

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



DRC Bank

Dongguan Rural Commercial Bank Co., Ltd.*

東莞農村商業銀行股份有限公司*

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

(Stock code: 9889)

2024 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board of Directors**”) of Dongguan Rural Commercial Bank Co., Ltd. (the “**Bank**”) is pleased to announce the audited consolidated annual results (the “**Annual Results**”) of the Bank and its subsidiaries for the year ended 31 December 2024. The audit committee of the Board of Directors has reviewed and confirmed the Annual Results.

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Bank (www.drcbank.com). The 2024 annual report of the Bank will be available on the above websites on or before 30 April 2025.

Board of Directors
Dongguan Rural Commercial Bank Co., Ltd.

Dongguan City, Guangdong Province, the PRC
28 March 2025

As at the date of this announcement, the Board of Directors of the Bank comprises Mr. LU Guofeng (Chairman), Mr. FU Qiang, Mr. QIAN Hua and Mr. YE Jianguang as executive Directors; Ms. LI Huiqin, Mr. WONG Wai Hung, Mr. YE Jinquan, Mr. ZHANG Qingxiang, Mr. CHEN Weiliang, Mr. TANG Wencheng and Mr. CHAN Ho Fung as non-executive Directors; Mr. ZENG Jianhua, Mr. YIP Tai Him, Mr. XU Zhi, Mr. TAN Fulong, Ms. LIU Yuou and Ms. XU Tingting as independent non-executive Directors.

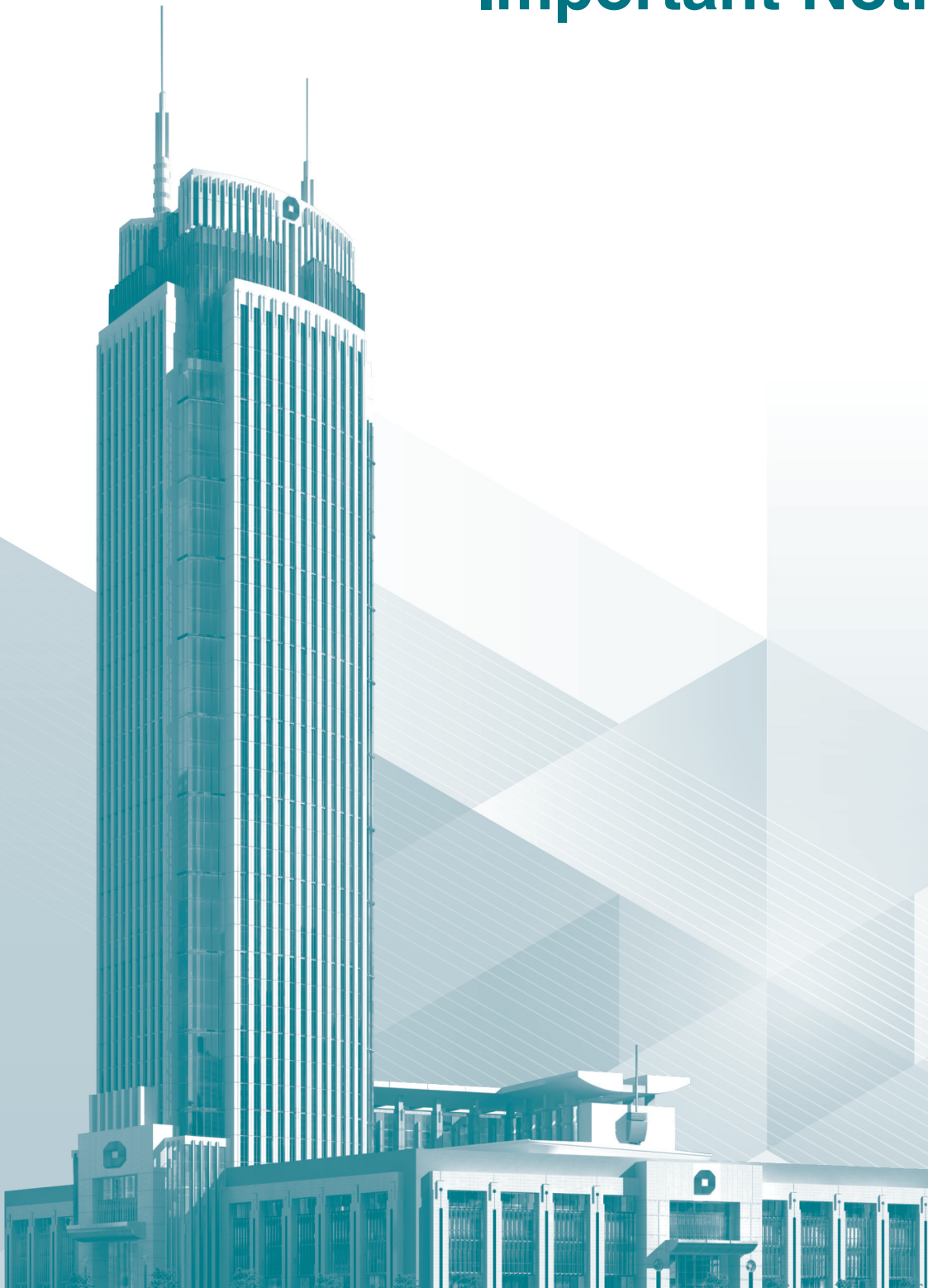
* *Dongguan Rural Commercial Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in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

Contents

Important Notice	2
Definitions	4
Chairman's Statement	8
Chapter I Company Profile and Business Overview	11
Chapter II Accounting Data and Financial Indicators Highlights	17
Chapter III Management Discussion and Analysis	21
I. OPERATION OVERVIEW	22
II. KEY OPERATING DATA	23
III. OVERALL BUSINESS DEVELOPMENT	58
IV. BUSINESS OPERATION	59
V. RISK MANAGEMENT	65
VI. ENVIRONMENTAL ANALYSIS AND FUTURE PROSPECT	78
Chapter IV Environmental, Social and Governance	81
Chapter V Sannong Financial Services	88
Chapter VI Changes in Share Capital and Information on Shareholders	95
Chapter VII Corporate Governance Report	104
Chapter VIII Report of the Board of Directors	162
Chapter IX Report of the Board of Supervisors	176
Chapter X Other Matters	183
Chapter XI Financial Report	187

* Dongguan Rural Commercial 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.

Important Notice



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

On 28 March 2025, the seventh meeting of the fifth session of the Board of Directors of the Bank was held at the conference room of Dongguan Rural Commercial Bank Building. It considered and approved the Resolution on Approving the 2024 Annual Report of Dongguan Rural Commercial Bank Co., Ltd.. 17 Directors were eligible for attending the meeting, of whom 14 were present in person and 3 were present by proxies. 12 Supervisors attended the meeting. The convening of the meeting is in compliance with relevant requirements of the Company Law of the People's Republic of China and the Articles of Association of Dongguan Rural Commercial Bank Co., Ltd.. This annual report was also reviewed and approved by the Audit Committee of the Board of Directors of the Bank.

The 2024 annual financial report prepared in accordance with International Financial Reporting Standards Accounting Standards has been audited by our auditor KPMG, who has issued a standard auditor's report with unqualified opinion.

Mr. Lu Guofeng, the legal representative and chairman of the Bank, Mr. Fu Qiang, the president, Mr. Ye Jianguang, the person-in-charge of accounting, and Ms. Zhong Xuemei, the head of the accounting department, hereby declare and assure the truthfulness, accuracy, and completeness of the financial reports in this Report.

The Bank proposed to provide 10% or RMB443 million of the audited net profit of the Bank for the year of 2024 as statutory surplus reserve; provide 10% or RMB443 million of the net profit as general reserve; and based on total share capital, cash dividends of RMB0.25 per share (tax inclusive). Remaining undistributed profit will be carried forward to next year. The implementation of the above profit distribution plan is subject to consideration and approval at the 2024 annual general meeting. Further details in relation to the distribution of the final dividend and the relevant closure of register of members arrangement will be disclosed in the circular of 2024 annual general meeting of the Bank.

The forward-looking statements included in this Report are based on current plans, estimates and projections. Although the Board of Directors believes that the expectations reflected in these forward-looking statements are reasonable, the Board of Directors gives no assurance that these expectations will be realized or proved to be correct and these statements should not be considered as substantive commitments of the Group. Investors and persons concerned should be fully aware of the risks and understand the difference among plans, estimates and commitments.

During the Reporting Period, the Bank was not aware of any material risk that would adversely affect its future development strategies and business targets. Details of the major risks to which the Bank was exposed in its operations and management and the corresponding measures adopted by the Bank are described in this Report. Please refer to the information in the "Risk Management" section in the "Management Discussion and Analysis" chapter of this Report.

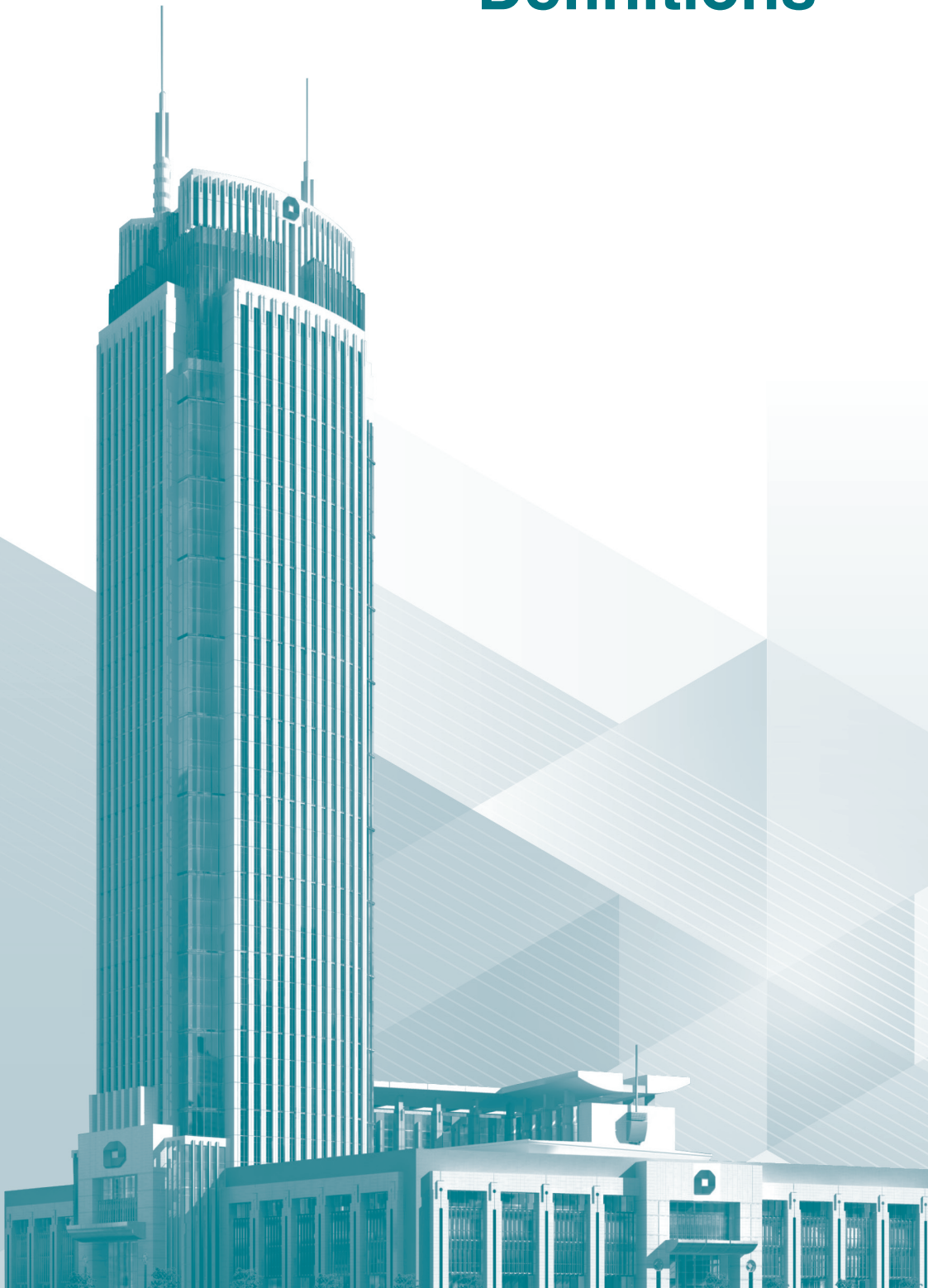
Under different circumstances, this Report discloses relevant information on Group basis or at level of the parent bank only. Therefore, there exists inconsistency between the data of the "Group" and the "Bank" and such inconsistency is not due to data error, but due to the difference in the scope of the data. Unless otherwise specified, the financial information set out in this Report represents the consolidated data from the financial statements of the Bank together with its subsidiaries, namely Huizhou Zhongkai Dongying County Bank Company Limited¹, Yunfu Xinxing Dongying County Bank Company Limited, Dongguan Dalang Dongying County Bank Company Limited¹, Hezhou Babu Dongying County Bank Company Limited, Zhanjiang Rural Commercial Bank Co., Ltd. and Guangdong Chaoyang Rural Commercial Bank Co., Ltd..

There may be discrepancies between the arithmetic sum of certain breakdowns and the corresponding total amount, which is due to rounding rather than data error.

This Report is prepared in Chinese and English. If there is any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

¹ Huizhou Zhongkai Dongying County Bank Company Limited and Dongguan Dalang Dongying County Bank Company Limited were absorbed and merged by our Bank in 2024, and received approval for dissolution on 14 September 2024, with their claims and debts assumed by our Bank.

Definitions



Definitions of commonly used terms in this Report

“Articles of Association” or “Articles”	unless otherwise indicated in the context, the articles of association of the Bank currently in force
“Bank” or “our Bank” or “Dongguan Rural Commercial Bank”	Dongguan Rural Commercial Bank Co., Ltd. (東莞農村商業銀行股份有限公司), a joint stock company established on 22 December 2009 through restructuring in the PRC with limited liability, and includes its predecessor, branches and sub-branches (for the avoidance of doubt, excluding its subsidiaries)
“Board of Directors”	the board of Directors of our Bank
“Board of Supervisors”	the board of Supervisors of our Bank
“CBIRC”	the former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會); in accordance with the Reform Plan for Party and State Institutions (《黨和國家機構改革方案》) published by the Central Committee of the Communist Party of China and the State Council in March 2023, the National Financial Regulatory Administration was formed on the basis of the CBIRC
“CBRC”	the former China Banking Regulatory Commission (中國銀行業監督管理委員會), which has merged with China Insurance Regulatory Commission to establish the CBIRC in accordance with the Notice of the State Council on the Setup of Institutions (Guo Fa [2018] No. 6) (《國務院關於機構設置的通知》(國發[2018]6號)) issued by the State Council on 24 March 2018
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules, as currently in force
“Director(s)”	the director(s) of our Bank
“Domestic Share(s)”	ordinary share(s) issued by our Bank in the mainland of the PRC
“Domestic Shareholder(s)”	holder(s) of Domestic Share(s)
“Dongguan Dalang Dongying County Bank”	Dongguan Dalang Dongying County Bank Co., Ltd. (東莞大朗東盈村鎮銀行股份有限公司), a joint stock company incorporated on 25 June 2012 in the PRC with limited liability and a non-wholly owned subsidiary of our Bank, was merged by absorption by our Bank in 2024, and received approval for dissolution on 14 September 2024, with its claims and debts assumed by our Bank

Definitions

“Group” or “we” or “us”	the Bank and its subsidiaries
“Guangdong Chaoyang Rural Commercial Bank” or “Guangdong Chaoyang RCB”	Guangdong Chaoyang Rural Commercial Bank Co., Ltd. (廣東潮陽農村商業銀行股份有限公司), a joint stock company incorporated on 27 December 2020 in the PRC with limited liability and a non-wholly owned subsidiary of our Bank
“Hezhou Babu Dongying County Bank”	Hezhou Babu Dongying County Bank Co., Ltd. (賀州八步東盈村鎮銀行股份有限公司), a joint stock company incorporated on 8 August 2012 in the PRC with limited liability and a non-wholly owned subsidiary of our Bank
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	ordinary share(s) issued by our Bank in Hong Kong, the PRC
“H Shareholder(s)”	holder(s) of H Share(s)
“Huizhou Zhongkai Dongying County Bank”	Huizhou Zhongkai Dongying County Bank Co., Ltd. (惠州仲愷東盈村鎮銀行股份有限公司), a joint stock company incorporated on 13 December 2010 in the PRC with limited liability and a non-wholly owned subsidiary of our Bank, was merged by absorption by our Bank in 2024, and received approval for dissolution on 14 September 2024, with its claims and debts assumed by our Bank
“Latest Practicable Date”	28 March 2025, being the latest practicable date prior to the printing of this Report for ascertaining certain data contained herein
“Listing Rules”	unless otherwise indicated in the context, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited currently in force
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set forth in Appendix C3 to the Listing Rules
“Non-performing loan(s)” or “NPL(s)”	loans classified as substandard, doubtful and loss under our five-level loan classification system, with reference to the Rules on Risk Classification of Financial Assets of Commercial Banks issued by CBIRC and the PBoC in 2023
“PBoC” or “Central Bank”	The People’s Bank of China, the central bank of the PRC
“Guangdong Puning Rural Commercial Bank” or “Guangdong Puning RCB”	Guangdong Puning Rural Commercial Bank Co., Ltd. (廣東普寧農村商業銀行股份有限公司), an institution that the Bank is entrusted by the Dongguan Municipal Government to manage

“Report” or “this Report”	2024 Annual Report of Dongguan Rural Commercial Bank Co., Ltd.
“Reporting Period”	the year ended 31 December 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Sannong”	the Chinese acronym of, collectively, nongye (agriculture), nongcun (rural areas) and nongmin (farmers)
“SFO”	unless otherwise indicated in the context, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) currently in force
“Share(s)”	ordinary share(s) of the Bank, including Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Share(s), including Domestic Shareholder(s) and H Shareholder(s)
“SME(s)”	collectively, small and micro enterprise(s) by number of employees, operating revenue, total assets and other indicators in accordance with the 2017 Measures for Classification of Large, Medium, the SMEs for the Purpose of Statistics 《統計上大中小微型企業劃分辦法 (2017)》 issued by the National Bureau of Statistics of China
“Supervisor(s)”	the supervisor(s) of our Bank
“The High-Quality Development Project Covering Every County, Every Town and Every Village” or “High-Quality Development Project”	the strategic deployment of Guangdong Provincial Party Committee on promoting the coordinated development of urban and rural areas in Guangdong Province, that is, taking the 122 counties (cities and districts), 1,609 towns (sub-districts), and 26,500 administrative villages (communities) in the province as the main body to comprehensively promote the high-quality development of counties, towns and villages in the province
“Yunfu Xinxing Dongying County Bank”	Yunfu Xinxing Dongying County Bank Co., Ltd. (雲浮新興東盈村鎮銀行股份有限公司), a joint stock company incorporated on 23 December 2011 in the PRC with limited liability and a non-wholly owned subsidiary of our Bank
“Zhanjiang Rural Commercial Bank” or “Zhanjiang RCB”	Zhanjiang Rural Commercial Bank Co., Ltd. (湛江農村商業銀行股份有限公司), a joint stock company incorporated on 26 October 2019 in the PRC with limited liability and a non-wholly owned subsidiary of our Bank

Chairman's Statement



NEW PLANNING, NEW MECHANISM, NEW DEVELOPMENT

2024 is a critical year for the country to achieve the goals and tasks of the "14th Five-Year Plan", and it is also the opening year of the Bank's new five-year development strategic plan. Over the past year, we actively implemented the spirit of the Second and Third Plenary Session of the 20th CPC Central Committee, firmly grasped the political and people-oriented nature of financial work, focused on enhancing the accessibility of financial services, and consistently maintained an attitude of forging ahead and rising to the challenge. We made steady progress in implementing the tasks of stabilizing growth, preventing risks and promoting reforms. The overall operation was stable and orderly, and the effectiveness of reforms continuously emerged.

We closely followed policy guidance and deeply integrated into the national strategies. We conscientiously implemented the essences of the Central Financial Work Conference and the Central Economic Work Conference, strived to excel in the "Five Major Financial Tasks", continuously promoted the development of technology finance, green finance, inclusive finance, pension finance and digital finance, actively responded to the strategy of rural revitalization and coordinated regional development, comprehensively implemented the action plan of "The High-Quality Development Project Covering Every County, Every Town and Every Village" with financial support and continuously enhanced the quality and efficiency of serving the real economy. The Group's total assets reached RMB745.904 billion, the consolidated deposit balance amounted to RMB520.248 billion, and the consolidated loan balance amounted to RMB381.045 billion.

We fully served the local areas and strove to fulfill our mission of serving the real economy. We actively fulfilled the responsibility and commitment as the mainstay of local finance, focused on Guangdong's strategy of "manufacturing industry" and Dongguan's city characteristics of "technological innovation + advanced manufacturing", continuously increased the financial supply to key areas such as industrial transformation, urban construction and social livelihood, strove to improve quality and efficiency, promoted the development of new productive forces, supported 770 national and provincial "specialised, refined, differentiated and innovative" enterprises, with a loan balance of RMB21.103 billion, representing an increase of 137.33%, and contributed the power of the rural commercial bank to the development of the local economy.

We followed the trend of the industry and addressed the challenges together in the reform efforts. In the face of the requirements under the financial supply-side reform, we proactively followed the trend, increased vitality through reform, and clearly proposed tasks in eight aspects. The Bank embraced and supported reform and took the initiative to integrate into reform, thus forming a good atmosphere of "self-motivation without external urging".

We adhered to strategic guidance to promote the synergetic development of the Group. We formulated the Group's new five-year development strategic plan, clearly defined our mission, vision and corporate values, and clarified the development goals and development paths. We continuously strengthened group management, fully implemented the empowerment of the parent bank, and vigorously advanced the reform of subsidiary institutions.

Looking forward to 2025, we will base ourselves on the new development stage, focus on the major decisions and deployments of the CPC Central Committee and provincial and municipal governments, closely follow changes in the market and customers, firmly adhere to the development direction and the orientation of values, ensure strategic focus, comprehensively deepen the institutional mechanism reform and concentrate on achieving high-quality development.

During the new year, we will implement the new development concept, focus on strengthening the implementation of the strategies in accordance with the roadmap formulated in the new five-year strategic development plan, build a comprehensive "1+N" strategic planning system, establish a closed-loop strategic management mechanism, fully promote the light capital development model, make every effort to drive digital transformation, and focus on creating distinctive competitive advantages so as to guarantee that the implementation of various measures of strategic planning.

We will uphold the customer-centric and market-oriented concepts and fully serve the local real economy. We will earnestly implement the major decisions and deployments of the Party and the state, uphold the original mission of serving the real economy, deepen and solidify the "Five Major Financial Tasks"; we will comprehensively improve the corporate financial service system, refine retail financial service scenarios, strengthen inclusive financial service capabilities, deepen the service positioning of financial asset management business, accelerate the promotion of financial product innovation, and provide higher quality and more efficient financial services for local economic development.

We will take reform as the driving force and take innovation as the support to fully enhance the quality and efficiency of operation and management. We will anchor on the task of "reforms", continuously improve the organizational structure, constantly optimize resource allocation, focus on enhancing innovation capabilities, comprehensively enhance the levels of process, digitalization and intelligence, build a more streamlined and efficient management system and mechanism, empower operations, enhance management efficiency and comprehensively improve the core competitiveness of the Group.

The river of time rushes forward and the steps of struggle never stop. We will be firm in our confidence, keep up with changes, actively take action, unite in our strive, anchor on the vision and goal of becoming a "Regional Value-oriented Rural Commercial Bank Group", continuously enhance the ability of financial services, create greater value for the shareholders, customers, society and employees, and achieve symbiosis and co-prosperity among the Group and the economy, society and environment.

**Dongguan Rural Commercial Bank Co., Ltd.
Chairman: Lu Guofeng**

Chapter I

Company Profile and Business Overview



I. GENERAL INFORMATION

Chinese legal name	東莞農村商業銀行股份有限公司
Abbreviation of Chinese name	東莞農商銀行
English legal name	Dongguan Rural Commercial Bank Co., Ltd.
Abbreviation of English name	DRC Bank、DRCB
Legal representative	Lu Guofeng
Authorised representatives under the Listing Rules	Ye Jianguang, Wong Wai Chiu
Authorised representative under the Hong Kong Companies Ordinance	Wong Wai Chiu
Secretary to the Board of Directors	Ye Jianguang
Joint company secretaries	Ye Jianguang, Wong Wai Chiu
Registered address	No. 2, Hongfu East Road, Dongcheng Street, Dongguan City, Guangdong Province, the PRC
Postal code	523123
Company's Website	www.drcbank.com
Customer service hotline	(86) 769-961122
Principal place of business in Hong Kong	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Listed stock exchange	The Stock Exchange of Hong Kong Limited
Stock short name and code	DRCB, 9889.HK
H Shares Registrar	Computershare Hong Kong Investor Services Limited
Domestic Shares Depository	China Securities Depository and Clearing Corporation Limited
Domestic auditors	Pan-China Certified Public Accountants LLP
International auditors	KPMG
PRC legal advisor	C&T Partners
Hong Kong legal advisor	King & Wood Mallesons
Designated information disclosure websites	Website of the Hong Kong Stock Exchange (www.hkexnews.hk) Website of the Bank (www.drcbank.com)
Place for inspection of information disclosure	Office of the Board of Directors of the Bank
Date of establishment as joint stock company	22 December 2009
Registered capital	RMB6,888,545,510
Unified Social Credit Code	914419007829859746
Financial license number	B1054H344190001

II. COMPANY PROFILE

Dongguan Rural Commercial Bank originated from Dongguan Rural Credit Cooperatives Association established in 1952. The Bank ceased to be administrated by the Agricultural Bank in 1996, established Dongguan Rural Credit Cooperatives Association* (東莞市農村信用合作聯社) upon completion of reform as a unified legal person in 2005, completed the reform as Dongguan Rural Commercial Bank Co., Ltd. in 2009, and successfully listed on the Hong Kong Stock Exchange in 2021 (stock code: 9889.HK).

As of the end of 2024, the Bank has established four tier-one branches outside Dongguan including Nansha branch in Guangdong Pilot Free Trade Zone, Hengqin branch in Guangdong Pilot Free Trade Zone, Huizhou sub-branch and Qingxin sub-branch, managed Zhanjiang Rural Commercial Bank, Guangdong Chaoyang Rural Commercial Bank, Yunfu Xinxing Dongying County Bank and Hezhou Babu Dongying County Bank on a consolidated basis, assisted Dongguan Municipal Government in managing Guangdong Puning Rural Commercial Bank, and invested in Guangdong Shunde Rural Commercial Bank, Guangdong Xuwen Rural Commercial Bank, Guangdong Lechang Rural Commercial Bank and Ya'an Rural Commercial Bank, which has become a regional banking group rooted in Dongguan, serving East Guangdong and West Guangdong.

As of the end of 2024, the Group's total assets amounted to RMB745.904 billion; the Group's balance of deposits was RMB520.248 billion; and the balance of loans was RMB381.045 billion. The Group's non-performing loan ratio was 1.84%, the provision coverage ratio was 207.72%, and the capital adequacy ratio and the tier-one capital adequacy ratio were 16.54% and 14.37%, respectively.

According to the latest statistics of magazine "The Banker", in terms of tier-one capital as of the end of 2023, the Bank ranked 219th in the global banking industry. The Bank ranked 39th in the "Top 100 Banks in China of 2024" released by China Banking Association in terms of net core tier-one capital and other statistical indicators as of the end of 2023, The Bank ranked 1,260th in the list of "2024 Global 2,000 by Forbes".

III. DEVELOPMENT STRATEGY, INVESTMENT VALUE AND CORE COMPETITIVENESS

(I) Development Strategies

Under the direction of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and following the deployment of the Central Financial Work Conference and the Central Economic Work Conference, the Group deepens the “Five Major Financial Tasks”, adheres to the leadership of Party building and the people-centric value orientation, balances the deepening of reforms and risk prevention, practices the values of customer orientation, integrity and honesty, steady development and coordinated growth, adheres to the mission of “accompanying, trusting and growing with each other”, and implements the development path of light capital development, digital transformation and characteristic competition to achieve the vision of becoming a “Regional Value-oriented Rural Commercial Bank Group”.

(II) INVESTMENT VALUE AND CORE COMPETITIVENESS

Prosperous operating area, broad market development space. The Group has improved the development pattern of “One Core with Two Wings” with the Guangdong-Hong Kong-Macao Greater Bay Area as the core, Dongguan as the center, and East Guangdong and West Guangdong as two complements, with the market share in terms of deposits and loans ranked first in the Dongguan banking industry for years. The economic strength, industrial infrastructure and market vitality of Dongguan and the Guangdong-Hong Kong-Macao Greater Bay Area have laid an important foundation and secured the sustainable development of the Group. The national strategy of “Guangdong-Hong Kong-Macao Greater Bay Area”, the continuous advancement of the “1310” work arrangements and “The High-Quality Development Project Covering Every County, Every Town and Every Village” of Guangdong, and the positioning of Dongguan as a city of “technological innovation + advanced manufacturing” have also provided the Group with new strategic opportunities.

Clear and firm development strategy, well-defined values. The Group, based on the new stage of development, closely follows changes in the economy, customers and the market, clearly defines the vision and goal of becoming a regional value-oriented rural commercial bank group, and practices the values of customer orientation, integrity and honesty, steady development and coordinated growth to ensure stable and long-term development.

Coordinated development of business segments, continuous optimization in financial service.

The Group adheres to the main responsibility and main business of “supporting agriculture, supporting SMEs and supporting the real economy”, implements the development path of light capital development, digital transformation and distinctive competition, promotes the coordinated development of the four core business segments of corporate, retail, inclusive finance and financial asset management which are mutually integrated and promote each other, provides comprehensive financial services to customers and fully supports the development of the real economy.

Continuous enhancement in organization and management, improved quality and efficiency of operational management.

