During the Reporting Period, the Articles of Association and relevant PRC laws have no provisions on granting the pre-emptive right to the Shareholders. According to the Articles of Association, the Bank may increase its shares as follows in the light of its business and development needs, in accordance with laws, administrative regulations, and rules governing securities of the place where shares of the Bank are listed, by resolutions made at the Shareholders' general meeting and upon approval by relevant competent authorities of the State: public offering of shares; non-public offering of shares; placing new shares to existing Shareholders; distributing new shares to existing Shareholders; transferring reserve funds to increase share capital; other methods stipulated by laws, administrative regulations and permitted by relevant competent authorities of the State. The Bank's increase of capital by issuing new shares shall be conducted in accordance with the procedures provided in relevant laws, administrative regulations, and rules governing securities of the place where shares of the Bank are listed, after being approved according to the Articles of Association.

Directors' Report



SUBSTANTIAL SHAREHOLDERS

Please refer to “Changes in Share Capital and Information of Shareholders – II. Information of Shareholders” for details of the Bank’s substantial Shareholders at the end of the Reporting Period.

DONATIONS

The charitable donations and other donations made by the Bank for the year ended December 31, 2024 amounted to RMB166,400.

PROPERTY AND EQUIPMENT

Details of changes in the property and equipment of the Group for the year ended December 31, 2024 are set out in Note 22 to the consolidated financial statements of this annual report.

CHANGES IN RESERVES

Details of changes in the Group’s reserves for the year ended December 31, 2024 are set out in the “Consolidated Statement of Changes in Equity” of this annual report.

RESERVES AVAILABLE FOR DISTRIBUTION

The Group’s reserves available for distribution as of December 31, 2024 were RMB4,104.0 million.

RETIREMENT BENEFITS

For details of retirement benefits provided to employees of the Bank, please refer to Note 30(a) to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS

As at the end of the Reporting Period, the balance of the Bank’s loans to any single borrower did not exceed 10% of the Bank’s net capital. As at the end of the Reporting Period, the five largest depositors of the Bank accounted for less than 30% of total deposits and the five largest borrowers accounted for less than 30% of total loans and advances to customers. None of the Directors of the Bank and their close associates or any Shareholder which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Bank had any interest in the said five largest customers.

Directors' Report

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For the biographical information of the members of the Board of Directors of the Bank and the changes of Directors during the Reporting Period, please refer to the section headed “Directors, Supervisors, Senior Management and Employees” of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Bank has entered into a service contract with each of its Directors and Supervisors in respect of, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provisions on arbitration. During the Reporting Period, none of the Directors and Supervisors of the Bank had any service contract that shall be made with compensation by the Bank upon its termination within one year (other than statutory compensation).

PERMITTED INDEMNITY PROVISIONS

Pursuant to Article C.1.8 of the Code provisions, the Bank should purchase appropriate insurance covering potential legal proceedings against the Directors of the Bank. To comply with the Code provisions, the Bank had purchased appropriate liability insurance for the Directors to provide indemnity against the liabilities incurred in the corporate activities for the year ended December 31, 2024.

Except as disclosed above, during the Reporting Period and up to the date of this annual report, there were no permitted indemnity provision in favour of any Director or Supervisor (whether or not entered into by the Bank or otherwise) or any Director or Supervisor of an associated corporation of the Bank (if entered into by the Bank).

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

The Bank did not enter into any significant transaction, arrangement or contract where Directors and/or Supervisors of the Bank or its subsidiaries (or connected entity of Directors and/or Supervisors) directly or indirectly held material interests for the year ended December 31, 2024.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period and as of December 31, 2024 was the Bank or its subsidiary a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

MANAGEMENT CONTRACT

Except for service contracts entered into with the management of the Bank, the Bank has not entered into any other contracts with any individual, company or body corporate regarding the management or handling of the whole or any significant part of any business of the Bank.

Directors' Report

DIRECTORS', CHIEF EXECUTIVE' S AND SUPERVISORS' INTERESTS IN SHARES OF THE BANK

As at December 31, 2024, none of the Directors, Supervisors and chief executive of the Bank and their associates has any interests and short positions in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code in Appendix C3 to the Hong Kong Listing Rules.

CORPORATE GOVERNANCE

The Bank is committed to maintaining a high level of corporate governance. Please refer to the "Corporate Governance Report" in this annual report.

PUBLIC FLOAT

Based on information that is publicly available to the Bank and within the knowledge of the Directors, as of the date of this annual report, the Bank has maintained sufficient public float in compliance with the minimum requirement of Hong Kong Listing Rules and the waiver granted by the Hong Kong Stock Exchange after the listing of the Bank.

CONNECTED TRANSACTIONS

During the Reporting Period, the Bank complied with the reporting, annual review, announcement and/or independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules in respect of certain non-exempt continuing connected transactions. The table below sets forth the information of these continuing connected transactions.

No.	Continuing connected transactions	Connected persons	2024 annual caps (in thousands of RMB)	2024 actual transaction amounts (in thousands of RMB)
(1)	Transactions between the Bank and Huaneng Capital Services and its associates	Huaneng Capital Services Co., Ltd. (" Huaneng Capital Services ") and its associates	Investment amount: Great Wall Securities Asset Management Schemes 3,436,400.00 Huaneng Guicheng Trust 2,500,000.00 IGWFM Schemes 4,000,000.00 GWFM Schemes 4,000,000.00 Total: 13,936,400.00	Investment amount: Great Wall Securities Asset Management Schemes 610,307.19 Huaneng Guicheng Trust 0.00 IGWFM Schemes 0.00 GWFM Schemes 0.00 Total: 610,307.19

Directors' Report

No.	Continuing connected transactions	Connected persons	2024 annual caps (in thousands of RMB)	2024 actual transaction amounts (in thousands of RMB)
			Return of investment received by the Bank: Great Wall Securities Asset Management Schemes 154,600.00	Return of investment received by the Bank: Great Wall Securities Asset Management Schemes 54,250.90
			Huaneng Guicheng Trust Schemes 140,000.00	Huaneng Guicheng Trust Schemes 0.00
			IGWFM Schemes 174,000.00	IGWFM Schemes 0.00
			GWFM Schemes 154,000.00	GWFM Schemes 0.00
			Total: 622,600.00	Total: 54,250.90
			Management fees and trust remuneration paid by the Bank: Great Wall Securities Asset Management Schemes 5,200.00	Management fees and trust remuneration paid by the Bank: Great Wall Securities Asset Management Schemes 2,413.80
			Huaneng Guicheng Trust Schemes 10,000.00	Huaneng Guicheng Trust Schemes 0.00
			IGWFM Schemes 12,000.00	IGWFM Schemes 0.00
			GWFM Schemes 10,000.00	GWFM Schemes 0.00
			Total: 37,200.00	Total: 2,413.80

Directors' Report



No.	Continuing connected transactions	Connected persons	2024 annual caps (in thousands of RMB)	2024 actual transaction amounts (in thousands of RMB)
			Fees and commissions from the provision of fee- and commission-based products and services to Huaneng Capital Services and its associates: 32,400.00	Actual fees and commissions from the provision of fee- and commission-based products and services to Huaneng Capital Services and its associates: 4,172.17
			Fees and commissions paid by the Bank for products and services provided by Huaneng Capital Services and its associates: 9,000.00	Fees and commissions paid by the Bank for products and services provided by Huaneng Capital Services and its associates: 0.00
(2)	Fee- and commission-based products and services to SSCO and its associates	Shanxi State-owned Capital Operation Co., Ltd. (formerly known as Shanxi State-owned Capital Investment and Operation Co., Ltd.) (" SSCO ") and its associates	Fees and commissions from the provision of fee- and commission-based products and services to SSCO and its associates: 354,900.00	Actual fees and commissions from the provision of fee- and commission-based products and services to SSCO and its associates: 74,638.01
(3)	Fee- and commission-based products and services to Changzhi Nanye and its associates	Changzhi Nanye Industry Group Co., Ltd. (" Changzhi Nanye ") and its associates	Fees and commissions from the provision of fee- and commission-based products and services to Changzhi Nanye and its associates: 20,600	Actual fees and commissions from the provision of fee- and commission-based products and services to Changzhi Nanye and its associates: 1,263.13

Directors' Report

1. Fee- and Commission-based Products or Services between the Bank and Huaneng Capital Services and Its Associates

In the ordinary and usual course of business, the Bank participates in the asset management schemes (“**Great Wall Securities Asset Management Schemes**”) launched by Great Wall Securities Co., Ltd. (長城證券股份有限公司) (“**Great Wall Securities**”) and also participate in the collective trust schemes (“**Huaneng Guicheng Trust Schemes**”) launched by Huaneng Guicheng Trust Corp., Ltd. (華能貴誠信託有限公司) (“**Huaneng Guicheng Trust**”). To comply with the requirements of the Hong Kong Listing Rules, the Bank entered into the Huaneng Framework Agreement (the “**Original Huaneng Framework Agreement**”) with Huaneng Capital Services on June 24, 2019 to cover both the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes. The Original Huaneng Framework Agreement was valid until December 31, 2021, unless terminated earlier in accordance with the terms of the agreement. In addition to the Great Wall Securities Asset Management Schemes and the Huaneng Guicheng Trust Schemes, (1) since 2020, the Bank also participated in the Fund Management Schemes (“**IGWFM Schemes**”) launched by Invesco Great Wall Fund Management Co., Ltd. (“**Invesco Great Wall Fund**”) and the Fund Management Schemes (“**GWFM Schemes**”) launched by Great Wall Fund Management Co., Ltd. (“**Great Wall Fund**”); (2) the Bank provided fee- and commission-based products and services to Huaneng Capital Services and its associates, mainly including bank acceptance bills, settlement services, debt securities underwriting and distribution, direct banking services and fund/trust product distribution services; and (3) Huaneng Capital Services and its associates provided fee- and commission-based products and services to the Bank, mainly including Yuncheng Payment, a service fee based on a fixed fee rate, to be paid by the Bank to Beijing Yuncheng Financial Service Company Limited (北京雲成金融信息服務有限公司) (“**Yuncheng Financial Service**”) for its “An Xin Fu” (安鑫富) series of wealth management products on a mobile application developed and managed by Yuncheng Financial Service. Based on the cooperation status, market environment, further cooperation and other reasons, the Bank expects that the amount of money involved in products or services from Huaneng Capital Services and/or its associates is higher than original estimates, and may exceed the original annual caps of the relevant years set forth in the Original Huaneng Framework Agreement. Accordingly, the Bank signed a Financial Products and Services Framework Supplemental Agreement with Huaneng Capital Services (namely, the supplementary agreement of the Original Huaneng Framework Agreement) on March 26, 2020 (hereinafter referred to as the “**Huaneng Framework Supplemental Agreement**”). Given the impending expiry of the Original Huaneng Framework Agreement and the Huaneng Framework Supplemental Agreement, on October 19, 2021, the Bank entered into a new Huaneng Framework Agreement (hereinafter referred to as the “**New Huaneng Framework Agreement**”) with Huaneng Capital Services for a term of three years from January 1, 2022 to December 31, 2024, renewable subject to mutual agreement and compliance with the Hong Kong Listing Rules. Given the impending expiry of the New Huaneng Framework Agreement on December 31, 2024, on November 15, 2024, the Bank entered into a Renewed Huaneng Framework Agreement (hereinafter referred to as the “**Renewed Huaneng Framework Agreement**”) with Huaneng Capital Services for a term of three years from January 1, 2025 to December 31, 2027, renewable subject to mutual agreement and compliance with the Hong Kong Listing Rules. Accordingly, the Bank will continue to participate in the above transactions with Huaneng Capital Services and its associates.

Huaneng Capital Services, a substantial Shareholder of our Bank, is a connected person of our Bank. Huaneng Capital Services held 46.38% of the equity interest in Great Wall Securities. Thus, Great Wall Securities is an associate of Huaneng Capital Services and a connected person of our Bank. Huaneng Capital Services held 67.92% of the equity interest in Huaneng Guicheng Trust. Thus, Huaneng Guicheng Trust is an associate of Huaneng Capital Services and a connected person of the Bank. Invesco Great Wall Fund is held as to 49.00% by Great Wall Securities and Great Wall Fund is held as to 47.06% by Great Wall Securities. Accordingly, Invesco Great Wall Fund and Great Wall Fund are associates of Huaneng Capital Services and connected persons of the Bank.

Directors' Report

The 2024 actual transaction amounts between the Bank and Huaneng Capital Services and its associates were lower than the 2024 annual caps, which was primarily because (1) changes in the business conditions and operational needs of Huaneng Capital Services and its associates, in particular, a significant decrease in the entrusted loans of Huaneng Capital Services; (2) regulatory restrictions on the scale of wealth management and the lower risk appetite of the Bank, which resulted in a decrease in the amount of investment and the corresponding return of investment and management fees and/or remuneration paid by the Bank; (3) in 2024, due to the adjustment of the bond market in the PRC, the scale of the Bank's source of funds for investments in the asset management schemes, trust management schemes and fund management schemes launched by Huaneng Capital Services and/or its associates, which were mainly funds raised by the Bank from the issuance of wealth management products, declined and fluctuated; and (4) the Bank settled its An Xin Fu products, which were investment products offered to Internet channel customers and promoted on the mobile application of Yuncheng Financial Service, by the end of 2021 and did not promote other products for the period from 2022 to 2024.

Principal terms

Pursuant to the Renewed Huaneng Framework Agreement, the transactions contemplated thereunder will be conducted in the usual and ordinary course of business of the Group on normal commercial terms that comply with applicable laws and regulations and industry practices and the parties should sign specific agreements separately for each actual transaction based on the terms thereunder.

Implications under the Hong Kong Listing Rules

As the highest applicable percentage ratio based on the relevant annual caps for Huaneng Framework Supplemental Agreement is expected to be more than 5%, these transactions are subject to the announcement, reporting, annual review requirements and the independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. At the 2019 annual general meeting held on June 9, 2020, the independent Shareholders of the Bank approved the Huaneng Framework Supplemental Agreement, transactions proposed thereunder and the annual caps related to such transactions for the years ended December 31, 2020 and 2021.

As for the new Huaneng Framework Agreement, as the highest applicable percentage ratio based on the relevant annual caps is expected to be more than 5%, these transactions are subject to the announcement, reporting, annual review requirements and the independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. At the 2021 First Extraordinary General Meeting held on December 16, 2021, the independent Shareholders of the Bank approved the new Huaneng Framework Agreement, transactions proposed thereunder and the annual caps related to such transactions for the three years ended December 31, 2022, 2023 and 2024.

As for the Renewed Huaneng Framework Agreement, as the highest applicable percentage ratio based on the relevant annual caps is expected to be more than 5%, these transactions are subject to the announcement, reporting, annual review requirements and the independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. At the 2024 First Extraordinary General Meeting held on December 27, 2024, the independent Shareholders of the Bank approved the Renewed Huaneng Framework Agreement, transactions proposed thereunder and the annual caps related to such transactions for the three years ending December 31, 2025, 2026 and 2027.

Directors' Report

2. Providing Fee- and Commission-based Products and Services to SSCO and Its Associates

The Bank entered into a financial products and services framework agreement (the “**SSCO Financial Products and Services Framework Agreement**”) with SSCO on June 24, 2019 for providing fee- and commission-based products and services to SSCO and its associates in the ordinary and usual course of business. The SSCO Financial Products and Services Framework Agreement was valid until December 31, 2021, unless terminated earlier in accordance with the agreement. Based on the cooperation status, market environment, further cooperation and other reasons, the Bank expects the amount for the provision of financial products or services to SSCO and/or its associates to increase from the original estimates, which may exceed the original annual caps during the years set forth in the SSCO Financial Products and Services Framework Agreement. Therefore, the Bank signed a Financial Products and Services Framework Supplemental Agreement, which was a supplemental agreement to the SSCO Financial Products and Services Framework Agreement, with SSCO on March 26, 2020 (hereinafter referred to as the “**SSCO Framework Supplemental Agreement**”). Given the impending expiry of the SSCO Financial Products and Services Framework Agreement and the SSCO Framework Supplemental Agreement, on October 19, 2021, the Bank entered into a new SSCO Framework Agreement (hereinafter referred to as the “**New SSCO Framework Agreement**”) with SSCO for a term of three years from January 1, 2022 to December 31, 2024, renewable subject to mutual agreement and compliance with the Hong Kong Listing Rules. Given the impending expiry of the New SSCO Framework Agreement, on November 15, 2024, the Bank entered into a Renewed SSCO Framework Agreement (hereinafter referred to as the “**Renewed SSCO Framework Agreement**”) with SSCO for a term of three years from January 1, 2025 to December 31, 2027, renewable subject to mutual agreement and compliance with the Hong Kong Listing Rules. Pursuant to which, the Bank will continue to provide fee- and commission-based products and services to SSCO and its associates.

SSCO, a substantial Shareholder of our Bank, thus is a connected person of our Bank.

The 2024 actual transaction amount between the Bank and SSCO and its associates was lower than the 2024 annual cap, primarily due to (1) the strategic reduction in the scale of fee- and commission-based products and services of the Bank in response to the regulatory requirements; (2) on the basis of strict adherence to the Measures for the Administration of the Prices of Services of Commercial Banks (《商業銀行服務價格管理辦法》), the Bank offered fee reduction and concession policies to enterprises in respect of certain fee- and commission-based products and services, to actively respond to the Initiative on Adjusting the Prices of Certain Services of Banks to Improve Service Quality and Efficiency (《關於調整銀行部分服務價格提升服務質效的倡議書》) issued by China Banking Association; (3) the Bank's fee- and commission-based business was impacted by the lower financial needs in light of the corporate operating conditions of SSCO and its associates; and (4) the decrease in fees and commissions for the Bank's forfeiting business due to the decrease in the volume of forfeiting business since 2024, increase in interbank resale prices for some businesses and decrease in prices to customers.

Principal terms

Pursuant to the Renewed SSCO Framework Agreement, the terms and conditions (including but not limited to prices) for the provision of fee- and commission-based products and services by the Bank to SSCO and/or its associates shall be fair and reasonable and determined on normal commercial terms and negotiated on an arm's length basis and the parties shall sign specific fee- and commission-based product and service agreements separately for each actual transaction based on the terms thereunder. The transactions will be conducted in the usual and ordinary course of business of the Group and on normal commercial terms which comply with the provisions of applicable laws and regulations and industry practices.

Implications under the Hong Kong Listing Rules

As the highest applicable percentage ratio based on the relevant annual caps for SSCO Framework Supplemental Agreement is expected to be more than 5%, these transactions are subject to the announcement, reporting, annual review requirements and the independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. At the 2019 annual general meeting held on June 9, 2020, the independent Shareholders of the Bank approved the SSCO Framework Supplemental Agreement, transactions proposed thereunder and the annual caps related to such transactions for the years ended December 31, 2020 and 2021.

As for the new SSCO Framework Agreement, the highest applicable percentage ratio based on the relevant annual caps is expected to be more than 5%, these transactions are, therefore, subject to the announcement, reporting, annual review requirements and the independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. At the 2021 First Extraordinary General Meeting held on December 16, 2021, the independent Shareholders of the Bank approved the new SSCO Framework Agreement, transactions proposed thereunder and the annual caps related to such transactions for the three years ended December 31, 2022, 2023 and 2024.

As the highest applicable percentage ratios in respect of the annual caps set for the Renewed SSCO Framework Agreement is more than 0.1% but less than 5%, the Renewed SSCO Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

3. Providing Fee- and Commission-based Products and Services to Changzhi Nanye and Its Associates

The Bank entered into a financial products and services framework agreement (the **"Original Nanye Industry Framework Agreement"**) with Changzhi Nanye on March 26, 2020, and provided fee- and commission-based products and services to Changzhi Nanye and its associates. The Original Nanye Industry Framework Agreement will be valid until December 31, 2022, unless terminated earlier in accordance with the agreement. Given the Original Nanye Industry Framework Agreement is about to expire, on November 8, 2022, the Bank entered into a new framework agreement (the **"New Nanye Industry Framework Agreement"**) with Changzhi Nanye for a term of three years from January 1, 2023 to December 31, 2025, renewable subject to mutual agreement and compliance with the Hong Kong Listing Rules.

Changzhi Nanye, a substantial Shareholder of our Bank, thus is a connected person of our Bank.

Directors' Report

The 2024 actual transaction amounts between the Bank and Changzhi Nanye and its associates were lower than the 2024 annual caps, which was primarily due to (1) the strategic reduction in the scale of fee- and commission-based products and services of the Bank in response to the regulatory requirements; (2) on the basis of strict adherence to the Measures for the Administration of the Prices of Services of Commercial Banks (《商業銀行服務價格管理辦法》), the Bank offered fee reduction and concession policies to enterprises in respect of certain fee- and commission-based products and services, to actively respond to the Initiative on Adjusting the Prices of Certain Services of Banks to Improve Service Quality and Efficiency (《關於調整銀行部分服務價格提升服務質效的倡議書》) issued by China Banking Association; (3) the Bank's fee- and commission-based business was impacted by the lower financial needs in light of the corporate operating conditions of Changzhi Nanye and its associates; and (4) the Bank's fees and commissions from forfeiting business decreased due to the decrease in the forfeiting business since 2024 and the increase in interbank resale prices for some businesses and decrease in prices to customers.

Principal terms

The Bank provides fee- and commission-based products and services to Changzhi Nanye and its associates in the ordinary and usual course of business. Parties separately sign specific fee- and commission-based products and services agreement for each actual transaction on the basis of the terms of the Original Nanye Industry Framework Agreement and the New Nanye Industry Framework Agreement. Such specific fee- and commission-based products and services agreement will be entered into in the ordinary and usual course of business of the Bank on normal commercial terms.

Implications under the Hong Kong Listing Rules

As the highest applicable percentage ratios based on the relevant annual caps for the Original Nanye Industry Framework Agreement and the New Nanye Industry Framework Agreement, are expected to be more than 0.1%, but all are less than 5%, these transactions are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules, while exempt from independent Shareholders' approval requirements.

4. Confirmation of the Independent Non-executive Directors

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that those transactions have been entered into:

- a. in the ordinary and usual course of business of the Bank;
- b. on normal commercial terms or better; and
- c. according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.



5. Confirmation of the Auditor

According to Rule 14A.56 of the Hong Kong Listing Rules, the Board has engaged Ernst & Young, the auditor of the Bank, to perform a limited assurance engagement for the above continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The Board confirms that the auditor has reported the results after performing the procedures, stating that:

- a. nothing has come to the auditor’s attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Board of the Bank;
- b. for transactions involving the provision of services by the Group, nothing has come to the auditor’s attention that causes it to believe that the transactions were not conducted, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to the auditor’s attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditor’s attention that causes it to believe that the continuing connected transactions have exceeded the aggregate annual caps for 2024 that the Bank has applied for.

The details of the related party transactions conducted by the Bank in the ordinary and usual course of business during the Reporting Period are set out in Note 37 to the consolidated financial statements. The definition of a connected person under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under International Accounting Standard 24, “Related Party Disclosures” and its interpretations by the International Accounting Standards Board. Among the transactions between the Bank and other related parties as disclosed in Note 37(b)(iv) to the consolidated financial statements, “Fee and commission income” consists of fee- and commission-based products and services provided by the Bank to associates of Huaneng Capital Services, SSCO and Changzhi Nanye. These transactions constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules. Save as disclosed in this annual report, during the Reporting Period, the connected transactions of the Bank were entered into in the ordinary course of business and on normal commercial terms, and were in compliance with the disclosure exemption requirement under the Hong Kong Listing Rules.

With respect to the continuing connected transactions above, the Bank confirms that it has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

Directors' Report

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The Bank provides emoluments to executive Directors, employee representative Supervisors and senior management members, who are also employees of the Bank, in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. The independent non-executive Directors and external Supervisors of the Bank receive remuneration based on their responsibilities. For details of the emoluments of Directors and Supervisors, please refer to Note 9 to the consolidated financial statements of this annual report.

For the remuneration policies of the Directors, Supervisors and the senior management, please refer to “Directors, Supervisors, Senior Management and Employees – VII. Remuneration Policies” in this annual report.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors and Supervisors of the Bank has any interest in any business that directly or indirectly competes or may compete with the Bank under Rule 8.10(2) of the Hong Kong Listing Rules.

TAX RELIEF

Withholding and Payment of Enterprise Income Tax for Overseas Non-resident Enterprises

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

Withholding and Payment of Individual Income Tax for Overseas Non-resident Individual Shareholders

Pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China and its implementation provisions, and the Notice of the State Administration of Taxation on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Guo Shui Fa [1993] No. 045 Document (the “**Tax Notice**”), the Bank shall withhold and pay individual income tax for holders of H Shares as follows:

Directors' Report

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

For individual holders of H Shares whose country of domicile is the country/region which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Bank shall temporarily withhold and pay individual income tax at the rate of 10% for individual holders of H Shares when paying the final dividend. If relevant individual holders of H Shares wish to apply for a refund of the excessive amount of tax withheld, the Bank will handle applications on their behalf for preferential treatments as stipulated in relevant tax treaties pursuant to the Tax Notice. Eligible holders of H Shares shall submit promptly to the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, a written authorization and all application materials, which shall be handed on by the Bank to the applicable tax authorities for approval. The Bank will assist in refunding the excessive amount of tax withheld and paid upon approval;

For the individual holders of H Shares whose country of domicile is a country/region which has entered into a tax treaty with the PRC stipulating a dividend rate of more than 10% but less than 20%, the Bank shall withhold and pay individual income tax at the applicable tax rate stipulated in the relevant tax treaty when paying the final dividend; and

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

AUDITOR

For information about the Bank's auditor, please refer to the section headed "Corporate Governance Report – External Auditors and their Remunerations" of this annual report.

ISSUANCE OF BONDS

As approved by the PBoC and the former CBIRC Shanxi Office, the Bank issued tier-two capital bonds in the national inter-bank bond market on January 20, 2021 and the payment was completed on January 22, 2021. This tranche of bonds totaled RMB2.00 billion with a maturity of 5+5 years at a fixed interest rate and a coupon interest rate of 4.78%, and the right of redemption with pre-conditions at the end of the fifth year. With prior approval by the regulatory authorities, the Bank is entitled to redeem part or all of such bonds at par value. All funds raised from this tranche of bonds have been used to replenish the tier-two capital of the Bank in accordance with applicable laws and approvals from regulatory authorities.

Directors' Report

As approved by the PBoC and the Shanxi Supervision Bureau, the Bank successfully issued the undated capital bonds for 2024 in the national inter-bank bond market on September 19, 2024 and the payment was completed on September 23, 2024. This tranche of bonds totaled RMB2.00 billion with a term of 5+N years with non-fixed term and interest rate, with a coupon interest rate adjusted by phases (adjusted for every five years) and the right of redemption with pre-conditions after five years from the date of issuance. With prior approval by the regulatory authorities, the Bank is entitled to redeem part or all of such bonds at par value. All funds raised from this tranche of bonds have been used to replenish other tier-one capital and increase the capital adequacy ratios of the Bank in accordance with applicable laws and approvals from regulatory authorities, so as to strengthen the Bank's operating strength, enhance its risk resistance and support the sustainable and steady development of its business.

EQUITY LINKED AGREEMENT

No equity-linked agreements were entered into by the Bank or existed during the Reporting Period.

On behalf of the Board

HAO Qiang
Chairwoman
Taiyuan, China
March 27, 2025

Report of the Board of Supervisors



I. PRINCIPAL WORK OF THE BOARD OF SUPERVISORS IN 2024

In 2024, the sixth session of the Board of Supervisors was able to always adhere to the leadership of the Party, continuously promote the organic integration of the Party's leadership and corporate governance, consistently implement the requirements of the Party Committee of the Bank to strictly govern the Party and the Bank in a comprehensive manner, adhere to the supervisory orientation, take the initiative to integrate into the new development pattern, fulfil its supervisory duties in a legal, compliant, objective, fair, scientific and efficient manner, effectively carry out its supervisory work in key areas such as performance evaluation, strategic supervision, financial supervision, risk supervision and internal control supervision, continue to strengthen the construction of duty performance supervision capacity, actively safeguard the legitimate rights and interests of the Bank, its Shareholders, employees and stakeholders, continuously improve the quality and efficiency of supervision and effectively play its supervisory role, thus providing the safeguard to the promotion of the improvement of corporate governance and the sustainable and healthy development of the Bank.

1. Based on the new development stage, adhering to the correct supervision direction. As the supervisory body of corporate governance, the Board of Supervisors took adherence to the leadership of the Party as the fundamental guideline for its work, always ensured high consistency with the Party's line, principles and policies, took the study and implementation of the spirits of the 20th CPC National Congress, the Third Plenary Session of the 20th CPC Central Committee and the Central Financial Work Conference as an important part of the centralized study of the Board of Supervisors, and adhered to the organic combination of the Party Committee's direction and the supervision by the Board of Supervisors in accordance with the law, so as to give full play to the independent supervision role of the Board of Supervisors. The Board of Supervisors adhered to the effective implementation of the requirements of "risk management by the Party", continuously supervised the performance of the Board of Directors and senior management, regularly reported to the Party Committee on the evaluation of the performance of Directors, Supervisors and senior management, and consciously accepted the supervision and evaluation of the work of the Board of Supervisors by the Party Committee to ensure that the supervision direction of the Board of Supervisors not only implements the decisions of the Party Committee but also meets the requirements of high-quality development of the Bank.

Report of the Board of Supervisors

2. Implementing new development concepts and fully implementing supervisory responsibilities. Firstly, the Board of Supervisors strengthened duty performance supervision. In the process of carrying out the duty performance supervision, the Board of Supervisors, bearing in mind its responsibility and focusing on the effectiveness of performance evaluation, continuously oversaw the compliance of the Board of Directors and senior management with laws, regulations and the Articles of Association through attendance at general meetings of Shareholders and Board meetings, conducting special work letters, etc. Specifically, in 13 key areas such as data governance, liquidity risk management, and capital management, the Board of Supervisors conducted specialized performance evaluations to assess the compliance and efficacy of the Board of Directors and senior management in fulfilling their duties, effectively enhancing the coverage of supervision in these specific areas, taking performance evaluation as an important tool to promote diligent performance of duties, strengthen risk prevention and control, and achieve high-quality development, realizing strict evaluation, with a richer evaluation dimension and more scientific evaluation criteria. Secondly, the Board of Supervisors strengthened financial supervision. The Board of Supervisors effectively strengthened its financial supervision, carefully reviewed the Company's operation and management reports, regular reports, financial audit reports, profit distribution plans, financial budget and final accounts plans, etc., kept abreast of important financial decisions and implementation, and put forward working requirements and supervisory opinions on matters such as the write-off of bad debts and the disposal of non-performing assets. Thirdly, the Board of Supervisors strengthened risk supervision. The Board of Supervisors paid close attention to changes in internal and external environment and trends in regulatory indicators, focused on the eight major risk areas of commercial banks to conduct in-depth studies and analysis of internal and external situations, continuously paid attention to changes in the quality of the corporate assets, and reviewed risk management reports on a regular basis in order to comprehensively understand and grasp the risk management situation in important areas, such as credit risk, liquidity risk, operational risk, market risk, reputation risk, legal risk, strategic risk and compliance risk, strengthened its daily supervision to promote the enhancement of risk management capabilities. Fourthly, the Board of Supervisors strengthened internal control supervision. The Board of Supervisors regularly listened to reports on employee behavior assessment, case prevention and control, data governance, consumer rights protection and related party transactions, paid continuous attention to internal control construction, external supervision, problems identified by internal audits and its rectification, continuously followed up on supervision and inspection by regulatory authorities, strengthened the supervision of internal control self-evaluation, reviewed the annual internal control evaluation report, studied and put forward improvement suggestions for the deficiencies and gaps in internal control, so as to promote the further consolidation of the internal control system construction and continuously improve the internal control level.
3. Integrating into the new development pattern and continuously improving supervision effectiveness. The Board of Supervisors adhered to the directives of regulatory bodies and the general meetings of Shareholders, performed its duties in strict alignment with the Articles of Association and the Rules of Procedures for the Board of Supervisors of the Bank, and further improved the effectiveness of supervision through daily supervision, performance evaluations, and targeted supervision in key areas. The Board of Supervisors made better use of the special supervision tool of "Supervision Proposal, Procuratorial Proposal, Judicial Proposal, and Public Security Reminder Letter". The Board of Supervisors conducted pre-supervision focused on major decisions, mid-supervision focused on significant business activities, and post-supervision focused on encouraged rectification through internal and external inspections. It integrated risk warnings before events, on-site and off-site supervision during events, vigorous inquiries, precise recommendations and rectifications after events, to further transform the supervision results into the governance effectiveness.



II. DUTY PERFORMANCE SUPERVISION AND EVALUATION REPORT FOR 2024

(I) Evaluation on the Performance of Duties by the Directors for 2024

In 2024, the Board of Directors was able to effectively perform its decision-making function and promote the Bank's compliance and sound development. All Directors were able to comply with the laws and regulations and corporate governance requirements, honestly and faithfully exercise the rights conferred on them by the Articles of Association, attend meetings in accordance with regulations, carefully consider the proposals, actively express opinions and suggestions, effectively perform the decision-making function of the Board of Directors, and conscientiously and diligently perform their obligations as directors. Pursuant to the relevant requirements under Measures on Assessment on the Performance of Duties by Directors of the Board of Supervisors of Jinshang Bank Co., Ltd. 《晉商銀行股份有限公司監事會對董事履職評價辦法》, based on the comprehensive performance evaluation scoring results and directors' self-evaluation, the members of the sixth session of the Board of Directors of the Bank for the year 2024, including two executive Directors, HAO Qiang and ZHANG Yunfei, five non-executive Directors, LI Shishan, MA Hongchao, LIU Chenhang, LI Yang and WANG Jianjun, and five independent Directors, HU Zhihong, CHAN Ngai Sang Kenny, WANG Liyan, SAI Zhiyi and DUAN Qingshan were all evaluated as "Competent".

(II) Evaluation on the Performance of Duties by the Supervisors for 2024

During the Reporting Period, all Supervisors of the sixth session of the Board of Supervisors of the Bank consistently adhered to a high standpoint, strengthened their responsibilities and performed their supervisory duties faithfully, independently and prudently in strict accordance with laws and regulations, regulatory requirements and the Articles of Association, carried out their supervisory duties diligently and professionally, earnestly exercised the powers conferred by relevant laws, regulations and the Articles of Association in close connection with the central work of the Board of Supervisors, attended and participated in relevant meetings in accordance with the law, conducted supervision work in a standardized and efficient manner, deeply understood the Bank's operations, actively proposed supervisory opinions and suggestions, effectively played their supervisory roles, effectively promoted the continuous improvement of the corporate governance mechanism with high-quality duty performance and actively safeguarded the legitimate rights and interests of stakeholders, which played a positive role in the healthy and high-quality development of the Bank. According to the comprehensive assessment results, the nine members of the sixth session of the Board of Supervisors of the Bank, including XIE Liying, WEN Qingquan, SU Hua, ZHUO Zeyuan, BAI Guangwei, WANG Weiping, XU Jin and PANG Zhengyu, all received a rating of "Competent" for their performance of duties in 2024.

(III) Evaluation on the Performance of Duties by the Senior Management Members for 2024

In 2024, all senior management members of the Bank diligently performed their duties conferred by the Articles of Association, earnestly performed their duties, effectively implemented various strategic decisions of the Board of Directors, actively accepted the supervision from the Board of Supervisors, established operation measures on a scientific and reasonable manner, adhered to prudent operations, continuously enhanced comprehensive risk management, and vigorously promoted the Bank's high-quality transformation and development. According to the results of the evaluation on the performance of duties by the senior management members, the five senior management members of the Bank, including President ZHANG Yunfei, Vice President WANG Qi, Vice President LI Yanbin, Vice President WANG Yibin and Assistant to the president SHANGGUAN Yujiang, all received a rating of "Competent" for their performance of duties in 2024.

Report of the Board of Supervisors

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

(I) Legal Operations

During the Reporting Period, the Bank carried out its business activities in accordance with the law and its decision-making procedures were in compliance with the relevant provisions of the PRC Company Law, the Commercial Bank Law and the Articles of Association. The Directors and senior management members of the Bank performed their duties faithfully and diligently, and none of them were found against any laws and regulations or the Articles of Association or damaged the interests of the Bank and the Shareholders in performing their duties.

(II) Regular Financial Reporting

In the view of the Board of Supervisors, the Bank's financial report gave a true, accurate and complete view of the financial position and the results of operations of the Bank, and the preparation and review procedures of the Bank's financial reports were in compliance with laws, administrative regulations and regulatory requirements. Ernst & Young Hua Ming LLP has audited the annual financial report of the Bank pursuant to the accounting standard, and it has issued the standard unqualified audit report for the annual financial report.

(III) Appropriation of Profits

In the view of the Board of Supervisors, the profit distribution plan of the Bank was in line with the current actual situation and the need for sustained and sound development of the Bank, and there was no intentional damage to the interests of investors. The formulation procedures were in compliance with the relevant laws, regulations and provisions of the Articles of Association.

(IV) Conduct of Related Party Transactions

During the Reporting Period, the Bank's related party transactions were in compliance with the commercial principles and the processes of review, voting, disclosure and execution of related party transactions were in compliance with the laws and regulations and the relevant provisions of the Articles of Association, and no act detrimental to the interests of the Bank and its Shareholders has been found by the Board of Supervisors.

(V) Information Disclosure

During the Reporting Period, the Bank was able to fulfill its information disclosure obligations in compliance with the regulatory requirements, conscientiously implement the information disclosure management system, disclose information in a timely and fair manner, and disclose true, accurate and complete information.

(VI) Implementation of Resolutions at General Meetings of Shareholders

During the Reporting Period, the Board of Supervisors has no objection to the proposals and reports submitted by the Board of Directors for consideration at the general meeting of Shareholders, believing that the Board of Directors and the senior management were able to strictly implement the resolutions of the general meeting of Shareholders.

(VII) Review of the Internal Control Evaluation Report

The Board of Supervisors reviewed the internal control evaluation report of the Bank and did not find any significant deficiencies in the integrity, rationality and effectiveness of the Bank's internal control mechanisms and systems.

Report of the Board of Supervisors



IV. PRIORITY WORK AREAS IN 2025

Firstly, the Board of Supervisors will pay more attention to improving the mechanism and strengthening the supervision basis. The Board of Supervisors should, in light of laws, regulations, regulatory requirements and the actual situation of the Bank, continuously improve various supervisory systems and mechanisms, enhance the accuracy, operability and applicability of the institutional system of the Board of Supervisors, and consciously guide practice and promote work with laws and regulations. The Board of Supervisors should further strengthen the communication and interaction between the Board of Supervisors and other governance bodies such as the Board of Directors and senior management, improve the work linkage with internal audit, disciplinary inspection and other departments and institutions, and continuously optimize the work coordination mechanism and information communication mechanism to form a supervisory synergy.

Secondly, the Board of Supervisors will focus more on key areas and improve the quality and effectiveness of supervision. The Board of Supervisors should further supervise the implementation of the spirit of the central, provincial and municipal economic and financial work conferences and the implementation of strategic plans, and strengthen the supervision of key areas such as risk, finance and internal control. The Board of Supervisors should further strengthen its efforts in supervising and rectifying the supervisory opinions, promote risk prevention and resolution, actively pay attention to the implementation of a series of new regulatory regulations such as the new capital management measures, the five-level classification and management measures for financial assets, the rectification of supervisory inspections, and further improve the information acquisition, tracking and feedback mechanism to ensure that the supervisory activities are fully covered and effectively carried out.

Thirdly, the Board of Supervisors will place greater emphasis on the application of results to empower the operation development. The Board of Supervisors should strengthen the working concept of “Supervision Serves Development”, so that the supervision system is more in line with the needs of the Bank’s transformation and development, and more in line with the new pattern of corporate governance. The Board of Supervisors should promote the high-quality development of supervision work while keeping with integrity and innovation, continuously strengthen the closed-loop management mechanism of opinion submission, suggestion transmission and follow-up feedback, and improve the rigid constraints on the application of supervision results such as performance evaluation, deliberation of the meeting of the Board of Supervisors and daily supervision. The Board of Supervisors should persist in conducting grassroots research around the decision-making and deployment of the Party Committee of the head office, and provide supervisory suggestions with foresight, relevance and feasibility around the key areas of transformation and development, so as to safeguard the high-quality development of the Bank.

Important Matters

USE OF PROCEEDS

The proceeds from the issuance of H Shares of the Bank have been used according to the intended use as disclosed in the prospectus of the Bank. All of the net proceeds from the Global Offering of the Bank (after deduction of the underwriting fees, commissions and estimated expenses payable by the Bank in connection with the Global Offering) amounted to approximately RMB3,171 million (including net proceeds from overallotment), which have been used to expand the capital of the Bank to support the ongoing business growth.

As approved by the PBoC and the former CBIRC Shanxi Office, the Bank successfully issued the tier-two capital bonds in the national inter-bank bond market on January 20, 2021 and the payment was completed on January 22, 2021. This tranche of bonds totaled RMB2.00 billion with a maturity of 5+5 years at a fixed interest rate and a coupon interest rate of 4.78%, and the right of redemption with pre-conditions at the end of the fifth year. With prior approval by the regulatory authorities, the Bank is entitled to redeem part or all of such bonds at par value. All funds raised from this tranche of bonds have been used to replenish the tier-two capital of the Bank in accordance with applicable laws and approvals from regulatory authorities.

As approved by the PBoC and the Shanxi Supervision Bureau, the Bank successfully issued the undated capital bonds for 2024 in the national inter-bank bond market on September 19, 2024 and the payment was completed on September 23, 2024. This tranche of bonds totaled RMB2.00 billion with a term of 5+N years with non-fixed term and interest rate, with a coupon interest rate adjusted by phases (adjusted for every five years) and the right of redemption with pre-conditions after five years from the date of issuance. With prior approval by the regulatory authorities, the Bank is entitled to redeem part or all of such bonds at par value. All funds raised from this tranche of bonds have been used to replenish other tier-one capital and increase the capital adequacy ratios of the Bank in accordance with applicable laws and approvals from regulatory authorities, so as to strengthen the Bank's operating strength, enhance its risk resistance and support the sustainable and steady development of its business.

RELATED PARTY TRANSACTIONS AT THE REGULATORY CALIBER OF THE FORMER CBIRC/SHANXI SUPERVISION BUREAU

Since 2024, the Bank has continued to pay close attention to the management of related party transactions. In accordance with the laws, regulations and regulatory provisions, the Bank strengthened the management of related parties, promoted normalized and refined management of related party transactions, intensified the daily monitoring and statistics analysis of related party transactions, spared no efforts to improve the management level of related party transactions, and ensured the continuous and effective operation of the management mechanism for related party transactions to support the efficient and healthy development of the Bank's business.

I. The Management of the List of Related Parties

Since 2024, the Bank has further strengthened the internal identification and penetrating capacity for related party transactions to improve the related party management of the Bank. As of the end of December 2024, the Bank determined 1,041 related natural persons in terms of the regulatory caliber of the CBIRC and 4,261 related legal persons in terms of the regulatory caliber of the CBIRC.

II. Implementations of Related Party Transaction Management System

Since 2024, the Bank has further strengthened the management of related party transactions and strictly implemented the related party transaction approval process. Material related party transactions and unified transaction agreements are reviewed by the Related Party Transaction Control Committee and then submitted to the Board of Directors for approval. For general related party transactions, they are reviewed and approved in accordance with the internal authorization procedures, and the relevant information of related party transactions is regularly submitted to the Related Party Transaction Control Committee of the Board of Directors for filing on a quarterly basis.

III. Pricing of Related Party Transactions

Since 2024, the related party transactions between the Bank and its related parties have been priced on an objective and fair basis. Prices and charges of all related party transactions were determined on normal commercial principles and in a market-oriented manner. The related party transactions were conducted under conditions not more favorable than those provided to the transactions of similar types of non-related parties. The terms of the relevant transactions were reasonable and in the overall interests of the Bank and Shareholders. Under the Administrative Measures for Related-Party Transactions of Jinshang Bank Co., Ltd., for related party transactions classified as credit extension, their corresponding prices are determined in accordance with the relevant pricing management measures for credit extension and with reference to the ratings and risk conditions of related party customers, to ensure the legality and fairness of the pricing of the Bank's related transactions. For non-credit extension transactions, they are conducted on the premise of the Bank's simultaneous compliance with the unified pricing of the market and across the Bank.

Important Matters

IV. Reporting of Material Related Party Transactions

In 2024, nine disclosures of the Bank in total needed to be reported to the Shanxi Supervision Bureau on a case-by-case basis:

1. Announcement of a Material Related Party Transaction Between Jinshang Bank Co., Ltd. and Shanxi Coal Transportation and Sales Group Longfeng Coal Industry Co., Ltd. (山西煤炭運銷集團龍峰煤業有限公司)
2. Announcement of a Transaction Relating to the Deposits from a Shareholder Between Jinshang Bank Co., Ltd. and Jinshang Consumer Finance Co., Ltd. (晉商消費金融股份有限公司)
3. Announcement of a Unified Transaction Agreement Between Jinshang Bank Co., Ltd. and Li Jianming (李建明)
4. Announcement of an Agreed Deposit Transaction Between Jinshang Bank Co., Ltd. and Shanxi Coal International Energy Group Co., Ltd. (山煤國際能源集團股份有限公司)
5. Announcement of a Unified Transaction Agreement Between Jinshang Bank Co., Ltd. and Xing Guangpu (邢光普)
6. Announcement of a Unified Transaction Agreement Between Jinshang Bank Co., Ltd. and Shanxi Shengyuan Property Management Co., Ltd. (山西晟源物業管理有限公司)
7. Announcement of a Unified Transaction Agreement Between Jinshang Bank Co., Ltd. and Shanxi Coking Coal Group Zhongyuan Trading Co., Ltd. (山西焦煤集團中源物質有限責任公司)
8. Announcement of a Material Related Party Transaction Between Jinshang Bank Co., Ltd. and Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司)
9. Announcement of a Unified Transaction Agreement Between Jinshang Bank Co., Ltd. and Shanxi Coking Coal Group Zhongyuan Trading Co., Ltd. (山西焦煤集團中源物質有限責任公司).

The above-mentioned transactions were reported to the Shanxi Supervision Bureau as required.



V. Information Disclosure of Related Party Transactions

According to the regulations, in 2024, the Bank had a total of nine announcements on disclosable material related party transactions and four announcements on combined disclosure of general related party transactions.

VI. Audit and Inspection of Related Party Transactions

In 2024, the Bank's audit department carried out a special audit of the Bank's related party transactions in 2023 and made relevant management improvement recommendations to enhance the compliance of the Bank's related party transactions with regulations.

VII. Particulars of Related Party Transactions

In 2024, various management mechanisms for the Bank's related party transactions operated steadily, and various types of related party transactions were conducted normatively. As of the end of 2024, the credit balance of related party transactions between our Bank and related parties amounted to RMB9,904 million, accounting for 30.60% of the net capital of our Bank, which met the regulatory requirement; the Bank's credit originated under the transactions of loan extension to related party Shareholders was normal loans and such transactions were of good quality. In terms of credit risk exposure, capital utilization, transaction volume, structure and quality, they had no significant impact on the normal operation of the Bank. The non-performing ratio of loans to related parties of the Bank's Shareholders was nil, and the quality of related-party credit was better than the average level of the Bank's overall credit extension.

In 2024, our Bank's non-credit extension related party transactions amounted to RMB18,989 million cumulatively. The price of each transaction was determined in accordance with the market standards, and such transactions were parts of our Bank's normal business and did not have any material adverse impact on our Bank's normal operating activities and financial position.

Important Matters

MATERIAL LITIGATION AND ARBITRATION

As of the date of this annual report, the Bank expects that any current and pending proceedings or arbitration procedures will not have a material adverse effect on the Bank's business, financial condition and operating results (whether individually or collectively) after accrual of impairment provisions.

PENALTIES IMPOSED ON THE BANK AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Bank, all of its Directors, Supervisors and senior management were not investigated, administratively penalized or publicly criticized by the China Securities Regulatory Commission, publicly condemned by the Hong Kong Stock Exchange or punished by any other regulatory authorities, which would have a material impact on the Bank's operation.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND ASSETS AND BUSINESS MERGER

During the Reporting Period, the Bank had no material acquisition and disposal of subsidiaries, associates, joint ventures and assets or business merger.

MATERIAL INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS

During the Reporting Period, the Bank had no material investment, or specific plan for material investments or acquisitions of material capital assets or other businesses.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Saved as disclosed above, no other significant events affecting the Bank have occurred subsequent to the end of the Reporting Period.

Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Bank has established and continuously improved the effective corporate governance structure, with the Shareholders' general meeting as the highest authority, the Board of Directors as the decision-making body, the Board of Supervisors as the supervisory body and the senior management as the executive body, clearly defined the rules of procedure and decision-making procedures of each governance subject of "the Shareholders' general meetings, the Board of Directors, the Board of Supervisors and the senior management" ("三會一層"), and established a scientific and reasonable corporate governance mechanism with clear responsibility, separation of powers and balances and standardized operation.

The Board of Directors has established special committees, including the Development and Strategy Committee, Nomination, Remuneration and HR Committee, Audit Committee, Risk Management Committee, Consumer Rights Protection Committee and Related Party Transactions Control Committee; the Board of Supervisors has established Nomination Committee and Supervision Committee. Risk Management Committee, Investment Management Committee, Assets and Liabilities Management Committee, Credit Review Committee, Financial Review Committee, Information Technology Management Committee, Accountability Management Committee, Business Continuity Management Committee, Performance Appraisal Management Committee and other special committees are under the senior management. The Board of Directors, the Board of Supervisors and their respective special committees have all formulated corresponding rules of procedure, and the offices of the Board of Directors and the Board of Supervisors are responsible for the daily affairs of "the Shareholders' general meeting, the Board of Directors and the Board of Supervisors" to ensure the normal and orderly running of the operations management and various businesses of the Bank.

The Bank has also established an independent and vertical internal audit system that mainly comprises the Board of Directors, the Audit Committee and the Audit Department. The Board of Directors undertakes ultimate responsibility to ensure the independence and effectiveness of our internal audit. The Audit Committee guides our internal audit work, while our Audit Department of the head office carries out internal auditing at both the head office and the branch level. Our Audit Department formulates annual audit plans based on regulatory requirements as well as our operation, management and business profile, and carries out audit work strictly in accordance with the annual audit plans after such plans are approved by the Board of Directors. Audit Department conducts both on-site inspections and off-site monitoring during routine audits on various departments and their operational and management activities. The Bank also conducts audits on our exposures to various risks such as credit risk, market risk, operational risk and information technology risk. For the issues or deficiencies identified in audits, the Audit Department gives timely notification to the relevant departments and advises on the implementation of effective rectification measures.

Risk Management and Internal Control

The primary risks related to the Bank's operations include credit risk, market risk, liquidity risk, operational risk, information technology risk, reputational risk, strategic risk and ESG risk.

Pursuant to the Capital Administrative Measures for Commercial Banks 《商業銀行資本管理辦法》 and its annexes, Guidelines on Comprehensive Risk Management for Banking Financial Institutions, definitions of risk and other professional terms of the Basel Committee and peer practices in the domestic banking industry, the Bank, based on the comprehensive consideration in respect of its actual conditions and combining numerous factors such as the macroeconomic environment, business strategies, product portfolio and customer demands, identified, measured and controlled a series of possible quantitative and non-quantitative risks, and performed assessment and analysis towards risks with methods and tools of risk assessment. In 2024, the Bank firmly upheld the main keynote of “risk management by the Party”, while strengthening its bottom-line thinking and risk awareness with an increasing focus on risk prevention while pursuing steady growth and high-quality development. The Bank constantly improved the long-term mechanism of risk management and control, promoted refined management, strengthened system construction to facilitate and support the steady and rapid development of all businesses of the Bank, and resolutely safeguarded financial stability and financial security. For more details on the Bank's risk management system, please refer to the “Management Discussion and Analysis – 9 Risk Management” of this annual report.

Credit risk refers to the risk of loss that may arise from the default by, or downgrade of credit rating of, an obligor or counterparty, or from its reduced capacity to fulfill its contractual obligations. The Bank is exposed to credit risks primarily associated with corporate loan business, personal loan business and financial market business.

The Bank has built and continually improves its bank-wide credit risk management system to identify, measure, monitor, mitigate and control risks that arise from its credit business. In 2024, the Bank continued to optimize the credit structure, formulated credit policy guidelines, conducted in-depth research on industry and customer trends around the province's industrial policies and transformation directions, deeply explored customer needs, formulated the “Five Priorities (五篇大文章)” action plan, improved the work promotion mechanism and service system, continuously improved the ability of the financial sector to serve the real economy; strengthened credit risk monitoring and identification, strengthened credit risk penetration management, promoted the application of big data tools and intelligent platforms in the post-loan management process, promoted the improvement of post-loan management efficiency; steadily promoted the implementation of measures for the risk classification of financial assets, established and improved the Bank's risk classification management system for financial assets, carried out risk classification management in accordance with the principle of substantive risk judgment, adjusted risk classification results in a timely manner, improved the refinement of risk classification management for financial asset; continuously improved the asset preservation management system featuring integration of the head office and branches and professional collection, established a supervision mechanism for the disposal and resolution of risky assets, promoted the digital transformation of asset preservation management, strengthened analysis of non-performing asset, improved the reporting, monitoring and supervision mechanism for one account with multiple policies, and continuously improved the efficiency in non-performing asset recovery and disposal.

Risk Management and Internal Control

The Bank is committed to using advanced information technology systems to improve our credit risk management, strengthening financial technology to empower the risk prevention and control, continuously optimizing technology risk monitoring indicators, and continually improving the technology capability of risk prevention and control. The Bank introduced external big data such as business administration information and judicial litigation into the credit management system, developed the rules for intelligent risk management, intercepted high-risk customers, effectively improved the capability of risk identification and the efficiency of risk decision-making management. The Bank used the concept of digital intelligence management to reconstruct post-loan management functions, iterated the artificial post-loan management with the intelligent post-loan management model, and promoted the digital transformation of the post-loan management mechanism.