The Group takes ecological, flat and professional operation as the main lines, comprehensively deepens the reform of system and mechanism, give play to the advantages such as flexible mechanism, short decision-making chain and interpersonal relationship, geographical relationship and genetic relationship to improve the speed of response to customer needs. It adheres to the principle of prudent operation, takes risk prevention as an eternal theme of work, shapes a comprehensively integrated, agile and proactive risk management governance structure and management system, reinforces risk quality management and achieves sustainable commercial development.

Technology empowerment for development, full power acceleration of digital development.

The Group has endeavored to build the foundation for the digital transformation with a focus on the implementation of the new-generation core system project. It strengthens the integration capability of business and technology, deepens the empowerment of technology and data, promotes systematic, refined and intelligent operations by digitalization, constructs precise marketing models, risk control models and operation models and continuously empower the innovation of financial products and services.

Standardized and solid corporate governance with realistic and pragmatic corporate culture.

The Group has established a sound governance structure of “the shareholders’ general meeting, the Board of Directors, the Board of Supervisors and senior management”, and formed a “diversified interests, coordination and checks and balances” shareholding structure with state-owned, private, foreign, rural collective economic organizations, natural person and employee. The Group deeply cultivates good corporate culture, adheres to the business philosophy of “customer-centric, market-oriented, and efficiency-oriented”, builds a responsible and dedicative striving culture, a prudent and stable compliance culture and a warm and harmonious home culture, creates a corporate atmosphere of “equality, mutual trust, mutual assistance, mutual love and common progress”, and unites the entire Group for coordinated and common development with corporate culture.

IV. MAJOR HONORS AND AWARDS

2024

January	2023 China Bond Member Business Development Quality Evaluation – Top 100 Proprietary Trading Settlement China Central Depository and Clearing Corporation Limited
February	Top 20 Enterprises in Dongguan by Principle Operating Income in 2023 Chinese Communist Party Dongguan Committee, Dongguan Municipal People's Government Dongguan City Benefit Contribution Award in 2023 Chinese Communist Party Dongguan Committee, Dongguan Municipal People's Government
March	The 7th Retail Banking Awards 2023 (2023 RBA) – Top 10 Retail Banking of Rural Commercial Banks Retail Banking (《零售銀行》雜誌) Outstanding Contribution Award for Dongguan Banking Industry in 2023 Dongguan Banking Association
May	Excellent Green Financial Business Innovation Institution in 2023 Shanghai Clearing House
June	Ranked 1,260th in the 2024 Global 2,000 by Forbes Forbes, USA
July	Ranked 219th of the Top 1,000 World Banks in 2023 The Banker, UK
August	Ranked 39th in the Top 100 Banks in China in 2024 China Banking Association Ranked 266th in the Top 500 Hurun China in 2023 Hurun China
September	Ranking 90th of the Top 100 Private Enterprises in Guangdong in 2024 Guangdong Enterprise Federation and Guangdong Entrepreneur Association
October	Tianji Award for ESG Practices in China's Banking Industry in 2024 Securities Times, Securities Trader China
November	Golden Tripod Awards for 2024 “Annual Fintech Innovation Award” National Business Daily

2025

March	Top 20 Enterprises in Dongguan by Principle Operating Income in 2024 Chinese Communist Party Dongguan Committee, Dongguan Municipal People's Government Dongguan City Benefit Contribution Award in 2024 Chinese Communist Party Dongguan Committee, Dongguan Municipal People's Government
-------	--

Chapter II

Accounting Data and Financial Indicators Highlights



Chapter II

Accounting Data and Financial Indicators Highlights

(Unit: RMB'000)

Operating results	For the year ended 31 December					Percentage increase/ (decrease) for the Reporting Period as compared to the previous year (%)
	2024	2023	2022	2021	2020	
Operating income	12,311,928	13,260,162	13,235,957	12,996,314	12,047,047	(7.15)
Profit before tax	4,103,910	5,169,736	6,284,062	5,989,651	5,372,109	(20.62)
Net profit	4,860,559	5,345,816	6,082,525	5,702,920	5,055,317	(9.08)
Net profit attributable to the shareholders of the Bank	4,624,651	5,161,283	5,931,681	5,589,700	4,856,926	(10.40)

(Unit: RMB/share)

Per share	For the year ended 31 December/as at 31 December					Percentage increase/ (decrease) for the Reporting Period as compared to the previous year (%)
	2024	2023	2022	2021	2020	
Net asset per share attributable to the shareholders of the Bank	8.64	7.93	7.42	6.88	6.30	8.95
Basic earnings per share	0.67	0.75	0.86	0.93	0.85	(10.67)
Diluted earnings per share	0.67	0.75	0.86	0.93	0.85	(10.67)

(Unit: RMB'000)

Scale indicators	As at 31 December					Percentage increase/(decrease) as at the end of the Reporting Period as compared to the end of the previous year (%)
	2024	2023	2022	2021	2020	
Total assets	745,904,488	708,853,592	657,689,972	593,361,093	548,401,956	5.23
Including: Gross loans and advances to customers (excluding accrued interest)	381,044,893	355,073,342	331,997,701	298,114,972	261,450,611	7.31
Allowance for expected credit loss/impairment provision for loans and advances to customers ⁽¹⁾	14,439,964	13,357,114	10,988,260	9,091,156	7,358,778	8.11
Total liabilities	683,438,588	651,365,055	603,870,043	543,378,980	509,759,142	4.92
Including: Total deposits from customers (excluding accrued interest)	520,248,239	487,094,959	459,162,554	413,961,013	372,589,791	6.81
Share capital	6,888,546	6,888,546	6,888,546	6,888,546	5,740,455	-
Shareholders' equity	62,465,900	57,488,537	53,819,929	49,982,113	38,642,814	8.66
Including: Equity attributable to shareholders of the Bank	59,551,452	54,649,387	51,127,714	47,378,632	36,145,627	8.97
Non-controlling interests	2,914,448	2,839,150	2,692,215	2,603,481	2,497,187	2.65

Note:

- (1) Including the impairment provision on loans and advances to customers measured at amortized costs and the impairment provision on loans and advances to customers at fair value through other comprehensive income.

Chapter II

Accounting Data and Financial Indicators Highlights

(Unit: %)

Profitability indicators	For the year ended 31 December					Amount of increase/ (decrease) for the Reporting Period as compared to the previous year
	2024	2023	2022	2021	2020	
Return on average total assets ⁽¹⁾	0.67	0.78	0.97	1.00	1.00	(0.11)
Return on average equity ⁽²⁾	8.10	9.61	11.72	12.87	13.64	(1.51)
Net interest spread ⁽³⁾	1.30	1.62	1.89	1.90	2.10	(0.32)
Net interest margin ⁽⁴⁾	1.35	1.67	1.92	1.96	2.16	(0.32)
Cost-to-income ratio ⁽⁵⁾	37.44	35.30	34.78	34.18	31.51	2.14

Notes:

- (1) Rate of return was calculated by dividing the net profit for the year by the average balance of total assets at the beginning and the ending of the year.
- (2) Rate of return was calculated by dividing the net profit for the year by the average balance of total shareholders' equity at the beginning and the ending of the year.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost ratio of interest-bearing liabilities.
- (4) Calculated by dividing the net interest income by the average balance of total interest-earning assets.
- (5) Calculated by dividing the total operating expenses (excluding tax and surcharges) by total operating income.

(Unit: %)

Capital adequacy indicators ⁽¹⁾	As at 31 December					Amount of increase/ (decrease) as at the end of the Reporting Period as compared to the end of the previous year
	2024	2023	2022	2021	2020	
Core tier-one capital adequacy ratio ⁽²⁾	14.34	13.62	13.70	13.90	11.54	0.72
Tier-one capital adequacy ratio ⁽³⁾	14.37	13.65	13.74	13.94	11.57	0.72
Capital adequacy ratio ⁽⁴⁾	16.54	15.85	15.98	16.29	14.00	0.69
Ratio of total equity to total assets	8.37	8.11	8.18	8.42	7.05	0.26

Notes:

- (1) Indicators as at 31 December 2024 were calculated in accordance with relevant requirements of the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) and indicators as at 31 December 2023 and previous periods were calculated in accordance with relevant requirements of the Administrative Measures for the Capital of Commercial Banks (Trial) (《商業銀行資本管理辦法(試行)》). The calculation scope of capital adequacy ratio comprises of all branches and financial institution subsidiaries in compliance with the requirements of the Administrative Measures for the Capital of Commercial Banks.
- (2) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by total risk-weighted assets.
- (3) Calculated by dividing tier-one capital, net of tier-one capital deductions, by total risk-weighted assets.
- (4) Calculated by dividing total capital, net of capital deductions, by total risk-weighted assets.

Chapter II

Accounting Data and Financial Indicators Highlights

(Unit: %)

Asset quality indicators	As at 31 December					Amount of increase/ (decrease) as at the end of the Reporting Period as compared to the end of the previous year
	2024	2023	2022	2021	2020	
Non-performing loan ratio ⁽¹⁾	1.84	1.23	0.90	0.84	0.82	0.61
Allowance coverage ratio ⁽²⁾	207.72	308.30	373.83	375.34	375.13	(100.58)
Allowance to total loan ratio ⁽³⁾	3.82	3.81	3.37	3.15	3.06	0.01

Notes:

- (1) Calculated by dividing the total amount of non-performing loan (excluding accrued interest) by total amount of loans (excluding accrued interest), where the loans of Zhanjiang RCB and Guangdong Chaoyang RCB, our subsidiaries, were calculated by the balance of carrying amount instead of purchase price (i.e. fair value at the acquisition date).
- (2) Calculated by dividing the balance of loan impairment provision by total non-performing loans (excluding accrued interest), where the balance of loan impairment provision does not include the balance of loan impairment provision recorded under loans in other comprehensive income and the loans of Zhanjiang RCB and Guangdong Chaoyang RCB, our subsidiaries, were calculated by the original book value instead of purchase price (i.e. fair value at the acquisition date).
- (3) Calculated by dividing the balance of loan impairment provision by total loans (excluding accrued interest), where the balance of loan impairment provision does not include impairment provision recorded under loans in other comprehensive income and the loans of Zhanjiang RCB and Guangdong Chaoyang RCB, our subsidiaries, were calculated by the original book value instead of purchase price (i.e. fair value at the acquisition date).

(Unit: %)

Other indicator	As at 31 December					Amount of increase/ (decrease) as at the end of the Reporting Period as compared to the end of the previous year
	2024	2023	2022	2021	2020	
Loan-to-deposit ratio ⁽¹⁾	73.27	72.94	72.37	72.11	70.36	0.33

Note:

- (1) Calculated by dividing total loans to customers (excluding accrued interest) by total deposits from customers (excluding accrued interest), where the deposits and loans of Zhanjiang RCB and Guangdong Chaoyang RCB, our subsidiaries, were calculated at the original book value instead of fair value on the acquisition date.

Chapter III

Management

Discussion and

Analysis



I. OPERATION OVERVIEW

In 2024, the Bank closely focused on the major decisions and deployments of the CPC Central Committee and provincial and municipal authorities, solidly promoted various tasks of stabilizing growth, preventing risks and promoting reforms. It deeply practiced the business philosophy of “customer-centric, market-oriented, and efficiency-oriented”, drove business development with steady progress, continuously strengthened risk control management, enhanced development vitality, and maintained the coordinated development of operational quality, scale and efficiency.

In terms of business scale, as of the end of the Reporting Period, the Group’s total assets amounted to RMB745.904 billion, representing an increase of RMB37.051 billion or 5.23% over the beginning of the year. The balance of deposits amounted to RMB520.248 billion, representing an increase of RMB33.153 billion or 6.81% over the beginning of the year. The balance of loans amounted to RMB381.045 billion, representing an increase of RMB25.972 billion or 7.31% over the beginning of the year. The scale of assets increased steadily, and efforts to serve the real economy continued to strengthen.

In terms of development quality, as of the end of the Reporting Period, the Group’s non-performing loan ratio was 1.84%, the provision coverage ratio was 207.72%, and the capital adequacy ratio and tier-one capital adequacy ratio were 16.54% and 14.37% respectively, all of ratios above were superior to regulatory standards.

In terms of operation performance, during the Reporting Period, the Group achieved a profit before tax of RMB4.104 billion and a net profit of RMB4.861 billion, with ROA and ROE of 0.67% and 8.10%, respectively.

II. KEY OPERATING DATA

(I) Analysis on income statement

During the Reporting Period, the Group achieved operating income of RMB12.312 billion, representing a decrease of 7.15% over the corresponding period of the previous year, and net profit of RMB4.861 billion, representing a decrease of RMB0.485 billion, or 9.08%, over the corresponding period of the previous year, which was mainly attributable to the decrease in operating income as compared to the same period of the previous year resulted from factors such as the continuous downward trend of market interest rates and the policy guidance for financial institutions to continue benefiting the real economy.

The key items and movements in the Group's income statement are shown in the table below:

(unit: RMB'000)

Item	For the year ended 31 December		Amount of increase/ (decrease)	Increase/ (decrease) Percentage (%)
	2024	2023		
Net interest income	9,174,287	10,572,309	(1,398,022)	(13.22)
Net non-interest income	3,137,641	2,687,853	449,788	16.73
Operating income	12,311,928	13,260,162	(948,234)	(7.15)
Operating expense	(4,752,665)	(4,820,138)	67,473	(1.40)
Impairment losses on assets	(3,479,797)	(3,322,146)	(157,651)	4.75
Operating profit	4,079,466	5,117,878	(1,038,412)	(20.29)
Share of profits of associates	24,444	51,858	(27,414)	(52.86)
Profit before tax	4,103,910	5,169,736	(1,065,826)	(20.62)
Income tax	756,649	176,080	580,569	329.72
Net profit	4,860,559	5,345,816	(485,257)	(9.08)
Net profit attributable to the shareholders of the Bank	4,624,651	5,161,283	(536,632)	(10.40)
Net profit attributable to the non-controlling interests	235,908	184,533	51,375	27.84

1. Net interest income

During the Reporting Period, the Group's net interest income amounted to RMB9.174 billion, representing a year-on-year decrease of RMB1.398 billion, which was mainly attributable to the dual impact of the Bank's preferential policies to support the real economy and the reduction of LPR (Loan Prime Rate).

The following table sets forth the Group's interest income, interest expense and net interest income for the periods indicated:

(unit: RMB'000)

Item	For the year ended 31 December		Amount of increase/ (decrease)	Increase/ (decrease) Percentage (%)
	2024	2023		
Interest income	21,922,067	23,082,553	(1,160,486)	(5.03)
Interest expense	(12,747,780)	(12,510,244)	(237,536)	1.90
Net interest income	9,174,287	10,572,309	(1,398,022)	(13.22)

(1) Net interest spread and net interest margin

During the Reporting Period, the Group's average yield on interest-earning assets amounted to 3.23%, representing a year-on-year decrease of 0.41 percentage point; the average cost ratio of interest-bearing liabilities amounted to 1.93%, representing a year-on-year decrease of 0.09 percentage point; the net interest spread amounted to 1.30%, representing a year-on-year decrease of 0.32 percentage point; and the net interest margin amounted to 1.35%, representing a year-on-year decrease of 0.32 percentage point.

During the Reporting Period, the Group's average yield on interest-earning assets decreased compared with the previous year, due to: firstly, loan interest rate being affected by the decline in LPR; secondly, the decline in the yield on bond investment caused by the downward movement of market interest rate.

During the Reporting Period, the average cost ratio of interest-bearing liabilities of the Group decreased compared with the previous year, mainly due to the Group's implementation of multiple cost control measures and the decline in market interest rates.

The following table sets forth the average balance of interest-earning assets and interest-bearing liabilities, the related interest income or expense, and the average yield on the related assets or average cost ratio on the related liabilities for the periods indicated:

(unit: RMB'000)

Item	For the year ended 31 December					
	2024			2023		
	Average balance	Interest income/expense	Average yield/cost ratio ⁽¹⁾ (%)	Average balance	Interest income/expense	Average yield/cost ratio ⁽¹⁾ (%)
Interest-earning assets						
Loans and advances to customers	374,544,580	14,428,969	3.85	349,249,780	15,869,946	4.54
Financial investments ⁽²⁾	241,458,678	6,453,512	2.67	225,367,539	6,265,738	2.78
Deposits with Central Bank	30,238,923	429,757	1.42	31,156,924	438,891	1.41
Financial assets held under resale agreements, deposits and placements with banks and other financial institutions	31,872,208	609,829	1.91	28,436,890	507,978	1.79
Total	678,114,389	21,922,067	3.23	634,211,133	23,082,553	3.64
Interest-bearing liabilities						
Deposits from customers	501,280,661	8,987,966	1.79	471,281,642	9,011,957	1.91
Bonds issued	74,752,533	1,804,171	2.41	74,804,071	1,900,766	2.54
Borrowings from Central Bank	37,468,887	874,448	2.33	27,725,372	693,920	2.50
Financial assets sold under repurchase agreements, deposits and placements from banks and other financial institutions	47,663,694	1,062,533	2.23	44,361,453	884,993	1.99
Leasing liability	506,329	18,662	3.69	485,363	18,608	3.83
Total	661,672,104	12,747,780	1.93	618,657,901	12,510,244	2.02
Net interest income		9,174,287			10,572,309	
Net interest spread⁽³⁾			1.30			1.62
Net interest margin⁽⁴⁾			1.35			1.67

Notes:

- (1) Calculated by dividing interest income/expense by the average balance.
- (2) Mainly including the interest-earning financial assets at amortized cost and financial assets at fair value through other comprehensive income.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost ratio of total interest-bearing liabilities.
- (4) Calculated by dividing the net interest income by the average balance of total interest-earning assets.

Chapter III

Management Discussion and Analysis

The following table sets forth the Group's year-on-year changes in interest income and interest expense due to changes in volume and interest rates:

(unit: RMB'000)

Item	For the year ended 31 December 2024 VS 2023		
	Increase/(decrease) due to the changes in		Net increase/ (decrease) ⁽³⁾
	Volume ⁽¹⁾	Interest rate ⁽²⁾	
Interest-earning assets			
Loans and advances to customers	1,149,398	(2,590,375)	(1,440,977)
Financial investments ⁽⁴⁾	447,371	(259,597)	187,774
Deposits with Central Bank ⁽⁵⁾	(12,931)	3,797	(9,134)
Financial assets held under resale agreements, deposits and placements with banks and other financial institutions	61,366	40,485	101,851
Changes in interest income	1,645,204	(2,805,690)	(1,160,486)
Interest-bearing liabilities			
Deposits from customers	573,648	(597,639)	(23,991)
Bonds issued ⁽⁶⁾	(1,310)	(95,285)	(96,595)
Borrowings from Central Bank	243,864	(63,336)	180,528
Financial assets sold under repurchase agreements, deposits and placements from banks and other financial institutions	65,878	111,662	177,540
Leasing liability	804	(750)	54
Changes in interest expense	882,884	(645,348)	237,536
Changes in net interest income	762,320	(2,160,342)	(1,398,022)

Notes:

- (1) Represents the average balance of this year less the average balance of the previous year, multiplied by the average yield/cost ratio of the previous year.
- (2) Represents the average yield/cost ratio for this year less the average yield/cost ratio for the previous year, multiplied by the average balance for this year.
- (3) Represents interest income/expense for this year less interest income/expense for the previous year.
- (4) Mainly including the interest-earning financial assets at amortized cost and financial assets at fair value through other comprehensive income.
- (5) Mainly including the statutory deposit reserves and excess deposit reserves.
- (6) Mainly including the interbank certificates of deposit, tier-two capital bonds, green financial bonds, specialized financial bonds for agriculture, rural areas and farmers, fixed rate financial bonds and financial bonds for small and micro enterprise.

(2) *Interest income*

During the Reporting Period, the interest income was RMB21.922 billion, representing a year-on-year decrease of RMB1.160 billion or 5.03%. The following table sets forth the composition, percentage and average yield of the Group's interest income for the periods indicated:

(unit: RMB'000)

Item	For the year ended 31 December					
	2024			2023		
	Amount	Percentage of total (%)	Average yield (%)	Amount	Percentage of total (%)	Average yield (%)
Loans and advances to customers	14,428,969	65.82	3.85	15,869,946	68.75	4.54
Financial investments	6,453,512	29.44	2.67	6,265,738	27.15	2.78
Deposits with Central Bank	429,757	1.96	1.42	438,891	1.90	1.41
Financial assets held under resale agreements, deposits and placements with banks and other financial institutions	609,829	2.78	1.91	507,978	2.20	1.79
Total interest income	21,922,067	100.00	3.23	23,082,553	100.00	3.64

(i) *Interest income from loans and advances to customers*

The interest income from loans and advances to customers accounted for 65.82% and 68.75% of total interest income for the years ended 31 December 2024 and 2023, respectively. The following table sets forth the average balances, interest income and average yields on each component of the Group's loans and advances to customers for the periods indicated:

(unit: RMB'000)

Item	For the year ended 31 December					
	2024			2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans and advances	215,543,806	8,854,814	4.11	199,189,828	9,772,496	4.91
Personal loans and advances	125,925,584	5,224,427	4.15	118,570,512	5,619,396	4.74
Discounted bills	33,075,190	349,728	1.06	31,489,440	478,054	1.52
Total	374,544,580	14,428,969	3.85	349,249,780	15,869,946	4.54

During the Reporting Period, the interest income from loans and advances to customers amounted to RMB14.429 billion, representing a decrease of RMB1.441 billion, or 9.08%, over the corresponding period of the previous year, mainly due to the decline in LPR yields.

(ii) Interest income from financial investments

The interest income from financial investments accounted for 29.44% and 27.15% of total interest income for the years ended 31 December 2024 and 2023, respectively. The majority of interest income from financial investments was derived from interest income of investment bonds.

During the Reporting Period, the Group achieved interest income from financial investments of RMB6.454 billion, representing an increase of RMB0.188 billion, or 3%, over the corresponding period of the previous year, which was mainly attributable to the growth in investment scale.

(iii) Interest income from financial assets held under resale agreements, deposits and placements with banks and other financial institutions

The average balance, interest income and average yield of each component of the Group's financial assets held under resale agreements, deposits and placements with banks and other financial institutions are set out below:

(unit: RMB'000)

Item	For the year ended 31 December					
	2024			2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Financial assets held under resale agreements	14,792,020	268,499	1.82	15,130,180	270,127	1.79
Deposits and placements with banks and other financial institutions	17,080,188	341,330	2.00	13,306,710	237,851	1.79
Total	31,872,208	609,829	1.91	28,436,890	507,978	1.79

During the Reporting Period, the interest income from financial assets held under resale agreements, deposits and placements with banks and other financial institutions amounted to RMB0.61 billion. The increase in interest income was driven by simultaneous growth in average balance and yield.

(3) *Interest expense*

During the Reporting Period, the Group's interest expense amounted to RMB12.748 billion, representing a year-on-year increase of RMB0.238 billion, or 1.9%. The following table sets forth the composition, percentage and average cost ratio of the Group's interest expense for the periods indicated:

(unit: RMB'000)

Item	For the year ended 31 December					
	2024			2023		
	Amount	Percentage of total (%)	Average cost rate (%)	Amount	Percentage of total (%)	Average cost rate (%)
Deposits from customers	8,987,966	70.51	1.79	9,011,957	72.04	1.91
Bonds issued	1,804,171	14.15	2.41	1,900,766	15.19	2.54
Borrowings from Central Bank	874,448	6.86	2.33	693,920	5.55	2.50
Financial assets sold under repurchase agreements, deposits and placements from banks and other financial institutions	1,062,533	8.34	2.23	884,993	7.07	1.99
Leasing liabilities	18,662	0.14	3.69	18,608	0.15	3.83
Total interest expense	12,747,780	100.00	1.93	12,510,244	100.00	2.02

(i) *Interest expense on customer deposits*

The interest expense on deposits from customers accounted for 70.51% and 72.04% of total interest expense for the years ended 31 December 2024 and 2023, respectively.

Chapter III Management Discussion and Analysis

The following table sets forth the average balance, interest expense and average cost rate of each component of the Group's deposits from customers during the period indicated:

(unit: RMB'000)

Item	For the year ended 31 December					
	2024			2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate deposits						
Demand	88,696,399	644,805	0.73	92,432,828	799,651	0.87
Time	108,715,368	3,273,286	3.01	97,165,032	3,171,869	3.26
Sub-total	197,411,767	3,918,091	1.98	189,597,860	3,971,520	2.09
Personal deposits						
Demand	113,018,704	264,457	0.23	117,465,728	589,500	0.50
Time	190,850,190	4,805,418	2.52	164,218,054	4,450,937	2.71
Sub-total	303,868,894	5,069,875	1.67	281,683,782	5,040,437	1.79
Total	501,280,661	8,987,966	1.79	471,281,642	9,011,957	1.91

During the Reporting Period, the Group's interest expense on customer deposits was RMB8.988 billion, representing a decrease of RMB24 million or 0.27% year-on-year, and interest expense on customer deposits remained basically unchanged.

(ii) Interest expense on bonds issued

During the Reporting Period, the Group's interest expense on bonds issued was RMB1.804 billion, with a year-on-year decrease of RMB0.097 billion, mainly due to the overall downward trend in the bond market interest rates during the Reporting Period.

(iii) Interest expense on borrowings from the Central Bank

During the Reporting Period, the Group's interest expense on borrowings from the Central Bank was RMB0.874 billion, with a year-on-year increase of RMB0.181 billion, or 26.02%, mainly due to the growth in the average balance.

- (iv) Interest expense on financial assets sold under repurchase agreements, deposits and placements from banks and other financial institutions

The average balance, interest expense and average cost ratio of each component of the Group's financial assets sold under repurchase agreements, deposits and placements from banks and other financial institutions are set out below:

(unit: RMB'000)

Item	For the year ended 31 December					
	2024			2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Financial assets sold under repurchase agreements	20,828,565	395,857	1.90	25,810,762	470,997	1.82
Deposits and placements from banks and other financial institutions	26,835,129	666,676	2.48	18,550,691	413,996	2.23
Total	47,663,694	1,062,533	2.23	44,361,453	884,993	1.99

During the Reporting Period, the Group's interest expenses on financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions amounted to RMB1.063 billion, with a year-on-year increase of RMB0.178 billion, or 20.06%, which was mainly attributable to the increase in the average balance of deposits and placements from banks and other financial institutions.

2. Net non-interest income

During the Reporting Period, the Group's net non-interest income amounted to RMB3.138 billion, representing a year-on-year increase of RMB0.45 billion, or 16.73%. The following table sets forth the composition and changes of non-interest income of the Group for the periods indicated:

(unit: RMB'000)

Item	For the year ended 31 December		Amount of increase/ (decrease)	Increase/ (decrease) Percentage (%)
	2024	2023		
Net fee and commission income	457,037	712,777	(255,740)	(35.88)
Net trading gains	1,847,599	1,081,308	766,291	70.87
Net gains on financial instruments	708,453	707,489	964	0.14
Other operating income	124,552	186,279	(61,727)	(33.14)
Total	3,137,641	2,687,853	449,788	16.73

(1) Net fee and commission income

During the Reporting Period, the Group's net fee and commission income amounted to RMB0.457 billion, with a decrease of RMB0.256 billion year on year, mainly attributable to the adjustment of insurance agency fee rates and wealth-management product fee rates according to market environment changes.

The Group's net fee and commission income is as follows:

(unit: RMB'000)

Item	For the year ended 31 December			
	2024		2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Fee income from settlement business	73,463	16.07	72,067	10.11
Bank card fee income	206,059	45.09	216,764	30.41
Fee income from custody and other fiduciary business	187,492	41.02	341,938	47.97
Income from wealth management business	265,865	58.17	361,923	50.78
Income from other businesses	82,930	18.15	97,680	13.70
Fee and commission income	815,809	178.50	1,090,372	152.97
Fee and commission expense	(358,772)	(78.50)	(377,595)	(52.97)
Net fee and commission income	457,037	100.00	712,777	100.00

(2) Net trading gains

During the Reporting Period, the Group's net trading gains amounted to RMB1.848 billion, representing a year-on-year increase of RMB0.766 billion, which was mainly due to a downward trend in the bond market interest rates during the Reporting Period, which led to the increase in investment income from bonds and funds.

(3) Net gains on financial instruments

During the Reporting Period, the Group's net gains on financial investments amounted to RMB0.708 billion, representing a year-on-year increase of 0.14%, remaining basically the same.

(4) *Other operating income*

During the Reporting Period, other operating income of the Group amounted to RMB0.125 billion, representing a year-on-year decrease of RMB0.062 billion, mainly due to the adjustment of the incentive funding support proportion of inclusive small and micro loan support tools from 2% to 1% from the third quarter of 2023 to the end of 2024 according to the “Notice on Extending the Term of Inclusive Small and Micro Loan Support Tools (《關於延長普惠小微貸款支持工具期限的通知》)” (Yin Ban Fa [2023] No. 78) issued by the General Office of the People’s Bank of China, that is 1% incentive fund support proportion was implemented in 2024, 2% incentive fund support proportion was implemented in 2023, and the revenue from inclusive small and micro loan support tools was decreased.

3. Operating expenses

During the Reporting Period, the Group’s operating expenses amounted to RMB4.753 billion, representing a year-on-year decrease of RMB0.067 billion or 1.4%, which was mainly attributable to the effectiveness of cost control.

The following table sets forth the major components of the Group’s operating expenses for the periods indicated:

(unit: RMB’000)

Item	For the year ended 31 December		Amount of increase/ (decrease)	Increase/ (decrease) Percentage (%)
	2024	2023		
Staff costs	3,058,456	3,023,311	35,145	1.16
Taxes and surcharges	143,090	139,701	3,389	2.43
General and administrative expenses	1,114,876	1,225,788	(110,912)	(9.05)
Depreciation and amortization	429,392	422,760	6,632	1.57
Others	6,851	8,578	(1,727)	(20.13)
Total	4,752,665	4,820,138	(67,473)	(1.40)

(1) *Staff costs*

Staff costs are the largest component of the Group’s operating expenses, accounting for 64.35% and 62.72% of operating expenses in 2024 and 2023, respectively.