The Bank closely monitors fluctuations in interest rate, exchange rate and market price of securities and regularly conducts gap analysis, duration analysis, stress tests and scenario analysis in measuring and evaluating market risk in line with the Bank's prudent risk preferences. In addition, the Bank's Financial Market Department reviews data generated by third-party databases to monitor the material fluctuation of the fair value of debt securities.

A comprehensive management system for information technology risk has been set in place across the Bank. In 2024, the Bank's efforts on information technology risk control mainly included: gradually improving governance structure of information technology risk and continuously enhancing the performance capacity; improving information technology risk management capacity by continually optimizing the monitoring indicators for information technology risk, strengthening control in key aspects and frequently carrying out high-quality audit on information technology; gradually building a comprehensive protection system for network security and carrying out the construction and transformation of commercial encryption applications to contribute to synergic development between security and innovation on the basis of safety production; continuing to improve the supervision mechanism for construction quality of science and technology projects to strictly control the quality risk of projects; keeping increasing independent R&D investment, implementing transformation through information technology application innovation and enhancing independent controllability; specifically and properly making efforts for production changes and system operation and maintenance to ensure the safe and stable operation of various information systems; strengthening business continuity management to enhance the level of business continuity throughout the Bank; strengthening information technology outsourcing management and gradually reducing outsourcing reliance; improving its standardized implementation level, continuing to carry out benchmarking, implementation and compliance work for financial industry standards, disclosing a total of 7 corporate standards in total and winning the title of "Leader" for 2 corporate standards.

The Board defined its comprehensive duties to the Group's risk management and internal control system. The Board of the Bank reviews the effectiveness of the risk management and internal control system every year. The review was carried out on the basis of the guidelines of regulatory authorities and in accordance with the relevant internal control factors, covering all material internal control aspects, including finance, operation and compliance control. The relevant reviews were coordinated by the Bank's internal audit department and had passed the self-assessment of the management and business departments, with the effectiveness of the related system confirmed by the management. The Audit Department conducted independent examination and post-event evaluation to the review process and results, and reported to the Audit Committee and the Board. The Board of Directors believes that the risk management and internal control system established and implemented by the Bank is adequate and effective. Such risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and the Board can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management and Internal Control

When the “inside information” referred to in Part XIVA of the Securities and Futures Ordinance and other matters that should be disclosed promptly as required by the relevant laws and regulations and rules governing securities of the place where the Bank is listed, except for exemption in accordance with relevant laws and regulations and rules governing securities of the place where the Bank is listed, the Bank shall make disclosure in a timely manner in accordance with relevant laws and regulations and rules governing securities of the place where the Bank is listed.

INTERNAL AUDIT

The Bank considers internal audit essential to the sustainable development of the Bank’s business operations. The Audit Department of the Bank shall strictly follow the principles of independence and objectivity throughout the Bank’s internal audit work. During the Reporting Period, the Bank has established an independent and vertical internal audit system that mainly comprises the Board of Directors, the Audit Committee and the Audit Department. The Board of Directors undertakes ultimate responsibility to ensure the independence and effectiveness of our internal audit. The Audit Committee guides and assesses our internal audit work, while our Audit Department of the head office carries out internal auditing at both the head office and the branch level.

During the Reporting Period, our Audit Department has formulated annual audit plans based on regulatory requirements as well as our operation, management and business profile, and carries out audit work strictly in accordance with the annual audit plans after such plans are approved by the Board of Directors. Our Audit Department carries out routine audits on various departments and their operational and management activities in the forms of on-site inspections and off-site monitoring. The Bank also conducts audits on our exposures to various risks such as credit risk, market risk, operational risk and information technology risk. For the issues or deficiencies identified in audits, the Audit Department gives timely notification to the relevant departments and advises on the implementation of effective rectification measures.

WHISTLEBLOWING POLICY AND ANTI-CORRUPTION

In order to give full play to the supervisory role of the public, the Bank has unified the petition and reporting channels of discipline inspection and supervision, made united supervision card of party and government morality for all outlets of the Bank. Five acceptance methods were published, including letters, visits, telephone reports, network reports and mailbox reports, which realized united acceptance, centralized management and handling, standardized disposal for bank-wide issues and clues, thus improving the level of petition and reporting work.

In order to continuously improve the construction of discipline inspection and supervision system and ensure that all work is carried out in a standardized, legalized and normative manner, the Bank revised and improved a range of systems, such as the Measures for Petition and Reporting of the Discipline Inspection Institution of Jinshang Bank (《晉商銀行紀檢機構信訪舉報工作辦法》), Implementation Measures for Inquiries through Talk of the Discipline Inspection Institution of Jinshang Bank (《晉商銀行紀檢機構開展談話函詢工作的實施辦法》), Measures for Preliminary Verification of the Discipline Inspection Institution of Jinshang Bank (《晉商銀行紀檢機構初步核實工作辦法》), Measures for Discipline Inspection of the Discipline Inspection Institution of Jinshang Bank (《晉商銀行紀檢機構紀律審查工作辦法》), gradually forming a system with scientific content, strict procedure, complete support and effective operation, constantly improving the Bank’s governance capacity and effectiveness, and laying a solid foundation for the in-depth promotion of the construction of the Party’s integrity and anti-corruption.

Independent Auditor's Report

To the shareholders of Jinshang Bank Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Jinshang Bank Co., Ltd. (the “**Bank**”) and its subsidiaries (the “**Group**”) set out on pages 168 to 307, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, 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.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”) issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the “**Code**”) issued by the Hong Kong Institute of Certified Public Accountants, 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.

Independent Auditor's Report

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter:	How our audit addressed the key audit matter:
Expected credit losses for loans and advances to customers and financial investments measured at amortised cost	
<p>The Group's loans and advances to customers and financial investments measured at amortised cost as at 31 December 2024 amounted to RMB233,033 million, with allowances for impairment losses amounting to RMB8,968 million as at 31 December 2024.</p> <p>The Group uses the expected credit loss model to calculate the allowances for impairment losses in accordance with International Financial Reporting Standard 9, <i>Financial instruments</i> ("IFRS 9"). The Group uses a number of models and assumptions in the measurement of expected credit losses, for example:</p> <ul style="list-style-type: none">Significant increase in credit risk – The selection of criteria for identifying significant increase in credit risk is highly dependent on judgement and may have a significant impact on the expected credit losses for loans and advances to customers and financial investments with longer remaining periods to maturity.Models and parameters – Inherently complex models are used to measure expected credit losses. Modelled parameters have numerous inputs and the parameter estimation involves many judgements and assumptions.Forward-looking information – Expert judgement is used to create macroeconomic forecasts and to consider the impact on expected credit losses under multiple economic scenarios given different weights.	<p>We evaluated and tested the effectiveness of design and implementation of key internal controls of financial reporting over the approval, recording, monitoring, credit grading and impairment provisioning of loans and advances to customers and financial investments measured at amortised cost, including relevant data quality and information systems.</p> <p>With the support of internal credit risk modelling experts, we evaluated and tested the expected credit loss model, key parameters, and management's significant judgements and related assumptions, mainly focusing on the following aspects:</p> <ul style="list-style-type: none">Given the macroeconomic changes, we assessed the reasonableness of the expected credit loss model methodology and related parameters, including probability of default, loss given default, risk exposure, and significant increase in credit risk.We assessed the reasonableness of the forward-looking information that management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumptions and weights of multiple macroeconomic scenarios.We evaluated the amount, timing and likelihood of management's estimated future cash flows, especially cash flows from collateral.

Independent Auditor's Report



Key audit matter:	How our audit addressed the key audit matter:
Expected credit losses for loans and advances to customers and financial investments measured at amortised cost (continued)	
<ul style="list-style-type: none">Individual impairment assessment – Identifying credit-impaired loans and advances to customers and financial investments at amortised cost requires consideration of a range of factors, and individual impairment assessments are dependent upon estimates of future cash flows. <p>Since the determination of expected credit losses for loans and advances to customers and financial investments at amortised cost involved many judgements and assumptions, and in view of the significance of the amount, the expected credit losses for loans and advances to customers and financial investments at amortised cost are considered a key audit matter.</p> <p>Relevant disclosures are included in Note 2(10), Note 2(27)(a), Note 18, Note 19 and Note 39(a) to the consolidated financial statements.</p>	<p>We evaluated and tested the key inputs in the expected credit loss model. Based on the financial information of the debtors and other external evidence, we selected samples and assessed the identification of credit ratings, significant increases in credit risk and credit-impaired financial assets applied by management. In addition, we also selected and tested samples of key data used in the models.</p> <p>We evaluated and tested the design and operating effectiveness of internal controls related to the disclosures of expected credit losses for loans and advances to customers and financial investments at amortised cost.</p>

Independent Auditor's Report

Key audit matter:	How our audit addressed the key audit matter:
Valuation of financial instruments <p>The Group mainly holds Level 2 and Level 3 financial instruments measured at fair value. As at 31 December 2024, the fair value of the Group's financial assets measured at fair value amounted to RMB68,867 million.</p> <p>The Group determines the fair value of financial instruments measured at fair value using quoted prices in active markets or valuation techniques. For financial instruments that are not quoted in an active market, the group uses valuation techniques to determine their fair values, which may include material unobservable parameters, assumptions and estimates that rely on management's subjective judgement. The adoption of different valuation techniques or assumptions may result in significant differences in the estimates of the fair value of financial instruments.</p> <p>Due to the significance of the financial instruments measured at fair value and the uncertainty in valuation, the valuation of financial instruments is considered a key audit matter.</p> <p>Relevant disclosures are included in Note 2(10), Note 2(27) (b) and Note 40 to the consolidated financial statements.</p>	<p>We evaluated and tested the design and operating effectiveness of internal controls over the valuation of financial instruments.</p> <p>We evaluated the valuation techniques, inputs and assumptions used by the Group through comparison with the valuation techniques commonly used in the markets, validation of observable inputs using external market data, and comparison with valuation outcomes obtained from various pricing sources. For financial instruments whose valuations were calculated using significant unobservable inputs, with the assistance of internal valuation specialists, we selected samples to assess the reasonableness of the valuation techniques adopted by the Group and to perform independent valuations and compare the results of our independent valuations with the Group's valuations.</p> <p>We evaluated and tested the design and operating effectiveness of internal controls related to the disclosures of fair value.</p>

Independent Auditor's Report



Key audit matter:	How our audit addressed the key audit matter:
Consolidation assessment of structured entities	
<p>The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity. Such interests in structured entities include wealth management product, investment fund, etc.</p> <p>The assessment of the Group's control over structured entities involves significant judgement on factors such as the purpose and design of structured entities, its ability to direct the relevant activities, direct and indirect beneficial interests and returns, performance fee, remuneration and exposure to loss from providing credit enhancement or liquidity support. Due to the significance of the unconsolidated structured entities and the complexity of judgement exercised by management, the consolidation assessment of structured entities is considered a key audit matter.</p> <p>Relevant disclosures are included in Note 2(27)(f) and Note 43 to the consolidated financial statements.</p>	<p>We evaluated and tested the design and operating effectiveness of the internal controls over the Group's assessment of whether it controls a structured entity.</p> <p>We assessed the Group's analysis and conclusions on whether it controls structured entities based on the Group's analysis on its power over structured entities, the magnitude and variability of variable returns from its involvement with structured entities, and links between the two, considering all relevant facts and circumstances. We assessed whether the Group had control over structured entities or had legal or constructive obligations to ultimately absorb losses from structured entities through a review of contracts, which included examining, on a sampling basis, whether the Group has provided liquidity support or credit enhancement to structured entities.</p> <p>We evaluated and tested the design and operating effectiveness of internal controls related to the disclosures of unconsolidated structured entities.</p>

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

Independent Auditor's Report

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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.

The directors of the Bank are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

Independent Auditor's Report



- 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 purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Chi Keung.

Ernst & Young
Certified Public Accountants
Hong Kong
27 March 2025

Consolidated Income Statement

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

	Note	2024	2023
Interest income		11,705,039	11,614,868
Interest expense		(7,515,698)	(7,378,650)
Net interest income	3	4,189,341	4,236,218
Fee and commission income		700,768	860,938
Fee and commission expense		(74,072)	(158,083)
Net fee and commission income	4	626,696	702,855
Net trading gains	5	115,240	(78,508)
Net gains arising from investment securities	6	814,997	887,030
Other operating income	7	44,872	54,593
Operating income		5,791,146	5,802,188
Operating expenses	8	(2,296,300)	(2,348,411)
Impairment losses on credit	11	(1,674,872)	(1,432,030)
Impairment losses on other assets		(27,955)	–
Operating profit		1,792,019	2,021,747
Share of profit of an associate		26,218	12,143
Profit before tax		1,818,237	2,033,890
Income tax expense	12	(68,735)	(33,339)
Net profit		1,749,502	2,000,551
Net profit attributable to:			
Equity holders of the Bank		1,755,108	2,002,911
Non-controlling interests		(5,606)	(2,360)
		1,749,502	2,000,551
Earnings per share (in RMB)	13		
– Basic		0.30	0.34
– Diluted		0.30	0.34

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

Consolidated Statement of Comprehensive Income

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

	Note	2024	2023
Net profit		1,749,502	2,000,551
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Debt instruments measured at fair value through other comprehensive income:			
– net movement in the fair value reserve, net of tax	33(d)	42,025	55,289
– net movement in the impairment reserve, net of tax	33(e)	–	(11,532)
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of a net defined benefit liability	33(f)	(1,530)	(1,275)
Equity instruments designated at fair value through other comprehensive income:			
– net movement in the fair value reserve, net of tax	33(d)	10,319	–
Other comprehensive income, net of tax		50,814	42,482
Total comprehensive income		1,800,316	2,043,033
Total comprehensive income attributable to:			
Equity holders of the Bank		1,805,922	2,045,393
Non-controlling interests		(5,606)	(2,360)
Total comprehensive income		1,800,316	2,043,033

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

Consolidated Statement of Financial Position

As at 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	As at 31 December 2024	As at 31 December 2023
ASSETS			
Cash and deposits with the central bank	14	19,220,796	22,260,537
Deposits with banks and other financial institutions	15	2,141,125	2,356,658
Placements with banks and other financial institutions	16	19,486,042	13,674,444
Financial assets held under resale agreements	17	28,197,894	41,514,880
Loans and advances to customers	18	195,103,488	185,609,747
Financial investments	19	106,796,193	90,815,403
– Financial investments at fair value through profit or loss		22,212,851	11,731,796
– Financial investments at fair value through other comprehensive income		6,830,860	4,807,100
– Financial investments at amortised cost		77,752,482	74,276,507
Interest in an associate	20	369,769	343,551
Property and equipment	22	1,230,708	1,306,408
Deferred tax assets	23	2,514,049	2,079,326
Other assets	24	1,245,444	1,344,077
Total assets		376,305,508	361,305,031
LIABILITIES			
Due to the central bank	25	2,821,624	1,726,222
Deposits from banks and other financial institutions	26	49,834	46,916
Financial assets sold under repurchase agreements	27	10,343,449	22,078,689
Deposits from customers	28	310,327,863	288,250,365
Income tax payable		453,164	322,371
Bonds issued	29	21,954,078	21,825,891
Other liabilities	30	2,327,162	2,241,771
Total liabilities		348,277,174	336,492,225

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

Consolidated Statement of Financial Position

As at 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	As at 31 December 2024	As at 31 December 2023
EQUITY			
Share capital	31	5,838,650	5,838,650
Other equity instruments	32	2,000,000	–
– Perpetual bonds		2,000,000	–
Capital reserve	33(a)	6,626,679	6,627,602
Surplus reserve	33(b)	5,239,339	4,361,372
General reserve	33(c)	4,231,775	4,228,153
Fair value reserve	33(d)	(19,260)	(42,580)
Impairment reserve	33(e)	3,462	3,462
Deficit on remeasurement of a net defined benefit liability	33(f)	(6,870)	(5,340)
Retained earnings	34	4,103,978	3,785,300
Total equity attributable to equity holders of the Bank		28,017,753	24,796,619
Non-controlling interests		10,581	16,187
Total equity		28,028,334	24,812,806
Total liabilities and equity		376,305,508	361,305,031

Approved and authorised for issue by the Board of Directors on 27 March 2025.

Hao Qiang

Chairwoman of the Board

Zhang Yunfei

Executive Director

Wang Qi

Officer in charge of Finance

(Company chop)

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

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

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

Consolidated Statement of Changes In Equity

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Attributable to equity holders of the Bank										Non-controlling interests	Total equity
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of a net defined benefit liability	Retained earnings	Total		
As at 1 January 2023		5,838,650	6,627,602	3,976,682	3,742,188	(97,869)	14,994	(4,065)	3,236,909	23,335,091	18,547	23,353,638
Changes in equity for the year												
Net profit for the year		-	-	-	-	-	-	-	2,002,911	2,002,911	(2,360)	2,000,551
Other comprehensive income		-	-	-	-	55,289	(11,532)	(1,275)	-	42,482	-	42,482
Total comprehensive income		-	-	-	-	55,289	(11,532)	(1,275)	2,002,911	2,045,393	(2,360)	2,043,033
Appropriation of profits												
- Appropriation to surplus reserve	33(b)	-	-	384,690	-	-	-	-	(384,690)	-	-	-
- Appropriation to general reserve	33(c)	-	-	-	485,965	-	-	-	(485,965)	-	-	-
- Dividends paid to shareholders	34	-	-	-	-	-	-	-	(583,865)	(583,865)	-	(583,865)
As at 31 December 2023		5,838,650	6,627,602	4,361,372	4,228,153	(42,580)	3,462	(5,340)	3,785,300	24,796,619	16,187	24,812,806

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

Consolidated Statement of Cash Flows

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

	Note	2024	2023
Cash flows from operating activities			
Profit before tax		1,818,237	2,033,890
<i>Adjustments for:</i>			
Impairment losses on credit		1,674,872	1,432,030
Impairment losses on other assets		27,955	–
Depreciation and amortisation		314,390	320,183
Accreted interest on credit-impaired loans		(91,723)	(81,658)
Unrealised foreign exchange losses		1,784	1,742
Gains on disposal of property and equipment and other assets		(847)	(1,260)
Net trading gains		(117,024)	76,766
Net gains arising from investment securities		(814,997)	(887,030)
Share of profit of an associate		(26,218)	(12,143)
Interest expense on debts securities issued		610,825	579,603
Interest expense on lease liabilities		10,572	11,149
		3,407,826	3,473,272
<i>Changes in operating assets</i>			
Net increase in deposits with the central bank		(1,241,662)	(1,029,052)
Net (increase)/decrease in deposits with banks and other financial institutions		(469,002)	72,201
Net increase in placements with banks and other financial institutions		(4,250,000)	(9,942,000)
Net decrease/(increase) in financial assets held under resale agreements		13,316,495	(13,377,116)
Net increase in loans and advances to customers		(11,134,868)	(5,341,941)
Net increase in other operating assets		(520,742)	(912,445)
		(4,299,779)	(30,530,353)
<i>Changes in operating liabilities</i>			
Net increase/(decrease) in borrowings from the central bank		1,094,855	(1,146,816)
Net increase/(decrease) in deposits from banks and other financial institutions		2,956	(73,074)
Net (decrease)/increase in financial assets sold under repurchase agreements		(11,724,007)	1,862,579
Net increase in deposits from customers		19,781,146	32,648,100
Income tax paid		(379,929)	(180,997)
Net increase in other operating liabilities		2,867,377	2,207,729
		11,642,398	35,317,521
Net cash flows from operating activities		10,750,445	8,260,440

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

Consolidated Statement of Cash Flows

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

	Note	2024	2023
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		60,903,011	88,180,511
Gains received from investment activities		945,785	980,222
Proceeds from disposal of property and equipment and other assets		7,096	1,057
Payments on acquisition of investments		(76,676,455)	(77,227,575)
Payments on acquisition of property and equipment, intangible assets and other assets		(137,354)	(260,179)
Net cash flows (used in)/from investing activities		(14,957,917)	11,674,036
Cash flows from financing activities			
Proceeds from bonds issued	35(c)	39,202,962	45,536,783
Proceeds from issuance of other equity instruments		1,999,077	–
Repayment of bonds issued	35(c)	(39,074,775)	(57,160,000)
Interest paid on bonds issued	35(c)	(610,825)	(664,753)
Dividends paid		(599,643)	(614,577)
Repayment of lease liabilities	35(c)	(121,141)	(114,168)
Interest paid on lease liabilities	35(c)	(10,572)	(11,149)
Net cash flows from/(used in) financing activities		785,083	(13,027,864)
Effect of exchange rate changes on cash and cash equivalents		581	658
Net (decrease)/increase in cash and cash equivalents	35(a)	(3,421,808)	6,907,270
Cash and cash equivalents as at 1 January		12,057,574	5,150,304
Cash and cash equivalents as at 31 December	35(b)	8,635,766	12,057,574
Interest received		11,520,050	11,147,119
Interest paid (excluding interest expense on bonds issued)		4,619,245	4,967,859

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

Notes to the Consolidated Financial Statements

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

1. BACKGROUND INFORMATION

Jinshang Bank Co., Ltd. (the “**Bank**”) (formerly Taiyuan City Commercial Bank Co., Ltd.) commenced business as a city commercial bank on 16 October 1998, according to the *Approval on Commencement of Taiyuan City Commercial Bank Co., Ltd.* 《關於太原市商業銀行開業的批覆》 (YinFu [1998] No. 323) issued by the People’s Bank of China (the “**PBOC**”). According to the *Approval on Change of Name for Taiyuan City Commercial Bank Co., Ltd.* 《關於太原市商業銀行更名的批覆》 (YinJianFu [2008] No. 569) issued by the former China Banking Regulatory Commission (the former “**CBRC**”, now known as the National Financial Regulatory Administration), Taiyuan City Commercial Bank Co., Ltd. was renamed as Jinshang Bank Co., Ltd. on 30 December 2008.

The Bank has been approved by the former CBRC (Shanxi Branch), now known as the National Financial Regulatory Administration (Shanxi Branch), to hold the financial business permit (No. B0116H214010001) and approved by the Shanxi Provincial Administration for Industry and Commerce to hold the business licence (credibility code: 911400007011347302). As at 31 December 2024, the registered capital of the Bank was RMB5,838,650,000, with its registered office located at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province. The Bank is regulated by the National Financial Regulatory Administration (the “**NFRA**”) which was authorised by the State Council.

In July 2019, the Bank’s H shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 2558).

The principal activities of the Bank and its subsidiary (collectively the “**Group**”) are the provision of corporate and personal deposits, loans and advances, settlement, financial market business and other banking services as approved by the NFRA.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(1) Basis of preparation and presentation

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (“**IASB**”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Notes to the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(2) Basis of preparation and presentation – Functional and presentation currency

The financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Group. All values presented in RMB have been rounded to the nearest thousands, except when otherwise indicated.

(3) Basis of preparation and presentation – Basis of measurement

Financial assets at fair value through other comprehensive income and financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments) 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 relevant policy.

(4) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(27).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(5) Changes in accounting policies and disclosures

(a) Amendments effective in 2024

On 1 January 2024, the Group adopted the following amendments.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1 (2020)	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1 (2022)	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above amendments does not to have significant impacts on the Group's results of operation results, financial position and comprehensive income.

(b) Standards and amendments that are not yet effective in the current year and have not been adopted before their effective dates by the Group.

Standards and amendments that are not yet effective for the year ended 31 December 2024 are set out below:

		<i>Effective for accounting periods beginning on or after</i>
Amendments to IAS 21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 9 and IFRS 7	<i>Classification and Measurement of Financial Instruments</i>	1 January 2026
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date has been deferred indefinitely

The Group has assessed the impact of these standards and amendments. So far it has concluded that the adoptions of them are unlikely to have significant impacts on the Group's results of operations and financial position.

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For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(6) Subsidiary and non-controlling interests

Subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated comprehensive income as an allocation of the total profit or loss and total comprehensive income between non-controlling interests and the equity shareholders of the Bank.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(7)).

In the Bank's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(17)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(7) Associates and joint ventures

An associate is an entity in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Bank and other parties contractually agree to share control of the arrangement and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(17)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post – tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses, unless these investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(8) Translation of foreign currencies

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

A spot exchange rate is quoted by the PBOC, the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period, the resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the date of recognition. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for the exchange differences arising from the translation of non-monetary financial investments which are recognised in fair value reserve.

(9) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with the central bank, deposits and placements with banks and other financial institutions with an original maturity of less than three months.

(10) Financial instruments

(a) Recognition and initial measurement of financial assets and financial liabilities

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

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

Notes to the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(10) Financial instruments (Continued)

(b) Classification and subsequent measurement of financial assets

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are classified as:

- Financial assets measured at amortised cost, mainly including loans and advances to customers and financial investments measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVOCI), mainly including loans and advances to customers and financial investments measured at FVOCI; and
- Financial assets measured at fair value through profit or loss (FVTPL).

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Notes to the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(10) Financial instruments (Continued)

(b) Classification and subsequent measurement of financial assets (Continued)

Classification of financial assets (Continued)

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income when the relevant investment meets the definition of an equity investment from the issuer's perspective. This election is made on an investment-by-investment basis.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement

– Financial assets measured at amortised cost

Such financial assets that the Group holds are subsequently measured at amortised cost. That is, the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance.

– Debt instruments measured at fair value through other comprehensive income (FVOCI)

Such financial assets that the Group holds are subsequently measured at fair value. A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in "Other comprehensive income", except for interest calculated using the effective interest method, impairment gains or losses and foreign exchange gains and losses. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. The impairment allowances for such financial assets are recognised in other comprehensive income, impairment gains or losses are recognised in profit or loss, and not reduce the carrying amount of such financial assets in the statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(10) Financial instruments (Continued)

(b) Classification and subsequent measurement of financial assets (Continued)

Subsequent measurement (Continued)

- Equity investments designated at fair value through other comprehensive income

Such financial assets that the Group holds are subsequently measured at fair value. The dividend income shall be recognised through profit and loss, and a gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in “Other comprehensive income”. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.

- Financial assets measured at fair value through profit or loss (FVTPL)

Such financial assets that the Group holds are subsequently measured at fair value. A gain or loss on such financial asset is recognised in profit or loss unless it is part of a hedging relationship. Dividends, which the Group is entitled to collect, on equity investments in such measurement category are recognised in profit or loss.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or financial guarantee liabilities.

- Financial liabilities at amortised cost

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

- Financial guarantee liabilities

Financial guarantees are contracts that require the Group 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 original or modified terms of a debt instrument.

The financial guarantee liability is measured at the higher of the amount of the loss allowance determined in accordance with impairment policies of financial instruments (see Note 2(20)(a)) and the amount initially recognised less the cumulative amount of income.

(d) Expected credit loss

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

- financial assets measured at amortised cost; and
- debt instruments measured at FVOCI.