Chapter III

Management Discussion and Analysis

The following table sets forth the major components of the Group's staff costs for the periods indicated:

(unit: RMB'000)

Item	For the year ended 31 December		Amount of increase/ (decrease)	Increase/ (decrease) Percentage (%)
	2024	2023		
Salaries, bonuses and allowances	2,129,559	2,247,985	(118,426)	(5.27)
Pension and other social benefits	729,451	558,822	170,629	30.53
Enterprise annuity scheme	153,960	168,180	(14,220)	(8.46)
Others	45,486	48,324	(2,838)	(5.87)
Total	3,058,456	3,023,311	35,145	1.16

During the Reporting Period, the Group's staff costs amounted to RMB3.058 billion, representing an increase of RMB0.035 billion, or 1.16% compared with the same period last year.

(2) Depreciation and amortization

During the Reporting Period, the Group's depreciation and amortization amounted to RMB0.429 billion, representing a year-on-year increase of RMB0.007 billion or 1.57%.

4. Impairment losses on assets

(unit: RMB'000)

Item	For the year ended 31 December		Amount of increase/ (decrease)	Increase/ (decrease) Percentage (%)
	2024	2023		
Loans and advances to customers	3,833,622	3,452,868	380,754	11.03
Financial investments	(321,871)	(111,433)	(210,438)	188.85
Loan commitments and guarantee contracts	(38,966)	(7,850)	(31,116)	396.38
Financial assets held under resale agreements, deposits and placements with banks and other financial institutions	(30,163)	(1,776)	(28,387)	1,598.37
Other assets	37,175	(9,663)	46,838	(484.71)
Total	3,479,797	3,322,146	157,651	4.75

(1) *Loans and advances to customers*

During the Reporting Period, the Group recorded a credit impairment loss of RMB3,834 million on loans and advances to customers, representing an increase of RMB381 million compared with the same period last year, which was mainly due to the increased provisions to enhance the asset risk prevention ability.

(2) *Financial investments*

During the Reporting Period, the Group's provision for credit impairment losses on financial investments amounted to RMB322 million, representing an increase of RMB210 million from the same period of the previous year, which was mainly attributable to the intensified efforts in the disposal of non-performing assets.

5. Income tax

During the Reporting Period, the Group's income tax amounted to RMB-757 million, representing a year-on-year decrease of RMB581 million. The effective income tax rate was -18.44%, representing a decrease of 15.03 percentage points from the same period of the previous year, mainly due to a year-on-year decrease in pre-tax income and an increase in tax-exempt income.

(unit: RMB'000)

Item	For the year ended 31 December		Amount of increase/ (decrease)	Increase/ (decrease) Percentage (%)
	2024	2023		
Current income tax	11,862	562,723	(550,861)	(97.89)
Deferred income tax	(768,511)	(738,803)	(29,708)	4.02
Total	(756,649)	(176,080)	(580,569)	329.72

(II) Balance Sheet Analysis

1. Assets

As of the end of the Reporting Period, the Group's total assets amounted to RMB745.904 billion, representing an increase of RMB37.051 billion, or 5.23%, as compared with the end of the previous year, which was mainly because the increase in scale of loans and financial investments.

Chapter III

Management Discussion and Analysis

The following table sets forth the balances of the major components of the Group's total assets as at the dates indicated:

(unit: RMB'000)

	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Net loans and advances to customers	367,364,491	49.25	342,511,915	48.32
Cash and balances with Central Bank	36,333,987	4.87	36,935,315	5.21
Financial investments ⁽¹⁾	313,641,516	42.05	301,218,535	42.49
Financial assets held under resale agreements, deposits and placements with banks and other financial institutions	16,818,580	2.25	17,566,453	2.48
Investment in associates	644,456	0.09	633,467	0.09
Goodwill	520,521	0.07	520,521	0.07
Property and equipment	2,288,747	0.31	2,307,417	0.33
Right-of-use assets	1,176,183	0.16	992,821	0.14
Deferred tax assets	4,732,688	0.63	4,710,374	0.66
Others ⁽²⁾	2,383,319	0.32	1,456,774	0.21
Total assets	745,904,488	100.00	708,853,592	100.00

Notes:

- (1) Financial investments include bonds, funds, beneficiary rights of credit assets, and unlisted equity investments.
- (2) Including derivative financial assets, prepayments to suppliers, long-term deferred expenses, foreclosed assets, research and development expenses, clearing and settlement, and precious metals.

(1) Loans and advances to customers

As of the end of the Reporting Period, the Group's net loans and advances to customers amounted to RMB367.364 billion, representing an increase of RMB24.853 billion, or 7.26%, as compared with the end of last year.

	As at 31 December 2024	As at 31 December 2023	Amount of increase/ (decrease)	Increase/ (decrease) percentage (%)
Total loans and advances to customers	381,044,893	355,073,342	25,971,551	7.31
Add: accrued interest	734,502	730,437	4,065	0.56
Less: provision for expected credit loss ⁽¹⁾	14,414,904	13,291,864	1,123,040	8.45
Net loans and advances to customers	367,364,491	342,511,915	24,852,576	7.26

Note:

- (1) Excluding the provision for impairment of bills rediscounted and forfeiting, which are included in other comprehensive income.

The Group's loans and advances to customers mainly consisted of corporate loans, personal loans and discounted bills. For details of loans and advances to customers of the Group, please refer to the section "Loan Quality Analysis" in this chapter of the Report.

(2) Financial assets held under resale agreements, deposits and placements with banks and other financial institutions

As of the end of the Reporting Period, the Group's financial assets held under resale agreements, deposits and placements with banks and other financial institutions amounted to RMB16.819 billion, with a decrease of 4.26% over the end of last year, which was mainly attributable to the increase in the issuance of interbank certificates of deposits and the decrease in the financial assets held under resale agreements.

Details of the Group's financial assets held under resale agreements, deposits and placements with banks and other financial institutions are set out below:

(unit: RMB'000)

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Deposits with domestic banks and other financial institutions	2,444,307	14.55	4,169,735	23.70
Deposits with overseas banks and other financial institutions	1,166,474	6.94	1,235,082	7.02
Placements with domestic banks and other financial institutions	12,867,781	76.57	10,850,000	61.66
Financial assets held under resale agreements	325,598	1.94	1,340,450	7.62
Sub-total	16,804,160	100.00	17,595,267	100.00
Add: accrued interest	33,048		19,859	
Less: Impairment provision	18,628		48,673	
Total	16,818,580		17,566,453	

(3) Financial investments

As of the end of the Reporting Period, the Group's financial investments mainly consisted of bonds, beneficiary rights of credit assets, funds and unlisted equity investments. The total financial investments of the Group amounted to RMB313.642 billion, representing an increase of RMB12.423 billion, or 4.12% compared with the end of the previous year.

Chapter III Management Discussion and Analysis

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

(unit: RMB'000)

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial investments at fair value through profit and loss	43,268,319	13.80	52,836,715	17.54
Financial investment at amortized cost	140,564,544	44.82	137,226,078	45.56
Financial assets at fair value through other comprehensive income	129,808,653	41.38	111,155,742	36.90
Total	313,641,516	100.00	301,218,535	100.00

Among them, the distribution of the types and amounts of bonds held by the Group as of the end of the Reporting Period was as follows:

(unit: RMB'000)

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Debt securities issued by the central and local governments	221,249,558	78.23	214,220,194	79.62
Debt securities issued by financial institutions	56,830,871	20.10	51,275,690	19.06
Debt securities issued by enterprises	1,161,856	0.41	1,460,959	0.54
Interbank certificates of deposits	3,561,976	1.26	2,083,534	0.78
Total	282,804,261	100.00	269,040,377	100.00

Among them, the top ten largest bonds by nominal value held by the Group are as follows:

(Unit: RMB'000)

Item	Nominal value	Coupon rate	Maturity date
2021 Bonds	9,280,000	3.03%	11 March 2026
2021 Bonds	7,050,000	3.02%	27 May 2031
2023 Bonds	4,610,000	2.55%	15 October 2028
2024 Bonds	4,450,000	2.35%	25 February 2034
2020 Bonds	4,110,000	3.02%	22 October 2025
2019 Bonds	2,760,000	3.65%	21 May 2029
2023 Bonds	2,760,000	2.39%	15 November 2026
2021 Bonds	2,650,000	3.26%	9 April 2026
2021 Bonds	2,630,000	2.89%	18 November 2031
2024 Bonds	2,623,766	4.38%	15 May 2034

2. Liabilities

As of the end of the Reporting Period, the Group's total liabilities amounted to RMB683.439 billion, representing an increase of RMB32.074 billion or 4.92% as compared to the end of the previous year, which was mainly attributable to the increase in scale of deposits from customers and debt securities issued.

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

(unit: RMB'000)

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Deposits from customers	530,171,576	77.57	495,743,888	76.11
Debt securities issued	83,544,009	12.22	71,831,971	11.03
Borrowings from Central Bank	31,982,838	4.68	38,479,208	5.91
Financial assets sold under repurchase agreements, deposits and placements from banks and other financial institutions	31,123,784	4.55	39,403,137	6.05
Leasing liability	498,048	0.07	514,609	0.08
Financial liabilities at fair value through profit or loss	1,676,073	0.25	1,325,544	0.20
Taxes payable	290,369	0.04	304,574	0.05
Other liabilities ⁽¹⁾	4,151,891	0.62	3,762,124	0.57
Total liabilities	683,438,588	100.00	651,365,055	100.00

Note:

(1) Mainly including derivative financial liabilities, employee benefits payable, purchases payable and accrued expenses.

(1) *Deposits from customers*

The following table sets forth the Group's deposits from customers by product categories as at the dates indicated:

(unit: RMB'000)

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate deposits				
– Demand	92,317,178	17.74	91,495,874	18.78
– Time	104,334,518	20.05	95,239,526	19.55
Sub-total	196,651,696	37.79	186,735,400	38.33
Personal deposits				
– Demand	113,232,554	21.77	117,515,687	24.13
– Time	201,227,007	38.68	173,408,108	35.60
Sub-total	314,459,561	60.45	290,923,795	59.73
Other deposits⁽¹⁾	9,136,982	1.76	9,435,764	1.94
Principal of customer deposits in total	520,248,239	100.00	487,094,959	100.00
Add: accrued interest	9,923,337		8,648,929	
Total deposits from customers	530,171,576		495,743,888	

Note:

(1) Including remittance outstanding, margin deposit and national treasury fixed deposits.

As of the end of the Reporting Period, in terms of the Group's customer deposits structure, personal deposits accounted for 60.45%, of which the balance of deposits increased by RMB23.536 billion from the end of the previous year, representing an increase of 8.09%; corporate deposits accounted for 37.79%, of which the balance of deposits increased by RMB9.916 billion from the end of the previous year, representing an increase of 5.31%. In terms of term structure, demand deposits accounted for 39.51%, with a decrease of 3.4 percentage points from the end of last year, while time deposits accounted for 58.73%, with an increase of 3.58 percentage points from the end of last year.

Chapter III

Management Discussion and Analysis

(2) Financial assets sold under repurchase agreements, deposits and placements from banks and other financial institutions

As of the end of the Reporting Period, the Group's financial assets sold under repurchase agreements, deposits and placements from banks and other financial institutions amounted to RMB31.124 billion, representing a decrease of RMB8.279 billion, or 21.01% as compared to the end of the previous year, which was mainly attributable to the increase in the issuance of interbank certificates of deposit.

The breakdown of financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions of the Group as at the dates indicated is as follows:

(unit: RMB'000)

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Deposits from domestic banks	4,342,680	13.95	7,108,980	18.04
Deposits from non-banking domestic financial institutions	1,453,252	4.67	3,417,771	8.67
Placements from domestic banks	6,242,506	20.06	3,842,859	9.75
Bonds sold under repurchase agreements	18,667,486	59.98	20,939,027	53.14
Notes sold under repurchase agreements	323,322	1.04	4,009,932	10.18
Sub-total	31,029,246	99.70	39,318,569	99.78
Add: accrued interest	94,538	0.30	84,568	0.22
Total	31,123,784	100.00	39,403,137	100.00

3. Shareholders' equity

As of the end of the Reporting Period, the Group's total shareholders' equity amounted to RMB62.466 billion, representing an increase of RMB4.977 billion, or 8.66%, as compared with the end of the previous year, which was mainly attributable to the increase in revaluation reserve and undistributed profit.

The following table sets forth the composition of the Group's shareholders' equity as at the dates indicated:

(Unit: RMB'000)

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	6,888,546	11.03	6,888,546	11.98
Capital reserve	6,323,045	10.12	6,342,779	11.03
Surplus reserve	9,273,110	14.85	8,829,850	15.36
General risk reserve	7,867,224	12.59	7,422,108	12.91
Revaluation reserve	3,039,444	4.87	850,285	1.48
Undistributed profit	26,160,083	41.88	24,315,819	42.30
Total equity attributable to shareholders of the Bank	59,551,452	95.34	54,649,387	95.06
Non-controlling interests	2,914,448	4.66	2,839,150	4.94
Total shareholders' equity	62,465,900	100.00	57,488,537	100.00

As of the end of the Reporting Period, the Group had a paid-in capital of RMB6.889 billion, capital reserve of RMB6.323 billion and undistributed profit of RMB26.16 billion.

4. *Restrictions on rights to assets as of the end of the Reporting Period*

As of the end of the Reporting Period, some of the Group's assets were used as collateral for repurchase business and the business of borrowings from the Central Bank. For details of the assets as collateral, please refer to Note 41(e) "collateral" to the Consolidated Financial Statements in the "Financial Report" chapter of this Report. The fair value of assets as collateral as at the end of the Reporting Period is broken down as follows:

(unit: RMB'000)

Item	As at 31 December 2024	Reason for restriction
Bonds	21,155,309	Repurchase business
Bills	324,062	Repurchase business
Bonds	36,754,448	Borrowing from the Central Bank
Loans	6,359,376	Borrowing from the Central Bank
Bills	209,684	Borrowing from the Central Bank
Total	64,802,879	

(III) Cash Flow Statement Analysis

During the Reporting Period, the Group's net cash outflow from operating activities amounted to RMB13.842 billion, compared to a net inflow of RMB15.821 billion in the same period last year, mainly due to cash payments for the repayment of borrowings from the Central Bank; net cash inflow from investing activities amounted to RMB22 million, compared to a net outflow of RMB22.796 billion in the same period last year, mainly due to the combined effect of increased cash generated from financial investments and reduced cash expenditures; net cash inflow from financing activities amounted to RMB7.444 billion, representing an increase of RMB3.762 billion as compared with the same period last year, mainly due to the increase in cash received from the issuance of debt securities exceeding the increase in cash paid for the repayment of the issuance of debt securities.

(unit: RMB'000)

Item	For the year ended 31 December		Amount of increase/ (decrease)	Increase/ decrease Percentage (%)
	2024	2023		
Net cash flow from operating activities	(13,841,972)	15,820,983	(29,662,955)	(187.49)
Net cash flow from investing activities	22,217	(22,795,537)	22,817,754	(100.10)
Net cash flow from financing activities	7,443,929	3,682,190	3,761,739	102.16

(iv) Loan quality analysis

During the Reporting Period, the Group complied with regulatory requirements, prudently assessed asset quality, and conducted risk classification management. As of the end of the Reporting Period, the balance of the Group's non-performing loans amounted to RMB6.977 billion, representing an increase of RMB2.677 billion, as compared with the end of last year, and the non-performing loan ratio was 1.84%.

1. *Loan distribution by five-tier loan classification*

(unit: RMB'000)

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Normal	366,200,478	96.11	342,827,012	96.55
Special mention	7,867,805	2.06	7,946,522	2.24
Substandard	3,017,311	0.79	2,596,807	0.73
Doubtful	880,871	0.23	1,201,848	0.34
Loss	3,078,428	0.81	501,153	0.14
Total loans to customers	381,044,893	100.00	355,073,342	100.00
Non-performing loans and Non-performing loan ratio⁽¹⁾	6,976,610	1.84	4,299,808	1.23

Note:

- (1) Calculated by dividing the balance of non-performing loans (excluding accrued interest) by the total loans (excluding accrued interest). For the purpose of calculating the non-performing loan ratio, the non-performing loan ratios of Zhanjiang Rural Commercial Bank and Guangdong Chaoyang Rural Commercial Bank, the subsidiaries, were calculated based on the original carrying value of the loans instead of the fair value as of the consolidated balance sheet date

As of the end of the Reporting Period, the Group's normal loans amounted to RMB366.2 billion, accounting for 96.11% of all loans, representing an increase of RMB23.373 billion as compared to the end of the previous year, which was mainly due to the development of normal business; Loans of special mention amounted to RMB7.868 billion, representing a decrease of RMB79 million as compared to the end of the previous year, mainly due to the resolution of existing risks.

As of the end of the Reporting Period, the balance of the Group's non-performing loan was RMB6.977 billion, with an increase of RMB2.677 billion, as compared with the end of last year, mainly due to the formation of non-performing loans in corporate working capital loans, personal business and consumption loans, and overdue interest on credit card overdrafts.

As of the end of the Reporting Period, the migration rate of the Group's normal loans was 2.02%; the migration rate of loans of special mention was 56.75%; the migration rate of substandard loans was 86.35%; and the migration rate of doubtful loans was 64.62%.

2. Loans and non-performing loans by product type

(unit: RMB'000)

Item	As at 31 December 2024				As at 31 December 2023			
	Amount	Percentage of total (%)	NPL amount	Non-performing loan ratio ⁽¹⁾ (%)	Amount	Percentage of total (%)	NPL amount	Non-performing loan ratio ⁽¹⁾ (%)
Corporate loans⁽²⁾								
Working capital loans	93,809,243	24.62	3,839,472	4.12	80,367,985	22.63	2,318,927	2.99
Fixed asset loans	122,904,582	32.25	196,587	0.16	113,973,806	32.10	84,245	0.07
Others	7,834,220	2.06	1,470	0.02	9,507,986	2.67	10,895	0.11
Sub-total	224,548,045	58.93	4,037,529	1.81	203,849,777	57.40	2,414,067	1.23
Personal loans								
Personal business loans	46,616,324	12.23	1,197,577	2.57	44,272,043	12.47	713,380	1.61
Property mortgages	40,688,088	10.68	628,964	1.55	38,863,183	10.95	490,793	1.27
Credit card overdrafts	4,481,750	1.18	269,904	6.02	4,921,478	1.39	205,508	4.18
Personal consumption loans	36,434,537	9.56	842,636	2.31	35,337,953	9.95	476,060	1.35
Sub-total	128,220,699	33.65	2,939,081	2.29	123,394,657	34.76	1,885,741	1.53
Discounted bills⁽³⁾								
Bank acceptance bills	28,276,149	7.42	-	-	27,828,908	7.84	-	-
Trade acceptance draft	-	-	-	-	-	-	-	-
Sub-total	28,276,149	7.42	-	-	27,828,908	7.84	-	-
Total	381,044,893	100.00	6,976,610	1.84	355,073,342	100.00	4,299,808	1.23

Notes:

- (1) Calculated by dividing the balance of non-performing loans (excluding accrued interest) by the total loans (excluding accrued interest). For the purpose of calculating the non-performing loan ratio, the non-performing loan ratios of Zhanjiang Rural Commercial Bank and Guangdong Chaoyang Rural Commercial Bank, the subsidiaries, were calculated based on the original book value of the loans instead of the fair value as of the consolidated balance sheet date.
- (2) The corporate loans included forfeiting.
- (3) Mainly including bill discounted and rediscounted.

As of the end of the Reporting Period, the non-performing loan ratio of corporate loans (excluding discounted bills) of the Group was 1.81%, representing an increase of 0.58 percentage point as compared with the end of the previous year, while the non-performing loan ratio of personal loans was 2.29%, representing an increase of 0.76 percentage point as compared with the end of the previous year. The main reason was the poor business performance of enterprises, reduction of personal and household income, which increased credit risk exposure for borrowers, leading to a rise in non-performing loans.

3. Loans and non-performing loans by industry

(unit: RMB'000)

Industry distribution ⁽¹⁾	As at 31 December 2024				As at 31 December 2023			
	Amount	Percentage of total (%)	NPL amount	Non-performing loan ratio ⁽²⁾ (%)	Amount	Percentage of total (%)	NPL amount	Non-performing loan ratio ⁽²⁾ (%)
Corporate loans and advances	224,548,045	58.93	4,037,529	1.81	203,849,777	57.40	2,414,067	1.23
Wholesale and retail	34,705,044	9.10	2,474,150	7.13	34,661,797	9.76	1,068,687	3.08
Leasing and commercial services	45,980,235	12.07	60,276	0.13	35,587,754	10.02	93,565	0.42
Manufacturing	68,282,390	17.92	1,263,083	1.89	55,940,714	15.75	1,176,621	2.15
Construction	22,025,959	5.78	42,438	0.19	23,573,369	6.64	1,434	0.01
Real estate	19,943,590	5.23	128,000	0.64	19,681,277	5.54	66	0.00
Finance	3,113,725	0.82	-	-	5,406,191	1.52	-	-
Production and supply of power, gas and water	6,059,792	1.59	-	-	6,992,548	1.97	-	-
Transportation, logistics and postal services	6,797,399	1.78	6,250	0.09	5,262,213	1.48	-	-
Water, environment and public utilities management	2,926,510	0.77	400	0.01	3,179,212	0.90	42,024	1.32
Health, social security and welfare	1,590,038	0.42	-	-	2,528,785	0.71	-	-
Education	3,260,091	0.86	1,660	0.05	3,267,422	0.92	4,187	0.13
Information transmission, software and information technology services	1,211,983	0.32	2,374	0.20	1,016,757	0.29	3,495	0.34
Accommodations and catering industries	2,585,371	0.68	-	-	3,097,382	0.87	-	-
Agriculture, forestry, animal husbandry and fishery	2,041,277	0.54	24,885	1.22	1,833,173	0.52	15,742	0.86
Residential services and other services	315,877	0.08	-	-	491,097	0.14	7,210	1.46
Culture, sports, and entertainment	153,787	0.04	6,240	4.06	141,280	0.04	-	-
Scientific research and technical services, and geological prospecting	3,522,077	0.92	26,873	0.76	1,188,806	0.33	1,036	0.09
Mining	32,900	0.01	900	2.74	-	-	-	-
Public management and social organizations	-	-	-	-	-	-	-	-
Discounted bills	28,276,149	7.42	-	-	27,828,908	7.84	-	-
Personal loans	128,220,699	33.65	2,939,081	2.29	123,394,657	34.76	1,885,741	1.53
Total	381,044,893	100.00	6,976,610	1.84	355,073,342	100.00	4,299,808	1.23

Notes:

- (1) Industry classification according to the Classification of National Economic Industries issued by the Standardization Administration of China on 30 June 2017.
- (2) Calculated by dividing the balance of non-performing loans (excluding accrued interest) by the total loans (excluding accrued interest). For the purpose of calculating the non-performing loan ratio, the non-performing loan ratios of Zhanjiang Rural Commercial Bank and Guangdong Chaoyang Rural Commercial Bank, the subsidiaries, were calculated based on the original book value of the loans instead of the fair value as of the consolidated balance sheet date.

As of the end of the Reporting Period, non-performing loans of the Group's corporate loans were mainly concentrated in wholesale and retail industry and manufacturing industry, with non-performing loan ratios of 7.13% and 1.89% respectively. The main reason was that the difficulties in the production and operation of enterprises have led to the inability to repay principal and interest on time, resulting in non-performing loans.

4. Loans and non-performing loans by types of guarantees

(unit: RMB'000)

Guarantee method	As at 31 December 2024				As at 31 December 2023			
	Amount	Percentage of total (%)	NPL amount	Non-performing loan ratio (%)	Amount	Percentage of total (%)	NPL amount	Non-performing loan ratio (%)
Collateralized loans	188,641,114	49.51	3,718,003	1.92	183,143,329	51.58	2,853,774	1.59
Pledged loans	36,972,736	9.70	42,777	0.12	40,106,761	11.30	25,715	0.06
Guaranteed loans	102,829,362	26.99	2,307,308	2.27	94,098,085	26.50	688,771	0.76
Unsecured loans	52,601,681	13.80	908,522	1.90	37,725,167	10.62	731,548	1.94
Total	381,044,893	100.00	6,976,610	1.84	355,073,342	100.00	4,299,808	1.23

5. Distribution of loans by region

(Unit: RMB'000)

Regional distribution	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Dongguan	312,745,357	82.08	283,906,297	79.96
Outside Dongguan	68,299,536	17.92	71,167,045	20.04
Total	381,044,893	100.00	355,073,342	100.00

Based on the objective to develop into a banking group, the Group has established its foothold in Dongguan, and radiated the customers of East Guangdong and West Guangdong, as well as the Greater Bay Area. The Group has initially established a development pattern centered on Dongguan and mainly focusing on the Guangdong-Hong Kong-Macao Greater Bay Area. Most of the loans were distributed in Dongguan, with coordinated development in various regions, where loan balance in Dongguan was RMB312,745 million, and loan balance outside Dongguan was RMB68.3 billion.

6. Loans to top ten single borrowers

As of the end of the Reporting Period, the Group's loan balance to any single borrower did not exceed 10% of the Group's net capital. The following table sets forth the Group's loan balance to the top ten single borrowers (excluding group borrowers) as of the end of the Reporting Period, none of which was non-performing loan.

(unit: RMB'000)

Borrower	Industry	As at 31 December 2024		
		Balance of loans	Percentage of total loans (%)	Percentage of net capital (%)
Customer A	Leasing and commercial services	2,924,000	0.77	4.23
Customer B	Construction	1,769,510	0.46	2.56
Customer C	Leasing and commercial services	1,711,150	0.45	2.47
Customer D	Manufacturing	1,334,000	0.35	1.93
Customer E	Leasing and commercial services	1,300,000	0.34	1.88
Customer F	Leasing and commercial services	1,204,087	0.32	1.74
Customer G	Real estate	1,057,280	0.28	1.53
Customer H	Water, environment and public utilities management	1,029,590	0.27	1.49
Customer I	Leasing and commercial services	1,018,244	0.27	1.47
Customer J	Real estate	1,006,010	0.26	1.46
Total		14,353,871	3.77	20.76

As of the end of the Reporting Period, the total loans to the Group's largest single borrower amounted to RMB2.924 billion, which accounted for 4.23% of the Group's net capital. Total loans to the top ten single borrowers amounted to RMB14.354 billion, accounting for 20.76% of the Group's net capital and 3.77% of the Group's total loans.

The following table sets forth the Group's concentration indicators for the periods indicated:

Concentration indicators	As at 31 December 2024	As at 31 December 2023	Regulatory Requirements
Loans to single largest customer as a percentage of net capital	4.23%	4.60%	10%
Credits granted to single group customer as a percentage of net capital	6.94%	7.55%	15%
Loans to top ten customers as a percentage of net capital	20.76%	23.46%	—

As of the end of the Reporting Period, the balance of loans to any single borrower granted by the Bank did not exceed 10% of the net capital of the Bank.

7. Overdue loans

(unit: RMB'000)

Type	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Current loans	372,724,824	97.63	349,471,874	98.22
Overdue loans	9,054,571	2.37	6,331,905	1.78
– within 3 months	2,317,857	0.61	2,545,000	0.72
– 3 months to 1 year	3,716,508	0.97	2,716,045	0.76
– 1 year to 3 years	2,814,483	0.74	956,170	0.27
– above 3 years	205,723	0.05	114,690	0.03
Total loans and advances to customers⁽¹⁾	381,779,395	100.00	355,803,779	100.00
Less: Provision for expected credit loss	14,414,904	–	13,291,864	–
Net loans and advances to customers	367,364,491	–	342,511,915	–

Note:

(1) Total loans and advances to customers refer to the credit risk exposure comprising the principal amount of the loan and the balance of accrued interest.

As at the end of the Reporting Period, the balance of overdue customer loan principal of the Group was RMB9.055 billion, accounting for 2.37% of all loans, with an increase of RMB2.723 billion over the end of last year. Among which, the balance of loans past due within 3 months amounted to RMB2.318 billion, with a decrease of RMB0.227 billion over the end of last year. The balance of loans past due for 3 months to 1 year amounted to RMB3.717 billion, representing an increase of RMB1 billion over the end of last year. The balance of loans past due for more than 1 year to less than 3 years amounted to RMB2.814 billion, representing an increase of RMB1.858 billion over the end of last year; the balance of loans past due for more than 3 years amounted to RMB0.206 billion, representing an increase of RMB91 million over the end of last year. The main reason was the increase in the overdue period of certain loan customers as a result of their difficulties to repaying principal and interest.

8. Restructured loans

A restructured loan is a loan for which contractual terms have been renegotiated due to changes in the borrower, guarantee, or repayment. The following table sets forth the balance and proportion of the Group's restructured loans as at the date indicated:

(unit: RMB'000)

Type	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Restructured loans	78,879	0.02	33,993	0.01

9. Foreclosed assets

As of the end of the Reporting Period, the Group's foreclosed assets were as follows:

(unit: RMB'000)

Type	As at 31 December 2024	As at 31 December 2023
Property and equipment	363,049	274,986
Land use rights	107,461	107,461
Sub-total	470,510	382,447
Less: Provision for impairment loss	306,873	296,137
Total	163,637	86,310

10. Disposal of non-performing assets

In 2024, a total of RMB5.163 billion of non-performing loans were resolved, including RMB0.584 billion for cash settlement, RMB2.702 billion for creditor's rights transfer, RMB3 million for debt restructuring, RMB1.822 billion for bad debt write-off, and RMB0.051 billion for quality improvement.

11. Movements in provision for impairment of loans and advances to customers

During the Reporting Period, the Group made a provision for loan losses of RMB3.834 billion, of which RMB3.874 billion was provided for loans and advances at amortized cost, and RMB40 million was reversed to loans and advances at fair value through other comprehensive income; wrote off the non-performing loans of RMB1.822 billion and recovered the loans that had been written off of RMB0.672 billion. As of the end of the Reporting Period, the balance of provision for expected credit losses on loans amounted to RMB14.44 billion. Among them, the balance of impairment on loans and advances at amortized cost amounted to RMB14.415 billion, and the movements in the provision for expected credit losses are as follows:

(unit: RMB'000)

	For the year ended 31 December	
	2024	2023
Balance as at the end of last period	13,291,864	10,919,999
Current new additions	2,280,086	1,737,459
Derecognition or settlement for the period	(4,775,659)	(2,502,122)
Write off for the period	(1,822,412)	(1,539,141)
Re-measurement	5,441,025	4,675,669
Closing balance	14,414,904	13,291,864

In addition, loans and advances to customers (bills rediscounted and forfeiting), which are measured at fair value with changes recognized in other comprehensive income, had an impairment balance of RMB25 million as at the end of the Reporting Period.

(V) Capital Management

As of the end of the Reporting Period, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 16.54%, 14.37% and 14.34%, respectively, and the capital adequacy ratios at all levels met regulatory requirements.

The Group continued to strengthen its capital management. Firstly, we strengthened our capital planning management and optimized our capital allocation strategy with a capital planning framework, so as to achieve effective transmission from capital planning to capital budgeting and capital allocation. Secondly, we optimized the structure of on-and off-balance sheet asset allocation and gradually enhanced the efficiency of capital utilization. Thirdly, we continued to optimize the capital structure, and broadened the channels of capital supplementation, based on the principle of endogenous accumulation as the main source, supplemented by external sources.

1. Capital adequacy ratios analysis

The Group calculates and discloses the capital adequacy ratio in accordance with the relevant provisions of the Administrative Measures for the Capital of Commercial Banks (with effect from 1 January 2024) (Indicators as at 31 December 2023 were calculated in accordance with relevant requirements of the Administrative Measures for the Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》)). The calculation scope of capital adequacy ratio comprises of all branches and financial institution subsidiaries in compliance with the requirements of the Administrative Measures for the Capital of Commercial Banks.

(unit: RMB'000)

Item	As at 31 December 2024	As at 31 December 2023
Core tier-one capital	60,544,543	55,705,955
Core tier-one capital deductions	613,680	566,833
Net core tier-one capital	59,930,863	55,139,122
Other tier-one capital	132,412	140,876
Net tier-one capital	60,063,275	55,279,998
Tier-two capital	9,077,315	8,874,914
Net capital	69,140,590	64,154,912
Total risk-weighted assets	417,971,094	404,855,812
Including: Credit risk-weighted assets ⁽¹⁾	389,887,350	372,157,822
Market risk-weighted assets ⁽²⁾	5,307,345	8,015,219
Operational risk-weighted assets ⁽³⁾	22,776,399	24,682,771
Core tier-one capital adequacy ratio (%)⁽⁴⁾	14.34	13.62
Tier-one capital adequacy ratio (%)⁽⁵⁾	14.37	13.65
Capital adequacy ratio (%)⁽⁶⁾	16.54	15.85

Note:

- (1) Credit risk is measured under weighted method.
- (2) Market risk is measured under simplified standardized method (as at 31 December 2023, measured under the standardized method as specified in the Administrative Measures for the Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》)).
- (3) Operational risk is measured under standardized method (as at 31 December 2023, measured under the basic indicator method as specified in the Administrative Measures for the Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》)).
- (4) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by total risk-weighted assets.
- (5) Calculated by dividing tier-one capital, net of tier-one capital deductions, by total risk-weighted assets.
- (6) Calculated by dividing total capital, net of capital deductions, by total risk-weighted assets.

In accordance with the requirements of the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》), Pillar 3 Information Disclosures Report for the 2024 of the Group will be further disclosed subsequently in the “Investor Relations” – “Information Disclosure” – “Regulatory Capital” section on the Chinese version website of the Bank (www.drcbank.com).

2. Leverage ratio

The leverage ratio was calculated and disclosed by the Group in accordance with the relevant provisions under the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) (Indicators as at 31 December 2023 were calculated in accordance with relevant requirements of the Administrative Measures for the Leverage Ratio of Commercial Banks (Revised) (《商業銀行槓桿率管理辦法(修訂)》)).

(unit: RMB'000)

Item	As at 31 December 2024	As at 31 December 2023
Net tier-one capital	60,063,275	55,279,998
Adjusted balance of on- and off-the balance sheet assets	778,233,867	723,689,481
Leverage ratio ⁽¹⁾ (%)	7.72	7.64

Note:

- (1) Calculated by dividing net tier-one capital by the adjusted balance of on- and off-the balance sheet assets.
- (2) The leverage ratios of the Group at the end of the third quarter of 2024, the end of second quarter of 2024 and the end of the first quarter of 2024 were 7.70%, 7.55% and 7.67%, respectively, among which the leverage ratios at the end of the third quarter of 2024 and the end of the first quarter of 2024 were based on the standards adopted under the off-site supervision statement of the National Financial Regulatory Administration on a Group consolidated basis.

For more details on the leverage ratio, please refer to the Supplemental Financial Information Appendix – “Information on Leverage Ratio” in the “Financial Report” chapter of this Report.

(VI) Segment Operation Results

Our principal business activities include corporate banking, retail banking and treasury business. The following table sets forth our operating income of principal business segment for the periods indicated:

(unit: RMB'000)

Item	For the year ended 31 December			
	2024		2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate banking	5,493,584	44.62	7,316,869	55.18
Retail banking	5,561,196	45.17	5,480,469	41.33
Treasury business	1,501,227	12.19	590,840	4.46
Others	(244,079)	(1.98)	(128,016)	(0.97)
Total operating income	12,311,928	100.00	13,260,162	100.00

(VII) Analysis On Off-Balance Sheet Items

The Group's off-balance sheet items mainly consisted of letters of credit, issuance of letters of guarantee, acceptance bills and unused limit of credit cards. As of the end of the Reporting Period, the balances of letters of credit, letters of guarantee issued, acceptance bills and unused limit of credit cards amounted to RMB1.157 billion, RMB2.794 billion, RMB10.340 billion and RMB7.568 billion, respectively.

Among them, the commitments included financial guarantees and other credit commitments and capital commitments, the distribution of which is summarized below:

1. Financial guarantees and other credit commitments

(unit: RMB'000)

Item	As at 31 December 2024	As at 31 December 2023	Increase/ (decrease) at the end of the Reporting Period compared with the end of the previous year (%)
Letter of credit	1,156,542	911,310	26.91
Letter of guarantee	2,794,279	4,852,527	(42.42)
Bank acceptance bills	10,339,944	9,577,536	7.96
Unused limit of credit card	7,568,439	8,563,305	(11.62)
Total	21,859,204	23,904,678	(8.56)

2. Capital commitments

(unit: RMB'000)

Item	Contract amount at the end of the period	Contract amount at the beginning of the period
Property and equipment	103,357	139,643

As of the end of the Reporting Period, the Group had no material contingent liabilities; there were no material litigation cases with the Bank or the Bank's subsidiaries as defendants.

For details of the off-balance sheet commitments, please refer to Note 41(c) "Capital commitments" to the Consolidated Financial Statements in the chapter "Financial Report" of this Report.

(VIII) Other financial information disclosed in accordance with regulatory requirements

1. Contingent Liabilities and Pledged Assets

Details of the Group's contingent liabilities and pledged assets at the end of the Reporting Period are set out in Note 41 "Contingent liabilities and commitments", to the consolidated financial statements in the chapter "Financial Report" of this Report.

2. Overdue debts

The Group had no overdue debts during the Reporting Period.

3. Analysis of investment

During the Reporting Period, the Group had no new equity investment projects.

4. Disposal of major asset and equity

During the Reporting Period, the Group had no disposals of major assets and equity.

5. Structured entities under the Bank's control

As at the end of the Reporting Period, the scale of structured entities issued and managed by the Group and included in the scope of the consolidated financial statements was RMB6.398 billion.

III. OVERALL BUSINESS DEVELOPMENT

In 2024, the Bank focused on Guangdong's "Manufacturing as the Mainstay" and Dongguan's urban characteristics of "technological innovation + advanced manufacturing", resolutely implemented the decisions and arrangements of the CPC Central Committee, provincial and municipal governments and higher-level regulatory authorities, proactively took action and ensured implementation to provide stronger financial support for the high-quality development of the local economy.

Firstly, we gave full support to industrial economic development. The Bank comprehensively aligned with national, provincial and municipal strategic deployments, took serving technological innovation, advanced manufacturing and new industrialization construction as focus points of industrial financial services. It made comprehensive use of "financial + non-financial" services, provided integrated financial support for extensive enterprise customers in the whole process, created a good ecological environment for banks and enterprises to grow together, and continuously provided financial support for the development of the real economy. In the entire year of 2024, the balance of loans supporting manufacturing and related industries amounted to RMB74.833 billion, supporting 145 major projects in Dongguan City with a cumulative credit line of RMB49.081 billion, providing credit support of RMB57.765 billion for various industrial parks, and supporting 770 national and provincial "specialised, refined, differentiated and innovative" enterprises, with a loan balance of RMB21.103 billion on- and off-the balance sheet.

Secondly, we continued to improve the quality and effectiveness of inclusive finance. The Bank focused on the theme of high-quality development of small and micro enterprises, made every effort to accelerate the pace of digital transformation, optimized the business approval process, and opened a green financing channel for small and micro enterprises. At the same time, we actively explored innovative means for small and micro-sized finance services, continuously enhanced the coverage and professionalism of inclusive financial services, utilized technological means to create standardized online products, and focused on improving the efficiency and quality of financial supply to small and micro enterprises. In 2024, the Bank's refinancing scale of SMEs and agriculture-supported loan reached RMB13.367 billion, processing a total of RMB1.394 billion in re-discounted business and supporting 177 enterprises, and the Bank's re-lending scale amounted to RMB2.5 billion.

Thirdly, we continuously deepened financial services for Sannong. The Bank actively implemented the provincial and municipal work deployment of the "High-Quality Development Project Covering Every County, Every Town and Every Village", focusing on matching the financing needs of town-owned enterprises and village communes to achieve comprehensive coverage of financial services for villages, groups and communities. We strongly supported village communes and collective enterprises in upgrading and transforming collective factory buildings and properties, constructing beautiful villages, etc., helped village communes to revitalize property rents to increase the income of collective assets, promoted the construction of typical towns and typical villages under the "High-quality Development Project", and facilitated coordinated development of urban areas and rural areas in Dongguan. In 2024, the balance of the Bank's agriculture-related loan (according to the standards of the National Financial Regulatory Administration) was RMB39.640 billion, and we established business cooperation relationship with 556 primary village communes and 2,195 village groups across the city, granted a total of RMB5.286 billion of loans to newly support the village communes and village collective enterprises.

Fourthly, we made every effort to provide good consumer financial services. The Bank continuously strengthened integration and cooperation with various consumption scenarios, promoted the enhancement of consumption capacity, improved consumption conditions, innovated consumption scenarios, and boosted social consumption demand. As of the end of 2024, the balance of personal consumption loans of the Bank amounted to RMB31.529 billion, representing an increase of 3.82% as compared to the end of the previous year.

IV. BUSINESS OPERATION

(I) Business Development

1. *Retail financial business*

Focusing on the strategic goal of retail business of “becoming a major bank for local residents and maintaining a leading position in personal finance”, the Bank vigorously promoted the reform of the retail line-oriented ecological organizational structure, implemented a customer-centric principle, constructed a service system based on tiered and classified customers, and promoted the transformation and upgrading of wealth management. At the same time, with the “High-quality Development Project” as the main line, we focused on the special campaign for personal consumer loans, accelerated the online process of personal product services, comprehensively enhanced customer acquisition capabilities and retail customer management efficiency, and deepened the transformation of retail business. As of the end of the Reporting Period, the balance of personal deposits of the Group was RMB314.460 billion, representing an increase of 8.09% as compared to the end of the previous year; and the balance of personal loans was RMB128.221 billion, representing an increase of 3.91% as compared to the end of the previous year, which was maintained at a good growth trend.

(1) *Wealth management business*

During the Reporting Period, the Bank focused on the three main lines of “refining the product shelf, deepening asset allocation, and solidifying investment research and education”, built a tiered and classified wealth product system, continuously promoted the transformation of specialized asset allocation, and was committed to providing customers with more professional wealth management services. As of the end of the Reporting Period, the daily average assets under management (AUM) of retail customer of the Bank amounted to RMB310.155 billion, representing an increase of 9.07% as compared to the end of the previous year.

(2) *Personal credit business*

During the Reporting Period, the Bank increased supply of consumer credit, and greatly boosted consumption. We adhered to balancing volume and revenue and focused on both quantity and quality. Relying on digital transformation, and taking market expansion and risk prevention as the two main measures, we strived to build a personal credit asset business with excellent products, active customer base, advanced risk control and strong team. As of the end of the Reporting Period, the balance of personal loans (excluding personal business loans) of the Bank was RMB72.659 billion, representing an increase of RMB2.708 billion or 3.87% as compared to the end of the previous year.

(3) Retail customer base and asset management

During the Reporting Period, the Bank actively expanded the target customer groups such as village retail customers and new citizen customer groups to inject new vitality into the customer ecosystem; the Bank deeply operated existing retail customers, continued to increase customer stickiness and continuously improved customer contribution by actively innovating products and actively optimizing services. As of the end of the Reporting Period, the number of the Bank's retail customers reached 20.2724 million (including debit and credit card customers).

2. Corporate financial business

The Bank proactively aligned with the national, provincial and municipal high-quality development agenda, continuously deepened the innovation of corporate financial services, strengthened the precise services for the real economy and key areas, and drove the overall development of the corporate business. As of the end of the Reporting Period, the balance of corporate deposits of the Group achieved RMB196.652 billion, representing an increase of 5.31% as compared to the end of the previous year; and the balance of corporate loans (including bills discounted and rediscounted) achieved RMB252.824 billion, representing an increase of 9.13% as compared to the end of the previous year, maintaining a good growth momentum.

(1) Corporate deposit business

The Bank thoroughly implemented the provincial and municipal governments' deployment of the "High-quality Development Project", focused on key areas such as regional modern agricultural industry clusters, industrial park construction, and beautiful countryside construction. We extended financial services more extensively and deeply to the town and village levels. As of the end of the Reporting Period, the Bank provided the "Easy Village Payment (村繳易)" service of automatic rent collection and aggregation to 521 village communes in the city, achieving a coverage rate of 92.38%, with a cumulative settlement of RMB6.458 billion. We seized the market opportunities arising from the Dongguan 2024 "Investment Year" and the new industrialization, comprehensively utilized the "financial + non-financial" services mode to make practical and detailed efforts in tiered and classified customer management, and created a favorable ecological environment for banks and enterprises to grow together.

(2) Corporate loan business

In terms of "Sannong" finance, as the main "Sannong" financial force focusing on agriculture to support the revitalization of agriculture, the Bank actively guided more financial resources into the town and village sectors to promote the high-quality development of Dongguan's rural economy. As of the end of the Reporting Period, the balance of the Bank's agriculture-related loans (according to the standards of the National Financial Regulatory Administration) amounted to RMB39.640 billion.

In terms of industrial finance, the Bank actively responded to national policies by focusing on “advanced manufacturing + technological innovation” as the key direction of support, continuously increased support for various types of manufacturing entities, and promoted the accelerated development of new quality productivity in the region. As of the end of the Reporting Period, the balance of the Bank's loans supporting the manufacturing and related industries amounted to RMB74.833 billion, representing a year-on-year increase of 23.28%. The proportion of manufacturing loans consistently remained the highest among the loans for various industries.

(3) Transactional banking business

The Bank adhered to a “customer-centric and market-oriented” business philosophy, optimized and iterated the transactional banking system, innovated and upgraded numerous business functions and continuously improved the quality and efficiency of customer services. During the Reporting Period, the Bank's international business settlement volume reached USD7.990 billion, foreign exchange settlement and sale on behalf of customers amounted to USD4.969 billion, and the balance of trade financing amounted to RMB7.351 billion. The cross-border financial services tended to be increasingly improved.

3. Inclusive finance business

(1) Inclusive loan business

The Bank consistently adheres to the principal operation of “supporting agriculture and supporting SMEs”, takes inclusive finance as the essential path and direction for achieving high-quality development. We optimize teams, products, processes and services, strengthen credit support for key livelihood areas, and increase the proportion of inclusive business in all credit businesses. The Bank adheres to the philosophy of “increasing the number of accounts and focusing on smaller customers”, continuously innovates diversified and grounded service forms, and continuously promotes the standardized transformation of products.

(2) Policy-based loan business

In terms of refinancing, the Bank fully implemented the concept of inclusive value creation, continuously utilizing the refinancing from the People's Bank of China to build a low-cost capital pool. During the Reporting Period, the Bank's refinancing scale reached RMB13.367 billion.

In terms of re-discounted, the Bank processed a total of RMB1.394 billion in re-discounted business during the Reporting Period, supporting 177 enterprises with a focus on medium, small and micro enterprises. The discounted funds were mainly concentrated in the manufacturing, wholesale, and retail industries.

In terms of re-lending, the Bank actively cooperated with the China Development Bank and the Export-Import Bank of China to continuously expand the scale of re-lending and broaden the sources of inclusive credit funds. During the Reporting Period, the Bank's re-lending scale amounted to RMB2.5 billion.

4. Financial asset management business

(1) Financial market business

The Bank adhered to the general strategy of “seeking progress while maintaining stability”. The Bank has combined with the Group's strategic development goals, focused on market trend, proactively responded to emergencies, tapped into the benefits of diversified products, and continued to improve the risk management and control system and optimize the strategy assist mechanism to enhance the distinctive advantages of the financial market business, thus continuously increasing its market influence.

Firstly, the Bank conducted in-depth research on the trend of market interest rates, carried out asset allocation at the right time, continuously adjusted and optimized asset structure, strengthened the refined management of liabilities, and effectively reduced the cost of liabilities. During the Reporting Period, the Group's online business transaction volume in the interbank market exceeded RMB10.70 trillion, and market transactions were active. The Bank's issuance scale of interbank certificates of deposits totaled approximately RMB158.050 billion, and the issuance interest rate was at a relatively better level among banks of the same level.

Secondly, the Bank actively extended its customer chains, continued to explore various customer groups to broaden the coverage of interbank customers, and launched bond underwriting and distribution, securities lending, and foreign exchange on behalf of customers to enhance the depth of business cooperation.

(2) Asset management business

The Bank adheres to the principle of “customer-centricity”, promotes high-quality development of asset management business by enriching the product system, enhancing investment research capabilities and improving risk management. As of the end of the Reporting Period, the balance of wealth management products issued by the Bank amounted RMB37.789 billion.

Firstly, we enriched the product system to meet customers' wealth management needs. Guided by customers' needs, we ensured product supply. The current product system includes cash management, regular open-ended, customer cycle, minimum holding period and close-ended products, which effectively meet customers' wealth management allocation needs.

Secondly, we optimized investment strategies and continuously enhanced investment management level. According to the risk preferences and positioning of products, we utilized multi-asset investment strategies to enhance investment returns; we strengthened the construction of active investment capabilities, expanded asset allocation types and met the diversified demand for product investment.

Thirdly, we improved risk control management to ensure the stable development of wealth management business. According to the actual situation of our own business and regulatory requirements, we formulated investment planning and credit guidelines before investment, continuously promoted risk monitoring, asset classification and risk warning after investment, promptly identified risks and effectively enhanced risk management and control capabilities.

(II) Digital transformation and financial technology development

The Bank actively integrated itself into the major trend of financial technology development. With data as a key production factor and technology as a source of innovation, we comprehensively deepened digital transformation, strengthened innovative application of financial technology, accelerated the construction of data capabilities and technology capabilities, realized the empowerment and support for business operations, risk management and control and operational decision-making, and injected new momentum into high-quality development. During the Reporting Period, the Group's total investment in financial technology amounted to RMB615.5449 million. As of the end of the Reporting Period, the Group had a total of 384 scientific and technological personnel.

1. Digital transformation development

The Bank deeply engaged in digital transformation work with the keynote of "actively exploring and steadily enhancing", comprehensively accelerated the construction of the digital infrastructure, continuously deepened data empowerment services, and further stimulated the multiplier effect of data elements.

Firstly, we accelerated the construction of data center construction and consolidated the foundation of data capabilities. Focusing on the core logic of full lifecycle data management, we promoted the integrated data foundation construction, improved the standardized data service system in phases, and enhanced the accessibility, convenience, and security of data to lay the foundation for deepening data empowerment services, and further stimulating the multiplier effect of data elements.

Secondly, we systematically conducted data governance and consolidated the foundation of data quality. We built a platform management tool for the data governance module, improved the management mechanism and processes of each module, and achieved dynamic management in the entire process of "pre-regulation, in-process monitoring and post-governance". At the same time, we gradually improved the basic data standard system, promoted the implementation of source system standards by theme, and consolidated data quality assurance.

Thirdly, we built a digital and intelligent operation to optimize customers' online experience. We reshaped the business processes of online channels, promoted omni-channel synergy, and unified

service experience. We gradually built a digital operation system for online channels to achieve customer lifecycle management driven by data. We continuously expanded the “AI + Manual” customer service model to enhance the business value conversion capability of online channels, and strengthened “financial services +” customer ecosystem cooperation to create regional distinctive financial products and services.

Fourthly, we improved the digital-driven full-scenario empowerment to promote the accelerated release of the potential of data elements. We deepened the application capabilities of technologies such as big data and artificial intelligence in scenarios like customer profiling, opportunity mining, smart risk control, and smart operation, to create a new digital intelligence engine driven by “data + model algorithm”.

2. *Fintech development*

The Bank actively conducted innovative research on financial technology and deepened the application capabilities of emerging technologies in the areas of smart marketing, smart risk control and smart operation under the mode of “financial technology + business scenario”, so as to empower the innovative development of its businesses. On the one hand, the Bank has further consolidated its technological foundation and provided strong technological support for the high-quality development of its businesses through the orderly promotion of the construction of new data centers and the expansion of disaster recovery data centers, the improvement of support for automation tools, the deepening of the construction and application of IT infrastructure resources, and the reinforcement of network security. On the other hand, the Bank focused on promoting the construction of new-generation core projects and ensuring the supply of technological resources to support business development, focusing on customer operations, risk prevention and control, channel operations, product innovation and management optimization.

(III) Distribution Channels

1. *Physical distribution channel*

As of the end of the Reporting Period, the Bank had 485 branches and sub-branches (excluding the headquarter), including 475 in Dongguan and 10 in other cities within the province. Our number of bank branches in Dongguan ranks first in terms of the number of bank branches in Dongguan. The Bank has 2 branches in Guangzhou and Zhuhai, 1 branch, including 6 sub-branches in Huizhou and 1 sub-branch in Qingyuan.

As of the end of the Reporting Period, the Bank cooperated with third parties to establish two county banks in Yunfu of Guangdong Province and Hezhou of Guangxi Zhuang Autonomous Region, with a total of 4 branches (excluding the headquarters); and established two rural commercial banks with third parties in Zhanjiang City and Shantou City in Guangdong Province. The two rural commercial banks have a total of 165 branches (excluding the headquarters).

2. *Self-service banking channel*

As of the end of the Reporting Period, the Group had 1,547 automatic teller machines (ATMs) and intelligent service terminals; among them, there were 846 automatic teller machines (ATMs) and 701 intelligent service terminals.

3. *E-banking channel*

During the Reporting Period, the Bank continued to optimize the customer experience of e-banking channels, continuously deepened the construction of financial and non-financial ecosystems, further enhanced the digital operation capabilities of online channels and improved the channel business system. The electronic channels of the Bank mainly include mobile banking, online banking, WeChat banking, telephone banking, etc. As of the end of the Reporting Period, the Bank's comprehensive counter replacement rate of electronic channels reached 98.49%.

V. RISK MANAGEMENT

The Bank's risk management framework is composed of the Board of Directors, the Board of Supervisors, senior management and its specialized committees, the Chief Risk Officer, the Comprehensive Risk Management Department of the headquarter, risks under centralized management by specialized departments, business departments, the Audit Department of the headquarter, branches and subsidiaries. The Board of Directors, the Board of Supervisors and the senior management assumed respectively the ultimate responsibility, supervisory responsibility and implementation responsibility for comprehensive risk management. The Chief Risk Officer maintained independence in respect of overall risk management. The Bank implemented the comprehensive risk management model of "overall management of the comprehensive risk, taking the lead in classification risk management", and continuously optimized the "three lines of defense" of risk management consisting of business departments, risks under centralized management by specialized departments and audit and supervision departments, and continuously improved the organizational system and working mechanism for risk prevention and control. Each branch implemented risk management at its own level under the coordination of the headquarter. Under the framework of the Bank's overall risk management policy, each subsidiary established a comprehensive risk management system that was appropriate to its own business nature, scale and degree of complexity.

During the Reporting Period, the Bank adhered to a prudent and stable risk appetite, upheld the overall risk management principle of "balancing risk, capital and return", and aimed to enhance the comprehensiveness, foresight, specialization and digitalization of risk management. We continuously optimized the comprehensive risk management structure, strengthened the effective identification, reliable measurement, accurate monitoring and comprehensive control of key risks, and built a whole-process, all-encompassing and group-wide risk management system.

(I) Credit Risk Management

Credit risk refers to the risk of economic loss caused by the failure of the Bank's counterparties in performing their relevant obligations according to the agreed conditions.

The Bank has established and implemented standardized credit review procedures and extensive management policies and procedures, and continuously improved the procedures, systems and methods related with credit risk management to identify, measure, supervise, reduce and control credit risks caused by related business. In terms of credit risk management policies and procedures, the Bank has continuously improved its credit risk management system, and it has formulated and introduced relevant business management systems based on actual business development. During the Reporting Period, the Bank revised the Implementation Measures for Post-loan Management Operations of Corporate Credit Business of Dongguan Rural Commercial Bank Co., Ltd., the Implementation Measures for the Administration of Working Capital Loans of Dongguan Rural Commercial Bank Co., Ltd., the Implementation Measures for the Management of Fixed Assets Loan of Dongguan Rural Commercial Bank Co., Ltd., the Measures for the Administration of Risk Classification of Credit Assets of Dongguan Rural Commercial Bank Co., Ltd., and other systems, which further strengthened the Bank's credit risk management. In terms of the organizational structure and responsibilities of credit risk management, at the head office level, the Bank established a Comprehensive Risk Management Department, which is a dedicated risk management department independent of other business departments that undertakes credit risk management functions, and established the Asset Preservation Department to manage the non-performing assets in a centralized manner. Business departments are the first line of defense for credit risk management of each business line, and implement vertical management and risk control for branch business teams. In terms of the methods of asset risk classification, the Bank strengthened the implementation of the Measures for Risk Classification of Financial Assets of Commercial Banks, and established and improved the risk classification management system for financial assets of our own banks, and categorized financial assets into five categories based on the overall risk level of financial assets, namely normal, special mention, substandard, doubtful and loss. Through the continuous supervision and analysis of the debtor's performance capability and changes in the risk of financial assets, the classification results are adjusted in a timely and dynamic manner to truly and objectively reflect the risk status of financial assets. In terms of the construction of the credit risk management system, the risk data pool and credit risk alert system of the Bank have been operating normally, and are comprehensively used in the entire process from pre-disbursement, disbursement to post-disbursement of loans.

As of the end of 2024, the credit risk of the Group was generally controllable, and the non-performing loan ratio of the Group was within the control target.

For more details on the credit risk management, please see Note 44.1 "Credit risk" to the Consolidated Financial Statements in the chapter headed "Financial Report" in this Report.

(II) Liquidity Risk Management

Liquidity risk refers to the risk that a commercial bank cannot obtain sufficient funds in a timely manner at a reasonable cost to repay debts due, perform other payment obligations and meet other capital needs for normal business operations.

The Bank adopted a prudent liquidity risk management strategy, improved liquidity risk management systems, properly balanced the levels of profitability and liquidity, and controlled liquidity risk within a reasonable range to achieve a coordinated unity of safety and profitability in its business development.

During the Reporting Period, the Bank effectively implemented liquidity risk management policies and various liquidity risk management measures to strengthen liquidity risk management. Specific measures included: formulating annual liquidity risk management strategies, appetite indicators and limit indicators based on macro-economy, market trends and business development requirement. The Bank assessed and improved liquidity risk management systems to improve the comprehensiveness and applicability of the regimes. The Bank continuously identified, measured, monitored and controlled liquidity risk. Through stress testing scenarios combining mild, moderate and severe stress, the Bank analyzed the ability to withstand liquidity events or liquidity crises, and reasonably allocated sufficient liquidity reserve assets to cope with liquidity risks. The Bank has established a limit management and alert monitoring mechanism to ensure that the liquidity risk indicators are controlled within an acceptable and reasonable range by regulating the daily asset-liability portfolio. The Bank has improved its liquidity risk emergency management system and conducted group-level emergency drills to improve emergency response capabilities.

During the Reporting Period, the Bank's liquidity risk was generally controllable, and no major liquidity risk events occurred. The main liquidity risk regulatory indicators have met the standard monthly. The stress test results also showed that the Bank has sufficient risk mitigation capability under stressful scenarios to cope with the crises.

1. Liquidity coverage ratio

The Group calculates and discloses the liquidity coverage ratio in accordance with the relevant provisions of the Measures for Information Disclosure of Liquidity Coverage Ratio of Commercial Banks (《商業銀行流動性覆蓋率信息披露辦法》) as follows:

(Unit: RMB'000)

Item	As at 31 December 2024	As at 31 December 2023	Minimum Regulatory Requirement
Liquidity ratio	88.82%	82.24%	≥25%
Qualified high-quality liquid assets	155,683,107.70	157,272,725.30	—
Net cash outflows	70,729,369.00	72,959,838.00	—
Liquidity coverage ratio	220.11%	215.56%	≥100%

Note: The data in the above table are all based on the standards adopted under the off-site regulatory report of the National Financial Regulatory Administration on a group consolidated basis.