Financial assets measured at fair value, including debt instruments or equity investments at FVTPL, and equity investments designated at FVOCI, are not subject to the ECL assessment.

Notes to the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(10) Financial instruments (Continued)

(d) Expected credit loss (Continued)

Measurement of ECLs

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit losses are the differences between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, i.e. the present value of all cash shortfalls.

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

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

12-month ECL is the portion of ECL that results from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement methods of ECLs used by the Group in the above areas are set out in Note 39(a).

Presentation of ECLs

ECL is remeasured at each end of the reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(e) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

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For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(10) Financial instruments (Continued)

(e) Fair value measurement principles (Continued)

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, it is the current asking price. The quoted prices from an active market are prices that are readily and regularly available from an exchange, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instruments with similar terms and conditions at the end of the reporting period. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(f) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt instrument at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

Notes to the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(10) Financial instruments (Continued)

(g) Offsetting

Financial assets and financial liabilities are generally presented separately in the statement of financial position and are not offset. However, a financial asset and a financial liability are offset, and the net amount is presented in the statement of financial position when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts; and
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(11) Financial assets held under resale and repurchase agreements

Financial assets purchased under agreements to resell are not reported as purchases of the assets but as receivables and are carried in the statement of financial position at amortised cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

(12) Investment in a subsidiary

In the Group's consolidated financial statements, investment in a subsidiary is accounted for in accordance with the principles described in Note 2(6).

In the Bank's financial statements, investment in a subsidiary is accounted for using the cost method. An investment in a subsidiary acquired other than through a business combination is initially recognised at actual payment cost if the Bank acquires the investment by cash. The investment is stated at cost less impairment loss (see Note 2(18)) in the statement of financial position. Except for declared but not yet distributed cash dividends or profit distributions that have been included in the price or consideration paid-in obtaining the investments, the Group recognises its share of the cash dividends or profit distributions declared by the investees as investment income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(13) Property and equipment and construction in progress

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment loss (see Note 2(17)). Construction in progress is stated in the statement of financial position at cost less impairment loss (see Note 2(17)).

The cost of a purchased property and equipment comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating the use of different depreciation rates or methods, they are recognised as a separate item of property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognised in the cost of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The Group's property and equipment are depreciated using the straight-line method over their estimated useful lives, after considering their estimated residual values and accumulated impairment loss. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	10 – 20 years	3%	4.85% – 9.70%
Motor vehicles	4 years	3%	24.25%
Electronic equipment	3 – 10 years	3%	9.70% – 32.33%
Office equipment	3 – 20 years	3%	4.85% – 32.33%

Estimated useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end by the Group.

Notes to the Consolidated Financial Statements

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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(14) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(a) As a lessee

At the commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

Except for short-term leases and leases of low-value assets, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(14) Leases (Continued)

(a) As a lessee (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "other assets" and lease liabilities in "other liabilities" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(15) Intangible assets

The intangible assets of the Group have finite useful lives. The intangible assets are stated at cost less accumulated amortisation and impairment loss (see Note 2(17)). The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets are as follows:

Computer software and system development	2 – 10 years
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(16) Repossessed assets

Repossessed assets refer to the real assets or property rights paid by the debtor, guarantor or third party when the Group exercises the creditor's right or real right of guarantee in accordance with the law. Repossessed assets are initially recognised at fair value of assets not retained plus tax and related costs when they are obtained as the compensation for the loans' principal and interest. Subsequent measurement shall be made according to the lower amount of book value and fair value minus disposal expense. Repossessed assets do not depreciate or amortise.

(17) Allowances for impairment losses on non-financial assets

The carrying amounts of the following assets are reviewed at the end of the reporting period based on the internal and external sources of information to determine whether there is any indication of impairment:

- property and equipment
- construction in progress
- intangible assets
- investment in a subsidiary

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about keeping or disposing of the Group's assets.

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called "asset") is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(17) Allowances for impairment losses on non-financial assets (Continued)

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing to use the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

(18) Employee benefits

(a) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Such schemes are arranged or regulated by PRC local government and pursuant to the applicable laws and regulations, the Group could not use any forfeited contributions to reduce the existing level of contributions.

The defined contribution retirement plans of the Group include social pension schemes and an annuity plan.

Social pension schemes

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Annuity plan

The Group provides an annuity plan to the eligible employees. The Group makes annuity contributions in proportion to its employees' total salaries and bonuses, which are charged to profit or loss when the contributions are made.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(18) Employee benefits (Continued)

(a) Short-term employee benefits and contributions to defined contribution retirement plans (Continued)

Housing fund and other social insurances

In addition to the retirement benefits above, the Group has joined social security contribution schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurance schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.

(b) Supplementary retirement benefits

Early retirement plan

The Group provides early retirement benefit payments to employees who voluntarily agreed to retire early for the period from the date of early retirement to the regulated retirement date. The benefit is discounted to determine the present value based on certain assumptions. The calculation is performed by a qualified actuary using the projected unit credit method. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss when incurred.

Supplementary retirement plan

The Group provides a supplementary retirement plan to its eligible employees. The Group's obligations in respect of the supplementary retirement plan are calculated by estimating the present value of the total amount of future benefits that the Group is committed to paying to the employees after their retirement. The calculation is performed by the qualified and independent actuaries, Willis Towers Watson Consulting Co., Ltd. (Fellow of Society of Actuaries) using the projected unit credit method. Such obligations were discounted at the interest yield of government bonds with similar duration at the reporting date. The related service cost and net interest from the retirement plan are recognised in profit or loss, and the actuarial gains and losses arising from remeasurements are recognised in other comprehensive income.

Early retirement plan and supplementary retirement plan thereafter are collectively referred to as "supplementary retirement benefits". Except for the above mentioned, the Group has no significant responsibilities to pay any other retirement benefits to employees.

Notes to the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(19) Deferred tax

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investment in a subsidiary to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting periods and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(19) Deferred tax (Continued)

Current tax balances and deferred tax balances, and the movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(20) Financial guarantees, provisions and contingent liabilities

(a) Financial guarantees

In terms of off-balance sheet credit commitments, the Group applies the expected credit loss model to measure the losses caused by particular debtors incapable of paying due debts, which are present in provisions. See Note 2(10)(d) for the description of the expected credit loss model.

(b) Other provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(21) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Group, and the Group grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

(22) Income recognition

Income is the gross inflow of economic benefit in the periods arising in the course of the Group’s ordinary activities when the inflows result in an increase in shareholders’ equity, other than an increase relating to contributions from shareholders.

Income is recognised when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

The following is the description of accounting policies regarding income from the Group’s principal activities:

(a) Interest income

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(22) Income recognition (Continued)

(a) Interest income (Continued)

Interest on the impaired assets is recognised using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss.

(b) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the economic benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance or;
- The Group does not provide service with an alternative use, and the Group has an enforceable right to payment for performance completed to date.

In other cases, the Group recognises revenue at the point in time when a customer obtains control of the promised services.

(c) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(23) Expenses recognition

(a) Interest expense

Interest expense from financial liabilities is accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate, recognised within the corresponding period.

(b) Other expenses

Other expenses are recognised on an accrual basis.

(24) Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of the reporting period are not recognised as a liability at the end of the reporting period but disclosed separately in the notes to the financial statements.

(25) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(26) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(27) Significant accounting estimates and judgements

In the process of applying the Group's accounting policies, management has used its judgements and made assumptions of the effects of uncertain future events on the financial statements. The most significant use of judgements and key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below.

(a) Measurement of expected credit losses

The measurement of the expected credit loss allowance for the investment in financial assets and debt instruments measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Forward-looking information of the ECL model.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 39(a) credit risk.

(b) Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis, and option pricing models. Valuation models established by the Group make a maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(27) Significant accounting estimates and judgements (Continued)

(c) Deferred taxes

Determining deferred tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) Impairment of non-financial assets

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset (the asset group) may not be obtained reliably, the fair value of the asset may not be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the asset's selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

(e) Depreciation and amortisation

Property and equipment and intangible assets are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(27) Significant accounting estimates and judgements (Continued)

(f) Judgement in assessing control over structured entities

Management applies its judgement to determine whether the control indicators set out in Note 2(6) indicate that the Group controls a non-principal guaranteed wealth management products, investment funds, etc.

The Group is involved with structured entities in its normal business course, and the Group determines whether or not to consolidate those structured entities depending on whether the Group has control over them. When assessing control over structured entities, the Group takes consideration of power arising from rights it directly owns or indirectly owns through subsidiaries (including controlled structured entities), variable returns, and the link between power and returns.

For all these structured entities managed by the Group, the Group's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Group has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

For further disclosure in respect of unconsolidated non-principal guaranteed wealth management products, investment funds, etc, in which the Group has an interest or for which it is a sponsor, see Note 43.

(28) Taxation

The principal income and other taxes to which the Group is subject are listed below:

Taxes	Statutory rates	Tax basis
Corporate income tax	25%	Taxable income
Value-added tax	6%	Taxable added value
City construction and maintenance tax	7% or 5%	Turnover tax paid
Education surcharges	3%	Turnover tax paid

Notes to the Consolidated Financial Statements

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3. NET INTEREST INCOME

	2024	2023
Interest income arising from		
Deposits with the central bank	241,721	225,522
Deposits with banks and other financial institutions	44,246	39,651
Placements with banks and other financial institutions	504,811	287,239
Financial assets held under resale agreements	619,140	499,842
Loans and advances to customers		
– Corporate loans and advances	6,016,149	6,026,424
– Personal loans	1,243,250	1,256,814
– Discounted bills	715,972	862,758
Financial investments	2,319,750	2,416,618
Subtotal	11,705,039	11,614,868
Interest expense arising from		
Due to the central bank	(46,634)	(43,476)
Deposits from banks and other financial institutions	(864)	(1,208)
Placements from banks and other financial institutions	(3,289)	(13,808)
Financial assets sold under repurchase agreements	(300,347)	(376,018)
Deposits from customers	(6,553,739)	(6,364,537)
Bonds issued	(610,825)	(579,603)
Subtotal	(7,515,698)	(7,378,650)
Net interest income	4,189,341	4,236,218

Interest income arising from loans and advances to customers included RMB92 million for the year ended 31 December 2024 with respect to the accreted interest on credit-impaired loans (for the year ended 31 December 2023: RMB82 million).

Notes to the Consolidated Financial Statements

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4. NET FEE AND COMMISSION INCOME

(a) Income and expense streams:

	2024	2023
Fee and commission income		
Wealth management business fees	290,160	204,395
Acceptance and guarantee service fees	150,520	175,997
Bank card service fees	104,906	148,694
Settlement and clearing fees	86,579	219,225
Agency service fees and others	68,603	112,627
Subtotal	700,768	860,938
Fee and commission expense		
Settlement and clearing fees	(33,372)	(44,464)
Bank card service fees	(23,719)	(71,208)
Agency service fees and others	(16,981)	(42,411)
Subtotal	(74,072)	(158,083)
Net fee and commission income	626,696	702,855

(b) Disaggregation of income:

	2024		2023	
	At a point in time	Over time	At a point in time	Over time
Settlement and clearing fees	86,579	–	219,225	–
Wealth management business fees	–	290,160	–	204,395
Acceptance and guarantee service fees	–	150,520	–	175,997
Bank card service fees	101,877	3,029	123,127	25,567
Agency service fees and others	68,603	–	112,251	376
Total	257,059	443,709	454,603	406,335

Notes to the Consolidated Financial Statements

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5. NET TRADING GAINS

	2024	2023
Net gains/(losses) from funds	144,687	(19,421)
Net gains/(losses) from equity investments	84,809	(23,306)
Net gains from debt securities	19,329	24,716
Net (losses)/gains from interbank deposits issued	(119)	288
Exchange losses	(1,784)	(1,742)
Net losses from investment management products	(131,682)	(59,043)
Total	115,240	(78,508)

6. NET GAINS ARISING FROM INVESTMENT SECURITIES

	2024	2023
Net gains on financial investments measured at fair value through profit or loss	511,599	679,257
Net gains on financial investments measured at fair value through other comprehensive income	160,443	67,504
Net gains on derecognition of financial investments measured at amortised cost	142,955	140,269
Total	814,997	887,030

7. OTHER OPERATING INCOME

	2024	2023
Government grants	36,773	48,404
Penalty income	1,337	1,212
Net gains on disposal of property and equipment and other assets	847	1,275
Income from long-term unwithdrawn items	832	379
Rental income	167	162
Others	4,916	3,161
Total	44,872	54,593

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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8. OPERATING EXPENSES

	2024	2023
Staff costs		
– Salaries, bonuses and allowances	989,291	1,011,464
– Social insurance and annuity	248,564	257,485
– Housing allowances	79,171	81,114
– Staff welfares	55,698	55,687
– Employee education expenses and labour union expenses	17,878	18,981
– Supplementary retirement benefits	–	970
– Others	9,276	6,649
Subtotal	1,399,878	1,432,350
Depreciation and amortisation	314,390	320,183
Taxes and surcharges	88,386	88,996
Rental and property management expenses	46,007	42,559
Other general and administrative expenses	447,639	464,323
Total	2,296,300	2,348,411

Auditor's remunerations were RMB3.30 million for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB3.98 million).

Notes to the Consolidated Financial Statements

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9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments before individual income tax of the directors and supervisors who held office during the reporting period are as follows:

	For the year ended 31 December 2024				
	Salaries ⁽¹⁾	Discretionary bonus ⁽²⁾	Remuneration paid (before tax) ⁽³⁾⁼⁽¹⁾⁺⁽²⁾	Contributions to social pension schemes and other welfares ⁽⁴⁾	Fees ⁽⁵⁾
Executive directors					
Hao Qiang	376	581	957	221	-
Zhang Yunfei	373	562	935	223	-
Wang Qi	172	129	301	209	-
Li Yanbin	-	-	-	-	-
Non-executive directors					
Wu Canming	-	-	-	-	-
Ma Hongchao	-	-	-	-	-
Liu Chenhang	-	-	-	-	-
Li Yang	-	-	-	-	-
Wang Jianjun	-	-	-	-	-
Independent non-executive directors					
Wang Liyan	-	-	-	-	200
Duan Qingshan	-	-	-	-	200
Sai Zhiyi	-	-	-	-	-
Hu Zhihong	-	-	-	-	200
Chan Ngai Sang Kenny	-	-	-	-	200
Liang Yongming	-	-	-	-	-
Suo Xuquan	-	-	-	-	-
Employees' representative supervisors					
Xie Liying	368	558	926	283	-
Wen Qingquan	219	439	658	229	-
Su Hua	207	415	622	222	-

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9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

The emoluments before individual income tax of the directors and supervisors who held office during the reporting period are as follows: (Continued)

	For the year ended 31 December 2024				
	Salaries ⁽¹⁾	Discretionary bonus ⁽²⁾	Remuneration paid (before tax) ⁽³⁾⁼⁽¹⁾⁺⁽²⁾	Contributions to social pension schemes and other welfares ⁽⁴⁾	Fees ⁽⁵⁾
External supervisors					
Zhuo Zeyuan	-	-	-	-	200
Wu Jun	-	-	-	-	200
Bai Guangwei	-	-	-	-	200
Shareholders' representative supervisors					
Wang Weiping	-	-	-	-	-
Pang Zhengyu	-	-	-	-	-
Xu Jin	-	-	-	-	-
Former non-executive directors					
Li Shishan	-	-	-	-	-
Total	1,715	2,684	4,399	1,387	1,400

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9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

The emoluments before individual income tax of the directors and supervisors who held office during the reporting period are as follows: (Continued)

	For the year ended 31 December 2023				
	Salaries ⁽¹⁾	Discretionary bonus ⁽²⁾	Remuneration paid (before tax) ⁽³⁾⁼⁽¹⁾⁺⁽²⁾	Contributions to social pension schemes and other welfares ⁽⁴⁾	Fees ⁽⁵⁾
Executive directors					
Hao Qiang	350	679	1,029	162	-
Zhang Yunfei	327	1,000	1,327	165	-
Non-executive directors					
Li Shishan	-	-	-	-	-
Ma Hongchao	-	-	-	-	-
Liu Chenhang	-	-	-	-	-
Li Yang	-	-	-	-	-
Wang Jianjun	-	-	-	-	-
Independent non-executive directors					
Wang Liyan	-	-	-	-	200
Duan Qingshan	-	-	-	-	200
Sai Zhiyi	-	-	-	-	-
Hu Zhihong	-	-	-	-	100
Chan Ngai Sang Kenny	-	-	-	-	100
Employees' representative supervisors					
Xie Liying	325	644	969	222	-
Wen Qingquan	219	551	770	209	-
Su Hua	189	235	424	195	-
External supervisors					
Zhuo Zeyuan	-	-	-	-	200
Wu Jun	-	-	-	-	200
Bai Guangwei	-	-	-	-	200
Shareholders' representative supervisors					
Wang Weiping	-	-	-	-	-
Pang Zhengyu	-	-	-	-	-
Xu Jin	-	-	-	-	-

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9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

The emoluments before individual income tax of the directors and supervisors who held office during the reporting period are as follows: (Continued)

	For the year ended 31 December 2023 (Continued)				
	Salaries ⁽¹⁾	Discretionary bonus ⁽²⁾	Remuneration paid (before tax) ⁽³⁾⁼⁽¹⁾⁺⁽²⁾	Contributions to social pension schemes and other welfares ⁽⁴⁾	Fees ⁽⁵⁾
Former independent non-executive directors					
Jin Haiteng	-	-	-	-	117
Sun Shihu	-	-	-	-	117
Ye Xiang	-	-	-	-	117
Former employees' representative supervisors					
Guo Zhenrong	15	171	186	77	-
Former external supervisors					
Liu Shoubao	-	-	-	-	17
Liu Min	-	-	-	-	17
Total	1,425	3,280	4,705	1,030	1,585

There was no amount paid during the reporting period to the directors in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join the Group. There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the reporting period.

Notes:

- At the extraordinary general meeting of shareholders held on 27 December 2024, Li Yanbin was elected as an executive director, Liang Yongming and Suo Xuquan were elected as independent non-executive directors. The qualifications of the directors above shall take effect upon formal approval by the Shanxi Regulatory Bureau of the National Financial Regulatory Administration. Wang Liyan and Sai Zhiyi will continue to perform their duties as independent non-executive directors until Liang Yongming and Suo Xuquan obtain approval for the qualifications of directors by the Shan Regulatory Bureau.
- At the general meeting of shareholders held on 20 Jun 2024, Wang Qi was elected as an executive director, Wu Canming was elected as a non-executive director. The Shanxi Regulatory Bureau of the National Financial Regulatory Administration has approved Mr. Wang's qualification as an executive director of the Bank and Mr. Wu's qualification as a non-executive director of the Bank, taking effect on 27 December 2024.
- On 27 December 2024, when Wu Canming's qualification for the position was approved, Li Shishan no longer served as a non-executive director.
- At the extraordinary general meeting of shareholders held on 22 December 2022, Ma Hongchao was elected as a non-executive director, Hu Zhihong and Chan Ngai Sang Kenny were elected as independent non-executive directors. The Shanxi Regulatory Bureau of the former China Banking and Insurance Regulatory Commission has approved Mr. Ma's qualification as a non-executive director of the Bank, Ms. Hu's and Mr. Chan's qualifications as independent non-executive directors of the Bank, taking effect on 25 June 2023.

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10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2024, the five individuals with highest emoluments did not include any directors and supervisors of the Bank.

The emoluments for the five highest paid individuals for the year ended 31 December 2024 are as follows:

	2024	2023
Salaries and other emoluments	1,293	1,461
Discretionary bonuses	7,294	8,966
Contributions to pension schemes	197	185
Others	833	794
Total	9,617	11,406

The numbers of these individuals whose emoluments are within the following bands are set out below:

	2024	2023
HKD1,000,001 – 1,500,000	–	–
HKD1,500,001 – 2,000,000	2	1
HKD2,000,001 – 2,500,000	2	2
HKD2,500,001 – 3,000,000	1	1
HKD3,000,001 – 3,500,000	–	–
HKD3,500,001 – 4,000,000	–	1
HKD4,000,001 – 4,500,000	–	–
HKD4,500,001 – 5,000,000	–	–
HKD5,000,001 and above	–	–

None of these individuals received any inducement to join or upon joining the Group or as compensation for loss of office, or waived any emoluments during the reporting period.

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11. IMPAIRMENT LOSSES ON CREDIT

	2024	2023
Loans and advances to customers	1,783,239	959,069
Placements with banks and other financial institutions	40,710	20,672
Credit commitments	14,113	(29,454)
Deposits with banks and other financial institutions	3,842	(220)
Financial assets held under resale agreements	169	2
Financial investments measured at fair value through other comprehensive income	(918)	20
Financial investments measured at amortised cost	(176,759)	474,319
Others	10,476	7,622
Total	1,674,872	1,432,030

12. INCOME TAX EXPENSE

(a) Income tax expense:

	2024	2023
Current tax	510,721	351,417
Deferred tax	(441,986)	(318,078)
Total	68,735	33,339

(b) Reconciliations between income tax and accounting profit are as follows:

	2024	2023
Profit before tax	1,818,237	2,033,890
Statutory tax rate	25%	25%
Income tax calculated at the statutory tax rate	454,559	508,473
Non-deductible expenses	105,862	44,577
Non-taxable income (i)	(491,686)	(519,711)
Income tax	68,735	33,339

(i) The non-taxable income mainly represents the interest income arising from the PRC government bonds, and dividends from domestic funds.

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13. BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Net profit attributable to equity holders of the Bank	1,755,108	2,002,911
Weighted average number of ordinary shares (in thousands) (a)	5,838,650	5,838,650
Basic and diluted earnings per share attributable to equity holders of the Bank (in RMB)	0.30	0.34

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period.

(a) Weighted average number of ordinary shares (in thousands)

	2024	2023
Number of ordinary shares at the beginning of the year	5,838,650	5,838,650
Weighted average number of ordinary shares issued during the year	–	–
Weighted average number of ordinary shares	5,838,650	5,838,650

Basic earnings per share amount has been computed by taking into account the aforesaid shares subscribed by the investors during the reporting period.

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14. CASH AND DEPOSITS WITH THE CENTRAL BANK

		31 December 2024	31 December 2023
Cash on hand		223,546	318,482
Deposits with the central bank			
– Statutory deposit reserves	(a)	14,716,829	13,473,303
– Surplus deposit reserves	(b)	4,237,723	8,424,811
– Fiscal deposits		35,410	37,274
Subtotal		18,989,962	21,935,388
Interest accrued		7,288	6,667
Total		19,220,796	22,260,537

- (a) The Group places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at the end of each reporting periods, the statutory deposit reserve ratios applicable to the Bank were as follows:

	31 December 2024	31 December 2023
Reserve ratio for RMB deposits	5.00%	5.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%

The statutory deposit reserves are not available for the Group's daily business. A subsidiary of the Bank is required to place statutory RMB deposit reserve at rates determined by the PBOC.

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.

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15. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Deposits in Chinese mainland		
– Banks	630,150	967,561
– Other financial institutions	1,502,309	1,375,296
Subtotal	2,132,459	2,342,857
Deposits in Hong Kong, Macao, Taiwan and other countries and regions		
– Banks	2,039	2,423
Interest accrued	10,705	11,614
Less: Allowances for impairment losses	(4,078)	(236)
Total	2,141,125	2,356,658

16. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Placements in Chinese mainland		
– Other financial institutions	19,290,000	13,500,000
Subtotal	19,290,000	13,500,000
Interest accrued	263,919	201,611
Less: Allowances for impairment losses	(67,877)	(27,167)
Total	19,486,042	13,674,444

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17. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2024	31 December 2023
In Chinese mainland		
– Banks	28,198,066	40,323,586
– Other financial institutions	–	1,190,975
Subtotal	28,198,066	41,514,561
Interest accrued	–	322
Less: Allowances for impairment losses	(172)	(3)
Total	28,197,894	41,514,880

(b) Analysed by type of collateral held

	31 December 2024	31 December 2023
Debt securities		
– Government	–	1,299,700
– Policy banks	–	2,290,975
Subtotal	–	3,590,675
Bank acceptances	28,198,066	37,923,886
Interest accrued	–	322
Less: Allowances for impairment losses	(172)	(3)
Total	28,197,894	41,514,880

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18. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	31 December 2024	31 December 2023
Loans and advances to customers measured at amortised cost:		
Corporate loans and advances	127,307,546	120,284,397
Personal loans		
– Residential mortgage loans	24,550,251	22,983,722
– Personal consumption loans	4,469,144	2,938,696
– Personal business loans	1,329,467	1,294,562
– Credit cards	3,934,869	4,602,703
Subtotal	34,283,731	31,819,683
Interest accrued	1,012,194	951,933
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(7,322,837)	(6,778,302)
Subtotal	155,280,634	146,277,711
Loans and advances to customers measured at fair value through other comprehensive income:		
Discounted bills	39,822,854	39,332,036
Subtotal	39,822,854	39,332,036
Net loans and advances to customers	195,103,488	185,609,747

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18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Loans and advances to customers (excluding interest accrued) analysed by industry sector

	31 December 2024		
	Amount	Percentage	Loans and advances secured by collateral
Manufacturing	39,910,923	19.82%	4,814,333
Mining	27,366,428	13.59%	6,721,135
Wholesale and retail trade	12,753,347	6.33%	3,688,275
Leasing and commercial services	10,789,923	5.36%	1,008,300
Real estate	8,713,651	4.33%	2,905,545
Construction	8,459,554	4.20%	862,689
Production and supply of electric power, heating, gas and water	7,100,744	3.53%	154,925
Water, environment and public utility management	3,673,637	1.82%	637,300
Transportation, storage and postal services	3,148,413	1.56%	559,475
Financial services	1,572,454	0.78%	285,000
Lodging and catering	367,580	0.18%	84,916
Education	168,275	0.08%	122,141
Agriculture, forestry, animal husbandry and fishery	81,996	0.04%	9,685
Others	3,200,621	1.59%	2,025,151
Subtotal of corporate loans and advances	127,307,546	63.21%	23,878,870
Personal loans	34,283,731	17.02%	19,072,739
Discounted bills	39,822,854	19.77%	39,822,854
Total of loans and advances to customers	201,414,131	100.00%	82,774,463

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18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Loans and advances to customers (excluding interest accrued) analysed by industry sector (Continued)

	31 December 2023		
	Amount	Percentage	Loans and advances secured by collateral
Manufacturing	43,960,904	22.96%	5,847,622
Mining	23,610,552	12.33%	5,580,021
Wholesale and retail trade	10,089,887	5.27%	2,916,313
Leasing and commercial services	8,985,826	4.69%	1,635,604
Real estate	8,469,260	4.42%	2,399,234
Construction	6,942,448	3.63%	1,073,488
Production and supply of electric power, heating, gas and water	5,081,743	2.65%	122,150
Water, environment and public utility management	3,595,434	1.88%	417,500
Transportation, storage and postal services	3,043,886	1.59%	680,343
Financial services	2,841,378	1.48%	307,025
Lodging and catering	591,178	0.31%	338,376
Agriculture, forestry, animal husbandry and fishery	154,576	0.08%	61,112
Education	137,987	0.07%	131,637
Others	2,779,338	1.47%	1,843,964
Subtotal of corporate loans and advances	120,284,397	62.83%	23,354,389
Personal loans	31,819,683	16.62%	16,626,169
Discounted bills	39,332,036	20.55%	39,332,036
Total of loans and advances to customers	191,436,116	100.00%	79,312,594

As at the end of each reporting periods and during the reporting period, detailed information of the impaired loans and advances to customers (excluding interests accrued), the corresponding allowances and the provision and write-off of impairment losses in respect of each industry sector which constituted 10% or more of gross loans and advances to customers is as follows:

	31 December 2024					
	Credit-impaired loans and advances	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans	Impairment (reversed)/ charged during the year	Written off during the year
Manufacturing	1,127,890	1,001,816	213,560	412,893	(40,000)	13,105
Mining	430,940	647,154	341,741	160,739	345,430	-

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18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Loans and advances to customers (excluding interest accrued) analysed by industry sector (Continued)

	31 December 2023					
	Credit-impaired loans and advances	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans	Impairment charged during the year	Written off during the year
Manufacturing	327,891	1,094,153	417,891	156,225	271,462	-
Mining	-	586,094	218,110	-	94,897	-

(c) Analysed by type of collateral

	31 December 2024	31 December 2023
Unsecured loans	36,449,180	26,314,437
Guaranteed loans	82,190,488	85,809,085
Collateralised loans	32,090,375	29,073,478
Pledged loans	50,684,088	50,239,116
Subtotal	201,414,131	191,436,116
Interest accrued	1,012,194	951,933
Gross of loans and advances to customers	202,426,325	192,388,049
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(7,322,837)	(6,778,302)
Net of loans and advances to customers	195,103,488	185,609,747

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18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Overdue loans (excluding interest accrued) analysed by overdue period

31 December 2024					
	Overdue within three months (inclusive)	Overdue for more than three months to one year (inclusive)	Overdue for more than one year to three years (inclusive)	Overdue for more than three years	Total
Unsecured loans	200,204	211,264	184,197	20,048	615,713
Guaranteed loans	1,162,086	81,364	343,162	442,086	2,028,698
Collateralised loans	106,211	112,908	302,586	297,709	819,414
Pledged loans	3,742	7,070	–	5,948	16,760
Total	1,472,243	412,606	829,945	765,791	3,480,585
As a percentage of gross of loans and advances to customers	0.73%	0.21%	0.41%	0.38%	1.73%

31 December 2023					
	Overdue within three months (inclusive)	Overdue for more than three months to one year (inclusive)	Overdue for more than one year to three years (inclusive)	Overdue for more than three years	Total
Unsecured loans	90,002	149,652	273,106	37,499	550,259
Guaranteed loans	812,268	80,190	1,596,740	216,782	2,705,980
Collateralised loans	48,070	97,535	487,738	85,367	718,710
Pledged loans	300	–	5,952	9,500	15,752
Total	950,640	327,377	2,363,536	349,148	3,990,701
As a percentage of gross of loans and advances to customers	0.50%	0.17%	1.23%	0.18%	2.08%

Overdue loans represent loans of which the whole or part of the principals or interest were overdue for one day or more.