2. Net stable funding ratio

The Group calculates and discloses the net stable funding ratio in accordance with the relevant provisions of the Measures for Information Disclosure of Net Stable Funding Ratio of Commercial Banks (《商業銀行淨穩定資金比例信息披露辦法》) as follows:

(Unit: RMB'000)

Item	As at 31 December 2024	As at 30 September 2024	As at 31 December 2023
Available stable funding	540,540,487.76	519,208,556.65	497,205,070.46
Required stable funding	361,273,805.32	352,352,588.86	335,277,178.76
Net stable funding ratio	149.62%	147.35%	148.30%

Note: The data in the above table are all based on the standards adopted under the off-site regulatory report of the National Financial Regulatory Administration on a group consolidated basis.

For more details on the liquidity risk management, please see Note 44.3 “Liquidity risk” to the Consolidated Financial Statements in the chapter “Financial Report” in this Report.

(III) Market Risk Management

Market risks can be divided into interest rate risk, exchange rate risk (including gold), stock price risk and commodity price risk, which refer to the risk of losses in on-and off-balance sheet businesses from adverse changes in market prices (interest rate, exchange rate, stock prices and commodity prices), respectively. The Bank has established and continued to improve its market risk management policy, which clearly defines the responsibilities of the Board of Directors, the Board of Supervisors and the senior management, relevant risk management and business departments in the process of market risk identification, measurement, monitoring and reporting, so as to ensure the effectiveness of market risk management.

During the Reporting Period, the Bank followed the principle of prudent market risk management, maintained a prudent market risk appetite, and took measures such as limit management, duration control, sensitivity analysis, scenario simulation and stress testing to measure, monitor and manage interest rate risks in the trading accounts and banking book, and exchange rate risk, respectively, to ensure that market risks can be controlled within a reasonable range.

1. Interest rate risk management

Interest rate risk management refers to the process of identifying, measuring, monitoring and controlling interest rate risk.

The objectives of the Bank's interest rate risk management include establishing a sound interest rate risk management system, controlling fluctuations in income and economic value, ensuring that the Bank operates within an acceptable interest rate risk range, balancing interest rate risk and income, and ultimately maximizing risk returns.

In terms of the trading book, the Bank conducted measurement management of the interest rate risk of trading book by adopting various methods including change in fair value through profit and loss and floating profit and loss monitoring, gap analysis, value-at-risk (VaR), and interest rate sensitivity analysis (PVBP and duration). The Bank further optimized the interest rate risk limit management system of trading book, continued to monitor interest rate risk limits, and reported and alerted risks in a timely manner. The Bank continued to conduct stress tests on interest rate risk, and examined the impact of changes in market returns on the valuation of bond holdings and of yield curves on the economic value of derivative portfolios. As of the end of 2024, all trading book interest rate risk indicators remained within the target range.

In terms of the banking book, the Bank has established and continuously improved the interest rate risk management system for the banking book in accordance with external regulatory and internal management requirements. The Bank primarily adopts gap analysis, duration analysis, scenario simulation, stress testing and other methods to measure and analyze interest rate risk in the banking book, and regularly evaluates the impact of different interest rate shock scenarios on net interest income and economic value. During the Reporting Period, the Bank closely monitored changes in the internal and external environment, comprehensively considering factors such as the Bank's development strategy, risk appetite, macroeconomic conditions, and market interest rate changes to formulate the interest rate risk appetite and limit indicators for the banking book. By continuously implementing interest rate risk management strategies, proactively adjusting internal and external pricing strategies for deposits and loans, improving the application methods for loan repricing, and optimizing the asset-liability maturity structure, the Bank has strengthened the interest rate risk management of the banking book. As of the end of 2024, all interest rate risk limit indicators in the banking book remained within the target range.

2. Exchange rate risk management

In 2024, the international situation was complex and volatile, and the RMB exchange rate fluctuated widely, but overall remaining at a reasonable and balanced level. During the Reporting Period, the Bank took the control of foreign exchange exposure as the key measure of exchange rate risk management, and adopted the management strategy of maintaining low exposure to reduce the losses of the Bank caused by risks of drastic exchange rate fluctuations. As of the end of 2024, the Bank's cumulative foreign exchange exposure ratio was 1.03%, which decreased by 0.17 percentage point from the beginning of the year, far below the regulatory bottom line of equal to or less than 20%, the exchange rate risk level was low, and the overall exchange rate risk was controllable.

For more details on market risk management, please see Note 44.2 "Market risk" to the Consolidated Financial Statements in the section headed "Financial Report" in this Report.

(IV) Off-balance Sheet Business Risk Management

Off-balance sheet businesses refer to the businesses engaged by commercial banks which are not included in the balance sheet and do not constitute actual assets and liabilities according to the current enterprise accounting standards for business enterprises, but may cause changes in profit or loss. Because of off-balance sheet businesses' characteristics such as contingency, concealment, high leverage and hysteresis, off-balance sheet risks may transfer to on-balance sheet risks and seriously affect the operating activities and earning position of commercial banks under the influence of an uncertain factor at some time in the future. Off-balance sheet business risks faced by the Bank mainly come from businesses involving commitment and guarantee, providing investment and financing services as an agent, and financial derivatives.

1. *Commitment and guarantee*

Commitment and guarantee business is a business with which the Bank is entrusted by its customers to undertake responsibilities for third parties, and it is a business that the Bank is exposed to credit risks associated with commitment and guarantee and may be required to provide funds if the Bank's customer fails to fulfill its obligations. At present, the Bank's commitment and guarantee business mainly includes acceptance bills, letters of credit and letters of guarantee.

The Bank formulated the Operating Instruction for the Acceptance Business of E-Banking Acceptance Bills of Dongguan Rural Commercial Bank Co., Ltd., Operating Procedures for Lending Business under Domestic Letter of Credit of Dongguan Rural Commercial Bank Co., Ltd., Operating Procedures for Import Letter of Credit Business of Dongguan Rural Commercial Bank Co., Ltd., Implementation Rules for the Management of Letter of Guarantee Business of Dongguan Rural Commercial Bank Co., Ltd. and other systems in accordance with laws, regulations and rules, so as to accept the acceptance bills, letters of credit and letters of guarantee in compliance with laws. The aforesaid commitment and guarantee bill business was included in the Group's unified credit management.

The Bank will continue to strengthen its risk management efforts by rigorously reviewing the legality and authenticity of the transaction contracts and the value-added tax ("VAT") invoices under the contracts, and the logical relationship among the three main recording elements of the transaction contracts, VAT invoices and acceptance bills shall be reasonable. It is required that the underlying transactions under the acceptance bills do not exceed the scope of business approved in the business license, and that the transaction amount of the bills is commensurate with the scale of operation of the enterprise.

2. *Providing investment and financing services as an agent*

The business of providing investment and financing services as an agent refers to the business with which commercial banks are entrusted to provide investment and financing services to customers according to the agreement, with no responsibility for repayment on behalf of customers. At present, the Bank's investment and financing services as an agent mainly include entrusted loans, wealth management for customers and bond underwriting.

In terms of entrusted loan business, the Bank adopted a series of credit safety precautions to strengthen loan management for principals, for example, the issuance, use and recovery of entrusted loans, provided that as a trustee, the Bank shall just receive service fee, and shall not bear any credit risk or make any advance payment.

As for the business of wealth management for customers, the Bank formulated corresponding management systems and business management procedures from the asset end and liability end respectively, and conducted business within the risk limits established by senior management. The wealth management investment business has been incorporated into the unified credit system of the Bank, and the investment business is submitted to the authorized person or authority for approval. The Bank implemented a list management system for partners in the wealth management investment business and conducted regular tracking evaluations. The Bank regularly conducted stress tests on wealth management products to calculate the risk of wealth management products under different pressure scenarios and strengthen the risk management of wealth management assets and liabilities. The Bank regularly disclosed the operation of wealth management products on its official website to fully disclose the information, investment targets of funds, the net value of products, the liquidity risk analysis of the investment portfolios and other information of wealth management products to the investors. During the Reporting Period, the Bank's wealth management business had no risks and legal proceedings.

In terms of bond underwriting, the Bank has designated dedicated bond underwriting and distributing staff, who shall be responsible for the underwriting and distribution of bonds such as interest rate bonds (mainly book-entry treasury bonds and policy bank financial bonds), local government bonds, and other bonds. The Bank formulated corresponding management systems and business procedures, and conducted bond underwriting and distributing business within specific risk limits to improve the risk management of bond underwriting and distribution business. During the Reporting Period, the bond underwriting and distributing business of the Bank had no risks or legal proceedings.

3. Financial derivatives

Financial derivatives businesses are categorized into hedging derivatives transactions and non-hedging derivatives transactions according to the purpose of the transactions. Currently, financial derivatives business conducted by the Bank mainly includes interest rate swaps, foreign exchange forwards, foreign exchange swaps and others.

Derivatives trading of the Bank strictly followed the principles of separation of front, middle and back stages and the businesses were developed in an orderly manner according to the requirements of internal control and risk management system.

Before entering into derivatives transactions, the Bank shall determine the credit lines of counterparties by analyzing the financial data, business position, ratings by external credit rating agencies, shareholders' background and other information of counterparties, on the basis of the risk preference and the risk characteristics of each business. The Bank monitored and managed the risks of the derivatives business through risk limit, value at risk reports, exposure position statements and capital flow statement analysis and other measures. The Bank regularly conducted stress tests on the derivatives business, improved policies and procedures of market risk management based on the test results, and inspected the design and results of stress tests, so as to continuously improve the testing procedures. The derivatives business was incorporated into the liquidity risk management system and monitored through the liquidity risk management system. And the factors of the derivatives business were considered in the liquidity stress tests based on the actual situation.

(V) Compliance Risk Management

Compliance risks refer to the risks of possible legal sanctions, regulatory penalties, significant financial loss or loss of reputation due to failure to comply with laws, rules and guidelines and internal rules and regulations.

In recent years, the Bank has been committed to the improvement of its compliance management system, and has established a compliance risk management system appropriate to its scope of operation, organizational structure and scale of business to effectively prevent the occurrence of compliance risks.

During the Reporting Period, the Bank insisted on operating in accordance with laws, pursued steady development, and strictly prevented and controlled compliance risks. In accordance with the management principle of "rule-based management", the Bank continued to implement the "establishment, revision and abolition" of internal rules. The Bank promoted the optimisation of the system in line with its business development, advanced the construction of an agile system, thereby ensuring the compliance and applicability of the system. The Bank strengthened the compliance review of new businesses and new products by benchmarking regulatory requirements, with a focus on pre-emptive risk prevention and control. By carrying out activities such as promoting integrity and compliance culture, compliance inspection, compliance risk assessment, compliance duty statement, and signing compliance duty responsibility letter, the Bank enhanced employees' awareness of compliance performance and improved compliance risk prevention and control capability. During the Reporting Period, the Bank did not have any major compliance risk events.

(VI) Operational Risk Management

Operational risks refer to the risks of losses resulting from faulty internal procedures, staff and IT systems, and external events.

During the Reporting Period, the Bank revised and improved the Measures for the Management of Operational Risk of Dongguan Rural Commercial Bank Co., Ltd, improved the operational risk organizational structure and management system, ensured that business operations were in compliance with laws and regulations, and provided a healthy internal operating environment for business development. The Bank actively introduced and promoted the application of operational risk core management tools, established an effective operational risk identification system, and formulated the procedures and methods for operational risk identification, measurement, monitoring and control. Through daily supervision, risk investigations, special inspections, surprise inspections and other means, the Bank strengthened the standardization of business operations across all lines and solidified the primary responsibility of the first line of defense in preventing operational risks. The Bank organized and conducted a bank-wide outsourcing risk assessment and operational risk and control self-assessment work, further understood the inherent risks in internal processes and the effectiveness of the risk control measures taken, urged each department to promptly take effective measures to address the deficiencies in internal processes and strictly prevented the occurrence of operational risk events. During the Reporting Period, the Bank did not have any major operational risk events.

(VII) Large-scale Risk Exposure Management

Pursuant to the Management Measures for Large-scale Risk Exposure of Commercial Banks issued by the CBIRC (Order No. 1 of CBIRC in 2018), large-scale risk exposure refers to the credit risk exposure to a single customer or a group of related customers of a commercial bank that exceeds 2.5% of its net tier-one capital.

The Bank actively improved the organizational structure and management system for large-scale risk exposure management, incorporated large-scale risk exposure management into a comprehensive risk management system, and actively promoted and perfected the system construction related to the large-scale risk exposure management, so as to strictly prevent concentration risks. As of the end of the Reporting Period, the Group's large-scale risk exposure indicators for non-interbank single customers, non-interbank group customers, interbank single customers and interbank group customers complied with the relevant regulatory requirements.

(VIII) Country Risk Management

Country risk refers to the risk incurred to a bank arising from the inability or refusal by the debtor to repay banking financial institution debt, losses suffered by banking financial institution or its commercial presence in such country or region and other losses due to economic, political, social changes and events in a country or a region.

The Bank maintains a prudent country risk appetite, continuously improves the country risk management policy system, strictly implements the country risk monitoring and reporting mechanism, regularly assesses country risk levels, and seeks to fully identify the risk conditions of a country or region as well as potential risks in business operations. The Bank adopts a risk avoidance strategy, prohibits entry into high-risk countries or regions, and in principle, does not allow entry into relatively high-risk countries or regions. Only low-risk business activities are permitted if intervention is deemed necessary after full assessment. During the Reporting Period, the Bank's business operations did not involve countries or regions which experienced significant deterioration in national sovereignty, political or economic conditions.

(IX) Reputational Risk Management

Reputational risks refer to the risks that may be caused by negative evaluations on the Group and the Bank by stakeholders, the public, the media and others due to the operation and management of the Group and the Bank, the behaviors of employees or external events, thereby damaging the brand value of the Group and the Bank, affecting the normal operations of the Group and the Bank, and even affecting market stability and social stability. Reputational events refer to relevant acts or activities that cause significant damage to the Group's and the Bank's reputation.

The Bank has established an effective reputational risk monitoring, early warning, and pre-assessment mechanism. By making full use of the intelligent reputational monitoring system, implementing 24/7 hours omni-channel public opinion monitoring and strengthening manual monitoring, the Bank has created the intelligent reputational monitoring system of "technical defense + manual defense" to effectively promote the reputational risk control in advance. Also, the Bank conducted regular the Group's reputational risk management training and reputational event response drills, continuously improving the media public relations literacy and reputational response capabilities of relevant business personnel of various institutions.

During the Reporting Period, the Bank further strengthened the quarterly reputational risk screening of each institution, and regularly investigated major customer complaints, improper marketing and publicity behaviors, etc. that occurred in institutions each quarter which may cause widespread public concern. The Bank also investigated and identified potential reputational risks, and promptly released reputational risk warnings. During the Reporting Period, the overall reputation of the Bank was stable and good, and no major reputational events affecting the stability of the Bank's operations occurred.

(X) Information Technology Risk Management

Information technology risks refer to risks arising from natural factors, human factors, technology loopholes and management defects during the course of the application of information technology by the Bank, including operational, legal and reputational risks.

During the Reporting Period, the Bank continuously enhanced its information technology risk management capabilities. The operation of the Bank's information technology infrastructure and application systems was stable, and no major information technology risk events occurred. Firstly, we improved the information technology governance system, implemented regulatory requirements, and enhanced the systems related to business continuity management, data security management, information technology outsourcing management, software legalization, network communication management and data center operating environment management, as well as the IT operation management system processes, to strengthen risk management control throughout the whole process of information technology. Secondly, we continuously solidified the support of basic resources, orderly advanced the construction of new data centers and the expansion of data centers and disaster recovery data centers, launched a new generation of bastion hosts and a new generation of centralized monitoring systems in data centers, improved the construction of automated scenarios of operation and maintenance, introduced virtualization platforms for databases, computing, storage and data backup platforms, deepened the construction and application of IT basic resources pooling, and enhanced resource utilization and basic resource assurance capabilities. Thirdly, we strengthened network security operation management, regularly conducted information security assessment, security vulnerability detection and remediation, network attack monitoring and interception, disposal of counterfeit websites, privacy compliance evaluation of mobile applications and other engagements. We smoothly completed network security protection and attack-defense drills during critical periods to enhance network security protection levels and emergency response capabilities. Fourthly, we strengthened project risk management and control, reshaped the testing management system, optimized testing processes, enhanced the use of testing management tools and automated code scanning systems, and improved the quality and security of information systems. Fifthly, we improved the overall emergency management plan for emergencies of major information systems, organized information system business continuity drills, enhanced the Bank's ability to respond to information technology emergencies, and effectively reduced business continuity risks.

(XI) Strategic Risk Management

Strategic risk refers to the risk where the strategic goal deviates from the expected due to the failure of strategic behavior to effectively maintain the match between the enterprise and the environment.

The Bank continued to pay attention to strategic risks. We have established a strategic risk management organizational system with the Board of Directors, the Board of Supervisors and senior management as the core, to ensure the implementation of the overall development plan, to evaluate the implementation of the strategic plan on a regular basis and to identify the main risk factors for achieving strategic goal. For relevant risk factors, we have formulated necessary measures and continuously tracked the risk factors, and carried out dynamic management of strategic objectives with reference to internal and external environments, continuously improving the strategic risk management system.

During the Reporting Period, the Bank formulated the “The Development Strategy Plan of Dongguan Rural Commercial Bank (Group) (2024-2028)”. Guided by the Group’s overall development goals, the Bank clearly optimizes capabilities in corporate governance, technological empowerment, and resource allocation to support the realization of strategic objectives, strengthens strategic coordination and group synergy to ensure the implementation of strategic decisions, and continues to play a strategic leading role.

(XII) Anti-Money Laundering Management

During the Reporting Period, the Bank deeply practiced the “risk-based” work principle to carry out various anti-money laundering tasks. By improving the anti-money laundering internal control system, we established three-level internal control systems centered on the “Risk Management Measures of Money Laundering and Terrorist Financing of the Group” of Dongguan Rural Commercial Bank Co., Ltd., comprehensively covering regulatory requirements and consolidating the compliance foundation for anti-money laundering performance; through continuously improving and optimizing the construction of the anti-money laundering system, we enhanced the level of intensification, systematization and intelligence of anti-money laundering compliance; we focused on core obligations of anti-money laundering, carried out governance of the identity information of non-natural beneficial owners, conducted pilot work on optimizing suspicious transaction monitoring indicators, strengthened analysis and reporting of money laundering types, and improved the quality and efficiency of the performance of anti-money laundering obligations; we reshaped the money laundering risk assessment system, established scientific, reasonable and effective methods and indicator systems for assessing the risks of money laundering of customer and businesses, improved the customer risk information sharing mechanism and comprehensively enhanced the money laundering risk prevention and control system. During the Reporting Period, no major money laundering risk events occurred in the Bank.

(XIII) Internal Control

During the Reporting Period, the Bank placed great emphasis on the construction and improvement of the internal control system, establishing a corporate governance structure with a reasonable division of labor, clear authority and responsibilities, and checks and balances, as well as a multilevel internal control organizational structure, clarified the responsibilities of the Board of Directors, the Board of Supervisors, senior management, internal control management functions, internal audit department, and other departments to ensure effective division and balance of decision-making, supervision, and execution. Each department of the head office formulated a comprehensive, systematic and standardized work system based on the functions of the department, and clarified management requirements, job responsibilities, business standards, work procedures, practice standards, accountability and other aspects to ensure that all business activities were carried out in an orderly manner. Through continuous training and compliance culture building, the Bank strengthened the internal control awareness and compliance philosophy of all employees. Meanwhile, the Bank established the system compliance review and follow-up evaluation mechanism to ensure the compliance and applicability of the system. In addition, the Bank has also engaged external auditors to audit and verify internal control to obtain independent and objective evaluation opinions, which further validated the effectiveness of internal controls.

(XIV) Internal Audit

The Bank implements an independent and vertical internal audit management system. The Board of Directors assumed ultimate responsibility for the independence and effectiveness of internal audit, considered and approved internal audit rules, mid-and long-term audit plans and annual audit plans, etc., provided necessary safeguards for independent and objective internal audit work, and assessed the independence and effectiveness of internal audit. The Audit Committee of the Board of Directors is responsible for reviewing important systems and reports such as internal audit rules, considering and approving mid-and long-term audit plans and annual audit plans as well as guiding, assessing and evaluating internal audit. The Audit Department specifically undertook internal audit responsibilities, and was responsible for reviewing, evaluating and urging for improvements in the Bank's business operation, risk management, internal control and compliance and corporate governance through the application of systematic and standardized methods, so as to promote stable operation and value enhancement of the Bank, while fulfilling the duties of the dedicated office of the Audit Committee.

During the Reporting Period, the Bank adhered to and strengthened the Party's leadership over audit work. The audit department adhered to the main line of work of "serving the overall situation based on the center", focused on the main responsibilities and main businesses of risk supervision, closely monitored the "key events", "key personnel" and "key behaviors", and applied digital technology to carry out audit projects in the annual plan targeting corporate governance, credit business, fund business, risk management, information technology and subsidiaries, as well as economic responsibility audit for some important personnel. In addition, through strengthening the coordination among various departments, launching the "looking back" supervision method, the Bank has been promoting the rectification and implementation of the problems revealed by audits, so as to promote a sound and long-term mechanism for risk prevention and to escort the high-quality development of the Bank.

VI. ENVIRONMENTAL ANALYSIS AND FUTURE PROSPECT

(I) Industry landscape and trend analysis

In terms of the macroeconomic situation, in the short term, the global economy demonstrated some resilience after experiencing multiple shocks such as geopolitical conflicts, inflation and tightening of monetary policies, but the growth rate remained slow. In the long term, the global political and economic landscape is undergoing profound adjustments. Despite the interest rate cut cycle alleviating some pressure, the intensification of trade tensions, rising protectionism risks, and escalating geopolitical situations will continue to pose long-term challenges to the global economy. From the domestic perspective, China's economic foundation is solid, demonstrating strong resilience and potential. The long-term positive fundamentals have not changed, and the implementation of a package of incremental policies has effectively boosted market confidence. In 2024, GDP (Gross Domestic Product) increased by 5% year-on-year, the economy gradually stabilized and recovered, and market expectations were improved. Looking ahead to 2025, with the continuous strengthening of macroeconomic policy support, the accelerated advancement of modern industrial system construction, and the rapid development of strategic emerging industries and future industries such as artificial intelligence and robotics, the deep integration of technological innovation and industrial innovation will be accelerated, further boosting domestic investment and consumption demand. Meanwhile, efforts will be made to coordinate development and safety, continuously prevent and mitigate risks in key areas and external shocks, and fully promote steady economic growth.

From a regional development perspective, Dongguan's GDP in 2024 grew by 4.6%, reaching a new milestone of RMB1.2 trillion. The overall economic operation remained stable with progress, and solid steps were taken towards high-quality development. Despite facing numerous challenges, Dongguan's economy still demonstrates strong resilience and vitality. It is gradually transforming from the traditional processing trade model to more advanced manufacturing industry and service industry, actively promoting the optimization of industrial structure, cultivating and developing strategic emerging industries, and injecting strong momentum for future high-quality development. In the long term, the multiple drivers of technological innovation, regulatory changes and market demand will reshape the development path and competitive landscape of the banking industry. The new financial model centered on "finance + technology + data + scenario" has become a key direction for the transformation of the banking industry, driving banks to achieve digital, intelligent and personalized service upgrades.

(II) Operation and management measures for 2025

In 2025, the Bank will continue to thoroughly implement the strategic decisions and deployments of the CPC Central Committee, closely align with the spirit of the provincial and municipal high-quality development conference, adhere to the general tone of seeking progress while ensuring stability, uphold the leadership of the Party building and customer-centric, coordinate the deepening of reforms and risk prevention, and focus on five target areas in serving and the High-Quality Development Project to deeply implement the new five-year development strategic plan, with the goal of improving a simple and efficient management system and mechanism, so as to continuously enhance the quality and efficiency of business management and comprehensively promote the high-quality development of the Group.

1. Focus on key areas and fully enhance the quality and efficiency of financial services

The Bank will adhere to the market positioning of supporting agriculture and SMEs, continue to strengthen customer service, promote the comprehensive development of the four business segments of corporate, retail, inclusive finance and financial asset management, and fully enhance the quality and efficiency of financial services for the real economy through strengthening product service innovation and customer service management. **In terms of corporate finance**, the Bank will fully align with the strategic deployment of the municipal party committee and municipal government, focusing on key areas such as technological innovation, advanced manufacturing, “specialised, refined, differentiated and innovative” enterprises, and green environmental protection, continuously expanding the coverage of technology finance and green finance services. Focusing on the “High-Quality Development Project”, the Bank will vigorously support the construction of modern industrial parks in towns and villages, promote the development of a modern industrial system, and seize the opportunity for the development of a new type of collective economy, so as to continuously enhance rural financial service levels. **In terms of retail finance**, the Bank will build a refined, specialised and distinctive customer service system and a wealth product system centered on customers, focus on local characteristic industries and distinctive consumption scenes to establish scenario-based financial services, continuously increase the issuance of consumption loans, upgrade the convenience and age-friendly transformation of mobile banking, implement financial services for the convenience and benefit of the public and the elderly, optimize the layout of outlets and accelerate the construction of outlets to establish a “financial + non-financial” ecosystem service system at its branches and enhance the customer service experience. **In terms of inclusive finance**, the Bank will continue to deepen the classification service for inclusive customers. By refining support, optimizing processes, and enhancing services, the Bank will fully explore the financing needs of technology enterprises and comprehensively improve the level of financial services. Focusing on individual industrial and commercial households, the Bank will further expand the financial service coverage for inclusive customer groups.

2. Strengthen risk management and comprehensively improve asset quality level

Our bank will coordinate development and safety on the basis of two main themes of “steady growth” and “risk prevention”, and further strengthen comprehensive risk management in accordance with the management approach of “strong head office and specialization”. **Firstly, the Bank will improve the comprehensive risk management mechanism.** By reorganizing the functions of various risk management defense lines, establishing a collaborative mechanism, the Bank will optimize the entire credit operation system, improve the big data intelligent risk control model, comprehensively advance the construction of new credit system groups, continuously optimize the credit approval mechanism, and enhance the efficiency of credit approval. The Bank will also improve the construction of risk resolution mechanisms, and keep on reinforcing the resolution of problematic credit and the disposal of non-performing assets. **Secondly, the Bank will upgrade the level of compliance management.** The Bank will adhere to the prudent and compliant operational philosophy, consolidate compliance case prevention and anti-money laundering management, enhance employee behavior supervision, and solidify the foundation for case prevention and control. In addition, the Bank will tighten the digital management of money laundering risk control, apply digital verification methods, and comprehensively conduct anti-money laundering duties inspections to further enhance compliance performance capabilities, as well as optimize the monitoring and auditing mechanism, and refine the precision of supervision and tighten accountability for violations. **Thirdly, the Bank will continue to build up consumer protection.** The Bank will focus on comprehensive governance of consumer complaints and promote diversified dispute resolution, further refining and solidifying complaint management work, and improving the effectiveness of dispute resolution.

3. *Strengthen the Group's management and comprehensively promote the reform and development of the Group*

Firstly, the Bank will strengthen the vertical management of the Group. The Bank will unify development goals of the Group, optimize the governance structure of the Group, establish a group management performance evaluation system, improve the streamlined decision-making chain and management processes, promote the integration of business and resources of the Group, and gradually achieve the objectives of “flat, intensive, and vertical-oriented” in organizational management. **Secondly, the Bank will promote the reform and development of subsidiaries.** The Bank will clarify the operational positioning and development direction of subsidiaries, steadily carry out reforms in the operational management system and mechanism of subsidiaries, strengthen business guidance and resource support, and empower the business development of subsidiary management institutions with the integrated management system of the Group to promote the comprehensive and high-quality development of the Group.

Chapter IV Environmental, Social and Governance



The Bank always adheres to the corporate purpose of “accompanying, trusting and growing with each other”, takes “customer-oriented, integrity, robust development, and synergistic growth” as its core values and fully integrates the concept of environmental, social and corporate governance (“ESG”) into the daily operation and management. The Bank went back to original aspiration to support rural revitalization, integrated industry and finance to promote regional development, developed green finance to support carbon peaking and neutrality goals, and strengthened services to protect customer rights. The Bank gave back to society with practical actions, actively fulfilled its corporate social responsibility, promoted high-quality sustainable development of the economy, environment and society, and supported in achieving the goal of shared prosperity.

I. PRACTICE INCLUSIVE FINANCE AND FULFILL SOCIAL RESPONSIBILITIES

(I) Adhere to the Original Intention to Serve the Economy and People’s Livelihood

The Bank comprehensively implemented the “High-Quality Development Project”. The Bank actively implemented the provincial and municipal governments’ deployment on the “High-quality Development Project” and implemented the “Financial Support for the ‘High-Quality Development Project’ Initiative” in phases to support the real economy as the basis. We focused on the fields such as the construction of modern agricultural industry clusters and industrial parks, the enhancement of agriculture-related credit supply and the innovation of agriculture-related financial product business, and provided strong support for the strategy of rural revitalization and development. As of the end of the Reporting Period, the balance of the Bank’s agriculture-related loans (according to the standards of the National Financial Regulatory Administration) was RMB39.640 billion; we provided minimum credit lines of working capital 564 village communes with business entities across the city, supported village communes and village collective enterprises with various types of loan credits totaling RMB27.983 billion.

The Bank continuously increased the supply of technology finance credit. Based on Dongguan’s city characteristics of “technological innovation + advanced manufacturing”, the Bank focused on various development stages of “specialised, refined, differentiated and innovative” enterprises, and was committed to creating a “full-cycle financial service” system. We formulated and launched the “specialised, refined, differentiated and innovative” special financial work plan, comprehensively promoted the transformation and upgrading of Dongguan’s technology enterprises, and implemented the national decision-making and deployment of “technology finance”. As of the end of the Reporting Period, we supported 770 national and provincial “specialised, refined, differentiated and innovative” enterprises, and the balance of on-balance sheet and off-balance sheet loans amounted to RMB21.103 billion, representing a year-on-year increase of 137.33%.