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18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(e) Loans and advances and allowances for impairment losses

	31 December 2024			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans ⁽ⁱ⁾	
Total of loans and advances to customers measured at amortised cost	149,429,740	9,608,037	3,565,694	162,603,471
Less: Allowances for impairment losses	(3,570,728)	(1,680,321)	(2,071,788)	(7,322,837)
Net of loans and advances to customers measured at amortised cost	145,859,012	7,927,716	1,493,906	155,280,634
Net of loans and advances to customers measured at fair value through other comprehensive income	39,822,854	–	–	39,822,854
Net of loans and advances to customers	185,681,866	7,927,716	1,493,906	195,103,488

	31 December 2023			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans ⁽ⁱ⁾	
Total of loans and advances to customers measured at amortised cost	142,486,468	7,157,269	3,412,276	153,056,013
Less: Allowances for impairment losses	(3,246,691)	(1,486,571)	(2,045,040)	(6,778,302)
Net of loans and advances to customers measured at amortised cost	139,239,777	5,670,698	1,367,236	146,277,711
Net of loans and advances to customers measured at fair value through other comprehensive income	39,332,036	–	–	39,332,036
Net of loans and advances to customers	178,571,813	5,670,698	1,367,236	185,609,747

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18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(e) Loans and advances and allowances for impairment losses (Continued)

- (i) The loans and advances are “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the loans and advances have occurred. Evidence that loans and advances are credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer; a breach of contract, such as overdue of principal or interest for more than 90 days; the possibility that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties, etc.

(f) Movements in allowances for impairment losses

(i) Movements in allowances for impairment losses on loans and advances to customers measured at amortised cost:

	For the year ended 31 December 2024			
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans	Total
As at 1 January	3,246,691	1,486,571	2,045,040	6,778,302
Transferred:				
– to expected credit losses over the next 12 months	159,512	(112,870)	(46,642)	–
– to lifetime expected credit losses: not credit-impaired loans	(106,514)	116,288	(9,774)	–
– to lifetime expected credit losses: credit-impaired loans	(3,942)	(372,872)	376,814	–
Charge for the year	274,981	563,204	944,136	1,782,321
Recoveries for the year	–	–	11,932	11,932
Write-offs for the year	–	–	(1,157,995)	(1,157,995)
Other changes	–	–	(91,723)	(91,723)
As at 31 December	3,570,728	1,680,321	2,071,788	7,322,837

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18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Movements in allowances for impairment losses (Continued)

(i) Movements in allowances for impairment losses on loans and advances to customers measured at amortised cost: (Continued)

	For the year ended 31 December 2023			
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans	Total
As at 1 January	2,774,583	1,345,928	1,799,650	5,920,161
Transferred:				
– to expected credit losses over the next 12 months	75,606	(55,244)	(20,362)	–
– to lifetime expected credit losses: not credit-impaired loans	(3,435)	34,100	(30,665)	–
– to lifetime expected credit losses: credit-impaired loans	(5,641)	(48,821)	54,462	–
Charge for the year	405,578	210,608	358,278	974,464
Transfer out for the year	–	–	(39,831)	(39,831)
Recoveries for the year	–	–	5,166	5,166
Other changes	–	–	(81,658)	(81,658)
As at 31 December	3,246,691	1,486,571	2,045,040	6,778,302

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18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Movements in allowances for impairment losses (Continued)

(ii) Movements in allowances for impairment of loans and advances to customers measured at fair value through other comprehensive income:

	For the year ended 31 December 2024			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans	
As at 1 January	2,354	–	–	2,354
Charge for the year	918	–	–	918
As at 31 December	3,272	–	–	3,272

	For the year ended 31 December 2023			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans	
As at 1 January	17,749	–	–	17,749
Reversal of the year	(15,395)	–	–	(15,395)
As at 31 December	2,354	–	–	2,354

Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income is recognised in other comprehensive income without decreasing the carrying amount of loans and advances to customers presented in the statement of financial position, and impairment loss or gain is recognised in profit or loss.

(g) Disposal of loans and advances to customers

During the year ended 31 December 2024, the Group did not transfer out any loans and advances to independent third parties. For the year ended 31 December 2023, the Group transferred out loans and advances with a gross amount of RMB80 million to independent third parties, and the transfer price was RMB40 million.

During the years ended 31 December 2024 and 31 December 2023, the Group did not transfer out any portfolio of customer loans and advances through the asset securitisation business.

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19. FINANCIAL INVESTMENTS

		31 December 2024	31 December 2023
Financial investments measured at fair value through profit or loss	(a)	22,212,851	11,731,796
Financial investments measured at fair value through other comprehensive income	(b)	6,830,860	4,807,100
Financial investments measured at amortised cost	(c)	77,752,482	74,276,507
Total		106,796,193	90,815,403

(a) Financial investments measured at fair value through profit or loss

		31 December 2024	31 December 2023
Bonds issued by the following institutions in Chinese mainland			
– Government		–	305,189
– Banks and other financial institutions		–	512,587
– Corporates		202,920	293,962
Subtotal		202,920	1,111,738
Interbank deposits		–	199,440
Investment funds		20,366,074	8,062,705
Investment management products		1,643,564	2,183,589
Other investments		293	174,324
Total		22,212,851	11,731,796

As at 31 December 2024 and 31 December 2023, there were no investments subject to material restrictions in the realisation.

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19. FINANCIAL INVESTMENTS (Continued)

(b) Financial investments measured at fair value through other comprehensive income

	31 December 2024	31 December 2023
Bonds issued by the following institutions in Chinese mainland		
– Government	1,491,846	723,113
– Policy banks	1,696,095	1,122,922
– Banks and other financial institutions	790,710	270,657
– Corporates	61,299	101,838
Subtotal	4,039,950	2,218,530
Interest accrued	49,478	38,717
Subtotal	4,089,428	2,257,247
Interbank deposits	1,728,537	493,454
Investment management products	710,304	871,414
Interest accrued	29,900	37,352
Subtotal	740,204	908,766
Other investments	272,691	1,147,633
Total	6,830,860	4,807,100

- (i) As at 31 December 2024 and 31 December 2023, there were no investments subject to material restrictions in the realisation.

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19. FINANCIAL INVESTMENTS (Continued)

(b) Financial investments measured at fair value through other comprehensive income (Continued)

- (ii) Movements in allowances for impairment losses on financial investments measured at fair value through other comprehensive income:

	For the year ended 31 December 2024			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired	Lifetime expected credit losses: credit-impaired	
Balance at 1 January	2,264	–	–	2,264
Reversal of the year	(918)	–	–	(918)
Balance at 31 December	1,346	–	–	1,346

	For the year ended 31 December 2023			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired	Lifetime expected credit losses: credit-impaired	
Balance at 1 January	2,244	–	–	2,244
Charge for the year	20	–	–	20
Balance at 31 December	2,264	–	–	2,264

Allowances for impairment losses on financial investments measured at fair value through other comprehensive income is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the statement of financial position, and impairment loss or gain is recognised in profit or loss.

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19. FINANCIAL INVESTMENTS (Continued)

(c) Financial investments measured at amortised cost

	31 December 2024	31 December 2023
Bonds issued by the following institutions		
in Chinese mainland (i)		
– Government	55,347,349	48,760,419
– Policy banks	13,464,756	14,105,837
– Banks and other financial institutions	4,256,149	4,573,802
– Corporates	681,252	791,339
Interest accrued	985,563	974,623
Subtotal	74,735,069	69,206,020
Interbank deposits	199,327	593,499
Investment management products	4,460,380	6,292,994
Interest accrued	3,186	6,233
Subtotal	4,463,566	6,299,227
Less: Allowances for impairment losses (ii)	(1,645,480)	(1,822,239)
Total	77,752,482	74,276,507

(i) As at the end of each reporting periods, certain debt securities were pledged for repurchase agreements (Note 42(f)).

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19. FINANCIAL INVESTMENTS (Continued)

(c) Financial investments measured at amortised cost (Continued)

(ii) Movements in allowances for impairment losses on financial investments measured at amortised cost:

	For the year ended 31 December 2024			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired	Lifetime expected credit losses: credit-impaired	
Balance at 1 January	137,234	67,151	1,617,854	1,822,239
– to expected credit losses over the next 12 months	12,551	(12,551)	–	–
Reversal of the year	(84,693)	(15,839)	(76,227)	(176,759)
Balance at 31 December	65,092	38,761	1,541,627	1,645,480

	For the year ended 31 December 2023			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired	Lifetime expected credit losses: credit-impaired	
Balance at 1 January	239,176	13,289	1,095,455	1,347,920
(Reversal of)/Charge for the year	(101,942)	53,862	522,399	474,319
Balance at 31 December	137,234	67,151	1,617,854	1,822,239

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19. FINANCIAL INVESTMENTS (Continued)

(d) Financial investments are analysed as follows

	31 December 2024	31 December 2023
Financial investments measured at fair value through profit or loss		
Debt securities		
– Listed	94,018	1,014,990
– Unlisted	108,902	96,748
Interbank deposits		
– Listed	–	199,440
Fund investments and others		
– Listed	293	174,324
– Unlisted	22,009,638	10,246,294
Subtotal	22,212,851	11,731,796
Financial investments measured at fair value through other comprehensive income		
Debt securities		
– Listed	4,089,428	2,257,247
Interbank deposits		
– Listed	1,728,537	493,454
Investment management products and others		
– Listed	251,965	1,074,139
– Unlisted	760,930	982,260
Subtotal	6,830,860	4,807,100
Financial investments measured at amortised cost		
Debt securities		
– Listed	74,591,282	69,058,162
– Unlisted	140,952	111,887
Interbank deposits		
– Listed	199,319	593,346
Investment management products		
– Unlisted	2,820,929	4,513,112
Subtotal	77,752,482	74,276,507
Total	106,796,193	90,815,403

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For the year ended 31 December 2024
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19. FINANCIAL INVESTMENTS (Continued)

(d) Financial investments are analysed as follows: (Continued)

	31 December 2024	31 December 2023
Listed	80,954,842	74,865,102
Unlisted	25,841,351	15,950,301
Total	106,796,193	90,815,403

Debt securities traded in the interbank market of Chinese mainland are included in “Listed”. Interbank deposits traded in the interbank market of Chinese mainland are classified as “Listed”.

20. INTEREST IN AN ASSOCIATE

	31 December 2024	31 December 2023
Interest in an associate	369,769	343,551

The following table contains information about the Group’s associate which is immaterial to the Bank and is an unlisted corporate entity whose quoted market price is not available:

Name	Percentages of equity/voting rights		Place of incorporation/ registration	Business sector
	31 December 2024	31 December 2023		
Jinshang Consumer Finance Co., Ltd.	40%	40%	Shanxi, China	Consumer finance

In February 2016, the Bank and other third-party shareholders jointly established Jinshang Consumer Finance Co., Ltd. (“Jinshang Consumer Finance”), which was registered in Taiyuan, Shanxi, China with its main business operating in Chinese mainland. The registered capital of Jinshang Consumer Finance amounted to RMB500 million and the Bank holds 40% of the equity of Jinshang Consumer Finance. As at 31 December 2024, Jinshang Consumer Finance had share capital of RMB500 million.

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20. INTEREST IN AN ASSOCIATE (Continued)

The following tables illustrate the financial information of the Group's associate that is not individually material:

	31 December 2024	31 December 2023
Total amount of the individually immaterial associate in the statement of financial position of the Bank	369,769	343,551
	2024	2023
Total amounts of the Bank's share of results of the associate		
– Profit from continuing operations	26,218	12,143
– Total comprehensive income	26,218	12,143

21. INVESTMENT IN A SUBSIDIARY

	31 December 2024	31 December 2023
Qingxu Jinshang Village and Township Bank Co., Ltd.	25,500	25,500

Qingxu Jinshang Village and Township Bank Co., Ltd. was incorporated on 19 January 2012, which was registered in Taiyuan, Shanxi, China with registered capital of RMB50 million. The principal activities of Qingxu Village and Township Bank are operating in Chinese mainland, and it is a corporate legal entity and a non-wholly-owned subsidiary of the Bank. As at 31 December 2024 and 31 December 2023, the Bank held the provision of 51% of equity interests and voting rights of Qingxu Village and Township Bank. As at 31 December 2024, Qingxu Village and Township Bank had share capital of RMB50 million.

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22. PROPERTY AND EQUIPMENT

	Premises	Office equipment	Motor vehicles	Electronic equipment	Leasehold improvements	Total
Cost						
As at 1 January 2023	1,701,746	57,703	13,461	526,220	389,684	2,688,814
Additions	72,870	4,107	–	41,172	18,140	136,289
Disposals	–	(1,166)	–	(23,070)	–	(24,236)
As at 31 December 2023	1,774,616	60,644	13,461	544,322	407,824	2,800,867
Additions	12,062	4,065	–	39,373	13,141	68,641
Disposals	–	(1,165)	–	(32,900)	–	(34,065)
As at 31 December 2024	1,786,678	63,544	13,461	550,795	420,965	2,835,443
Accumulated depreciation						
As at 1 January 2023	(514,302)	(41,499)	(12,279)	(448,025)	(352,876)	(1,368,981)
Charge for the year	(83,400)	(5,904)	(493)	(44,494)	(14,650)	(148,941)
Disposals	–	1,093	–	22,370	–	23,463
As at 31 December 2023	(597,702)	(46,310)	(12,772)	(470,149)	(367,526)	(1,494,459)
Charge for the year	(86,390)	(5,682)	(285)	(33,784)	(17,169)	(143,310)
Disposals	–	1,127	–	31,907	–	33,034
As at 31 December 2024	(684,092)	(50,865)	(13,057)	(472,026)	(384,695)	(1,604,735)
Net book value						
As at 31 December 2023	1,176,914	14,334	689	74,173	40,298	1,306,408
As at 31 December 2024	1,102,586	12,679	404	78,769	36,270	1,230,708

As at 31 December 2024, the net book values of premises of which title deeds were not yet finalised totalled RMB124 million (31 December 2023: RMB134 million). The Group is still in the progress of applying for the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant costs in obtaining the title deeds.

The net book values of premises as at the end of each reporting periods are analysed by the remaining term of lease as follows:

	31 December 2024	31 December 2023
Held in Chinese mainland		
– Medium-term leases (10-20 years)	1,102,586	1,176,914

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23. DEFERRED TAX ASSETS

(a) Analysed by nature

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets				
– Allowance for impairment losses	8,600,056	2,150,014	7,160,668	1,790,167
– Accrued staff costs	952,932	238,233	881,956	220,489
– Fair value changes of financial assets	53,820	13,455	–	–
– Others	1,052,520	263,130	880,716	220,179
Subtotal	10,659,328	2,664,832	8,923,340	2,230,835
Deferred income tax liabilities				
– Fair value changes of financial assets	–	–	(131,444)	(32,861)
– Others	(603,132)	(150,783)	(474,592)	(118,648)
Subtotal	(603,132)	(150,783)	(606,036)	(151,509)
Net balances	10,056,196	2,514,049	8,317,304	2,079,326

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23. DEFERRED TAX ASSETS (Continued)

(b) Movements in deferred tax

	Allowance for impairment losses ⁽ⁱ⁾	Accrued staff costs	Net (gains)/ losses on fair value changes ⁽ⁱⁱ⁾	Others	Net balance of deferred tax assets
As at 1 January 2023	1,472,609	210,468	(69,556)	161,888	1,775,409
Recognised in profit or loss	317,558	9,596	55,125	(60,357)	321,922
Recognised in other comprehensive income	–	425	(18,430)	–	(18,005)
As at 31 December 2023	1,790,167	220,489	(32,861)	101,531	2,079,326
Recognised in profit or loss	359,847	17,234	54,089	10,816	441,986
Recognised in other comprehensive income	–	510	(7,773)	–	(7,263)
As at 31 December 2024	2,150,014	238,233	13,455	112,347	2,514,049

Notes:

- (i) The Group made allowances for impairment losses on loans and advances to customers and other assets. The allowances for impairment losses was determined based on the expected recoverable amount of the relevant assets at the end of the reporting period. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amount of qualifying assets at the end of the reporting period, together with write-offs which fulfil specific criteria as set out in the PRC tax rules and are approved by the tax authorities.
- (ii) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.

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24. OTHER ASSETS

		31 December 2024	31 December 2023
Accounts receivable and prepayments		361,528	411,328
Intangible assets	(a)	345,966	344,339
Right-of-use assets	(b)	303,055	311,521
Repossessed assets	(c)	183,795	184,555
Land use rights	(d)	56,505	58,271
Interest receivables	(e)	30,791	30,013
Long-term deferred expenses		13,435	16,563
Subtotal		1,295,075	1,356,590
Less: Allowances for impairment losses		(49,631)	(12,513)
Total		1,245,444	1,344,077

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24. OTHER ASSETS (Continued)

(a) Intangible assets

	Computer software and system development
Cost	
As at 1 January 2023	542,214
Additions	116,433
Disposals	(490)
As at 31 December 2023	658,157
Additions	68,033
Disposals	(1,025)
As at 31 December 2024	725,165
Accumulated amortisation	
As at 1 January 2023	(252,589)
Charge for the year	(61,576)
Disposals	347
As at 31 December 2023	(313,818)
Charge for the year	(65,530)
Disposals	149
As at 31 December 2024	(379,199)
Net book value	
As at 31 December 2023	344,339
As at 31 December 2024	345,966

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24. OTHER ASSETS (Continued)

(b) Right-of-use assets

	Premises
Cost	
As at 1 January 2023	737,319
Additions	101,695
Deductions	(39,007)
As at 31 December 2023	800,007
Additions	109,461
Deductions	(28,484)
As at 31 December 2024	880,984
Accumulated depreciation	
As at 1 January 2023	(398,781)
Charge for the year	(111,746)
Disposals	22,041
As at 31 December 2023	(488,486)
Charge for the year	(105,395)
Disposals	15,952
As at 31 December 2024	(577,929)
Net book value	
As at 31 December 2023	311,521
As at 31 December 2024	303,055

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24. OTHER ASSETS (Continued)

(c) Repossessed assets

	31 December 2024	31 December 2023
Land use rights and buildings	183,795	184,555
Less: Allowances for impairment losses	(29,573)	(1,709)
Net balances	154,222	182,846

(d) Land use rights

The net value of land use rights is analysed based on the remaining term of lease as follows:

	31 December 2024	31 December 2023
For land located in Chinese mainland: 10-35 years	56,505	58,271

The Group's right-of-use assets include the above-mentioned fully prepaid land use rights and other right-of-use assets disclosed in Note 24(b).

The amortisation period of the Group's land use rights is between 10 and 35 years.

(e) Interest receivables

	31 December 2024	31 December 2023
Interest receivables arising from: Loans and advances to customers	30,791	30,013
Total	30,791	30,013

As at 31 December 2024 and 31 December 2023, interest receivables only included interest that has been due for the relevant financial instruments but not yet received at the end of the reporting period. Interest on financial instruments based on the effective interest method has been reflected in the balances of the corresponding financial instruments.

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25. DUE TO THE CENTRAL BANK

	31 December 2024	31 December 2023
Due to the central bank	2,820,145	1,725,290
Interest accrued	1,479	932
Total	2,821,624	1,726,222

26. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Deposits in Chinese mainland		
– Banks	903	1,038
– Other financial institutions	48,298	45,207
Subtotal	49,201	46,245
Interest accrued	633	671
Total	49,834	46,916

27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2024	31 December 2023
In Chinese mainland		
– Banks	9,818,000	20,609,688
– Other financial institutions	517,984	1,450,303
Subtotal	10,335,984	22,059,991
Interest accrued	7,465	18,698
Total	10,343,449	22,078,689

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27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (Continued)

(b) Analysed by type of collateral held

	31 December 2024	31 December 2023
Debt securities	9,818,000	14,607,300
Bank acceptances	517,984	7,452,691
Subtotal	10,335,984	22,059,991
Interest accrued	7,465	18,698
Total	10,343,449	22,078,689

28. DEPOSITS FROM CUSTOMERS

	31 December 2024	31 December 2023
Demand deposits		
– Corporate customers	49,483,431	57,557,248
– Individual customers	15,104,756	14,452,632
Subtotal	64,588,187	72,009,880
Time deposits		
– Corporate customers	76,309,924	70,109,318
– Individual customers	142,677,247	119,394,954
Subtotal	218,987,171	189,504,272
Pledged deposits		
– Acceptances	14,427,590	15,340,401
– Letters of credit and guarantee	2,276,320	2,498,124
– Letters of guarantee	18,165	31,800
– Others	531,013	1,305,226
Subtotal	17,253,088	19,175,551
Fiscal deposits	11	12
Inward and outward remittances	34,631	392,227
Accrued interest	9,464,775	7,168,423
Total	310,327,863	288,250,365

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29. BONDS ISSUED

		31 December 2024	31 December 2023
Interbank deposits issued	(a)	19,864,487	19,736,643
Tier-two capital bonds issued	(b)	1,999,491	1,999,148
Subtotal		21,863,978	21,735,791
Interest accrued		90,100	90,100
Total		21,954,078	21,825,891

(a) Interbank deposits issued

- (i) During the year ended 31 December 2024, the Bank issued a number of certificates of interbank deposits with a total nominal amount of RMB39,590 million and maturity between 1 and 12 months. The coupon interest rates ranged from 1.73% to 2.50% per annum.
- (ii) During the year ended 31 December 2023, the Bank issued a number of certificates of interbank deposits with a total nominal amount of RMB45,550 million and maturity between 1 and 12 months. The coupon interest rates ranged from 1.78% to 2.85% per annum.
- (iii) As at 31 December 2024, the fair value of interbank deposits issued was RMB19,738 million (31 December 2023: RMB19,664 million).

(b) Tier-two capital bonds issued

- (i) In January 2021, the Bank issued ten-year fixed interest rate tier-two capital bonds with a face value of RMB2,000 million. The coupon interest rate per annum is 4.78%. The Bank had an option to redeem the bonds at the end of the fifth year.
- (ii) As at 31 December 2024, the fair value of the tier-two capital bonds issued was RMB2,057 million (31 December 2023: RMB2,058 million).

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30. OTHER LIABILITIES

		31 December 2024	31 December 2023
Accrued staff cost	(a)	953,167	896,389
Accounts payable in the process of clearance and settlement		526,917	455,755
Provisions	(b)	315,100	300,987
Lease liabilities	(c)	284,291	309,827
Other taxes payable		100,875	111,949
Deferred income		75,733	80,007
Dividend payable		71,079	86,857
Total		2,327,162	2,241,771

(a) Accrued staff cost

		31 December 2024	31 December 2023
Salary, bonuses and allowances payable		854,980	755,303
Supplementary retirement benefits payable		37,419	41,165
Pension and annuity payable		4,492	23,217
Other social insurance payable		3,608	10,754
Housing fund payable		3,955	8,816
Others		48,713	57,134
Total		953,167	896,389

Supplementary retirement benefits

The Group pays supplementary retirement benefits to eligible employees. The amount confirmed in the statement of financial position represents the discounted value of the estimated benefit liability promised to be paid at the end of the reporting period. The supplementary retirement benefits payable of the Group at the end of the relevant reporting period are actuarial assessed by independent actuary Taorui Huiyue Management Consulting (Shenzhen) Co., Ltd. using the projected unit credit method.