The Bank focused on enhancing the support for inclusive finance. Firstly, we focused on the typical issues of “difficult financing and expensive financing” for small and micro enterprises, provided a package of integrated services such as “Loan Renewal Services Free of Principal Repayment (無還本續貸)”, “Policy Financing Guarantee (政策性融資擔保)”, “Dongguan Enterprises Reloan (莞企轉貸)” and “Bank Guarantee Loan (銀保貸)”, offered flexible, diversified and convenient financing methods and channels for small and micro enterprises. Secondly, we strengthened the coordination with the institutions such as the People’s Bank of China and China Development Bank, continuously expanded the scale of the Bank’s refinancing and re-lending, precisely channeled the benefits of monetary policy into small and micro enterprises, effectively increased credit supply to key regions, key fields, key industries and weak livelihood sectors, transferred capital concessions to customers through pricing, continuously reduced financing costs, and alleviated financing pressure of customers.

The Bank coordinated the establishment of a social security service system. Firstly, we solidly promoted the construction of “Town and Village Access” service outlets for Guangdong’s social security, and completed the renovation of a total of 351 “Town and Village Access” outlets in 2024. At the same time, we launched the first social security-bank cooperation themed outlet in Dongguan, enabled the public to handle social security services “at their doorstep” by creating a convenient social security service circle, enhanced the sense of gain and sense of happiness of the public. Secondly, we promoted the coverage rate of social security card issuance and made every effort to enhance the provision of pension and financial services. As of the end of the Reporting Period, the cumulative number of social security cards issued by the Bank exceeded 500,000. Thirdly, we focused on transportation, dining and living payment, carried out the activities of discounting upon achieving a specific consumption amount in an “online + offline” manner, created exclusive benefits for social security cards, and effectively benefited the people.

(II) Optimize Services to Protect Customers’ Rights and Interests

The Bank adhered to a customer-centric approach, continuously improved system functions, optimized service processes, implemented financial inclusion, and maintained professional, efficient and warm services. In terms of improving system functions, we completed the adaptation of the offline channel system for the “Mainland Entry and Exit Permit for Hong Kong and Macau Residents (Non-Chinese Nationality)” certificates, enhanced the convenience of on-site business handling for Hong Kong and Macau personnel. In terms of optimizing financial services, the Bank actively practiced the concept of “finance for the people”, adhered to a customer-centric approach. We focused on special customer groups such as the elderly and people with mobility difficulties, enabled them to enjoy a convenient, thoughtful and warm “special” financial service experience by providing humanized door-to-door services, and further enhanced satisfaction, trust and sense of gain of customers. In terms of financial anti-fraud publicity, the Bank adopted a combination of “online + offline” channels, solidly promoted all-round, multi-level and wide-coverage publicity activities through carrying out inclusive publicity of financial knowledge and anti-fraud case presentations. We continuously enhanced the public’s ability to identify and prevent telecommunication network fraud, comprehensively strengthened the national anti-fraud defense line, and safeguarded the “wallets” of the people. In terms of cash payment services for the convenience of the people, the Bank established the first cash convenience service station in Dongguan City and held a cash convenience service activity, provided the public around the market with cash services at no cost, such as on-site exchange of change, identification of counterfeit currency, deposit of damaged currency and knowledge promotion, broadened the coverage and influence of the Bank’s cash services, and enhanced the convenience, security and inclusiveness of cash payments.

The Bank has always adhered to the principle of putting people first, firmly stood on the people's position, deeply understood the people's aspirations, and realized, safeguarded and developed the fundamental interests of the broadest masses. We firmly established a correct view of operation, performance and risk, and established a new ecology of financial consumer protection that aligned with the Bank's development strategy, cultural attributes and dynamic adjustments. Firstly, we adhered to the "people-centric" development philosophy, firmly established the concept that "no small matter in consumer protection", sincerely listened to the voices of the masses, truly reflected the aspirations of the masses and genuinely cared about the hardships of the masses. We effectively regarded the people's rights and interests as the "first consideration", took the people's vital interests as the "first standard" for the construction of the consumer protection systems and mechanisms, took the people's urgent demand for financial knowledge as the "first signal", took the people's voices as the "first response", took the people's satisfaction as the "first motivation", and continuously enhanced the people's sense of gain, sense of happiness and sense of security. Secondly, we established the cultural concept of "financial consumers-centric", scientifically planned and coordinated, deepened the consumer protection cultural gene, improved the consumer protection cultural advocacy system, promoted the implementation of consumer protection culture and enhanced the effectiveness of consumer protection culture, enabled the consumer protection "factor" to be implanted into the mechanism "meridian" and to be integrated into the "bloodstream" of all staff, let the solid implementation of various requirements of financial consumer protection become a strategic consciousness, cultural consciousness and action consciousness, and truly served as a firm defender of the interests of the public. Thirdly, we adhered to the "big consumer rights protection" work approach and continuously promoted the improvement of the consumer protection work mechanism of "Whole Process & Whole-staff Undertaking, as well as Focusing on, Strengthening and Supervising Consumer Protection" from the perspective of financial consumers, and formed a new pattern of consumer protection development characterized by "standardization, specialization, refinement, intelligence, and ecology". We promoted the stimulation of endogenous work motivation, formed a virtuous cycle of continuously enhancing our own consumer protection capabilities, promoted the coordinated operation and mutual support of business operation and financial consumer protection, and built a positive image of a consumer protection brand with satisfaction of customers, recognition of employees, reassurance of regulators, recognition of the society and a leading position among the peers. Fourthly, we kept in mind the mission and responsibility of "the greatness of the nation", actively integrated into the overall situation of national development, served the development of the real economy, correctly handled the relationship between business growth and serving the people, focused on the "urgent, difficult, worrying and anxious" issues of the masses, actively responded to the "complaint points" of the masses, proactively alleviated the "pain points" of rights protection, and effectively opened up the "blocking points" of business. In 2024, the Bank accepted a total of 1,331 customer complaints, and the complaint resolution rate was 100%. We strived to continuously improve the quality and efficiency of financial services with heart, dedication and care. (For more information on the Bank's protection of customers' rights and interests, please refer to the "Report of the Board of Directors – Consumer Rights Protection" section in this report.)

(III) Public Welfare Assistance to Boost Social Development

The Bank actively assumed the role of the main force in local finance, proactively practiced corporate social responsibility, enthusiastically supported public welfare and charity, and contributed to social development through practical actions. Firstly, we supported the education undertaking. In 2024, the Bank carried out the projects such as the poor student assistance project of Wangniudun Middle School and the “Swimming into Schools” project of the Northern School in Nancheng Business District through the “Dongguan Rural Commercial Bank Education Public Welfare Foundation”, to support the equitable development and quality improvement of local education. Secondly, we supported the medical undertaking. We focused on the construction of healthcare and social livelihood, and reached a donation agreement with Dongguan People’s Hospital and other parties to support the high-quality development of Dongguan’s medical undertaking. Thirdly, we contributed to rural construction. We actively participated in the “6 • 30 Guangdong Poverty Relief Day & Dongguan Charity Day” activities, made charitable donations through municipal and town-level charitable organizations to towns, streets, villages and groups (communities) such as Chang’an, Xiegang and Liaobu. These donations were used for the projects such as upgrading the environment of village communes, renovating living facilities and providing assistance to those in need, and contributed to the construction of livable, business-friendly and beautiful villages.

II. DEVELOP GREEN FINANCE AND SUPPORT DOUBLE-CARBON GOALS

(I) Develop Green Finance and Support Green Industries

The Bank vigorously expanded its business in the green environmental protection industry, and did a good job in the major theme of green finance. Focusing on the national goals of carbon peak and carbon neutrality by 2030 and 2060 and in conjunction with the requirements of Dongguan City’s initiatives to promote ecological construction of Green and Beautiful Dongguan and to be a “waste-free city”, the Bank clarified its key support directions for green finance, gradually increased the proportion of green credit business, and set up the overall goal of building a modern “green bank”. As of the end of the Reporting Period, the balance of green credit of the Group was RMB16.404 billion, representing an increase of RMB2.915 billion or 21.61% over the beginning of the year. At the same time, the Bank actively participated in green bond investment, guided financial resources to gather in green and low-carbon fields. As of the end of the Reporting Period, the balance of the Group’s investment in green financial bonds was RMB11.242 billion. The funds raised from the investment in green bonds were invested in the industries such as energy conservation and environmental protection, clean production, clean energy, ecological environment and green upgrading of infrastructure, which contributed to the development of green industry projects and the upgrading of industrial structure, and effectively promoted carbon emission reduction.

(II) Strengthen Green Review and Prevent Green Risks

Strengthen whole-process risk management. The Bank actively enhanced the efficiency and quality of pre-loan investigations for corporate customers, strictly adhered to regulatory requirements, and incorporated green finance analysis into the pre-loan investigation content. Based on the environmental and social risks faced by corporate customers, they can be categorized into three classes including A, B, and C. We dynamically assessed and classified the environmental and social risks of the customers, and the relevant results served as an important basis for rating, credit access, management and exit.

Practice “digital” risk management and control. The Bank has initially established a risk early warning system, which utilized big data technology and a risk data management platform to achieve intelligent credit risk early warnings. At the same time, we collected information related to the environmental and social risk classification of the customers through various channels, and realized process control of environmental and social risk classification in the credit system. We strictly enforced the restriction and control policies on “high pollution, high energy consumption and overcapacity”, and strictly prohibited granting new credit business to the industries and enterprises with “high pollution, high energy consumption and overcapacity” that do not meet transformation standards and the enterprises with red cards of environmental credit.

(III) Promote Green Services and Realize Green Operation

The Bank has been actively practicing around-the-clock green operation services, actively guiding customers to use smart devices for conducting business, vigorously promoting paperless and intelligent business modes. As of the end of the Reporting Period, the Group has deployed 701 intelligent service terminals to further support green operation. In terms of office processes, the Bank has adhered to low-carbon and energy-saving office, gradually broadened the scope of applicable paperless meetings, significantly reduced the waste generated from document preparation, printing, binding, distribution, recycling, destruction and other links, and controlled the use of paper and consumables from the source.

III. IMPROVE GOVERNANCE LEVEL AND PROMOTE STABLE OPERATION

The Bank established a “five-pronged” governance mechanism for listed companies, which incorporates core leadership by the Party Committee, decision-making by the general meeting, strategic decision-making by the Board of Directors, supervision by the Board of Supervisors in accordance with laws, and implementation by the senior management. The mechanism defines the division of responsibilities and performance requirements of each governance entity. Based on the principles of independent operation, effective checks and balances, mutual cooperation and coordinated operation among each governance entity, the Bank improved risk control, established a reasonable incentive and restraint mechanism, and realized scientific decision-making, execution and supervision.

In order to fully realize the integration of the concept of social responsibility management with its own development strategy, corporate culture and business activities, the Bank has established an ESG management structure and set up an ESG working group, with the Board of Directors taking charge of the decision-making and management of ESG-related work, the ESG working group taking charge of the execution of the ESG-related work, and senior management taking charge of the implementation of the ESG-related work, which provides a strong mechanism to safeguard the long-term and stable development of the Bank.

During the Reporting Period, the Board of Directors of the Bank earnestly fulfilled its responsibilities related to the environment, society and governance such as Sannong financial services, green finance, consumer rights protection and social responsibility. The Board of Directors and relevant committees considered and approved relevant resolutions, such as Resolution on the 2023 Work Report of Sannong Financial Services of Dongguan Rural Commercial Bank Co., Ltd., Resolution on the 2023 Work Summary of Consumer Rights Protection and the 2024 Work Plan of Dongguan Rural Commercial Bank Co., Ltd., Resolution on the 2023 Work Report of Green Credit of Dongguan Rural Commercial Bank Co., Ltd., and Resolution on Public Disclosure of the 2023 Social Responsibility Report (Environmental, Social and Governance Report) of Dongguan Rural Commercial Bank Co., Ltd., so as to further build and improve the ESG management system of the Bank, actively promote the fulfillment of social responsibilities by the Bank, and achieve long-term sustainable development.

For more details on the Bank's environmental, social and governance, please refer to the "Corporate Governance" section of this Report and the 2024 Social Responsibility Report (the Environmental, Social and Governance Report) of Dongguan Rural Commercial Bank Co., Ltd. published by the Bank.

Chapter V

Sannong Financial Services



As the main force of “Sannong” finance which “is born from agriculture and thrives on agriculture”, the Bank consistently adheres to the market positioning of serving “Sannong”, proactively assumes the responsibility of supporting agriculture, and actively aligns with the work requirements on the “The High-Quality Development Project Covering Every County, Every Town and Every Village” by the Guangdong Provincial Party Committee and Provincial Government and the Dongguan Municipal Party Committee and Municipal Government. We optimize the service system through continuously investing financial resources and keeping up with the reality of local “Sannong”, constantly strengthen the provision of “Sannong” financial services and grow with the “Sannong” entities. During the Reporting Period, the Strategic Decision and Sannong Committee of the Board of the Bank held a total of 8 meetings, with over 40 related work proposals adopted; as of the end of the Reporting Period, the balance of the Bank’s agriculture-related loans (as per the standards of the National Financial Regulator Administration) reached RMB39.64 billion, fulfilling the regulatory requirement of “continuous growth in agriculture-related loans as compared to the end of the previous year” and the annual credit growth plan for agriculture-related loans.

I. DEEPEN THE PROOTION, SOLIDIFY THE NEW STRATEGIC HIGH GROUND OF “SANNONG” FINANCIAL SERVICES

(I) Policy-oriented, Adhere to the Original Intention of Serving “Agriculture”

The Bank focused on the spirit of the Central Document No. 1 “Opinions of the Central Committee of the Communist Party of China and the State Council on Learning and Applying the Experience of the ‘Demonstration of Thousand Villages, Improvement of Ten Thousand Villages’ Project to Vigorously and Effectively Promote Comprehensive Rural Revitalization”, and closely followed the various decisions and deployments of the Central Committee of the Communist Party of China and the State Council regarding “Sannong” work. In combination with local development and its own reality, the Bank adhered to the original intention of serving agriculture, firmly maintained the confidence and determination in doing a good job in “Sannong” work. We insisted on taking action as the priority, enhanced confidence, tackled difficulties head on, exerted ourselves and worked hard to convert all positive factors into inexhaustible motivation for successfully completing “Sannong” work, transform them into new achievements in the continuous development and progress of “Sannong” undertaking and successfully complete the Bank’s annual agriculture-related credit plan and agriculture-related regulatory indicators.

(II) Guided by Party Building, Highlight the Fundamental Color of Serving “Agriculture”

The Bank adhered to the leadership of Party building and continuously carried out Party building pairing work with various village communes across Dongguan City. With Party building pairing as a link, the Bank increased support for village communes through various measures such as credit support, public welfare donations and talent support. In particular, we increased our efforts to support economically weak village communes and help the village communes to realize diversified investments of funds and asset preservation and appreciation.

(III) Take the Strategy as the Core, Enhance the Joint Force for Serving “Agriculture”

The Bank actively built an “inclusive financial service system centered on Sannong finance”, adhered to supporting agriculture through finance, focusing on practicality and goodness, emphasized on inclusive, fundamental and specialized financial services, and strengthened strategic guidance. Meanwhile, the Board of Directors of the Bank actively performed its duties, paid close attention to regulatory requirements and policy directions, strengthened guidance on the Bank’s “Sannong” financial services, regularly listened to the reports from business departments on the status of “Sannong” financial services, and continuously reiterated the Bank’s adherence to its strategic positioning of inclusive finance, and revitalized the Bank’s competitive advantages in town and village areas.

II. GATHER EFFORTS, SET SAIL FOR A NEW JOURNEY OF “SANNONG” FINANCIAL SERVICES

The Bank has implemented the provincial and municipal governments’ deployment of the “High-quality Development Project” and continuously empowered and comprehensively promoted financial support for the rural revitalization strategy of the “High-quality Development Project”. We formulated and phased the implementation of the Action Plan for Financial Support to the “High-quality Development Project” of Dongguan Rural Commercial Bank, launched multiple financial empowerment initiatives through seizing the market opportunities of Dongguan City’s “Investment Year” and new industrialization, and continuously ensured high-quality development of “Sannong” financial business.

(I) Optimize the Organizational System to Highlight Service Determination

In order to enhance the professionalism of serving the high-quality development of “Sannong”, the Bank continuously optimized its work mechanism, fully initiated organizational structure adjustments, and built a “flat, professional and market-oriented” ecological organization service system. At the headquarters level, we established an intensive and efficient department organization and management model, accelerated the linkage of integrated customer services, strengthened business matching in towns and villages, and speeded up the response to the demands of market players. At the branch level, we established a customer-centric operation model. As of the end of the Reporting Period, we set up nearly 150 teams, including town and village teams, industrial and commercial enterprise teams, inclusive teams, personal loan teams and personal sales teams, enhanced service coverage and professionalism in the form of customer teams, helped the high-quality development of “Sannong”.

(II) Introduce a Special Plan to Focus on High-quality Development of the Agricultural Industry

During the Reporting Period, the Bank continuously strengthened communication and cooperation with agricultural and rural departments, focused on the development characteristics of agriculture-related enterprises and conducted market research. Based on understanding the production and operation rules and financial needs of agriculture-related enterprises, the Bank formulated a special marketing plan, matched special credit lines for leading agricultural enterprises and new agricultural business entities and provided preferential interest rates. We solidified the financial supply for the first loan cooperation with agriculture-related entities, continuously improved the financial support work for the rural industry chain, and constantly optimized “Agricultural Leading Loans (農業龍頭貸)” to support the provincial and municipal leading agricultural enterprises and their upstream and downstream small and medium-sized enterprises or individuals, and drove the healthy and vigorous development of the agricultural industry chain. As of the end of the Reporting Period, the Bank cumulatively supported 23 provincial and municipal leading agricultural enterprises, with a loan balance of RMB1.331 billion.

(III) Adhere to the Business Positioning to Stimulate the Economic Vitality of Local Towns

During the Reporting Period, in accordance with the action work requirements of the “High-quality Development Project”, the Bank timely grasped the development planning of various projects of village communes, continuously tracked the financing needs of village communes, and focused on increasing credit support for the projects of village and community property repurchase, modern industrial park construction and “urban village” renovation. We optimized the credit granting process of fixed asset investment loans to the upgrading and renovation of collective factory property, the key project of “industrial transformation (工改工)” and the beautiful countryside construction by village groups and collective enterprises, adding “acceleration” to the financing needs of villages and communities. As of the end of the Reporting Period, the Bank had cumulatively granted new credit of over RMB20 billion to village groups (communities) and town-owned enterprises in Dongguan throughout the year.

(IV) Public-private Linkage to Build Financial Service Scenarios for Villagers

The Bank adhered to the “corporate” + “retail” business linkage model to continuously strengthen the supporting services for rural financial scenarios, and was committed to solving the problems of villagers, such as “difficult financing, expensive financing and complicated financing”. By continuously optimizing business processes, we enhanced the digital intelligence level of risk control models and improved the rural financial service experience, aimed to satisfy the diversified and personalized financing needs of modern farmers in housing construction, renovations and consumption, so as to enhance villagers’ life quality in a practical manner.

III. COORDINATE AND INTEGRATE TO WRITE A NEW CHAPTER OF “SANNONG” FINANCIAL SERVICES

During the Reporting Period, the Bank continuously explored entry points and breakthroughs for high-quality financial services for “Sannong” and adhered to a collaborative and integrated approach. By employing a multi-dimensional method of “product + technology + service”, we continuously strengthened financial support for key areas and weak links in “Sannong”, comprehensively enhanced the coverage and supply efficiency of “Sannong” financial services, and channeled more financial “living water” to nourish the fertile fields of “Sannong”.

(I) Weave Dense Inclusive “Sannong” Grids with Product Support

The Bank actively promoted product innovation and development, deeply combined internet, big data technology with the Bank’s human and geographical advantages, created an “online + offline” inclusive agriculture-related product system, and further enhanced the technological empowerment for the “Sannong” business development: Firstly, we further improved the level of inclusive agriculture-related online services and basically realized online-based standard credit process leveraging on the pre-loan investigation system, and the processes from customer acquisition, risk control, loan disbursement to repayment for some products can be completed independently online. Secondly, the inclusive agriculture-related business model was further clarified, the product development model gradually shifted from relying on platform cooperation to self-operation and independent development, and the product operation model gradually transformed from “purely online” to “online + offline” model.

(II) Construction of Outlets to Consolidate a Solid Guarantee for “Sannong” Financial Services

The Bank gave full play to the advantages in outlets, manpower, machinery and other resources to provide fundamental protection for “Sannong” financial services, constantly enhanced the quality and efficiency of “Sannong” services: Firstly, we set up a layout of outlets and institutions covering all villages and towns in Dongguan, increased or renovated institutions and outlets in administrative villages with strong financial demand, optimized the construction of outlets, enhanced the competitiveness of outlets, and improved functional zoning of outlets. Through outlets, self-service devices, door-to-door services and other approaches, we achieved 100% coverage of financial services for villages and groups in the Dongguan area. Secondly, we widely deployed financial electronic devices to fully meet the financial service needs of the broad “Sannong” customers and enhance the convenience of financial services for “Sannong” customers.

(III) Popularize Knowledge to Enhance the Quality of “Sannong” Financial Services

Firstly, the Bank took the opportunity of the centralized Financial Knowledge Popularization Month activities to vigorously promote the construction of an “online + offline” comprehensive financial knowledge publicity matrix, closely following the deployment of the National Financial Regulatory Administration, horizontally integrating external resources such as regulators, associations, village groups, and media, and vertically organizing leaders at all levels from headquarters and branches to go deep into the front line. During the Reporting Period, 48 financial education activities were conducted offline targeting rural areas, benefiting 5,568 consumers.

Secondly, we released publicity and education works through the online consumer protection publicity and education zone, aiming at drawing “three pictures” of financial knowledge publicity and education in a way that is popular with the public through thematic interaction, regular science popularization, three-dimensional dissemination and multi-dimensional promotion of financial knowledge and guiding “Sannong” consumers to learn about finance, understand finance, trust finance and use finance, thereby constantly enhancing their ability to protect their own rights and interests. At the same time, we helped key groups of people to grasp the essential financial knowledge they need, reasonably choose suitable financial products and services and enhance their risk prevention awareness and self-protection capabilities.

Thirdly, we organized inclusive finance marketing activities and conducted marketing activities and inclusive policy advocacy in various towns and streets multiple times, such as holding a meeting for boosting the upgrading of the food industry and promotion of financial products. By creating comprehensive, one-stop financial services, we provided financing assistance to more food enterprises and promoted the transformation and upgrading of the traditional food industry.

IV. CONSOLIDATE AND EXPAND, HIGHLIGHT THE NEW RESPONSIBILITIES OF “SANNONG” FINANCIAL SERVICES

Consolidating and expanding the achievements of poverty alleviation is the core task of the “Sannong” work, and is also an important link in the comprehensive construction of a socialist modernized country and the powerful and effective connection with comprehensive rural revitalization. The Bank upholds its mission, strengthens its responsibility and makes full use of policy tools to provide low-cost funding support for “Sannong”, continuously carries out financial poverty alleviation, and interprets the mission of finance for “Sannong” through practical actions.

(I) Make Good Use of Policy Tools, Serve “Sannong” with Dedication

Firstly, the Bank earnestly implemented the national rural revitalization strategic deployment, actively coordinated with the People's Bank of China, and increased the credit resource inclination towards “Sannong” customers. As of the end of the Reporting Period, the Bank had cumulatively applied for and obtained 13 refinancing loans for supporting small enterprises totaling RMB13.164 billion, and applied for and obtained 7 refinancing loans for supporting agriculture totaling RMB203 million. By utilizing these funds, the Bank effectively increased credit supply to key areas, sectors, industries and weak links in people's livelihood, including “Sannong”, actively benefited customers and effectively reduced the financing costs for “Sannong”. At the same time, during the Reporting Period, the Bank increased new business dealings with the Export-Import Bank, obtained more low-cost funds and promoted the further reduction in the cost of credit issuance. As of the end of the Reporting Period, the Bank's refinancing scale was RMB13.367 billion, representing an increase of RMB1.491 billion as compared to the end of the previous year, further addressing the financing needs for rural industrial development and empowering rural revitalization with dedication.

Secondly, the Bank adhered to the mission of “finance for agriculture”, actively gave play to the advantages in benefiting and assisting agriculture by finance and increased the issuance of agriculture-related credit. The Bank continuously deepened the service quality of “Sannong” special bonds, as of the end of the Reporting Period, the funds raised from the Bank's outstanding “Sannong Bonds” cumulatively invested in agriculture-related loans of RMB1.301 billion, the balance of loans amounted to RMB937 million, and a total of 175 loans issued, further enhancing the quality and efficiency of “Sannong” financial services and comprehensively promoting rural revitalization.

(II) Financial Relief and Poverty Alleviation, Precise Irrigation for “Sannong”

The Bank actively responded to the Dongguan Municipal Party Committee and Municipal Government's call for the actions of “Thousands of Enterprises Help Thousands of Towns, Ten Thousands of Enterprises Prosper Ten Thousands of Villages” and “Hundreds of Enterprises and Hundreds of Communities Assist Hundreds of Villages”, and proactively shouldered corporate social responsibility. Taking the “6 • 30 Guangdong Poverty Relief Day & Dongguan Charity Day” activities as a pivot platform for fulfilling responsibilities, the Bank donated a total of RMB2 million to 24 villages (communities) in 17 towns and streets, including Qiaotou and Wangniudun. Moreover, in accordance with the unified deployment of the Guangdong Provincial Party Committee and Provincial Government and the Dongguan Municipal Party Committee and Municipal Government, we actively connected with the designated assistance areas of the city, procured consumption assistance products, and solidly promoted the work of consumption assistance.

Chapter VI

Changes in Share Capital and Information on Shareholders



I. CHANGES IN SHARES

(I) Share Capital

During the Reporting Period, there was no change in the Bank's share capital. As of 31 December 2024, the Bank had a total of 5,740,454,510 Domestic Shares in issue, representing 83.33% of the total Shares, including 1,426,110,821 Shares held by the legal person, representing 20.70% of the total Shares; 3,831,195,193 Shares held by the public natural person, representing 55.62% of the total Shares; and 483,148,496 Shares held by staff members, representing 7.01% of the total Shares. There are 1,148,091,000 overseas listed foreign shares (H Shares), representing 16.67% of the total Shares.

(II) Details of Changes in Shares

During the Reporting Period, the changes in the ordinary shares of the Bank are as follows:

(Unit: Shares)

	As at 31 December 2023		Increase (decrease) during the period	As at 31 December 2024	
	Number	Percentage (%)	Number of changes	Number	Percentage (%)
Domestic Shares	5,740,454,510	83.33	–	5,740,454,510	83.33
Domestic Shares held by legal persons	1,368,245,155	19.86	57,865,666	1,426,110,821	20.70
Domestic Shares held by natural persons	4,372,209,355	63.47	(57,865,666)	4,314,343,689	62.63
Including: Shares held by staff members	483,148,496	7.01	–	483,148,496	7.01
Overseas listed foreign Shares (H Shares)	1,148,091,000	16.67	–	1,148,091,000	16.67
Total	6,888,545,510	100.00	–	6,888,545,510	100.00

Notes:

- (1) As at the end of the Reporting Period, there were 57,435 Domestic Shareholders. All Domestic Shares were deposited in China Securities Depository and Clearing Corporation Limited. The total number of registered H Shareholders was 22, of which HKSCC Nominees Limited, as a nominee, held the Shares on behalf of multiple Shareholders.
- (2) As at the end of the Reporting Period, 20,303,855 Domestic Shares were involved in judicial freezing, representing 0.29% of the total Shares.
- (3) The Bank has applied to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Listing Rules pursuant to which the minimum public float of our Shares shall be 16.67%. Based on publicly available information and to the best knowledge of the Directors, at least 16.67% of the issued Shares of the Bank has been held by the public during the Reporting Period and as of the Latest Practicable Date, in compliance with the requirements under the Listing Rules as modified by the aforementioned waiver.

(III) Issuance of Securities

During the Reporting Period, the Bank did not issue any new Shares.

II. SHAREHOLDING STRUCTURE

(I) Number and Shareholdings of Shareholders

As of 31 December 2024, the total number of Shares of the Bank was approximately 6,889 million Shares, included approximately 5,740 million Domestic Shares and approximately 1,148 million H Shares. There were 122 Domestic Shares legal person shareholders holding approximately 1,426 million Shares, representing 20.70% of the total Shares; and 57,313 Domestic Shares natural person shareholders holding approximately 4,314 million Shares, representing 62.63% of the total Shares.

(II) Top Ten Shareholders as at the End of the Reporting Period

As of 31 December 2024, the total shareholding of the ten largest Shareholders of the Bank was 28.88%, among which the shareholding ratio of Domestic shareholders did not exceed 5%, and the shareholding structure was relatively decentralised. Among the Domestic Shareholders, the largest Shareholder was Guangdong Canvest Investment Co., Ltd.* (廣東粵豐投資有限公司), holding 3.78% of the total Shares; the second largest Shareholder was Dongguan City Kanghua Investment Group Co., Ltd.* (東莞市康華投資集團有限公司), holding 2.18% of the total Shares; and the third largest Shareholder was Dongguan Nanfang Foodgrain & Cooking Oil Co., Ltd.* (東莞市南方糧油有限公司), holding 1.45% of the total Shares. All of these top three Domestic Shareholders were private enterprises.

As of 31 December 2024, shareholdings of the ten largest Shareholders were as follows:

No.	Name	Class of Shares	Nature of Shareholders	Number of Shares (share)	Percentage of the Bank's issued Shares ⁽²⁾ (%)	Changes of shares during the Reporting Period (share)
1	HKSCC Nominees Limited ⁽¹⁾	H Shares	Others	1,148,049,690	16.67	1,780
2	Guangdong Canvest Investment Co., Ltd.* (廣東粵豐投資有限公司)	Domestic Shares	Non-state-owned legal person	260,699,270	3.78	-38,547,640
3	Dongguan City Kanghua Investment Group Co., Ltd.* (東莞市康華投資集團有限公司)	Domestic Shares	Non-state-owned legal person	150,104,602	2.18	-
4	Dongguan Nanfang Foodgrain & Cooking Oil Co., Ltd.* (東莞市南方糧油有限公司)	Domestic Shares	Non-state-owned legal person	99,660,304	1.45	-
5	Dongguan City Haida Industrial Co., Ltd.* (東莞市海達實業有限公司)	Domestic Shares	Non-state-owned legal person	74,027,320	1.07	-
6	Guangdong Haide Group Co., Ltd.* (廣東海德集團有限公司)	Domestic Shares	Non-state-owned legal person	69,784,524	1.01	-
7	Dongguan City Jianhua Paper Co., Ltd.* (東莞市建樺紙業股份有限公司)	Domestic Shares	Non-state-owned legal person	57,978,360	0.84	-
8	Dongguan City Fengjing Group Co., Ltd.* (東莞市峰景集團有限公司)	Domestic Shares	Non-state-owned legal person	57,978,360	0.84	-
9	Dongguan City Xingye Knitting Co., Ltd.* (東莞市興業針織有限公司)	Domestic Shares	Non-state-owned legal person	36,284,941	0.53	6,220,000
10	Dongguan City Commercial Center Development Co., Ltd.* (東莞市商業中心發展有限公司)	Domestic Shares	Non-state-owned legal person	35,080,472	0.51	-
Total				1,989,647,843	28.88	

Chapter VI

Changes in Share Capital and Information on Shareholders

Notes:

- (1) HKSCC Nominees Limited held a total of 1,148,049,690 H Shares of the Bank on behalf of various clients, representing approximately 16.67% of the total issued share capital of the Bank. HKSCC Nominees Limited is a member of the Central Clearing and Settlement System of the Hong Kong Stock Exchange and provides registration and custody services for clients.
- (2) Based on the total issued Shares of 6,888,545,510 Shares.

(III) Interest and Short Position of Directors and Chief Executives in the Shares, Underlying Shares and Debentures of the Bank or Any Associated Corporation

Please refer to the “Interests and Short Positions of Directors, Supervisors and Chief Executives” in the “Corporate Governance Report” section of this Report.

(IV) Shareholding of Staff Members

As of 31 December 2024, the Bank had a total of 3,022 employee Shareholders, holding approximately 483 million Shares (excluding H Shares), which accounted for 7.01% of the total Shares.

(V) Interests and Short Positions of Substantial Shareholders and Other Persons under Hong Kong Laws and Regulations

As of 31 December 2024, according to the register of shareholders kept by the Bank pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons/entities, other than a Director, a Supervisor or chief executive of the Bank, had an interest or short position in the Shares, the underlying Shares or debentures of the Bank which would fall to be disclosed to the Bank and the Hong Kong Stock Exchange pursuant to divisions 2 and 3 of Part XV of the SFO.

Name of Shareholders	Capacity	Class of Shares	Number of Shares ⁽¹⁾ (share)	Approximate percentage of the relevant class of Shares (%)	Approximate percentage of interest in the Bank (%)
Lee Kar Lung (李家龍)	Beneficial owner	H Shares	13,940,000(L)	17.40	2.90
	Interest in controlled corporation ⁽²⁾	H Shares	185,878,000(L)		
Scoperto Limited	Beneficial owner	H Shares	185,878,000(L)	16.19	2.70
Caitong Securities Co., Ltd.* (財通證券股份有限公司)	Interest in controlled corporation ⁽³⁾	H Shares	178,311,000(L)	15.53	2.59
Caitong Fund Management Co., Ltd.* (財通基金管理有限公司)	Others ⁽⁴⁾	H Shares	178,311,000(L)	15.53	2.59
State-owned Assets Supervision and Administration Commission of the People's Government of Dongguan (東莞市人民政府國有資產監督管理委員會)	Interest in controlled corporation ⁽⁵⁾	H Shares	126,262,000(L)	11.00	1.83
Dongguan Communications Investment Group Co., Ltd. (東莞市交通投資集團有限公司)	Interest in controlled corporation ⁽⁵⁾	H Shares	126,262,000(L)	11.00	1.83

Chapter VI

Changes in Share Capital and Information on Shareholders

Name of Shareholders	Capacity	Class of Shares	Number of Shares ⁽¹⁾ (share)	Approximate percentage of the relevant class of Shares (%)	Approximate percentage of interest in the Bank (%)
Dongguan City Fook Man Group Company* (東莞市福民集團公司)	Interest in controlled corporation ⁽⁵⁾	H Shares	126,262,000(L)	11.00	1.83
Fook Man Development Company Limited* (福民發展有限公司)	Beneficial owner	H Shares	126,262,000(L)	11.00	1.83
Lion Fund Management Co., Ltd. (諾安基金管理有限公司)	Investment manager	H Shares	68,325,000(L)	5.95	0.99
Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	Interest in controlled corporation ⁽⁶⁾	H Shares	60,000,000(L)	5.23	0.87
Agricultural Bank of China Limited (中國農業銀行股份有限公司)	Interest in controlled corporation ⁽⁶⁾	H Shares	60,000,000(L)	5.23	0.87
ABC International Holdings Limited (農銀國際控股有限公司)	Interest in controlled corporation ⁽⁶⁾	H Shares	60,000,000(L)	5.23	0.87
ABCI Investment Management Limited (農銀國際投資管理有限公司)	Interest in controlled corporation ⁽⁶⁾	H Shares	60,000,000(L)	5.23	0.87
Cozy Pony Limited (駿熹有限公司)	Person having a security interest in shares	H Shares	60,000,000(L)	5.23	0.87

Notes:

- The letter "L" denotes long position.
- According to the information provided by Lee Kar Lung (李家龍), Lee Kar Lung (李家龍) has 100% control over Scoperto Limited. Accordingly, Lee Kar Lung (李家龍) was deemed to be interested in the interest held by Scoperto Limited under the SFO.
- According to the information provided by Caitong Securities Co., Ltd. ("Caitong Securities"), Caitong Securities has 40% control over Caitong Fund Management Co., Ltd.* ("Caitong Fund Management"). Accordingly, Caitong Securities was deemed to be interested in the interest held by Caitong Fund Management under the SFO.
- According to the information provided by Caitong Fund Management, Caitong Fund Management is the asset manager of ten asset management plans and held the H Shares under such Qualified Domestic Institutional Investor (QDII) asset management plans to implement the investment plans of its clients.
- According to the information provided by the State-owned Assets Supervision and Administration Commission of the People's Government of Dongguan, Fook Man Development Company Limited is wholly-owned by Dongguan City Fook Man Group Company (東莞市福民集團公司), which in turn is wholly-owned by Dongguan Communications Investment Group Co., Ltd. (東莞市交通投資集團有限公司), a company wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Dongguan. Accordingly, each of State-owned Assets Supervision and Administration Commission of the People's Government of Dongguan, Dongguan Communications Investment Group Co., Ltd. and Dongguan City Fook Man Group Company is deemed to be interest in all the Shares held by Fook Man Development Company Limited under the SFO.
- According to the information provided by Central Huijin Investment Ltd., Cozy Pony Limited is wholly-owned by ABCI Investment Management Limited, which is in turn wholly-owned by ABC International Holdings Limited. ABC International Holdings Limited is wholly-owned by Agricultural Bank of China Limited, which is in turn owned as to 40.03% by Central Huijin Investment Ltd.. Therefore, Central Huijin Investment Ltd., Agricultural Bank of China Limited, ABC International Holdings Limited and ABCI Investment Management Limited are deemed to be interested in the interest held by Cozy Pony Limited under the SFO.

(VI) Substantial Shareholders under the Interim Measures for Equity Management of Commercial Banks

According to the Interim Measures for Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》) promulgated by the former CBRC, a substantial shareholder of a commercial bank refers to a shareholder who holds or controls more than 5% of the shares or voting rights of a commercial bank, or a shareholder who holds less than 5% of the total capital or total shares but has a significant impact on the operation and management of the commercial bank. The aforementioned significant influence includes, but not limited to, dispatching directors, supervisors or senior management personnel to commercial banks, influencing the financial and operational management decisions of commercial banks through agreements or other means, and other circumstances recognized by the National Financial Regulatory Administration or its local offices.

1. Shareholders who hold 5% or above of the Shares of the Bank

As of 31 December 2024, except HKSCC Nominees Limited, the Bank had no shareholder holding 5% or above of the Shares of the Bank.

2. Other substantial shareholders within the regulatory scope

As of 31 December 2024, the Bank's other substantial shareholders within the regulatory scope were as follows:

(1) Guangdong Haide Group Co., Ltd.* (廣東海德集團有限公司)

Guangdong Haide Group Co., Ltd. was established on 28 July 2000, its legal representative is Ye Junfeng (葉俊鋒), its registered capital is RMB200 million, and its business scope covers: industrial investment, engineering bidding agency services, building intelligent engineering, decoration design and engineering construction, production of hardware products, landscaping engineering, sales of building materials and decoration materials (excluding hazardous chemicals) and real estate development (operating with valid qualification certificates).

Guangdong Haide Group Co., Ltd. was regarded as a substantial Shareholder as it recommended Ye Jinqun (葉錦泉) to the Bank as a candidate for Director and he obtained a Board seat, which was in line with the circumstances of dispatching a Director to the Bank. The controlling shareholder of Guangdong Haide Group Co., Ltd. is Ye Junfeng who is also the actual controller. There is no party acting in concert. The ultimate beneficiary is the company itself. As at the end of the Reporting Period, Guangdong Haide Group Co., Ltd. and its related parties held a total of 116,333,556 Shares of the Bank, accounting for 1.69% of the total Shares. The related parties of Guangdong Haide Group Co., Ltd. include Dongguan City Commercial Center Development Co., Ltd.* (東莞市商業中心發展有限公司) and Ye Jinqun and others. At the end of the Reporting Period, the balance of credit-related party transactions between the Bank and Guangdong Haide Group Co., Ltd. and its related parties was RMB3,112.98 million. During the Reporting Period, Guangdong Haide Group Co., Ltd. and its related parties did not pledge their equities in the Bank.

(2) Dongguan City Xingye Knitting Co., Ltd. (東莞市興業針織有限公司)*

Dongguan City Xingye Knitting Co., Ltd. was established on 28 May 1995. Its legal representative is Fu Wanxia (傅婉霞) and its registered capital is RMB50 million. Its business scope covers: general items: manufacturing of knitted or crocheted fabrics and their products; sales of knitted textiles and raw materials; sales of knitted textiles; apparel and accessories manufacturing; apparel manufacturing; wholesale of apparel and accessories; retail of apparel and accessories; non-residential real estate leasing; property management.

Dongguan City Xingye Knitting Co., Ltd. was regarded as a substantial Shareholder as it recommended Chen Weiliang (陳偉良) to the Bank as a candidate for Director and he obtained a Board seat, which was in line with the circumstances of dispatching a Director to the Bank. The controlling shareholder of Dongguan City Xingye Knitting Co., Ltd. is Chen Xipei (陳錫培) who is also the actual controller. There is no party acting in concert. The ultimate beneficiary is the company itself. At the end of the Reporting Period, Dongguan City Xingye Knitting Co., Ltd. and its related parties held a total of 36,313,081 Shares of the Bank, accounting for 0.53% of the total Shares. The related parties of Dongguan City Xingye Knitting Co., Ltd. include Chen Xipei and Chen Weiliang and others. At the end of the Reporting Period, the balance of credit-related party transactions between the Bank and Dongguan City Xingye Knitting Co., Ltd. and its related parties was RMB408.5914 million. During the Reporting Period, Dongguan City Xingye Knitting Co., Ltd. and its related parties did not pledge their equities in the Bank.

(3) Dongguan Shenzhou Industrial Development Co., Ltd. (東莞市神州實業開發有限公司)*

Dongguan Shenzhou Industrial Development Co., Ltd. was established on 30 July 1996, its legal representative is Lu Chaoping (盧超平), its registered capital is RMB6 million, and its business scope covers: general items: investment activities with its own funds; housing leasing; non-residential real estate leasing; wholesale of apparel and accessories; retail of apparel and accessories; sale of building decorative materials; sale of building materials; sale of daily necessities; sales of knitted textiles; sale of electronic products; wholesale of hardware; retail of hardware; property management; parking lot services.

Dongguan Shenzhou Industrial Development Co., Ltd. was regarded as a substantial Shareholder as it recommended Li Guoyu (黎國裕) to the Bank as a candidate for Supervisor and he obtained a seat in the Board of Supervisors, which was in line with the circumstances of dispatching a Supervisor to the Bank. The controlling shareholder of Dongguan Shenzhou Industrial Development Co., Ltd. is Lu Chaoping who is also the actual controller. There is no party acting in concert. The ultimate beneficiary is the company itself. At the end of the Reporting Period, Dongguan Shenzhou Industrial Development Co., Ltd. held a total of 6,442,040 Shares of the Bank, accounting for 0.09% of the total Shares, and there were no other related parties holding Shares. At the end of the Reporting Period, the balance of credit-related party transactions between the Bank and Dongguan Shenzhou Industrial Development Co., Ltd. and its related parties was RMB75.8628 million. During the Reporting Period, Dongguan Shenzhou Industrial Development Co., Ltd. and its related parties did not pledge their equities in the Bank.

(4) Fook Man Development Company Limited (福民發展有限公司)*

Fook Man Development Company Limited was established on 10 April 1984, the person in charge of this enterprise is Tang Wencheng (唐聞成), and its registered capital is HKD20.05 million.

Fook Man Development Company Limited was regarded as a substantial Shareholder as it recommended Tang Wencheng (唐聞成) to the Bank as a candidate for Director and he obtained a Board seat, which was in line with the circumstances of dispatching a Director to the Bank. The controlling shareholder of Fook Man Development Company Limited is Dongguan City Fook Man Group Company (東莞市福民集團公司), and the actual controller is Dongguan Communications Investment Group Co., Ltd. (東莞市交通投資集團有限公司). There is no party acting in concert, and the ultimate beneficiary is the company itself. At the end of the Reporting Period, Fook Man Development Company Limited held a total of 126,262,000 Shares of the Bank, accounting for 1.83% of the total Shares, and there were no other related parties holding Shares. At the end of the Reporting Period, the balance of credit-related party transactions between the Bank and Fook Man Development Company Limited and its related parties was RMB674.9369 million.

(5) Dongguan Bangye Mechanical & Electrical Equipment Trading Co., Ltd. (東莞市邦業機電設備貿易有限公司)*

Dongguan Bangye Mechanical & Electrical Equipment Trading Co., Ltd. was established on 6 December 2011, its legal representative is Cai Junbang (蔡浚邦), its registered capital is RMB500,000, and its business scope covers: sales of electrical and mechanical equipment, hardware products, plastic products, electronic products and accessories, construction materials, household electrical appliances, household ornaments, sanitary ware, and daily necessities; industrial investment, property leasing, and property management.

Dongguan Bangye Mechanical & Electrical Equipment Trading Co., Ltd. was regarded as a substantial Shareholder as it recommended Cai Junbang to the Bank as a candidate for Supervisor and he obtained a seat in the Board of Supervisors, which was in line with the circumstances of dispatching a Supervisor to the Bank. The controlling shareholders of Dongguan Bangye Mechanical & Electrical Equipment Trading Co., Ltd. are Cai Junbang and Cai Shaobin (蔡少斌), and the actual controller is Cai Chengzhi (蔡成枝). There is no party acting in concert. The ultimate beneficiary is the company itself. At the end of the Reporting Period, Dongguan Bangye Mechanical & Electrical Equipment Trading Co., Ltd. held a total of 12,677,400 Shares of the Bank, accounting for 0.18% of the total Shares, and there were no other related parties holding Shares. At the end of the Reporting Period, the balance of credit-related party transactions between the Bank and Dongguan Bangye Mechanical & Electrical Equipment Trading Co., Ltd. and its related parties was RMB0. During the Reporting Period, Dongguan Bangye Mechanical & Electrical Equipment Trading Co., Ltd. and its related parties did not pledge their equities in the Bank.

(6) Dongguan Jianghao Trading Co., Ltd. (東莞市江豪貿易有限公司)

Dongguan Jianghao Trading Co., Ltd. was established on 6 May 2003, its legal representative is Wang Yanling (王燕玲), its registered capital is RMB1.50 million, and its business scope covers: sales of gold and silver jewelry, jade, gemstone jewelry, arts and crafts, watches and clocks, stationery and office supplies.

Dongguan Jianghao Trading Co., Ltd. was regarded as a substantial Shareholder as it recommended Liu Jiahao (劉家豪) to the Bank as a candidate for Supervisor and he obtained a seat in the Board of Supervisors, which was in line with the circumstances of dispatching a Supervisor to the Bank. The controlling shareholder of Dongguan Jianghao Trading Co., Ltd. is Liu Jiahao, and the actual controller is Liu Renting (劉任庭). There is no party acting in concert. The ultimate beneficiary is the company itself. At the end of the Reporting Period, Dongguan Jianghao Trading Co., Ltd. held a total of 6,442,040 Shares of the Bank, accounting for 0.09% of the total Shares, and there were no other related parties holding Shares. At the end of the Reporting Period, the balance of credit-related party transactions between the Bank and Dongguan Jianghao Trading Co., Ltd. and its related parties was RMB0. During the Reporting Period, Dongguan Jianghao Trading Co., Ltd. and its related parties did not pledge their equities in the Bank.

(VII) Information on Controlling Shareholders and Actual Controllers

During the Reporting Period, there was no major change in the Bank's shareholding structure and, except for HKSCC Nominees Limited, there is no individual Shareholder together with its related parties holding more than 10% of the Shares. Any individual Shareholder and its related parties cannot control the general meetings and the Board of Directors. Therefore, the Bank does not have any controlling Shareholder or actual controller.

(VIII) Pledge and Freezing of Shares

As at the end of the Reporting Period, there were no ordinary Shares held by Shareholders holding more than 5% (including 5%) of the total Shares being pledged or frozen. As at the end of the Reporting Period, so far as the Bank was aware, there was no pledge of Domestic Shares of the Bank, and no Shareholders had pledged their Shares to the Bank. 20,303,855 Domestic Shares of the Bank were judicially frozen, representing 0.29% of the total Shares.

According to Article 43 of the Articles of Association of the Bank, if the equities of the Bank pledged by the Shareholders reach or exceed 50% of equities of the Bank held by such Shareholders, such Shareholders' voting right on the general meeting and the voting rights of the Directors nominated by such Shareholders on the Board meeting shall be restricted. During the Reporting Period, the Bank did not need to restrict the voting rights of relevant shares in general meetings or Board meetings.

(IX) Purchase, Sale or Redemption of Listed Securities or Redeemable Securities of the Bank

During the Reporting Period, the Bank did not purchase, sell or redeem any listed securities (including the sale of treasury shares, if any) or redeemable securities of the Bank.

For the issuance and redemption of the Bank's bonds, please refer to "Issuance, purchase, sale or redemption of bonds" in the "Report of the Board of Directors" chapter of this Report.

Chapter VII Corporate Governance Report



I. ORGANISATIONAL CHART



Note: The above is the organizational structure as of the end of December 2024.

II. OVERVIEW OF CORPORATE GOVERNANCE

During the Reporting Period, according to the requirements of the Company Law of the People's Republic of China, the Corporate Governance Standards of Banking and Insurance Institutions of the CBIRC, and the Listing Rules of the Hong Kong Stock Exchange, and adhering to the leadership of the Party, the Bank has established a corporate governance structure consisting of the general meeting, the Board of Directors, the Board of Supervisors and the senior management, improved all specialized committees under the Board of Directors, the Board of Supervisors and the senior management, continuously improved the corporate governance organization and enhanced the level of corporate governance.

The Bank strictly abided by the requirements of the Corporate Governance Code, as well as the relevant laws and regulations and the Listing Rules and other regulations on inside information management. As of the end of the Reporting Period, there is no material difference between the Bank's corporate governance and the requirements of the Company Law of the People's Republic of China and the Hong Kong Stock Exchange.

During the Reporting Period, the Bank convened 1 general meeting, 9 meetings of the Board of Directors, 11 meetings of the Board of Supervisors, 1 meeting of the chairman and independent non-executive Directors, and 1 special meeting of independent Directors. The convening of such meetings are in compliance with the procedures stipulated in laws and regulations, regulatory requirements and the Articles of Association.

III. SHAREHOLDERS' GENERAL MEETING

(I) Convening of General Meeting

During the Reporting Period, the Bank convened one general meeting, namely the 2023 annual general meeting held at the conference room of Dongguan Rural Commercial Bank on 30 May 2024. The convening, notice, holding and voting procedures of the meeting were in compliance with relevant laws and regulations and relevant provisions of the Articles of Association. At the meeting, 19 resolutions, including the Resolution in relation to Work Report of the Board of Directors of the Bank for 2023, the Resolution in relation to Work Report of the Board of Supervisors of the Bank for 2023, the Resolution in relation to 2023 Annual Report of the Bank, the Resolution in relation to the Election of Directors to the Fifth Session of the Board of Directors of the Bank, and the Resolution in relation to the Election of Non-Employee Supervisors of the Fifth Session of Board of Supervisors of the Bank were considered and approved, and three reports, including the Work Report of Independent Directors of the Bank for 2023, the Report on the Performance Evaluation Results of Directors, Supervisors, and Senior Management of the Bank for 2023, and the Report on Related Party Transactions of the Bank for 2023 were listened to.

For details of the resolutions and the poll results, please refer to the circular of the 2023 general meeting dated 9 May 2024 and the poll results announcement dated 30 May 2024 disclosed by the Bank on the website of the Hong Kong Stock Exchange and the official website of the Bank.

(II) Shareholders' Rights

1. Convening extraordinary general meetings

According to the relevant provisions of laws and regulations, when shareholders holding in aggregate of more than 10% of the Shares carrying the right to vote at the meeting sought to be held make a written request, the Board of Directors shall make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten days upon receipt of the request.

2. Putting forward proposals on general meeting

According to the relevant provisions of laws and regulations, shareholders who individually or jointly hold a total of 1% of total Shares of the Bank carrying the right to vote may submit provisional proposals to the convener in writing ten days prior to the date of the general meeting. The convener shall issue a supplemental notice setting out the contents of the provisional proposals within two days upon receiving the proposals. For details of the procedures and contact information for putting forward proposals on general meeting, please refer to the "Shareholders Communication Policy" in this section.

3. Convening extraordinary Board meetings

Shareholders representing more than 10% of the voting rights may propose to convene an extraordinary Board meeting. The chairman of the Board of Directors shall convene an extraordinary Board meeting within 10 days upon receiving the proposal from the shareholders representing more than 10% of the voting rights.

4. Making enquiries to the Board of Directors

A Shareholder has the right to inspect the relevant information of the Bank, including the Articles of Association, status of share capital, minutes of general meeting, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors, financial and accounting reports, etc, in accordance with the provisions of the Articles of Association after providing the Bank with written documents evidencing the class and number of Shares held by such shareholder in the Bank and upon verification of the shareholder's identity by the Bank.

5. Profit distribution

A Shareholder has the right to receive dividends and other kinds of distributions based on the number of Shares held by him/her.

(III) Shareholders Communication Policy

The purpose of the shareholders communication policy of the Bank is to ensure that the Bank uses different media and channels to publicly disclose the latest business management of the Bank through effective communication mechanism, strengthen the communication between Shareholders and stakeholders and the Bank, and solicit and understand the Shareholders' suggestions and opinions. Shareholders are encouraged to attend the general meetings and to appoint proxy to vote if he/she is unable to attend. Directors, Supervisors, senior management personnel and external auditors will be arranged to attend the general meetings as appropriate, especially the chairman of each committee under the Board of Directors (if the relevant chairman is unable to attend, another member will be invited to attend).

Shareholders and investors may obtain the latest news and important information of major development of the Bank through the Bank's official website (www.drcbank.com) and the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk). Shareholders may also apply to the Bank or the share registry of the Bank or the principal place of business of the Bank in Hong Kong to obtain printed copies of corporate communications of the Bank, including annual reports, interim reports and circulars, etc. In support of environmental protection and reduce the impact of printed materials on the environment and climate, the Bank encourages Shareholders and investors to view electronic versions of corporate communications.

Shareholders may contact the share registrar of the Bank (Computershare Hong Kong Investor Services Limited or China Securities Depository and Clearing Corporation Limited) to make inquiries about their shareholdings. In addition, Shareholders can also make inquiries, suggestions or comments to the Board of Directors through the following channels:

Telephone: +86-769-961122

Address: Office of the Board of Directors of Dongguan Rural Commercial Bank Co., Ltd., No. 2, Hongfu East Road, Dongcheng Street, Dongguan City, Guangdong Province, the PRC

Postcode: 523123

During the Reporting Period, the Board of Directors has reviewed the implementation of the shareholders communication policy of the Bank. The Bank has strengthened its communication with Shareholders and other stakeholders by encouraging Shareholders to attend general meetings to communicate with our staff, responding to investors' concerns through multiple channels such as emails, and issuing corporate newsletters and press releases on the Group's operation and development on a regular basis. Taking into account the above-mentioned communication channels and activities held, the Board of Directors of the Bank considers that the shareholders communication policy has been effectively implemented.

IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Basic Information

As of the end of the Reporting Period, the basic information of the Bank's directors, supervisors and senior management was as follows:

Name	Gender	Date of birth	Position	Term of office ⁽¹⁾	Class of Shares	Number of Shares held as at the beginning of the Reporting Period (share)	Increase/ (Decrease) in the number of Shares held during the Reporting Period	Number of Shares held as at the end of the Reporting Period (share)
Lu Guofeng	Male	September 1969	Secretary to the Party Committee Chairman of the Board of Directors Executive Director	April 2023 – present December 2023 – present November 2023 – present	–	–	–	–
Fu Qiang	Male	July 1970	Deputy secretary to the Party Committee Executive Director President	November 2018 – present July 2019 – present July 2019 – present	Domestic Shares	500,000	–	500,000
Qian Hua	Male	September 1973	Member of the Party Committee Executive Director Vice President	November 2018 – present October 2024 – present October 2024 – present	Domestic Shares	322,202	–	322,202
Ye Janguang	Male	October 1972	Executive Director Vice President Secretary to the Board of Directors Joint company secretary	March 2019 – present December 2017 – present May 2021 – present April 2021 – present	Domestic Shares	500,000	–	500,000
Ye Jinquan	Male	June 1970	Non-executive Director	June 2018 – present	Domestic Shares	9,663,060	–	9,663,060
Zhang Qingxiang	Male	November 1985	Non-executive Director	December 2019 – present	Domestic Shares	2,021,371	–	2,021,371
Chen Weiliang	Male	September 1984	Non-executive Director	December 2019 – present	Domestic Shares	6,000	–	6,000

Chapter VII Corporate Governance Report

Name	Gender	Date of birth	Position	Term of office ⁽¹⁾	Class of Shares	Number of Shares held as at the beginning of the Reporting Period (share)	Increase/ (Decrease) in the number of Shares held during the Reporting Period	Number of Shares held as at the end of the Reporting Period (share)
Tang Wencheng	Male	May 1979	Non-executive Director	September 2022 – present	–	–	–	–
Zeng Jianhua	Male	February 1958	Independent Non-executive Director	September 2022 – present	–	–	–	–
Yip Tai Him ⁽²⁾	Male	August 1970	Independent Non-executive Director	March 2019 – present	–	–	–	–
Xu Zhi	Male	June 1972	Independent Non-executive Director	December 2019 – present	–	–	–	–
Tan Fulong	Male	June 1973	Independent Non-executive Director	December 2019 – present	–	–	–	–
Liu Yuou	Female	August 1971	Independent Non-executive Director	December 2019 – present	–	–	–	–
Xu Tingting	Female	June 1983	Independent Non-executive Director	December 2019 – present	–	–	–	–
Chen Sheng	Male	September 1974	Member of the Party Committee Chairman of the Board of Supervisors Employee Supervisor	August 2018 – present September 2018 – present September 2018 – present	Domestic Shares	32,210	–	32,210
Chen Huinan	Male	September 1972	Employee Supervisor	May 2024 – present	Domestic Shares	230,000	–	230,000
Wen Junhua	Female	April 1977	Employee Supervisor	May 2024 – present	Domestic Shares	70,650	–	70,650
Liu Liping	Female	November 1974	Employee Supervisor	May 2024 – present	–	–	–	–
Deng Qian	Female	July 1976	Shareholder Representative Supervisor	May 2024 – present	Domestic Shares	21,503,156	–16,500,000	5,003,156
Cai Junbang	Male	March 1990	Shareholder Representative Supervisor	May 2024 – present	–	–	–	–
Liu Jiahao	Male	December 1990	Shareholder Representative Supervisor	May 2024 – present	–	–	–	–
Li Guoyu	Male	November 1982	Shareholder Representative Supervisor	May 2024 – present	–	–	–	–

Name	Gender	Date of birth	Position	Term of office ⁽¹⁾	Class of Shares	Number of Shares held as at the beginning of the Reporting Period (share)	Increase/ (Decrease) in the number of Shares held during the Reporting Period	Number of Shares held as at the end of the Reporting Period (share)
Wei Haiying	Female	December 1963	External Supervisor	October 2019 – present	-	-	-	-
Zhang Bangyong	Male	February 1979	External Supervisor	October 2019 – present	-	-	-	-
Mai Xiuhua	Female	January 1971	External Supervisor	October 2019 – present	-	-	-	-
Liu Sheng	Male	December 1990	External Supervisor	May 2024 – present	-	-	-	-
Ye Yunfei	Male	March 1977	Assistant to the President	October 2024 – present	Domestic Shares	360,707	-	360,707
Zhong Guobo ⁽³⁾	Male	June 1973	Assistant to the President	January 2023 – present	Domestic Shares	500,000	-	500,000

Notes:

- (1) The term of office of directors and senior management stated here refers to the date on which the relevant director or senior management obtains the qualification approval from the National Financial Regulatory Administration (or its predecessor). The date of appointment of a Supervisor shall commence from the date on which the Supervisor is elected at the general meeting or the employee representative meeting.
- (2) Mr. Yip Tai Him, due to reaching the prescribed term of office, tendered his resignation to the Board of Directors of the Bank on 21 March 2025, resigning from his positions as an independent non-executive Director and the chairman of the Nomination Committee and Remuneration Committee of the Board of Directors. According to relevant requirements, Mr. Yip Tai Him shall continue to perform his duties until the qualification of the newly appointed independent non-executive Director is approved.
- (3) Mr. Zhong Guobo obtained the qualification approval of the former CBIRC Dongguan office on 30 December 2022 and officially took the post of the assistant to the president of the Bank on 3 January 2023.
- (4) On 30 May 2024, the Bank convened the annual general meeting to elect the Directors of the fifth session of the Board of Directors. Among them, Mr. Wong Wai Hung and Mr. Chan Ho Fung obtained approval of the qualifications as the Director on 24 February 2025, while Ms. Li Huiqin obtained approval of the qualification as the Director on 13 March 2025.