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30. OTHER LIABILITIES (Continued)

(a) Accrued staff cost (Continued)

Supplementary retirement benefits (Continued)

(i) *The balances of supplementary retirement benefits of the Group are as follows:*

	31 December 2024	31 December 2023
Present value of supplementary retirement benefits	37,419	41,165

(ii) *The movements of supplementary retirement benefits of the Group are as follows:*

	2024	2023
As at 1 January	41,165	40,996
Benefits paid during the year	(5,786)	(3,461)
Defined benefit cost recognised in profit or loss	–	1,930
Defined benefit cost recognised in other comprehensive income	2,040	1,700
As at 31 December	37,419	41,165

(iii) *Principal actuarial assumptions of the Group are as follows:*

Early retirement plan

	31 December 2024	31 December 2023
Discount rate	1.00%	2.25%
Mortality	Note	Note
Annual increase rate of social insurance for existing early retirees	7.00%	7.00%
Annual increase rate of living expenses, housing fund and annuity for existing early retirees	3.50%	3.50%
Annual increase rate of other allowances for existing early retirees	0.00%	0.00%

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30. OTHER LIABILITIES (Continued)

(a) Accrued staff cost (Continued)

Supplementary retirement benefits (Continued)

(iii) *Principal actuarial assumptions of the Group are as follows: (Continued)*

Supplementary retirement plan

	31 December 2024	31 December 2023
Discount rate	1.75%	2.50%
Mortality	Note	Note
Turnover rate		
More than 10 years before retirement	2.00%	2.00%
Less than 10 years before retirement	0.00%	0.00%
Annual growth rate of one-time "one-child" welfare	7.00%	7.00%

Note: As at 31 December 2024 and 31 December 2023, mortality assumptions were based on China Life Insurance Annuity Table (2010-2013) in China Life Insurance Mortality Table, which were publicly available statistical information in Chinese mainland.

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30. OTHER LIABILITIES (Continued)

(b) Provisions

		31 December 2024	31 December 2023
Expected credit losses	(i)	315,100	300,987

(i) Movements in provisions for expected credit losses are as follows:

	Year ended 31 December 2024			
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	Total
Balance at 1 January	299,010	762	1,215	300,987
Transferred				
– to expected credit losses over the next 12 months	66	(66)	–	–
– to lifetime expected credit losses not credit-impaired	(1)	1	–	–
– to lifetime expected credit losses credit-impaired	(91)	(176)	267	–
(Reversal of)/Charge for the year	(27,154)	(461)	41,728	14,113
Balance at 31 December	271,830	60	43,210	315,100

	Year ended 31 December 2023			
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	Total
Balance at 1 January	328,358	1,348	735	330,441
Transferred				
– to expected credit losses over the next 12 months	189	(189)	–	–
– to lifetime expected credit losses not credit-impaired	(23)	79	(56)	–
– to lifetime expected credit losses credit-impaired	–	(348)	348	–
(Reversal of)/Charge for the year	(29,514)	(128)	188	(29,454)
Balance at 31 December	299,010	762	1,215	300,987

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30. OTHER LIABILITIES (Continued)

(c) Lease liabilities

Undiscounted analysis of the maturity of lease liabilities:

	31 December 2024	31 December 2023
Within one year (inclusive)	101,919	120,822
Between one year and two years (inclusive)	61,849	70,852
Between two years and three years (inclusive)	43,129	41,750
Between three years and five years (inclusive)	51,256	49,888
More than five years	55,613	58,145
Total undiscounted lease liabilities	313,766	341,457
Total carrying amount	284,291	309,827

31. SHARE CAPITAL

	31 December 2024	31 December 2023
Domestic RMB ordinary shares	4,868,000	4,868,000
Offshore listed ordinary shares (H Shares)	970,650	970,650
Total	5,838,650	5,838,650

All of the above H shares are listed on The Stock Exchange of Hong Kong Limited. The par value of the domestic RMB ordinary shares and the offshore listed ordinary shares is RMB1, and these shares will enjoy the same status in terms of declaration, payment or making of all dividends or distributions.

32. OTHER EQUITY INSTRUMENTS

(a) Perpetual bonds

Outstanding financial instrument	Issue date	Accounting Classification	Initial interest rate	Issue price (RMB)	Number of shares issued (million)	Amount	Maturity date	Conversion condition	Conversion status
2024 Undated Capital Bonds	19 September 2024	Equity instruments	2.70%	100	20	2,000,000	Perpetual continuation	NiL	NiL

As at 31 December 2024, the issuance costs of the outstanding other equity instruments issued by the Bank amounted to RMB1 million (31 December 2023: NiL).

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32. OTHER EQUITY INSTRUMENTS (Continued)

(b) Main clauses of perpetual bonds

With the approvals by the relevant regulatory authorities in China, the Bank issued RMB2 billions of undated capital bonds (the “Bonds”) with write-down clauses in the domestic interbank bond market on 19 September 2024 and completed the issuance on 23 September 2024. The denomination of the Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first five years is 2.70%, which is reset every 5 years.

The duration of the Bonds is the same as the period of continuing operation period of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of relevant regulatory authorities, the Bank can redeem the Bonds in whole or in part on each distribution payment date after 5 years from the issuance date of the Bonds (inclusive the fifth distribution payment date). Upon the occurrence of a trigger event for the write-downs, with the consent of relevant regulatory authorities and without the consent of the bondholders, the Bank has the right to write down all or part of the bonds issued and existing at that time in accordance with the total par value. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated creditors; and shall rank in priority to the claims of shareholders and will rank pari passu with the claims under any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bonds are paid with non-cumulative interest. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and such cancellation shall not constitute a default. The Bank can utilise the proceeds from the cancelled distributions to meet other obligations of maturing debts at its discretion. But the Bank shall not distribute dividends to ordinary shareholders until the resumption of full interest payment.

Capital raised from the issuance of the Bonds, after deduction of transaction costs, was wholly used to replenish the Bank’s additional tier one capital and to increase its capital adequacy ratio.

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32. OTHER EQUITY INSTRUMENTS (Continued)

(c) Interests attributable to equity instruments' holders

	31 December 2024	31 December 2023
Total equity attributable to equity shareholders of the Bank	28,017,753	24,796,619
Equity attributable to ordinary shareholders of the Bank	26,017,753	24,796,619
Equity attributable to other equity instruments' holders of the Bank	2,000,000	–
Total equity attributable to non-controlling interests		
Equity attributable to non-controlling interests of ordinary shares	10,581	16,187

33. RESERVES

(a) Capital reserve

	31 December 2024	31 December 2023
Share premium	6,568,558	6,568,558
Other capital reserve	58,121	59,044
Total	6,626,679	6,627,602

(b) Surplus reserve

The surplus reserve at the end of each reporting periods represented statutory surplus reserve and discretionary surplus reserve.

Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit on an annual basis under the People's Republic of China Generally Accepted Accounting Principles (PRC GAAP) after making good of the prior year's accumulated losses to statutory surplus reserve until the balance reaches 50% of its registered capital.

The Bank appropriated an amount of RMB176 million to the statutory surplus reserve for the year ended 31 December 2024. The Bank appropriated an amount of RMB702 million to the discretionary surplus reserve, that is 35% of its net profit on an annual basis of 2023 according to the resolution of the 2023 Annual General Meeting of Shareholders. (2023: RMB201 million to the statutory surplus reserve; RMB184 million to the discretionary surplus reserve).

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33. RESERVES (Continued)

(c) General reserve

Pursuant to the “Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)” issued by the Ministry of Finance, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the balance of its gross risk-bearing assets on an annual basis. The balance of the general reserve of the Bank amounted to RMB4,222 million as at 31 December 2024(31 December 2023: RMB4,218 million).

(d) Fair value reserve

	2024	2023
As at 1 January	(42,580)	(97,869)
Changes in fair value recognised in other comprehensive income	229,507	122,384
Transfer to profit or loss upon disposal	(169,390)	(48,665)
Transfer to retained earnings upon disposal	(29,024)	–
Less: Deferred tax	(7,773)	(18,430)
As at 31 December	(19,260)	(42,580)

(e) Impairment reserve

	2024	2023
As at 1 January	3,462	14,994
Impairment losses recognised in other comprehensive income	–	(15,376)
Less: Deferred tax	–	3,844
As at 31 December	3,462	3,462

(f) Deficit on remeasurement of a net defined benefit liability

Deficit on remeasurement of a net defined benefit liability represents actuarial gains or losses, net of tax, from remeasuring the net defined benefit liability.

	2024	2023
As at 1 January	(5,340)	(4,065)
Changes in fair value recognised in other comprehensive income	(2,040)	(1,700)
Less: Deferred tax	510	425
As at 31 December	(6,870)	(5,340)

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34. RETAINED EARNINGS

(a) Appropriation of profits

In accordance with the consideration and approval at the Bank's Board of Directors Meeting on 27 March 2025, the profit appropriation of the Bank for the year ended 31 December 2024 was as follows:

- Appropriation of statutory surplus reserve based on 10% of the net profit;
- Appropriation of discretionary surplus reserve based on 55% of the net profit;
- Appropriation of general reserve amounting to approximately RMB400 million;
- Declaration of cash dividends of RMB8 (tax inclusive) per 100 shares, in an aggregate amount of approximately RMB467 million to all existing shareholders; and
- The interest accrual period for RMB undated capital bonds issued in September 2024 is from 23 September 2024 to 23 September 2025 (at an interest rate of 2.70%), and the accrued interest is RMB54 million.

The above profit appropriation will be proposed for approval at the forthcoming Annual general meeting.

In accordance with the consideration and approval at the Bank's Board of Directors Meeting on 28 March 2024, and approval at the 2023 Annual General Meeting of Shareholders held on 20 June 2024, the profit appropriation of the Bank for the year ended 31 December 2023 was as follows:

- Appropriation of statutory surplus reserve based on 10% of the net profit;
- Appropriation of discretionary surplus reserve based on 35% of the net profit;
- Appropriation of general reserve amounting to approximately RMB486 million; and
- Declaration of cash dividends of RMB10 (tax inclusive) per 100 shares, in an aggregate amount of approximately RMB584 million to all existing shareholders.

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34. RETAINED EARNINGS (Continued)

(b) Movements in components of equity

Details of the changes in the Bank's individual components of equity for the reporting period are set out below:

	Share capital	Other equity instruments	Perpetual bonds	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of a net defined benefit liability	Retained earnings	Total
Balance at 1 January 2024	5,838,650	-	6,627,602	4,361,372	4,218,230	(42,580)	3,462	(5,340)	3,803,871	24,805,267	
Changes in equity for the year											
Net profit for the year	-	-	-	-	-	-	-	-	-	1,760,887	1,760,887
Other comprehensive income	-	-	-	-	-	52,344	-	-	(1,530)	-	50,814
Total comprehensive income	-	-	-	-	-	52,344	-	-	(1,530)	1,760,887	1,811,701
Owner's contributions and reductions in capital											
- Capital contribution by other equity instruments holders	-	2,000,000	(923)	-	-	-	-	-	-	-	1,999,077
Appropriation of profits											
- Appropriation to surplus reserve	-	-	-	877,967	-	-	-	-	-	(877,967)	-
- Appropriation to general reserve	-	-	-	-	3,622	-	-	-	-	(3,622)	-
- Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(583,865)	(583,865)
Internal transfer within owner's equity											
- Other comprehensive income transferred to retained earnings	-	-	-	-	-	(29,024)	-	-	-	29,024	-
Balance at 31 December 2024	5,838,650	2,000,000	6,626,679	5,239,339	4,221,852	(19,260)	3,462	(6,870)	4,128,328	28,032,180	

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34. RETAINED EARNINGS (Continued)

(b) Movements in components of equity (Continued)

Details of the changes in the Bank's individual components of equity for the reporting period are set out below: (Continued)

	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of a net defined benefit liability	Retained earnings	Total
Balance at 1 January 2023	5,838,650	6,627,602	3,976,682	3,732,265	(97,869)	14,994	(4,065)	3,253,027	23,341,286
Changes in equity for the year									
Net profit for the year	-	-	-	-	-	-	-	2,005,364	2,005,364
Other comprehensive income	-	-	-	-	55,289	(11,532)	(1,275)	-	42,482
Total comprehensive income	-	-	-	-	55,289	(11,532)	(1,275)	2,005,364	2,047,846
Appropriation of profits									
- Appropriation to surplus reserve	-	-	384,690	-	-	-	-	(384,690)	-
- Appropriation to general reserve	-	-	-	485,965	-	-	-	(485,965)	-
- Dividends paid to shareholders	-	-	-	-	-	-	-	(583,865)	(583,865)
Balance at 31 December 2023	5,838,650	6,627,602	4,361,372	4,218,230	(42,580)	3,462	(5,340)	3,803,871	24,805,267

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35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Net (decrease)/increase in cash and cash equivalents

	2024	2023
Cash and cash equivalents as at 31 December	8,635,766	12,057,574
Less: Cash and cash equivalents at the beginning of the year	(12,057,574)	(5,150,304)
Net (decrease)/increase in cash and cash equivalents	(3,421,808)	6,907,270

(b) Cash and cash equivalents

	31 December 2024	31 December 2023
Cash on hand	223,546	318,482
Deposits with the central bank	4,237,723	8,424,811
Deposits with banks and other financial institutions	634,497	1,314,281
Placements with banks and other financial institutions	3,540,000	2,000,000
Total	8,635,766	12,057,574

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35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bonds issued (Note 29)	Interest accrued arising from bonds issued (Note 29)	Lease liabilities (Note 30)	Total
As at 1 January 2024	21,735,791	90,100	309,827	22,135,718
Changes from financing cash flows				
Net proceeds from bonds issued	39,202,962	–	–	39,202,962
Repayment of bonds issued	(39,074,775)	–	–	(39,074,775)
Interest paid on bonds issued	–	(610,825)	–	(610,825)
Repayment of lease liabilities	–	–	(121,141)	(121,141)
Interest paid on lease liabilities	–	–	(10,572)	(10,572)
Subtotal	128,187	(610,825)	(131,713)	(614,351)
Other changes				
Interest expense (Note 3)	–	610,825	–	610,825
Additions of leases	–	–	106,177	106,177
Subtotal	–	610,825	106,177	717,002
As at 31 December 2024	21,863,978	90,100	284,291	22,238,369

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35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Bonds issued (Note 29)	Interest accrued arising from bonds issued (Note 29)	Lease liabilities (Note 30)	Total
As at 1 January 2023	33,359,008	175,250	323,734	33,857,992
Changes from financing cash flows				
Net proceeds from bonds issued	45,536,783	–	–	45,536,783
Repayment of bonds issued	(57,160,000)	–	–	(57,160,000)
Interest paid on bonds issued	–	(664,753)	–	(664,753)
Repayment of lease liabilities	–	–	(114,168)	(114,168)
Interest paid on lease liabilities	–	–	(11,149)	(11,149)
Subtotal	(11,623,217)	(664,753)	(125,317)	(12,413,287)
Other changes				
Interest expense (Note 3)	–	579,603	–	579,603
Additions of leases	–	–	111,410	111,410
Subtotal	–	579,603	111,410	691,013
As at 31 December 2023	21,735,791	90,100	309,827	22,135,718

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36. CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management and capital financing management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the NFRA. The capital of the Group is divided into core tier-one capital, other tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks" and other relevant regulations promulgated by the NFRA.

The NFRA required commercial banks to meet the requirements of capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. Similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the simplified standardised approach. Operational risk-weighted assets are calculated using the basic indicator approach.

The Group has computed its capital adequacy ratios and related data in accordance with "Regulation Governing Capital of Commercial Banks". During the reporting period, the Group complied with the capital requirements imposed by the regulatory authorities.

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36. CAPITAL MANAGEMENT (Continued)

The Group's capital adequacy ratios at 31 December 2024 calculated in accordance with "Regulation Governing Capital of Commercial Banks" and relevant requirements promulgated by the NFRA; and that at 31 December 2023 calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant requirements promulgated by the former CBRC. Specific data are as follows:

	31 December 2024	31 December 2023
Total core tier-one capital		
– Share capital	5,838,650	5,838,650
– Capital reserve	6,626,679	6,627,602
– Surplus reserve	5,239,339	4,361,372
– General reserve	4,231,775	4,228,153
– Other comprehensive income	(22,668)	(44,458)
– Retained earnings	4,103,978	3,785,300
– Qualifying portions of non-controlling interests	7,766	6,041
Core tier-one capital	26,025,519	24,802,660
Core tier-one capital deductions	(345,966)	(344,339)
Net core tier-one capital	25,679,553	24,458,321
Other tier-one capital	2,001,036	805
Net tier-one capital	27,680,589	24,459,126
Tier-two capital		
– Tier-two capital instruments issued and share premium	2,000,000	2,000,000
– Surplus allowances for impairment	2,709,096	2,462,273
– Qualifying portions of non-controlling interests	2,071	1,611
Net tier-two capital	4,711,167	4,463,884
Net capital base	32,391,756	28,923,010
Total risk weighted assets	252,347,085	219,585,893
Core tier-one capital adequacy ratio	10.18%	11.14%
Tier-one capital adequacy ratio	10.97%	11.14%
Capital adequacy ratio	12.84%	13.17%

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37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

(i) Major shareholders

Major shareholders of the Bank refer to shareholders holding or controlling 5% or more of shares or voting right of the Bank, or holding less than 5% of total capital or total shares of the Bank but having significant impact on the operational management of the Bank. The significant impact mentioned above includes but not limited to dispatching directors, supervisors or senior management to the Bank, influencing the financial and operational management decisions of the Bank through agreements or other means.

As at 31 December 2024, general information and shareholdings of major shareholders are as follows:

Name	Place of registration	Registered Capital		Economic nature or type	Legal representative/head	Business scope	Number of shares	Proportion of shareholding	
		31 December 2024	31 December 2023					31 December 2024	31 December 2023
Shanxi Finance Bureau (山西省財政廳)	Taiyuan, Shanxi	N/A	N/A	Government agency	Chang Guohua	N/A	715,109	12.25%	12.25%
Huaneng Capital Services Co., Ltd. (華能資本服務有限公司)	Beijing	9,800,000	9,800,000	Limited liability company	Li Hongwei	Investment, asset management, and asset trusteeship service	600,000	10.28%	10.28%
Taiyuan Municipal Finance Bureau (太原市財政局)	Taiyuan, Shanxi	N/A	N/A	Government agency	Tian Wenhao	N/A	467,472	8.01%	7.98%
Changzhi Nanye Industry Group Co., Ltd. (長治市南樺實業集團有限公司)	Changzhi, Shanxi	520,000	520,000	Limited liability company	Fan Yunfeng	Corporate head quarters management, corporate management consulting, property service, and construction work	450,657	7.72%	7.72%
Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司)	Changzhi, Shanxi	4,198,816	4,198,816	Limited liability company	Ma Junxiang	Production and sale of coal, accommodation service, catering service, and wood processing	359,092	6.15%	6.15%
Shanxi International Electricity Group Limited Company (山西國際電力集團有限公司)	Taiyuan, Shanxi	6,000,000	6,000,000	Limited liability company	Shi Xiaowen	Electric power business, electricity generation business, and the technology consulting of power transmission project	300,000	5.14%	5.14%

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37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

(a) Related parties of the Group (Continued)

(i) Major shareholders (Continued)

As at 31 December 2024, general information and shareholdings of major shareholders are as follows:
(Continued)

Name	Place of registration	Registered Capital		Economic nature or type	Legal representative/head	Business scope	Number of shares	Proportion of shareholding	
		31 December 2024	31 December 2023					31 December 2024	31 December 2023
Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) *	Taiyuan, Shanxi	10,623,230	10,623,230	Limited liability company	Zhao Jianze	Mineral resources mining, coal mining, wholesale and retail steel	297,129	5.09%	5.09%
Changzhi Huashengyuan Mining Industry Co., Ltd. (長治市華晟源礦業有限公司)	Changzhi, Shanxi	60,000	60,000	Limited liability company	Han Shaoli	Sale of hardware, mineral and building materials	234,570	4.02%	4.02%
Jinneng Holding Equipment Manufacturing Group Co., Ltd. (晉能控股裝備製造集團有限公司)	Jincheng, Shanxi	4,195,155	3,905,196	Limited liability company	Li Jianguang	Investment with its own funds, coal wholesale and engineering survey	200,000	3.43%	3.43%

* Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) directly holds 4.99 per cent of the equity in Jinshang Bank, and its 100 per cent-owned subsidiary, Shanxi Tongpei Coal and Coke Co., Ltd. (山西統配煤礦煤焦有限公司) holds 0.10 per cent of the equity in Jinshang Bank.

The official names of these related parties are in Chinese. The English translation is for reference only.

(ii) Subsidiary of the Bank

The detailed information of the Bank's subsidiary is set out in Note 21.

(iii) Associate of the Bank

The detailed information of the Bank's associate is set out in Note 20.

(iv) Other related parties

Other related parties can be individuals or enterprises, which include: members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 37 (a) or their controlling shareholders.

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37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

(b) Transactions with related parties other than key management personnel

The Bank entered into related-party transactions in the normal course and terms of business, with pricing policies based on market prices.

(i) Transactions between the Bank and its major shareholders

	2024	2023
Transactions during the year		
Interest income	13,117	8,257
Interest expense	54,232	34,783
Net fee and commission income	1,163	861
Operating expenses	–	3
	31 December 2024	31 December 2023
Balances at the end of the year		
Loans and advances to customers	377,486	166,717
Deposits from customers	28,166,034	11,238,578
Bank acceptances	70,000	–
Letters of credit	62,500	293,750

(ii) Transactions between the Bank and its subsidiary

The subsidiary of the Bank is its related party. The transactions between the Bank and its subsidiary are eliminated on combination.

	2024	2023
Transactions during the year		
Interest expense	7,240	12,471
	31 December 2024	31 December 2023
Balances at the end of the year		
Deposits from banks and other financial institutions	212,291	493,714

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37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

(b) Transactions with related parties other than key management personnel

(Continued)

(iii) Transactions between the Bank and its associate

	2024	2023
Transactions during the year		
Interest income	37,421	36,603
Interest expense	138	280
Net fee and commission income	5,001	7,091

	31 December 2024	31 December 2023
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Balances at the end of the year		
Deposits with banks and other financial institutions	1,506,613	1,381,618
Deposits from banks and other financial institutions	1,897	4,555

(iv) Transactions between the Bank and other related parties

	2024	2023
Transactions during the year		
Interest income	1,087,728	962,358
Interest expense	104,545	167,482
Net fee and commission income	69,033	70,048
Operating expenses	4,818	6,347
Debt securities investments	100,047	150,468
Assets transferred	90,008	–

	31 December 2024	31 December 2023
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Balances at the end of the year		
Loans and advances to customers	27,483,407	21,285,216
Financial investments	857,336	1,453,211
Deposits from customers	8,404,035	13,730,550
Deposits from banks and other financial institutions	43,106	36,267
Bank acceptances	2,992,515	4,467,733
Letters of credit	613,490	1,836,600
Letters of guarantee	25,200	29,200

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37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

(c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors, the supervisory board and executive officers.

(i) Transactions between the Bank and key management personnel

	2024	2023
Transactions during the year		
Interest income	21	44
Interest expense	28	30

	31 December 2024	31 December 2023
Balances at the end of the year		
Loans and advances to customers	516	940
Deposits from customers	4,636	3,666

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is as follows

	2024	2023
Key management personnel compensation	11,973	14,378

(d) Loans and advances to key management personnel

	2024	2023
Aggregate amount of relevant loans outstanding at the end of the year	516	940
Maximum aggregate amount of relevant loans outstanding during the year	516	940

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38. SEGMENT REPORTING

The Group manages its business by business line. Being consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing, deposit taking activities, agency services, wealth management services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans, deposit taking activities, personal wealth management services and remittance services.

Treasury business

This segment covers the Group's treasury business operations, including interbank money market transactions, repurchase transactions, interbank investments and debt security trading. The financial market business segment also covers the management of the Group's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses which cannot be directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and measurement of segment income, expenses and results are based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Intra-group balances and intra-group transactions are eliminated by segment income, expenses, assets and liabilities as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting period on the acquisition of property and equipment, intangible assets and other long-term assets.

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38. SEGMENT REPORTING (Continued)

	For the year ended 31 December 2024				
	Corporate banking	Retail banking	Treasury business	Others	Total
Operating income					
External net interest income/(expense)	4,522,451	(3,100,819)	2,767,709	-	4,189,341
Internal net interest (expense)/income	(1,343,459)	4,157,953	(2,814,494)	-	-
Net interest income/(expense)	3,178,992	1,057,134	(46,785)	-	4,189,341
Net fee and commission income	279,328	329,821	17,547	-	626,696
Net trading gains	-	-	117,024	(1,784)	115,240
Net gains arising from investment securities	-	-	814,997	-	814,997
Other operating income	21,244	-	-	23,628	44,872
Operating income	3,479,564	1,386,955	902,783	21,844	5,791,146
Operating expenses	(1,059,785)	(1,040,561)	(194,334)	(1,620)	(2,296,300)
Impairment losses on credit	(1,511,269)	(296,559)	132,956	-	(1,674,872)
Impairment losses on other assets	(27,856)	(99)	-	-	(27,955)
Share of profits of an associate	-	-	-	26,218	26,218
Profit before tax	880,654	49,736	841,405	46,442	1,818,237
Segment assets	164,286,834	33,292,806	176,211,819	-	373,791,459
Deferred tax assets	-	-	-	2,514,049	2,514,049
Total assets	164,286,834	33,292,806	176,211,819	2,514,049	376,305,508
Segment liabilities	154,297,387	158,776,171	35,203,616	-	348,277,174
Total liabilities	154,297,387	158,776,171	35,203,616	-	348,277,174
Other segment information					
Depreciation and amortisation	145,200	142,565	26,625	-	314,390
Capital expenditure	63,437	62,285	11,632	-	137,354

Notes to the Consolidated Financial Statements

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38. SEGMENT REPORTING (Continued)

	For the year ended 31 December 2023				
	Corporate banking	Retail banking	Treasury business	Others	Total
Operating income					
External net interest income/(expense)	4,593,013	(2,811,553)	2,454,758	–	4,236,218
Internal net interest (expense)/income	(1,138,840)	3,908,723	(2,769,883)	–	–
Net interest income/(expense)	3,454,173	1,097,170	(315,125)	–	4,236,218
Net fee and commission income	424,933	248,452	29,470	–	702,855
Net trading gains	–	–	(76,766)	(1,742)	(78,508)
Net gains arising from investment securities	–	–	887,030	–	887,030
Other operating income	43,632	–	–	10,961	54,593
Operating income	3,922,738	1,345,622	524,609	9,219	5,802,188
Operating expenses	(1,072,450)	(1,041,029)	(196,840)	(38,092)	(2,348,411)
Impairment losses on credit	(641,808)	(295,429)	(494,793)	–	(1,432,030)
Share of profits of an associate	–	–	–	12,143	12,143
Profit before tax	2,208,480	9,164	(167,024)	(16,730)	2,033,890
Segment assets	157,421,596	30,838,636	170,965,473	–	359,225,705
Deferred tax assets	–	–	–	2,079,326	2,079,326
Total assets	157,421,596	30,838,636	170,965,473	2,079,326	361,305,031
Segment liabilities	155,642,770	134,779,510	46,069,945	–	336,492,225
Total liabilities	155,642,770	134,779,510	46,069,945	–	336,492,225
Other segment information					
Depreciation and amortisation	148,629	144,274	27,280	–	320,183
Capital expenditure	120,775	117,237	22,167	–	260,179

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39. RISK MANAGEMENT

The Group has exposure to the following risks arising from its financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

Risk management system

The Group's risk management policies were established to identify and analyse the risks to which the Group is exposed, to set appropriate risk limits, and to design relevant internal control policies and systems for monitoring risks and adhering to risk limits. Risk management policies and relevant internal control systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors is responsible for establishing and maintaining a robust and effective risk management system and determining general risk preference and risk tolerance of the Group. Based on the general strategy of the Group, the Committee of Risk Management under the Board reviews the Group's risk management system and basic principles, risk management strategies and internal control system framework; supervises and evaluates the establishment, organization, working procedures, and effectiveness of the risk management department; monitors and evaluates the risk control measures undertaken by the management in credit risk, market risk, operational risk, and other areas; identifies, monitors, controls, and periodically assesses the group's risk management status and risk tolerance capacity. Senior management led by the president will be responsible for the control of credit risk, market risk, operational risk and approval of related policies and procedures. In addition, the Group set up the Department of Risk Management, Department of Credit Examination, Department of Asset and Liability Management, Department of Law and Compliance and the Audit Department based on the requirements of general risk management to perform respective functions in risk management, strengthen risk-covering portfolio management capabilities and conduct inspection on compliance with risk management policy of internal control system on a regular or irregular basis.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

To identify, assess, monitor and manage credit risks, the Group has designed effective system frameworks, credit policies and processes for credit risk management and implemented systematic control procedures. The responsible departments for credit risk management include the Risk Management Department and the Credit Examination Department. The Risk Management Department is responsible for implementing the Group's overall risk management system, as well as risk monitoring and control. The Risk Management Department is also responsible for formulating risk management policies. The Credit Examination Department is independent from customer relationship and product management departments to ensure the independence of credit approval. Front office departments including the Department of Corporate Finance and the Personal Credit Asset Department, carry out credit businesses according to the Group's risk management policies and procedures.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and inter-bank credit businesses, the Group has formulated credit investment policies and implemented differentiated portfolio management for different industries, regions, products and customers. With respect to pre-lending evaluations, the Group assesses customers' credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit-related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.

For personal credit operation business, customer relationship managers are required to assess the income level, credit history, and repayment ability of the applicant. The customer relationship managers then forward the applications and their recommendations to the loan approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardised loan recovery procedures.

Stages of risks in financial instruments

The financial assets are categorised by the Group into the following stages to manage credit risk arising from financial assets:

- Stage 1: Financial assets have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12-month expected credit losses.
- Stage 2: Financial assets have experienced a significant increase in credit risk since origination but is not considered to be credit-impaired, impairment is recognised on the basis of lifetime expected credit losses.
- Stage 3: Financial assets that are in default and considered credit-impaired.

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Significant increase in credit risk

When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial assets has increased significantly.

If the borrower is one or more of the following criteria are met:

- the credit spread increases significantly;
- significant changes with an adverse effect that have taken place in the borrower's business, financial and economic status;
- application of a grace period or debt-restructuring;
- significant changes with an adverse effect in the borrower's business conditions;
- decrease in value of the collateral (for the collateral loans and pledged loans only);
- early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans; or
- the borrowing is more than 30 days past due.

The Group uses the above criteria to monitor credit risk of financial assets related to loans and treasury operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by management for appropriateness.

As at 31 December 2024 and 31 December 2023, the Group has not considered that any of its financial assets has lower credit risk and no longer compared the credit risk at the end of the reporting period with that at the initial recognition to identify whether there was a significant increase in credit risk.

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Definition of “default” and “credit-impaired assets”

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- the disappearance of an active market for securities because of financial difficulties of the issuer; or
- overdue more than 90 days.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.

Classification of credit risk exposures

The Group classifies credit risk exposures with sufficient information by considering factors such as product types and customer types.

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of expected credit losses (“ECLs”)

The Group adopts the ECL model to measure the allowances for impairment losses on financial assets based on the stages categorised above.

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, overdue situations, repayments.) and forward-looking information in order to establish the models for estimating PD, LGD and EAD. The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties or other credit support;
- The discount rate used in the calculation of the ECLs is the initial effective interest rate or its approximate value.

Forward-looking information included in the expected credit loss model is as follows:

Both the assessment of significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios. The Group identified the relations between these economic indicators and the probability of default historically by conducting regression analysis and regularly identified the expected probability of default by predicting the future economic indicators. In addition to a base economic scenario, the Group conducts statistical analysis with experts' judgement to determine other possible scenarios and their weights. Generally, the highest weighting is assigned to Base scenario, while lower and comparable weightings are assigned to Upside and Downside scenarios. In 2024, the key assumptions the Group has taken include Consumer Price Index (CPI) and Aggregate Financing to the Real Economy (AFRE), etc. The CPI growth rate: the predicted value under the base scenario during the year of 2024 is 0.63%, the optimistic predicted value is 1.12% and the pessimistic predicted value is 0.30%. The Group measures relevant provision for loss by the weighted 12-month ECL (for Stage 1) or the weighted lifetime ECL (for Stage 2 and Stage 3). The above weighted credit losses are calculated by multiplying the ECLs under the different scenarios by the weight of the corresponding scenarios.

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of expected credit losses (“ECLs”) (Continued)

Similar to other economic forecasts, there is highly inherent uncertainty in the assessment of estimated economic indicators and the probability of occurrence, and therefore, the actual results may be materially different from the forecasts. The Group believes that these forecasts reflect the Group’s best estimate of possible outcomes.

Other forward-looking factors not incorporated in the above scenarios, such as the impact of regulatory and legal changes, have also been taken into account. However, they were not considered to have significant impacts, and the expected credit losses were not adjusted accordingly. The Group reviews and monitors the appropriateness of the above assumptions on a regular basis.

The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses. As at 31 December 2024 and 31 December 2023, there have been no significant changes in the estimate techniques and key assumptions of the Group.

At the same time, when the management believes that the potential impact of economic fluctuations cannot be reflected by properly adjusting the model parameters above in time, the Group uses the management superposition to adjust the amount of expected credit loss.

(i) *Maximum credit risk exposure*

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as at the end of each reporting periods.

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) *Financial assets analysed by credit quality are summarised as follows:*

	31 December 2024					
	Cash and deposits with the central bank	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Loans and Advances to customers	Financial investments*	Others**
Balances of financial assets that are assessed for expected credit losses over the next 12 months						
– Overdue but not credit-impaired	-	-	-	195	-	-
– Neither overdue nor credit-impaired	19,213,508	21,424,498	28,198,066	188,666,164	82,342,800	13,918
Subtotal	19,213,508	21,424,498	28,198,066	188,666,359	82,342,800	13,918
Balances of financial assets that are not credit-impaired and assessed for lifetime expected credit losses						
– Overdue but not credit-impaired	-	-	-	330,376	-	-
– Neither overdue nor credit-impaired	-	-	-	8,851,702	165,000	2,790
Subtotal	-	-	-	9,182,078	165,000	2,790
Balances of credit-impaired financial assets that are assessed for lifetime expected credit losses						
– Overdue and credit-impaired	-	-	-	3,150,014	2,380,204	-
– Credit-impaired but not overdue	-	-	-	415,680	-	22,903
Subtotal	-	-	-	3,565,694	2,380,204	22,903
N/A	-	-	-	-	22,212,558	-
Interest accrued	7,288	274,624	-	1,012,194	1,068,127	-
Less: Allowances for impairment losses	-	(71,955)	(172)	(7,322,837)	(1,645,480)	(20,058)
Net value	19,220,796	21,627,167	28,197,894	195,103,488	106,523,209	19,553

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Financial assets analysed by credit quality are summarised as follows: (Continued)

	31 December 2023					
	Cash and deposits with the central bank	Deposits/placements with banks and other financial institutions	Financial assets held under resale agreements	Loans and Advances to customers	Financial investments*	Others**
Balances of financial assets that are assessed for expected credit losses over the next 12 months						
– Overdue but not credit-impaired	–	–	–	892	–	–
– Neither overdue nor credit-impaired	22,253,870	15,845,280	41,514,561	180,866,077	76,003,879	2,077
Subtotal	22,253,870	15,845,280	41,514,561	180,866,969	76,003,879	2,077
Balances of financial assets that are not credit-impaired and assessed for lifetime expected credit losses						
– Overdue but not credit-impaired	–	–	–	918,087	–	–
– Neither overdue nor credit-impaired	–	–	–	6,238,784	278,672	34,349
Subtotal	–	–	–	7,156,871	278,672	34,349
Balances of credit-impaired financial assets that are assessed for lifetime expected credit losses						
– Overdue and credit-impaired	–	–	–	3,071,722	2,418,737	–
– Credit-impaired but not overdue	–	–	–	340,554	–	11,441
Subtotal	–	–	–	3,412,276	2,418,737	11,441
N/A	–	–	–	–	11,557,472	–
Interest accrued	6,667	213,225	322	951,933	1,056,925	–
Less: Allowances for impairment losses	–	(27,403)	(3)	(6,778,302)	(1,822,239)	(10,804)
Net value	22,260,537	16,031,102	41,514,880	185,609,747	89,493,446	37,063

* Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments measured at amortised cost.

** Others comprise interest receivables, other receivables and other financial assets.

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Financial assets analysed by credit quality are summarised as follows: (Continued)

Financial assets (excluding interest accrued) analysed by credit quality

	31 December 2024						
	Balance			Allowances for impairment losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Financial assets measured at amortised cost							
Cash and deposits with the central bank	19,213,508	-	-	19,213,508	-	-	-
Deposits with banks and other financial institutions	2,134,498	-	-	2,134,498	(4,078)	-	-
Placements with banks and other financial institutions	19,290,000	-	-	19,290,000	(67,877)	-	-
Financial assets held under resale agreements	28,198,066	-	-	28,198,066	(172)	-	-
Loans and advances to customers	148,843,505	9,182,078	3,565,694	161,591,277	(3,570,728)	(1,680,321)	(2,071,788)
Financial investments	75,864,009	165,000	2,380,204	78,409,213	(65,092)	(38,761)	(1,541,627)
Other assets	13,918	2,790	22,903	39,611	(1,459)	(121)	(18,478)
Total	293,557,504	9,349,868	5,968,801	308,876,173	(3,709,406)	(1,719,203)	(3,631,893)
Financial assets at fair value through other comprehensive income							
Loans and advances to customers	39,822,854	-	-	39,822,854	(3,272)	-	-
Financial investments	6,478,791	-	-	6,478,791	(1,346)	-	-
Total	46,301,645	-	-	46,301,645	(4,618)	-	(4,618)
Credit commitments	58,661,980	5,466	190,153	58,857,599	(271,830)	(60)	(43,210)
Total	58,661,980	5,466	190,153	58,857,599	(271,830)	(60)	(43,210)

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Financial assets analysed by credit quality are summarised as follows: (Continued)

Financial assets (excluding interest accrued) analysed by credit quality (Continued)

	31 December 2023						
	Balance			Allowances for impairment losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Financial assets measured at amortised cost							
Cash and deposits with the central bank	22,253,870	-	-	22,253,870	-	-	-
Deposits with banks and other financial institutions	2,345,280	-	-	2,345,280	(236)	-	-
Placements with banks and other financial institutions	13,500,000	-	-	13,500,000	(27,167)	-	-
Financial assets held under resale agreements	41,514,561	-	-	41,514,561	(3)	-	-
Loans and advances to customers	141,534,933	7,156,871	3,412,276	152,104,080	(3,246,691)	(1,486,571)	(2,045,040)
Financial investments	72,420,481	278,672	2,418,737	75,117,890	(137,234)	(67,151)	(1,617,854)
Other assets	2,077	34,349	11,441	47,867	(2)	(2,370)	(8,432)
Total	293,571,202	7,469,892	5,842,454	306,883,548	(3,411,333)	(1,556,092)	(3,671,326)
Financial assets at fair value through other comprehensive income							
Loans and advances to customers	39,332,036	-	-	39,332,036	(2,354)	-	-
Financial investments	3,583,398	-	-	3,583,398	(2,264)	-	-
Total	42,915,434	-	-	42,915,434	(4,618)	-	(4,618)
Credit commitments	69,860,951	9,882	4,343	69,875,176	(299,010)	(762)	(1,215)
Total	69,860,951	9,882	4,343	69,875,176	(299,010)	(762)	(1,215)

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) *Financial assets analysed by credit quality are summarised as follows: (Continued)*

Expected credit losses ratios for financial instruments analysed by credit quality:

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost	1.26%	18.39%	60.85%	2.93%
Financial assets at fair value through other comprehensive income	0.01%	N/A	N/A	0.01%
Credit commitments	0.46%	1.10%	22.72%	0.54%

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost	1.16%	20.83%	62.84%	2.81%
Financial assets at fair value through other comprehensive income	0.01%	N/A	N/A	0.01%
Credit commitments	0.43%	7.71%	27.98%	0.43%

As at 31 December 2024, the fair values of collaterals held against loans and advances that are not credit-impaired and assessed for lifetime expected credit losses amounted to RMB7,619 million (31 December 2023: RMB3,119 million). The fair values of collaterals held against loans and advances that are credit-impaired and assessed for lifetime expected credit losses amounted to RMB3,873 million (31 December 2023: RMB6,886 million). The collateral mainly includes land, buildings, machinery and equipment, etc. The fair values of collaterals have estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

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39. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Credit rating

The Group adopts a credit rating approach for managing the credit risk arising from the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of investments on debt securities (excluding interest accrued) analysed by credit rating as at the end of the reporting period are as follows:

	31 December 2024	31 December 2023
Neither overdue nor impaired		
<i>Ratings</i>		
– AAA	76,066,650	68,963,095
– AA – to AA+	1,813,989	2,465,851
Subtotal	77,880,639	71,428,946
Unrated	108,902	96,748
Total	77,989,541	71,525,694

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39. RISK MANAGEMENT (Continued)

(b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Group has especially set up a structure and a team for market risk management. The Bank's Department of Risk Management takes the major responsibility for the exposure of market risk and preparation of relevant market risk management policies to submit to the Board of Directors. According to the established standards and current management capabilities, the Group measures market risk with the major adoption of sensitivity analysis. Before the new products or new businesses are launched, their market risks will be identified according to regulations.

The major source of market risk of the Group is from the asset and liability businesses involved in the market operation and the risks in interest rate and exchange rate relating to products.

Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial market business position.

Repricing risk

Repricing risk, which is also known as "maturity mismatch risk", is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of bank assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group's income or its inherent economic value to vary with the movements in interest rates.

Trading interest rate risk

Trading interest rate risk mainly arises from investment portfolios of treasury businesses. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the fair value of investment portfolios given a 100 basis points (1%) movement in the interest rates.

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39. RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

(i) The following tables indicate the assets and liabilities as at the end of the reporting period by the next expected repricing dates or by maturity dates, depending on which is earlier:

	31 December 2024					
	Total	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	19,220,796	238,022	18,982,774	-	-	-
Deposits with banks and other financial institutions	2,141,125	10,705	634,266	1,496,154	-	-
Placements with banks and other financial institutions	19,486,042	263,919	7,124,262	12,097,861	-	-
Financial assets held under resale agreements	28,197,894	-	28,098,453	99,441	-	-
Loans and advances to customers*	195,103,488	1,513,446	72,402,227	60,840,648	50,852,347	9,494,820
Financial investments	106,796,193	24,298,228	1,738,959	10,287,318	52,153,958	18,317,730
Others	5,359,970	5,359,970	-	-	-	-
Total assets	376,305,508	31,684,290	128,980,941	84,821,422	103,006,305	27,812,550
Liabilities						
Due to the central bank	2,821,624	1,479	804,000	2,016,145	-	-
Deposits from banks and other financial institutions	49,834	633	49,201	-	-	-
Financial assets sold under repurchase agreements	10,343,449	7,465	10,055,401	280,583	-	-
Deposits from customers	310,327,863	9,514,221	103,411,372	90,160,551	107,241,719	-
Bonds issued	21,954,078	90,100	9,703,791	10,160,696	-	1,999,491
Others	2,780,326	2,503,462	35,341	49,813	141,208	50,502
Total liabilities	348,277,174	12,117,360	124,059,106	102,667,788	107,382,927	2,049,993
Asset-liability gap	28,028,334	19,566,930	4,921,835	(17,846,366)	(4,376,622)	25,762,557

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39. RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

(i) The following tables indicate the assets and liabilities as at the end of the reporting period by the next expected repricing dates or by maturity dates, depending on which is earlier:
(Continued)

	31 December 2023					
	Total	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	22,260,537	339,314	21,921,223	-	-	-
Deposits with banks and other financial institutions	2,356,658	11,614	1,384,117	960,927	-	-
Placements with banks and other financial institutions	13,674,444	201,611	2,997,565	10,475,268	-	-
Financial assets held under resale agreements	41,514,880	322	37,950,455	3,564,103	-	-
Loans and advances to customers*	185,609,747	2,110,094	68,913,734	56,333,132	45,187,224	13,065,563
Financial investments	90,815,403	13,522,807	3,133,239	7,525,446	51,959,278	14,674,633
Others	5,073,362	5,073,362	-	-	-	-
Total assets	361,305,031	21,259,124	136,300,333	78,858,876	97,146,502	27,740,196
Liabilities						
Due to the central bank	1,726,222	932	4,000	1,721,290	-	-
Deposits from banks and other financial institutions	46,916	671	46,245	-	-	-
Financial assets sold under repurchase agreements	22,078,689	18,698	21,363,174	696,817	-	-
Deposits from customers	288,250,365	7,583,012	109,313,587	69,016,290	102,337,476	-
Bonds issued	21,825,891	90,100	5,308,488	14,428,155	-	1,999,148
Others	2,564,142	2,272,743	-	2,789	164,113	124,497
Total liabilities	336,492,225	9,966,156	136,035,494	85,865,341	102,501,589	2,123,645
Asset-liability gap	24,812,806	11,292,968	264,839	(7,006,465)	(5,355,087)	25,616,551

* As at 31 December 2024, for loans and advances to customers, the category "Less than three months" included overdue amounts (net of allowances for impairment losses) of RMB610 million (31 December 2023: RMB577 million).

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39. RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit or loss and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on net profit and equity with an assumption that all other variables held constant.

	31 December 2024	31 December 2023
Change in net profit	(Decrease)/ Increase	(Decrease)/ Increase
Parallel upward shift of 100 bps in yield curves	(14,588)	(24,197)
Parallel downward shift of 100 bps in yield curves	14,588	24,219

	31 December 2024	31 December 2023
Change in equity	(Decrease)/ Increase	(Decrease)/ Increase
Parallel upward shift of 100 bps in yield curves	(58,207)	(52,138)
Parallel downward shift of 100 bps in yield curves	58,277	52,162

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of the reporting period apply to all non-derivative financial instruments of the Group;
- At the end of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rate movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

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39. RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign currency risk

The currency of the majority of the business of the Group is Renminbi, where the currencies of the rest of the businesses are United States dollars and other foreign currencies.

The changes in exchange rates will affect the financial position and cash flows of the Group. Due to the small amount of foreign currency business of the Group, the effect of foreign currency risk on the Group would be immaterial. The major principle of the Group's control on foreign currency risk is to achieve matching of assets and liabilities in each currency and to conduct daily monitoring on currency exposure.

The Group adopts sensitivity analysis to measure the possible effects of changes in exchange rates on net gains and losses and interests of the Group. As the foreign currency assets and liabilities account for an immaterial part of the total assets and total liabilities of the Group, the effect of changes in exchange rates on net gains and losses and interests of the Group would be immaterial.

The Group's currency exposures as at the end of each reporting periods are as follows:

	31 December 2024			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets				
Cash and deposits with the central bank	19,220,342	277	177	19,220,796
Deposits with banks and other financial institutions	2,102,110	36,880	2,135	2,141,125
Placements with banks and other financial institutions	19,486,042	–	–	19,486,042
Financial assets held under resale agreements	28,197,894	–	–	28,197,894
Loans and advances to customers	195,103,488	–	–	195,103,488
Financial investments	106,796,193	–	–	106,796,193
Others	5,359,970	–	–	5,359,970
Total assets	376,266,039	37,157	2,312	376,305,508
Liabilities				
Due to the central bank	2,821,624	–	–	2,821,624
Deposits from banks and other financial institutions	49,834	–	–	49,834
Financial assets sold under repurchase agreements	10,343,449	–	–	10,343,449
Deposits from customers	310,327,452	278	133	310,327,863
Bonds issued	21,954,078	–	–	21,954,078
Others	2,744,392	36,147	(213)	2,780,326
Total liabilities	348,240,829	36,425	(80)	348,277,174
Net position	28,025,210	732	2,392	28,028,334
Credit commitments	58,857,599	–	–	58,857,599

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39. RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign currency risk (Continued)

The Group's currency exposures as at the end of each reporting periods are as follows: (Continued)

	31 December 2023			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets				
Cash and deposits with the central bank	22,260,419	96	22	22,260,537
Deposits with banks and other financial institutions	2,317,299	36,840	2,519	2,356,658
Placements with banks and other financial institutions	13,674,444	–	–	13,674,444
Financial assets held under resale agreements	41,514,880	–	–	41,514,880
Loans and advances to customers	185,609,747	–	–	185,609,747
Financial investments	90,815,403	–	–	90,815,403
Others	5,073,362	–	–	5,073,362
Total assets	361,265,554	36,936	2,541	361,305,031
Liabilities				
Due to the central bank	1,726,222	–	–	1,726,222
Deposits from banks and other financial institutions	46,916	–	–	46,916
Financial assets sold under repurchase agreements	22,078,689	–	–	22,078,689
Deposits from customers	288,249,894	334	137	288,250,365
Bonds issued	21,825,891	–	–	21,825,891
Others	2,528,176	35,899	67	2,564,142
Total liabilities	336,455,788	36,233	204	336,492,225
Net position	24,809,766	703	2,337	24,812,806
Credit commitments	69,875,176	–	–	69,875,176

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39. RISK MANAGEMENT (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet its repayment obligations.

The Group plays an active part in managing liquidity risks and improves the related management system in terms of organisation, institution, system, management and mechanism. The organisational structure of the Group's liquidity risk management consists of the Board of Directors, senior management, its Risk Management Committee and Asset and Liability Management Committee, Department of Risk Management, Department of Asset and Liability Management, Department of Corporate Finance, Department of Retail Banking, Department of Personal Credit Assets, Department of Trade Finance, Department of Financial Market, Department of Technology Information and Audit Department of the Bank, which are responsible for formulating liquidity risk management strategies and establishing internal control mechanism to support the implementation and supervision of liquidity risk management strategies.

The measurement of liquidity risk of the Group adopts liquidity indicators and cash flow gap calculation. By stress testing, the Group sets up mild, moderate and severe scenarios to examine the capacity to withstand liquidity or liquidity crises and improve liquidity contingency measures. In terms of responses to liquidity risks, the Group strengthens the management and monitoring of liquidity limits; establishes related liquidity emergency leading groups, early-warning indicators for internal and external liquidity risks and indicators that could trigger contingency plans and monitor these indicators; builds up quality liquidity asset reserves and financing capability management; erects liquidity risk reporting mechanism, in which the asset and liability management department reports to the Asset and Liability Management Committee, senior management and the Board of Directors on issues related to the status, stress testing and contingency plans of liquidity risks on a regular basis.

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39. RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Group by maturity based on the remaining periods to repayment at the end of the reporting period:

	31 December 2024							Total
	Indefinite*	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	14,752,239	4,461,269	7,288	-	-	-	-	19,220,796
Deposits with banks and other financial institutions	-	634,512	-	-	1,506,613	-	-	2,141,125
Placements with banks and other financial institutions	-	-	5,183,663	2,043,082	12,259,297	-	-	19,486,042
Financial assets held under resale agreements	-	-	15,017,017	13,081,436	99,441	-	-	28,197,894
Loans and advances to customers	1,533,106	2,705,957	14,538,816	24,498,029	63,072,580	53,264,764	35,490,236	195,103,488
Financial investments	1,664,372	20,366,074	156,928	1,369,917	10,895,802	53,660,423	18,682,677	106,796,193
Others	5,205,299	154,671	-	-	-	-	-	5,359,970
Total assets	23,155,016	28,322,483	34,903,712	40,992,464	87,833,733	106,925,187	54,172,913	376,305,508
Liabilities								
Due to the central bank	-	-	-	805,479	2,016,145	-	-	2,821,624
Deposits from banks and other financial institutions	-	49,834	-	-	-	-	-	49,834
Financial assets sold under repurchase agreements	-	-	10,062,866	-	280,583	-	-	10,343,449
Deposits from customers	-	66,770,152	11,126,196	26,770,175	92,862,476	112,798,864	-	310,327,863
Bonds issued	-	-	2,068,037	7,725,854	10,160,696	-	1,999,491	21,954,078
Others	-	2,470,249	18,347	25,292	74,660	141,276	50,502	2,780,326
Total liabilities	-	69,290,235	23,275,446	35,326,800	105,394,560	112,940,140	2,049,993	348,277,174
Net position	23,155,016	(40,967,752)	11,628,266	5,665,664	(17,560,827)	(6,014,953)	52,122,920	28,028,334

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39. RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Group by maturity based on the remaining periods to repayment at the end of the reporting period: (Continued)

	31 December 2023							Total
	Indefinite*	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	13,510,577	8,743,293	6,667	–	–	–	–	22,260,537
Deposits with banks and other financial institutions	–	964,119	–	420,888	971,651	–	–	2,356,658
Placements with banks and other financial institutions	–	–	2,000,738	1,031,096	10,642,610	–	–	13,674,444
Financial assets held under resale agreements	–	–	26,413,226	11,537,551	3,564,103	–	–	41,514,880
Loans and advances to customers	1,905,904	3,146,552	14,669,774	23,621,854	57,624,321	47,614,736	37,026,606	185,609,747
Financial investments	2,863,661	8,062,705	348,717	2,833,948	8,139,953	53,543,112	15,023,307	90,815,403
Others	4,480,878	592,484	–	–	–	–	–	5,073,362
Total assets	22,761,020	21,509,153	43,439,122	39,445,337	80,942,638	101,157,848	52,049,913	361,305,031
Liabilities								
Due to the central bank	–	–	–	4,932	1,721,290	–	–	1,726,222
Deposits from banks and other financial institutions	–	46,916	–	–	–	–	–	46,916
Financial assets sold under repurchase agreements	–	–	20,837,807	544,065	696,817	–	–	22,078,689
Deposits from customers	–	74,889,329	13,159,490	22,580,612	70,317,910	107,303,024	–	288,250,365
Bonds issued	–	–	1,638,313	3,760,275	14,428,155	–	1,999,148	21,825,891
Others	–	2,237,251	17,124	14,182	95,528	147,342	52,715	2,564,142
Total liabilities	–	77,173,496	35,652,734	26,904,066	87,259,700	107,450,366	2,051,863	336,492,225
Net position	22,761,020	(55,664,343)	7,786,388	12,541,271	(6,317,062)	(6,292,518)	49,998,050	24,812,806

* Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Indefinite amount of loans and advances to customers includes all the impaired loans and advances, as well as those overdue for more than one month. Loans and advances to customers with no impairment but overdue within one month are classified into the category of "repayable on demand". Indefinite amount of financial investments represents the amount of impaired investments or those overdue for more than one month. Equity investments are listed under the category of "indefinite".

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39. RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The following tables provides an analysis of the contractual undiscounted cash flows of the non-derivative liabilities of the Group at the end of the reporting period:

31 December 2024								
	Carrying amount	Contractual undiscounted cash flows	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative liabilities								
Due to the central bank	2,821,624	2,846,967	-	-	813,133	2,033,834	-	-
Deposits from banks and other financial institutions	49,834	49,834	49,834	-	-	-	-	-
Financial assets sold under repurchase agreements	10,343,449	10,345,821	-	10,065,238	-	280,583	-	-
Deposits from customers	310,327,863	318,518,417	66,770,152	11,136,479	26,872,698	94,320,845	119,418,243	-
Bonds issued	21,954,078	22,659,200	-	2,075,600	7,750,000	10,260,000	382,400	2,191,200
Others	2,780,326	2,809,801	2,471,541	19,150	26,786	80,409	156,302	55,613
Total non-derivative liabilities	348,277,174	357,230,040	69,291,527	23,296,467	35,462,617	106,975,671	119,956,945	2,246,813

31 December 2023								
	Carrying amount	Contractual undiscounted cash flows	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative liabilities								
Due to the central bank	1,726,222	1,752,013	-	-	12,724	1,739,289	-	-
Deposits from banks and other financial institutions	46,916	46,916	46,916	-	-	-	-	-
Financial assets sold under repurchase agreements	22,078,689	22,084,784	-	20,843,902	544,065	696,817	-	-
Deposits from customers	288,250,365	297,822,444	74,889,329	13,176,282	22,670,853	71,513,692	115,572,288	-
Bonds issued	21,825,891	22,754,800	-	1,645,600	3,780,000	14,660,000	382,400	2,286,800
Others	2,564,142	2,595,772	2,239,132	18,888	15,643	101,447	162,517	58,145
Total non-derivative liabilities	336,492,225	347,056,729	77,175,377	35,684,672	27,023,285	88,711,245	116,117,205	2,344,945

This analysis of contractual undiscounted cash flows of the non-derivative liabilities might be different from actual results.

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39. RISK MANAGEMENT (Continued)

(d) Operational risk

Operational risk refers to the risk of losses associated with internal process deficiencies, human mistakes and information system failures, or impact from other external events.

The Group has specified issues of operational risks, including its manifestation, management mode, reporting procedure, reporting cycle and statistics of loss and improved comprehensive risk management system, with major initiatives as follows:

- Establishment of operational risk management system in a crisscrossing manner. On the one hand, the Group establishes an operational risk management framework that is compatible with its nature, scale, complexity and risk characteristics, including the operational risk management mechanism that involves its board of directors, board of supervisors, senior management, head office and branches. On the other hand, a three-tier risk prevention system for the front office, middle office and back office has been established for every major risk faced by the Group.
- Formation of business philosophy of compliance and robustness. The Group fosters favourable control environment, including constant advances and promotion in operational risk culture by the board of directors and senior management.
- Preference to low operational risk under the framework of “robust” risk preference. By conducting controls on operational risk including identification, measurement, resolution, monitoring and reporting, the Group establishes mechanisms for risk avoidance, loss prediction, prevention, control, reduction, financing to control operational risk within the carrying capacity of the Group and maximise its profits.
- Prevention of operational risks based on the means of inspection and supervision. All departments and branches of the head office actively perform their duties of supervision and management, conduct routine and special inspections on operational risks in major businesses, and establish ledger of all problems identified for rectification and check-off. Based on the inspection by departments, the internal audit department fully uses the off-site audit system, business risk early-warning system and remote monitoring system to detect violations and pays constant attention to risk-prone problems to prevent operational risks. In the meantime, inspections and investigations are exercised on key businesses, key institutions and key personnel to prevent operational risks.
- Combination of punishments and incentives to encourage compliance and standard operations. Integral management will be implemented to personnel who violate operational standards for strict ascertainment of responsibility; employees are encouraged to spontaneously disclose and actively report operational risks; internal management, compliance operation, inspection and supervision and swindle prevention and control of the head office and branches shall be quantitatively assessed for penalty points; innovative implementation of compliance and internal control management of institutions shall be assessed for bonus points.
- Substantive achievements in carrying out system training and improving staff operation skills have been effective in preventing operational risks for the Group.

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40. FAIR VALUE

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Debt securities and equity investments

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

(ii) Receivables and other non-derivative financial assets

Fair values are estimated as the present value of the future cash flows, the discount rates are based on the market interest rates at the end of the reporting period.

(iii) Bonds issued and other non-derivative financial liabilities

Fair values of issued debt securities are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

(b) Fair value measurement

(i) Financial assets

The Group's financial assets mainly consist of cash and deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers, and financial investments.

Deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate to the fair values.

Loans and advances to customers are mostly priced at floating rates, which are close to the PBOC rates. Accordingly, the carrying amounts approximate to the fair values.

Financial investments at fair value through other comprehensive income, and financial assets at fair value through profit or loss are stated at fair value. The carrying amounts of financial investments at amortised cost are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently.

Notes to the Consolidated Financial Statements

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

40. FAIR VALUE (Continued)

(b) Fair value measurement (Continued)

(ii) Financial liabilities

The Group's financial liabilities mainly include due to the central bank, deposits from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, and bonds issued.

The book value and fair value of bonds issued are presented in Note 29. The carrying amounts of other financial liabilities approximate to their fair values.

(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs, i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs, i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

Notes to the Consolidated Financial Statements

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

40. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and exchange rates. When the discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is by reference to another instrument that is substantially the same.

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurement assets				
<i>Financial investments at fair value through profit or loss</i>				
– debt securities and interbank deposits	–	94,018	108,902	202,920
– fund investments	3,417,672	16,948,402	–	20,366,074
– investment management products	–	–	1,643,564	1,643,564
– other investments	293	–	–	293
<i>Financial investments at fair value through other comprehensive income</i>				
– debt securities and interbank deposits	–	5,817,965	–	5,817,965
– investment management products	–	740,204	–	740,204
– other investments	–	199,197	73,494	272,691
<i>Loans and advances to customers measured at fair value through other comprehensive income</i>				
– discounted bills	–	39,822,854	–	39,822,854
Total	3,417,965	63,622,640	1,825,960	68,866,565

Notes to the Consolidated Financial Statements

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

40. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurement assets				
<i>Financial investments at fair value through profit or loss</i>				
– debt securities and interbank deposits	–	1,214,430	96,748	1,311,178
– fund investments	–	8,062,705	–	8,062,705
– investment management products	–	360,043	1,823,546	2,183,589
– other investments	174,324	–	–	174,324
<i>Financial investments at fair value through other comprehensive income</i>				
– debt securities and interbank deposits	–	2,750,701	–	2,750,701
– investment management products	–	908,766	–	908,766
– other investments	–	1,074,139	73,494	1,147,633
<i>Loans and advances to customers measured at fair value through other comprehensive income</i>				
– discounted bills	–	39,332,036	–	39,332,036
Total	174,324	53,702,820	1,993,788	55,870,932

Notes to the Consolidated Financial Statements

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

40. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

The reconciliation information in the balance of Recurring Level 3 fair value measurements are as follows:

	Total gains or losses for the year				31 December 2024	Unrealised gains or losses for the period included in profit or loss for assets held at the end of the year
	1 January 2024	Recorded in profit or loss	Recorded in other comprehensive income	Settlements		
Assets						
Financial investments at fair value through profit or loss						
– debt securities	96,748	11,901	–	253	108,902	11,901
– investment management products	1,823,546	(161,612)	–	(18,370)	1,643,564	(161,612)
Subtotal	1,920,294	(149,711)	–	(18,117)	1,752,466	(149,711)
Financial investments at fair value through other comprehensive income						
– other investments	73,494	–	–	–	73,494	–
Total	1,993,788	(149,711)	–	(18,117)	1,825,960	(149,711)

Notes to the Consolidated Financial Statements

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

40. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

The reconciliation information in the balance of Recurring Level 3 fair value measurements are as follows: (Continued)

		Total gains or losses for the year				Unrealised gains or losses for the period included in profit or loss for assets held at the end of the year
	1 January 2023	Recorded in profit or loss	Recorded in other comprehensive income	Settlements	31 December 2023	
Assets						
Financial investments at fair value through profit or loss						
– debt securities	96,748	–	–	–	96,748	–
– investment management products	2,192,760	(102,018)	–	(267,196)	1,823,546	(108,149)
Subtotal	2,289,508	(102,018)	–	(267,196)	1,920,294	(108,149)
Financial investments at fair value through other comprehensive income						
– other investments	120,700	–	(47,206)	–	73,494	–
Total	2,410,208	(102,018)	(47,206)	(267,196)	1,993,788	(108,149)

During the year ended 31 December 2024 and 2023, there were no significant transfers among instruments in Level 1, Level 2 and Level 3.

Notes to the Consolidated Financial Statements

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

40. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

Quantitative information of Level 3 fair value measurement is set out below:

	Fair value as at 31 December 2024	Valuation technique	Unobservable inputs
Financial investments at fair value through profit or loss			
– debt securities	108,902	Discounted cash flow	Risk-adjusted discount rate, cash flow
– investment management products	1,643,564	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– other investments	73,494	Discounted cash flow	Risk-adjusted discount rate, cash flow
	Fair value as at 31 December 2023	Valuation technique	Unobservable inputs
Financial investments at fair value through profit or loss			
– debt securities	96,748	Discounted cash flow	Risk-adjusted discount rate, cash flow
– investment management products	1,823,546	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– other investments	73,494	Discounted cash flow	Risk-adjusted discount rate, cash flow

Notes to the Consolidated Financial Statements

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

40. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

During the years ended 31 December 2024 and 2023, there was no significant change in the valuation techniques.

As at 31 December 2024 and 31 December 2023, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial assets at fair value classified as Level 3, which were mainly investment management products. The fair value of these financial assets fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value on changes in unobservable inputs for Level 3 financial instruments is measured at fair value on an ongoing basis.

The fair value of financial instruments is, in certain circumstances, measured using valuation models which incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The following table shows the sensitivity of fair value due to parallel movement of favourable or unfavourable 1 percent of change in fair value to reasonably possible alternative assumptions.

	At 31 December 2024			
	Effect on net profit		Effect on other	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Financial investments at fair value through profit or loss				
– debt securities	2,285	(2,238)	–	–
– investment management products	26,341	(25,153)	–	–
Financial investments at fair value through other comprehensive income				
– other investments	–	–	3,445	(3,315)
At 31 December 2023				
	Effect on net profit		Effect on other	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Financial investments at fair value through profit or loss				
– debt securities	2,829	(2,744)	–	–
– investment management products	22,028	(21,371)	–	–
Financial investments at fair value through other comprehensive income				
– other investments	–	–	4,406	(4,199)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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40. FAIR VALUE (Continued)

(d) Financial assets and liabilities not measured at fair value

Financial assets not presented at fair value in the statement of financial position mainly represent “Cash and deposits with the central bank”, “Deposits with banks and other financial institutions”, “Placements with banks and other financial institutions”, “Financial assets held under resale agreements”, “Loans and advances to customers measured at amortised cost” and “Financial investments measured at amortised cost”. Financial liabilities not presented at fair value in the statement of financial position mainly represent “Due to the central bank”, “Deposits from banks and other financial institutions”, “Financial assets sold under repurchase agreements”, “Deposits from customers” and “bonds issued”.

The table below summarises the carrying amounts and fair values of three levels of “Debt securities measured at amortised cost” and “bonds issued” not presented at fair value at the financial reporting date.

	At 31 December 2024				
	Carrying amounts	Fair values	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost					
– Debt securities ⁽ⁱ⁾	74,732,234	76,918,131	–	76,918,131	–
Total	74,732,234	76,918,131	–	76,918,131	–
Financial liabilities					
Bonds issued ⁽ⁱ⁾					
– Tier-two capital bonds issued	1,999,491	2,057,156	–	2,057,156	–
– Interbank deposits issued	19,864,487	19,738,371	–	19,738,371	–
Total	21,863,978	21,795,527	–	21,795,527	–
	At 31 December 2023				
	Carrying amounts	Fair values	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost					
– Debt securities ⁽ⁱ⁾	69,170,049	69,368,562	–	69,368,562	–
Total	69,170,049	69,368,562	–	69,368,562	–
Financial liabilities					
Bonds issued ⁽ⁱ⁾					
– Tier-two capital bonds issued	1,999,148	2,058,254	–	2,058,254	–
– Interbank deposits issued	19,736,643	19,663,653	–	19,663,653	–
Total	21,735,791	21,721,907	–	21,721,907	–

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

40. FAIR VALUE (Continued)

(d) Financial assets and liabilities not measured at fair value (Continued)

(i) Debt securities measured at amortised cost

As there are no observable market prices or yields reflecting arm's length transactions of a comparable size and tenor, the fair values of the PRC government bonds held by the Bank as an underwriting agent are determined based on the stated interest rate of the instruments.

Fair values of other debt securities measured at amortised cost are based on market prices or broker/dealer price quotations. Where this information is not available, the Bank will perform valuation by referring to prices from valuation service providers or on the basis of discounted cash flow models.

(ii) Bonds issued

Fair values of bonds issued are calculated based on quoted active market prices. For those bonds where quoted active market prices are not available, a discounted cash flow model is used based on the current market interest rate of similar bonds with similar remaining maturities as the discount rate.

41. FIDUCIARY ACTIVITIES

Entrusted lending business

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statement of financial position. Surplus funding is accounted for as other liabilities.

	31 December 2024	31 December 2023
Entrusted loans	3,502,510	4,953,091
Entrusted funds	3,502,821	4,953,436

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42. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Group's credit commitments are in the form of approved loans with signed contracts, credit card commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loan commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	31 December 2024	31 December 2023
Loan commitments		
– Original contractual maturity within one year	1,824,772	1,857,357
– Original contractual maturity more than one year (inclusive)	6,653,378	6,945,888
Credit card commitments	5,618,991	6,724,904
Subtotal	14,097,141	15,528,149
Acceptances	36,541,752	44,684,701
Letters of credit	8,053,633	9,552,633
Letters of guarantee	165,073	109,693
Total	58,857,599	69,875,176

The Group may be exposed to credit risk in all the above credit businesses. The Group's management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of the expected future cash outflows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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42. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Credit risk-weighted amount for credit commitments

	31 December 2024	31 December 2023
Credit risk-weighted amount for credit commitments	24,876,569	26,893,789

The credit risk-weighted amount for credit commitments at 31 December 2024 represents the amount calculated in accordance with “Regulation Governing Capital of Commercial Banks” and relevant requirements promulgated by the NFRA; The credit risk-weighted amount for credit commitments at 31 December 2023 represents the amount calculated in accordance with “Regulation Governing Capital of Commercial Banks (Provisional)” and other relevant requirements promulgated by the former CBRC.

(c) Capital commitments

As at the end of the reporting period, the Group’s authorised capital commitments were as follows:

	31 December 2024	31 December 2023
Contracted but not paid for	58,317	16,723
Authorised but not contracted for	8,309	2,652
Total	66,626	19,375

(d) Outstanding litigations and disputes

As at 31 December 2024, the Group was the defendant in certain outstanding litigations and disputes with an estimated gross amount of RMB32.445 million (31 December 2023: RMB7.944 million). The Group has assessed the impact of the above outstanding litigations and disputes that may lead to an outflow of economic benefits. In the opinion of the Group’s lawyers and external lawyers, it is unlikely for the Group to receive unfavourable ruling in these cases. Therefore, the Group did not make provision for the litigation. The directors of the Bank are of the view that these litigations will not have any material adverse effects on the Group’s businesses, financial condition, results of operations or prospects.

(e) Bond underwriting commitments and redemption obligations

The Group had no outstanding bond underwriting commitments at the end of the reporting period.

As an underwriting agent of the PRC government bonds, the Group has the responsibility to buy back its bonds if the holders decide to early redeem the bonds. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest accrued up to the redemption date. Accrued interest payable to the bond holders is calculated in accordance with relevant rules of the Ministry of Finance (“MOF”) and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date.

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42. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(e) Bonds underwriting commitments and redemption obligations (Continued)

The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at 31 December 2024 or 31 December 2023:

	31 December 2024	31 December 2023
Redemption obligations	3,016,712	2,727,759

(f) Pledged assets

(i) Assets as collateral

	31 December 2024	31 December 2023
For repurchase agreements:		
– Financial investments measured at amortised cost	10,760,714	16,306,284
– Discounted bills	518,252	7,450,642
Total	11,278,966	23,756,926

Financial assets pledged by the Group as collateral for liabilities are mainly debt securities for repurchase agreements.

(ii) Pledged assets received

The Group conducts resale agreements under standard terms of placements and holds collateral for these transactions. The Group's balance of the financial assets held under resale agreements is disclosed in Note 17. The fair value of such collateral accepted by the Group was RMB28,198 million as at 31 December 2024 (31 December 2023: RMB41,758 million). These transactions were conducted under standard terms in the normal course of business.

As at 31 December 2024 and 31 December 2023, the Group had no collateral available for sale or outward encumbrance with an obligation to return at maturity.

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43. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds interests

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Structured entities that the Group does not consolidate include fund investments at fair value through profit or loss.

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the statement of financial position in which relevant assets were recognised as at 31 December 2024 and 31 December 2023:

	31 December 2024		31 December 2023	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	21,084,618	21,084,618	9,277,549	9,277,549
Financial investments at fair value through other comprehensive income	740,204	740,204	908,766	908,766
Total	21,824,822	21,824,822	10,186,315	10,186,315

As at 31 December 2024 and 31 December 2023, the carrying amounts of the unconsolidated structured entities were equal to the maximum exposures.

Notes to the Consolidated Financial Statements

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43. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

(b) Structured entities sponsored by the Group in which the Group does not consolidate but holds interests

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interests held by the Group include investments in units issued by these structured entities and fees charged by providing management services. As at 31 December 2024 and 31 December 2023, the carrying amounts of the investments in the units issued by these structured entities and management fee receivables being recognised were not material in the statement of financial position.

For the year ended 31 December 2024, the amount of fee and commission income received from the above-mentioned structured entities by the Group was RMB290 million (for the year ended 31 December 2023: RMB204 million).

As at 31 December 2024, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB40,060 million (for the year ended 31 December 2023: RMB48,907 million).

(c) Unconsolidated structured entities sponsored by the Group during the period in which the Group does not have interests as at 31 December 2024

For the year ended 31 December 2024, the aggregate amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January but matured before 31 December was RMB450 million (for the year ended 31 December 2023: RMB1,758 million).

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44. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	31 December 2024	31 December 2023
Assets			
Cash and deposits with the central bank		18,902,985	22,197,802
Deposits with banks and other financial institutions		2,072,848	2,307,332
Placements with banks and other financial institutions		19,486,042	13,674,444
Financial assets held under resale agreements		28,197,894	41,514,880
Loans and advances to customers		194,951,785	185,440,216
Financial investments		106,796,193	90,815,403
– Financial investments at fair value through profit or loss		22,212,851	11,731,796
– Financial investments at fair value through other comprehensive income		6,830,860	4,807,100
– Financial investments at amortised cost		77,752,482	74,276,507
Interest in an associate		369,769	343,551
Investment in a subsidiary	21	25,500	25,500
Property and equipment		1,230,577	1,306,241
Deferred tax assets		2,511,577	2,077,218
Other assets		1,243,817	1,340,990
Total assets		375,788,987	361,043,577

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44. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

(Continued)

	31 December 2024	31 December 2023
Liabilities and equity		
Liabilities		
Borrowing from the central bank	2,821,624	1,712,932
Deposits from banks and other financial institutions	262,125	540,630
Financial assets sold under repurchase agreements	10,343,449	22,078,689
Deposits from customers	309,602,674	287,525,373
Income tax payable	450,321	319,496
Bonds issued	21,954,078	21,825,891
Other liabilities	2,322,536	2,235,299
Total liabilities	347,756,807	336,238,310
Equity		
Share capital	5,838,650	5,838,650
Other equity instruments	2,000,000	–
– Perpetual bonds	2,000,000	–
Capital reserve	6,626,679	6,627,602
Surplus reserve	5,239,339	4,361,372
General reserve	4,221,852	4,218,230
Fair value reserve	(19,260)	(42,580)
Impairment reserve	3,462	3,462
Deficit on remeasurement of a net defined benefit liability	(6,870)	(5,340)
Retained earnings	4,128,328	3,803,871
Total equity	28,032,180	24,805,267
Total liabilities and equity	375,788,987	361,043,577

Approved and authorised for issue by the Board of Directors on 27 March 2025.

Hao Qiang Chairwoman of the Board	Zhang Yunfei Executive Director	Wang Qi Officer in charge of Finance	(Company chop)
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Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
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45. SUBSEQUENT EVENTS

The Group had no material events for disclosure subsequent to the end of the reporting period and up to the date of approval of this Financial Statements.

Supplementary Information

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

The information set out below does not form part of the consolidated financial statements and is included herein for the purpose of providing information only.

1 DIFFERENCES BETWEEN IFRS ACCOUNTING STANDARDS AND CAS CONSOLIDATED FINANCIAL STATEMENTS

There were no differences in the Group's operating results for the years ended 31 December 2024 and 2023 or total equity as at 31 December 2024 and 2023 presented in the Group's consolidated financial statements prepared under IFRS Accounting Standards and those prepared under CAS.

2 UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

(1) liquidity coverage ratio, leverage ratio and net stable funding ratio

(a) Liquidity coverage ratio

	31 December 2024	Average for the year ended 31 December 2024
Liquidity coverage ratio (RMB and foreign currencies)	347.26%	255.84%

	31 December 2023	Average for the year ended 31 December 2023
Liquidity coverage ratio (RMB and foreign currencies)	242.06%	231.61%

Pursuant to the Administrative Measures on the Liquidity Risk Management of Commercial Banks, the minimum regulatory requirement of liquidity coverage ratio is 100%.

(b) Leverage ratio

	31 December 2024	31 December 2023
Leverage ratio	6.57%	5.92%

Pursuant to the Regulation Governing Capital of Commercial Banks issued by the NFRA, effective as of 1 January 2024, a minimum leverage ratio of 4% is required; Pursuant to the Administrative Measures on the Leverage Ratio Management of Commercial Banks (Revision) issued by the former CBRC, effective as of 31 December 2023, a minimum leverage ratio of 4% is required.

Supplementary Information

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2 UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Continued)

(1) Liquidity coverage ratio, leverage ratio and net stable funding ratio (Continued)

(c) Net stable funding ratio

	31 December 2024	30 September 2024	31 December 2023
Net stable funding ratio	133.47%	133.34%	126.76%
Stable funding available	252,981,108	249,551,607	231,274,613
Stable funding required	189,545,261	187,148,443	182,449,447

Pursuant to the Administrative Measures on the Liquidity Risk Management of Commercial Banks, a minimum net stable funding ratio of 100% is required.

The above liquidity coverage ratio, net stable funding ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with PRC GAAP. The leverage ratio for the year 2024 is calculated in accordance with the formula promulgated by the NFRA and based on the financial information prepared in accordance with PRC GAAP. The leverage ratio for the year 2023 is calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with PRC GAAP.

(2) Currency concentrations

	31 December 2024			Total
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	
Spot assets	37,157	2,450	283	39,890
Spot liabilities	(36,425)	(49)	(292)	(36,766)
Net position	732	2,401	(9)	3,124

	31 December 2023			Total
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	
Spot assets	36,936	2,403	171	39,510
Spot liabilities	(36,233)	(53)	(184)	(36,470)
Net position	703	2,350	(13)	3,040

As at 31 December 2024, the Group had no structural foreign exchange position (31 December 2023: RMB35 million). In early 2024, the NFRA adjusted the reporting requirements for structural foreign exchange position, the Group made corresponding adjustments resulting in this change.

Supplementary Information

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

2 UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Continued)

(3) International claims

The Group is principally engaged in business operations within Chinese mainland, and regards all claims on third parties in Hong Kong, Macao, Taiwan and other countries and regions as international claims.

International claims only include deposits from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	31 December 2024		
	Banks and other financial institutions	Non-bank private sector	Total
Asia Pacific	1,952	–	1,952
Europe	87	–	87
Total	2,039	–	2,039

	31 December 2023		
	Banks and other financial institutions	Non-bank private sector	Total
Asia Pacific	2,337	–	2,337
Europe	86	–	86
Total	2,423	–	2,423

Supplementary Information

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

2 UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Continued)

(4) Gross amounts of overdue loans and advances

	31 December 2024	31 December 2023
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	152,030	115,612
– between 6 months and 1 year (inclusive)	260,576	211,765
– between 1 year and 3 years (inclusive)	829,945	2,363,536
– over 3 years	765,791	349,148
Total	2,008,342	3,040,061
Percentage of total gross loans and advances		
– between 3 and 6 months (inclusive)	0.08%	0.06%
– between 6 months and 1 year (inclusive)	0.13%	0.11%
– between 1 year and 3 years (inclusive)	0.41%	1.23%
– over 3 years	0.38%	0.18%
Total	1.00%	1.58%

List of Branches

As at December 31, 2024, the details of the branches of the Bank are as follows:

No.	Institution name	Institution address	Note
1.	Head office	No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province	4 sub-branches directly administered by the head office and 70 outlets under its jurisdiction
2.	Lvliang Branch	Intersection of Changzhi Road and Longfeng Street, Lishi District, Lvliang, Shanxi Province	7 outlets under its jurisdiction
3.	Yuncheng Branch	No. 989 Pu'an Street, Yanhu District, Yuncheng, Shanxi Province	8 outlets under its jurisdiction
4.	Linfen Branch	Block B, Guangqi Fortune Center, Hefen Road, Linfen, Shanxi Province	10 outlets under its jurisdiction
5.	Shuozhou Branch	North side of Zhenhua East Street, Shuozhou Economic Development Zone, Shanxi Province	11 outlets under its jurisdiction
6.	Datong Branch	Tower 4, Jinmao International Centre, West of Wenxing Road, Pingcheng District, Datong, Shanxi Province	8 outlets under its jurisdiction
7.	Changzhi Branch	No. 288 Chengdong Road, Changzhi, Shanxi Province	9 outlets under its jurisdiction
8.	Xinzhou Branch	Yiren Commercial Complex, Jianshe South Road, Xinfu District, Xinzhou, Shanxi Province	10 outlets under its jurisdiction
9.	Jincheng Branch	1/F – 2/F, Zizhulin Building, Fengtai West Street, Jincheng, Shanxi Province	8 outlets under its jurisdiction
10.	Jinzhong Branch	No. 678, Anning Street, Yuci District, Jinzhong, Shanxi Province	7 outlets under its jurisdiction
11.	Yangquan Branch	1/F – 5/F, Commercial Building, Wanlong International Phase I, Nanda East Street, Yangquan, Shanxi Province	5 outlets under its jurisdiction



晋商银行
Jinshang Bank