(II) Biographies of Directors, Supervisors and Senior Management

1. Directors

Mr. Lu Guofeng (盧國鋒先生), is the secretary to the Party Committee, an executive Director and the chairman of the Board of Directors of our Bank. From July 1991 to March 2005, Mr. Lu successively worked for Dongguan Branch of China Construction Bank in different departments including administration office, Chang'an sub-branch, department of marketing, department of credit operation and department of corporate business, and successively served as a member of the party committee and vice president, etc. He successively served as a member of the party committee, deputy secretary of the party committee and president of Dongguan Commercial Bank Co., Ltd.* (東莞市商業銀行股份有限公司) (the predecessor of Bank of Dongguan Co., Ltd.* (東莞銀行股份有限公司)) from March 2005 to March 2008; he successively served as the deputy secretary of the Party Committee, president, secretary to the Party Committee and chairman of Bank of Dongguan Co., Ltd. from March 2008 to April 2023. He joined the Bank in April 2023 and was subsequently appointed as the secretary to the Party Committee, executive Director and chairman of the Bank. In addition, Mr. Lu is currently a member of the 7th Council of Dongguan Banking Association.

Mr. Fu Qiang (傅強先生), is Deputy Secretary to the Party Committee, an executive Director and President of our Bank. Mr. Fu successively served as the deputy head and head of the party committee office, head of the audit and supervision department and a secretary of the Youth League committee of the Guangdong provincial branch of PBoC from July 1991 to January 1999, successively served as head of the banking regulatory office (1st division), deputy director of the department of civic affairs of the Youth League committee, the secretary to the Youth League committee (deputy director level), and the deputy secretary of the Youth League committee of the Guangzhou branch of PBoC from January 1999 to March 2004; served as a director of the Guangzhou branch of China Foreign Exchange Trade System (中國外匯交易中心) from March 2004 to August 2005, the secretary to the Party Committee, president of the Zhaoqing central sub-branch of PBoC and the director of the Zhaoqing sub-branch of the State Administration of Foreign Exchange from August 2005 to March 2009. He was re-designated to the Guangzhou branch of PBoC from March 2009 to October 2018, and successively served as the director of the payment and settlement department, the deputy director of the operation and management department (director level) and the deputy inspector (deputy bureau level) (during which: Mr. Fu also served as a member of the standing committee of the prefecture committee and the vice governor of Gannan Prefecture of Gansu Province from October 2014 to November 2016). Mr. Fu joined our Bank in November 2018 and has successively been appointed as the deputy secretary to the Party Committee, an executive Director and the president of the Bank.

Mr. Qian Hua (錢華先生), is a member of the Party Committee, an executive Director and vice president. From July 1993 to October 2004, Mr. Qian served in Guangzhou Branch of the People's Bank of China and successively held various positions, including officer of the administration of foreign exchange, officer, deputy chief officer and chief officer of the monetary and credit management office, etc.. From October 2004 to December 2005, he had served as the chief officer of the financial department of the Financial Service Office of the Guangdong Province. From December 2005 to September 2018, he worked at the Guangdong Rural Credit Union, and successively served as the deputy general manager of the reform and development department, deputy general manager of the reform and strategic research department, general manager of the business development and innovation department, vice president and general manager of the comprehensive department of the Guangdong Banking Credit Financial Service Center (廣東銀信金融服務中心), general manager of the comprehensive department of the Guangdong Banking Credit Financial Service Center (廣東銀信金融服務中心), member of the Party Committee and vice president of the Guangdong Banking Credit Financial Service Center (廣東銀信金融服務中心), secretary of the disciplinary committee, member of the Party Committee and vice president of the Guangdong Banking Credit Financial Service Center (廣東銀信金融服務中心), secretary to the party group of Zhaoqing Office (during which he had served as the deputy officer of the Dongguan Rural Credit Union from April 2009 to December 2009); and served as the secretary to the Party Committee of the Zhaoqing Rural Commercial Bank System from September to November 2018. He joined the Bank in November 2018 and was subsequently appointed as a member of the Party Committee, secretary of the disciplinary committee, an executive Director and vice president of the Bank. In addition, Mr. Qian concurrently serves as a deputy director of the Financial Dispute People's Mediation Committee of Dongguan Banking Association (東莞市銀行業協會金融糾紛人民調解委員會), a member of the Dongguan Social Insurance Supervision Committee (東莞市社會保險監督委員會) and a director of the third session of Dongguan Financial Consumer Rights Protection Association (東莞市金融消費權益保護協會).

Mr. Ye Jianguang (葉建光先生), is an executive Director, a vice president, secretary to the Board of Directors and joint company secretary of our Bank. From July 1994 to October 2006, Mr. Ye had held various positions at Dongguan Rural Credit Cooperatives Association* (東莞農村信用合作社聯合社), the predecessor of our Bank, including the deputy supervisor of the fund planning and loan department, assistant manager of the customers relationship department (in charge of general operation), manager of the marketing department and manager of the international banking department. From October 2006 to March 2010, Mr. Ye served as the manager of the corporate business department of Dongguan Rural Credit Cooperatives Union (東莞市農村信用合作聯社), the predecessor of our Bank. He successively served as the general manager of the corporate business department, assistant president of the head office and president of Houjie sub-branch of our Bank from March 2010 to December 2014, and the general manager of the fund management department of Guangdong Province Rural Credit Cooperatives Association* (廣東省農村信用社聯合社) from December 2014 to August 2016. Mr. Ye rejoined our Bank in August 2016 and has subsequently been appointed as a member of the Party Committee, the vice president, an executive Director, the chief risk officer, secretary to the Board of Directors and joint company secretary of our Bank. Mr. Ye ceased to concurrently serve as a member of the Party Committee in September 2024, and ceased to concurrently serve as the chief risk officer in October 2024. In addition, Mr. Ye is currently the standing director of the Financial Industry Asset Management Professional Committee of China Investment Association, the chairman of the Legal Affairs Working Committee of Dongguan Banking Association and a member of Steering Committee of Professional Degree Graduate Education (Joint Teaching Committee of the School of Economics), Jinan University (暨南大學專業學位研究生教育指導委員會 (經濟學院聯合教指委)).

Ms. Li Huiqin (黎慧琴女士), is a non-executive Director of our Bank. From July 2000 to May 2012, Ms. Li successively served as an office worker, staff, deputy section chief and section chief of the Dongguan Municipal Personnel Bureau* (東莞市人事局); from September 2012 to December 2021, she was the deputy general manager of Guangdong Canvest Investment Co., Ltd.* (廣東粵豐投資有限公司); since July 2020, she has served as a supervisor of Dongguan Yuewen Intelligent Energy Co., Ltd.* (東莞市粵文智慧能源有限公司), during which: from September 2020 to December 2024, she has concurrently served as legal person, executive director and manager of Dongguan Kunyang Hardware Machinery Trading Co., Ltd.* (東莞市昆揚五金機械貿易有限公司); since May 2021, she has concurrently served as legal person and executive director of Guangdong Yuefeng Energy Saving Technology Co., Ltd.* (廣東粵豐節能科技有限公司); since December 2021, she has been concurrently the legal person, executive director, manager and person-in-charge of finance of Guangdong Aoran Energy Development Co., Ltd.* (廣東澳然能源發展有限公司) and the legal person, executive director, manager and person-in-charge of finance of Guangdong Xujing Technology Co., Ltd.* (廣東旭菁科技有限公司); since January 2022, she has concurrently served as the legal person, chairman, director and person-in-charge of finance of Guangdong Keran Energy Development Co., Ltd.* (廣東科然能源發展有限公司) and the supervisor of Dongguan City Sanyang Shiye Development Co., Ltd.* (東莞市三陽實業發展有限公司); from March 2022 to December 2024, she concurrently served as the legal person, executive director, manager and person-in-charge of finance of Dongguan Linghui Industrial Investment Co., Ltd.* (東莞市領暉實業投資有限公司) and Dongguan Qingxun Trading Co., Ltd.* (東莞市清迅商貿有限公司); from May 2022 to December 2024, she concurrently served as the legal person, executive director and manager of Dongguan Gaowei Real Estate Development Co., Ltd.* (東莞市高威房地產開發有限公司); since September 2022, she has concurrently served as a director of Dongguan Yueming New Energy Thermoelectricity Co., Ltd.* (東莞市粵明新能源熱電有限公司); since February 2023, she has concurrently served as the supervisor of Dongguan Hengpei Trading Co., Ltd.* (東莞市恒沛貿易有限公司); and from April 2023 to December 2024, she concurrently served as the legal person, executive director and manager of Dongguan Yuexing Construction Co., Ltd.* (東莞市粵星建造有限公司). In addition, Ms. Li is also the vice president of the 7th board of directors of the Dongguan Women and Children Welfare Association* (東莞市婦女兒童福利會).

Mr. Wong Wai Hung (王偉雄先生), is a non-executive Director of our Bank. Mr. Wong has been the vice chairman of the board of directors of Dongguan City Kanghua Investment Group Co., Ltd.* (東莞市康華投資集團有限公司) since September 2010; during which: since December 2015, he has concurrently served as an executive director and vice chairman of Guangdong Kanghua Healthcare Co., Ltd. (03689.HK); since August 2018, he has concurrently served as a director of Anhui Hualin Medical Investment Co., Ltd.* (安徽樺霖醫療投資有限公司); from August 2018 to February 2025, he concurrently served as a director of Chongqing Kanghua Zhonglian Cardiovascular Disease Hospital Co., Ltd.* (重慶康華眾聯心血管病醫院有限公司); since September 2020, he has concurrently served as a director of Dongguan Kangjing Property Investment Co., Ltd.* (東莞市康景物業投資有限公司); since May 2021, he has concurrently served as director of Dongguan Xingye Industrial Co., Ltd.* (東莞市興業實業有限公司), a director of Dongguan Xingye Arts & Crafts Home Decoration Co., Ltd.* (東莞市興業藝展家居飾品有限公司), a director of Dongguan Chisheng Trading Co., Ltd.* (東莞市馳生貿易有限公司), and a director of Kanghua International Hospital Co., Ltd.* (康華國際醫院有限公司); since June 2021, he has concurrently served as a director of Dongguan Strait Decoration Co., Ltd.* (東莞市海峽裝飾有限公司); since May 2021, he has concurrently served as a director of Dongguan Kanghua Medical Industry Investment Fund Co., Ltd.* (東莞康華醫療產業投資基金有限公司); since September 2021, he has concurrently served as a director of Dongguan City Xingye Refinancing Guarantee Co., Ltd.* (東莞市興業融資擔保有限公司); since November 2021, he has concurrently served as a director of Dongguan City Xingye Group Co., Ltd.* (東莞市興業集團有限公司); since March 2022, he has concurrently served as a director of Dongguan Kangwei Industrial Investment

Co., Ltd.* (東莞市康偉實業投資有限公司); since January 2024, he has concurrently served as a director of Dongguan Kanghua Hemodialysis Medical Investment Management Co., Ltd.* (東莞康華血液透析醫療投資管理有限公司); since February 2024, he has concurrently served as a director of Chongqing Kangxin Property Management Co., Ltd.* (重慶康心物業管理有限公司); and since June 2024, he has concurrently served as a director of Chongqing Kanghua Zhonglian Healthcare Management Co., Ltd.* (重慶康華眾聯醫療管理有限公司). In addition, Mr. Wong is currently a standing committee member of the 14th Dongguan Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議第十四屆東莞市委員會), the executive chairman of the 4th Council of the Hong Kong Federation of Dongguan Association* (香港東莞社團總會), the vice president of the third session of the committee of World Dongguan Entrepreneurs Federation (東莞世界莞商聯合會), and the standing vice chairman of the 1st Council of the Dongguan Mainland Hong Kong Friendship Association* (東莞市內地港人聯誼會).

Mr. Ye Jinquan (葉錦泉先生), is a non-executive Director of our Bank. Mr. Ye was the chairman of Dongguan Commercial Center Development Co., Ltd.* (東莞市商業中心發展有限公司) from August 2002 to January 2013. From January 2013 to September 2024, Mr. Ye was the legal representative of Guangdong Haide Group Limited* (廣東海德集團有限公司).

Mr. Zhang Qingxiang (張慶祥先生), is a non-executive Director of our Bank. Mr. Zhang has served as the chairman of Dongguan Yuxinguo Industrial Investment Co., Ltd.* (東莞市裕欣國實業投資有限公司) and the chairman and managing director of Guangdong Yuxinguo Construction Engineering Limited* (廣東裕欣國建築工程有限公司) since August 2009. In addition, Mr. Zhang is a standing committee member of the 14th Dongguan Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議東莞市委員會), a member of the executive committee of the 13th session of the committee of Guangdong Federation of Industry and Commerce (general chamber of commerce) (廣東省工商業聯合會(總商會)), the vice chairman of 12th session of the executive committee of Dongguan Federation of Industry and Commerce (general chamber of commerce) (東莞市工商業聯合會(總商會)), the standing vice chairman of the third session of the board of World Dongguan Entrepreneurs Federation (東莞世界莞商聯合會), an honorary director of the standing committee of Young Entrepreneurs of Dongguan Association of International Entrepreneurs (東莞世界莞商聯合會青年工作委員會) and the chairman of the first session of the board of supervisors of Dongguan Young Entrepreneurs Federation (東莞市青年企業家聯合會).

Mr. Chen Weiliang (陳偉良先生), is a non-executive Director of our Bank. Mr. Chen has served as the general manager of Dongguan Guanshang Industry and Investment Co., Ltd.* (東莞市莞商實業投資有限公司) since June 2013; the deputy general manager of Dongguan Shenxing Industry and Investment Co., Ltd.* (東莞市聖興實業投資有限公司) since August 2013; was the general manager of Hangzhou Lingteng Internet and Technology Limited (Dongguan Branch)* (杭州領騰互聯網科技有限公司東莞分公司) from November 2017 to December 2020; the director of Dongguan Zhaofeng Environment and Protection Co., Ltd.* (東莞市兆豐環保股份有限公司) since January 2019; and was a supervisor of the fourth session of the board of supervisors of Yunfu Xinxing Dongying County Bank Company Limited, our non-wholly owned subsidiary, from April 2019 to March 2024. Mr. Chen has served as a member of the 14th Dongguan Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議第十四屆東莞市委員會委員), a standing director of the third session of the committee of World Dongguan Entrepreneurs Federation (東莞世界莞商聯合會), the vice president of the fourth session of the committee of the Dongguan Overseas Scholars Association (東莞市僑聯歸國留學人員聯誼會), the vice chairman of the second session of the committee of Dongguan Federation of Young Entrepreneurs (東莞市青年企業家聯合會), the vice chairman of the standing committee of Dongguan Songshan Lake Federation of Entrepreneurs (東莞松山湖莞商聯合會), the honorary chairman of the fourth session of the committee of Dongguan Dalang Association of e-Commerce Operators (東莞市大朗電子商務協會) and the vice president of the fifth session of the committee of Association of Industry and Commerce of Dalang Town of Dongguan (東莞市大朗鎮工商聯(商會)).

Mr. Tang Wencheng (唐聞成先生), is a non-executive Director of our Bank. Mr. Tang was the assistant to the general manager and head of the business management department of Dongguan Communications Investment Group Co., Ltd.* (東莞市交通投資集團有限公司) ("Dongguan Communications Investment"), chairman and general manager of Dongguan Shuhui Big Data Co., Ltd. (東莞數匯大數據有限公司) ("Dongguan Shuhui"), executive director and general manager of Dongguan City Fook Man Group Company* (東莞市福民集團公司) ("Dongguan Fook Man") and director of Fook Man Development Company Limited ("Fook Man Development") from July 2019 to December 2021 (The above companies are subsidiaries of Dongguan Communications Investment.); assistant to the general manager and head of the operation management department of Dongguan Communications Investment, chairman and general manager of Dongguan Shuhui, executive director and general manager of Dongguan Fook Man and director of Fook Man Development from December 2021 to January 2022; assistant to the general manager of Dongguan Communications Investment, chairman and general manager of Dongguan Shuhui, executive director and general manager of Dongguan Fook Man and director of Fook Man Development from January 2022 to May 2023. From May 2023 to February 2024, he served as assistant to the general manager of Dongguan Communications Investment, chairman of Dongguan Shuhui, executive director and general manager of Dongguan Fook Man and director of Fook Man Development. He has served as assistant to the general manager of Dongguan Communications Investment, executive director and general manager of Dongguan Fook Man and director of Fook Man Development since February 2024.

Mr. Chan Ho Fung (陳浩峰先生), is a non-executive Director of our Bank. From December 2018 to February 2021, Mr. Chan successively served as the sales manager of the business institution department and the global marketing department of China Merchants Securities International Company Limited; since June 2021, he has served as the chairman of Guangdong Hongyuan Basketball Club Co., Ltd.* (廣東宏遠籃球俱樂部有限公司); during which: since March 2022, he has concurrently served as a director of Dongguan Hongyue Zhilian Technology Co., Ltd.* (東莞市宏粵智聯科技有限公司); from June 2022 to May 2024, he concurrently served as the vice chairman and the general manager of Guangdong Yihong Sports and Health Development Co., Ltd.* (廣東益宏體育健康發展有限公司); since August 2022, he has concurrently served as a director of Guangdong Hongyuan Group Co., Ltd.* (廣東宏遠集團有限公司); since June 2023, he has concurrently served as the executive director of Dongguan Hongyuan South China Tiger Sports Development Co., Ltd.* (東莞市宏遠華南虎體育發展有限公司).

Mr. Zeng Jianhua (曾儉華先生), is an independent non-executive Director of our Bank. Mr. Zeng was an independent director of Zhejiang Furun Digital Technology Co., Ltd.* (浙江富潤數字科技股份有限公司) (600070.SH) from May 2020 to September 2023; was an independent director of Jiangsu Tongda Power Technology Co., Ltd.* (江蘇通達動力科技股份有限公司) (002576.SZ) from December 2020 to May 2022; has been an external supervisor of Sichuan Bank Co., Ltd. since January 2021; was a shareholder director of Sichuan Development Jiayibing Asset Restructuring Investment Co., Ltd.* (四川發展甲乙丙資產重組投資有限公司) from January 2021 to August 2022; has been the chairman of the board of directors of Gongqing City Huajian Function Private Equity Management Co., Ltd.* (共青城華建函數私募基金管理有限公司) since August 2019 and Beijing Huahan Consultancy Co., Ltd. since March 2021; has been an independent director of CCB Life Asset Management Co., Ltd. (建信保險資產管理有限公司) since May 2021; has been an independent non-executive director of Bank of Tianjin Co., Ltd. (1578.HK) since August 2022; and an independent director of Minsheng Financial Leasing Co., Ltd. since May 2023. Mr. Zeng is also currently a Distinguished Professor of the University for Peace of the United Nations.

Mr. Yip Tai Him (葉棣謙先生), is an independent non-executive Director of our Bank. Mr. Yip is currently the director of Qing Lan C.P.A. Limited. Mr. Yip is currently or in the past five years an independent non-executive director of the following companies listed on the Hong Kong Stock Exchange: Shentong Robot Education Group Company Limited (8206.HK) (formerly known as China Communication Telecom Services Company Limited, Shenzhen Aomei Networks (International) Co., Ltd., GCL Technology Holdings Limited (3800.HK) (formerly known as GCL-Poly Energy Holdings Limited), Redco Properties Group Limited (1622.HK) and Zhongchang International Holdings Group Limited (859.HK).

Mr. Xu Zhi (許智先生), is an independent non-executive Director of our Bank. Mr. Xu has been the deputy director of Guangdong CCAT Certified Public Accountants Co., Ltd.* (廣東中誠安泰會計師事務所有限公司) since January 2020; was an independent director of HUCAIS Printing Co., Ltd.* (虎彩印藝股份有限公司) (834295.NEEQ) from November 2013 to January 2022; a director of Jc Future Intelligent Technology Co., Ltd. (838309.NEEQ) (京彩未來智能科技股份有限公司) (formerly known as Dongguan Tianyu Network Technology Co., Ltd.* (東莞市天宇網絡技術股份有限公司)) from March 2020 to February 2023; an independent director of Guangdong Sinopatt Semiconductor Technology Co., Ltd.* (廣東中圖半導體科技股份有限公司) since September 2020; and an independent director of Dongrui Food Group Co., Ltd. (東瑞食品集團股份有限公司) (001201.SZ) since December 2022. In addition, Mr. Xu was a representative of the 13th Session of the People's Congress of Guangdong Province between January 2018 and December 2022.

Mr. Tan Fulong (譚福龍先生), is an independent non-executive Director of our Bank. From July 1997 to January 2022, Mr. Tan worked in Guangdong Junzheng Law Firm* (廣東君政律師事務所) initially as an assistant to the director, then as a practicing solicitor and subsequently as its partner. Since January 2022, Mr. Tan has served as the senior partner of Guangzhou King Pound (Dongguan) Law Firm) (廣州金鵬(東莞)律師事務所). Mr. Tan served as an expert in legislative consultation and assessment of the Standing Committee of the 16th Session of Dongguan Municipal People's Congress (東莞市人民代表大會常務委員會) from April 2017 to March 2022; served as the deputy director of the 11th Session of Guangdong Lawyers Association Professional Committee on the Law of Implementation and Disposal of Non-performing Assets (第十一屆廣東省律師協會執行與不良資產處置法律專業委員會) from October 2017 to March 2022. Mr. Tan has been the deputy director of the 12th Session of Guangdong Lawyers Association Law Professional Committee on the Law of Disposal of Non-performing Assets (第十二屆廣東省律師協會不良資產處置法律專業委員會) since April 2022; served as an expert of the Civil Administration Procuratorate Think Tank of the Dongguan People's Procuratorate (東莞市人民檢察院) from May 2019 to April 2022; an expert of Civil, Administrative and Prosecution Expert Consultation Web (民事行政檢察專家諮詢網) by the Sixth Procuratorate and Seventh Procuratorate of The Supreme People's Procuratorate of the PRC from March 2021 to February 2023; has served as the arbitrator by Dongguan Arbitration Commission since April 2022; a legislative consultation and evaluation expert for the Standing Committee of the 17th Session of Dongguan Municipal People's Congress (東莞市人民代表大會常務委員會) since July 2022; a professional staff of the third-party monitoring and evaluation mechanism for compliance of enterprises involved in cases in Dongguan since December 2022. Mr. Tan has served as the supervisor of the Eighth Dongguan Lawyers Association since April 2023. Mr. Tan has served as the specially-invited law enforcement supervisor in Dongguan since September 2023. Mr. Tan is also a standing committee member of the 14th Dongguan Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議東莞市委員會).

Ms. Liu Yuou (劉宇鷗女士), is an independent non-executive Director of our Bank. Ms. Liu has served as a partner, a deputy chief accountant and a certified public accountant of Dongguan Zhengyu Accountants Firm (general partner)* (東莞市正域會計師事務所(普通合夥)) since January 2008. In addition, Ms. Liu serves as a supervisor of Dongguan Zhengyu Intellectual Property Operation Co., Ltd.* (東莞市正域知識產權運營有限公司), a supervisor of Guangdong Zhengyu Taxation Firm Limited.* (廣東省正域稅務師事務所有限公司) and the manager of Dongguan Huiying Investment Consulting Co., Ltd.* (東莞市薈盈投資諮詢有限公司).

Ms. Xu Tingting (許婷婷女士), is an independent non-executive Director of our Bank. Ms. Xu has served as a chief accountant of Dongguan Zhengliao C.P.A. Limited (general partner)* (東莞市正聯會計師事務所(普通合夥)) since April 2011. Since February 2022, Ms. Xu has served as the executive director of Leadway Technology Investment Group Limited (formerly known as HNA Technology Investments Holdings Limited) (2086.HK).

2. Supervisors

Mr. Chen Sheng (陳勝先生), is a member of the Party Committee and the chairman of the Board of Supervisors of the Bank. Mr. Chen was successively a staff, deputy chief, chief and assistant researcher at the general office of Guangdong People's Government from July 1996 to March 2006 and was seconded to a task force responsible for investigation under the Disciplinary Committee of Guangdong Province during the period. Mr. Chen was a deputy head of the office, deputy general manager and general manager of the administration department of Guangdong Province Rural Credit Cooperatives Association* (廣東省農村信用社聯合社) and a committee secretary of the Communist Youth League of Guangdong Province Rural Credit Cooperatives Association* (共青團廣東省農村信用社聯合社) from March 2006 to November 2016, chairman of the Board of Supervisors and secretary of the disciplinary committee of Huizhou Rural Commercial Bank Co., Ltd.* (惠州農村商業銀行股份有限公司) from October 2012 to July 2017, and chief officer of the Resident CCPC Office and head of the organization department of the Party Committee of Guangdong Province Rural Credit Cooperatives Association* (廣東省農村信用社聯合社) from July 2017 to August 2018. Mr. Chen joined the Bank in August 2018 and successively served as a member of the Party Committee, secretary of the disciplinary committee, the chairman of the Board of Supervisors and subsequently ceased to act as the secretary of the disciplinary committee since November 2018.

Mr. Chen Huinan (陳惠南先生), is an employee Supervisor of the Bank. Mr. Chen joined the Bank's predecessors, Dongguan Rural Credit Cooperatives Association* (東莞農村信用合作社聯合社) in July 1994 and successively served as an officer, the deputy head of the finance department, the deputy head of the Nomination and Remuneration Committee Office of the Board of Directors. Mr. Chen has successively served as the manager, assistant to the general manager, deputy general manager, general manager of the Nomination and Remuneration Committee Office of the Board of Directors and the general manager of the Board of Supervisors Office, and the president of Xiegang sub-branch of the Bank since January 2010.

Ms. Wen Junhua (文軍華女士) is an employee Supervisor of the Bank. Ms. Wen worked at the Dongguan Central Sub-branch of the People's Bank of China from July 2000 to June 2015 as an office clerk, an officer and a deputy chief officer. Ms. Wen joined the Bank in July 2015 and successively served as the deputy director, assistant to the general manager, deputy general manager and general manager of the Audit Wanjiang Branch, the Human Resources Department, the Corporate Culture Department and Labour Union Office, and the Consumer Right Protection Department.

Ms. Liu Liping (劉麗萍女士) is an employee Supervisor of the Bank. Ms. Liu served as an accountant, deputy manager of the planning and finance department and head of treasury from July 1997 to July 2004 in Heyuan Branch, Nanhai Branch, and Foshan Branch of China Construction Bank Corporation. From July 2004 to December 2010, Ms. Liu served as the head of the general affairs department and financial director of Foshan Yangsheng Economic and Trade Co., Ltd.* (佛山市揚升經貿有限公司). From December 2010 to March 2021, Ms. Liu served as assistant to manager, deputy manager and manager of the general affairs department of the Banking Credit Service Center of the Guangdong Province Rural Credit Cooperatives Association* (廣東省農村信用社聯合社銀信服務中心), and the manager of the planning and finance department of Guangdong Province Rural Credit Cooperatives Association* (廣東省農村信用社聯合社) from March 2021 to August 2021; and in September 2021, Ms. Liu joined the Bank and successively served as deputy general manager of Nomination and Remuneration Committee Office and deputy general manager of Human Resources Department.

Ms. Deng Qian (鄧倩女士) is a Shareholder Representative Supervisor of the Bank. Since October 2011, Ms. Deng served as the chairman of Dongguan Huichuang Electronics Co., Ltd.* (東莞市慧創電子有限公司) and Dongguan Huide Electronic Technology Co., Ltd.* (東莞慧德電子科技有限公司). In addition, Ms. Deng concurrently serves as the executive director of IC Electronics HK Company Limited, Taiwan Huichuang Electronics Limited* (臺灣慧創電子有限公司), Dongkou Huichuang Electronic Co., Ltd.* (洞口慧創電子有限公司), Dongkou Huisheng Electronic Technology Co., Ltd.* (洞口慧盛電子科技有限公司), Dongguan Huichuang Electronics Co., Ltd., Dongkou Branch* (東莞市慧創電子有限公司洞口分公司), Dongkou Huichuang Real Estate Co., Ltd.* (洞口慧創置業有限公司), Dongkou County Zhonghe Real Estate Development Co., Ltd.* (洞口縣眾和置業發展有限公司), and Guangdong Huichuang Cloud Technology Investment Co., Ltd.* (廣東慧創雲科技投資有限公司). Ms. Deng is a member of the 8th CPPCC of Dongkou County in Hunan Province, the executive chairman of Dongkou Chamber of Commerce, the supervisor of Hunan Dongkou Rural Commercial Bank Co., Ltd.* (湖南洞口農村商業銀行股份有限公司), the president of Dongkou Yuexi Ren'ai Education Fund Association* (洞口縣月溪仁愛教育基金協會), the vice president of Dongguan Qingxi Women Entrepreneurs' Federation* (東莞市清溪女企業家聯合會), the executive director of Bo Business Alumni Association, Tsinghua Redbud Union* (清華紫荊學會博商同學會), and the vice chairman of the Parents' Association of Dongguan Tsinglan School* (東莞市清瀾山學校家委會).

Mr. Cai Junbang (蔡浚邦先生) is a Shareholder Representative Supervisor of the Bank. Since January 2013, Mr. Cai served as the chairman of Dongguan Bangye Machinery & Electronic Equipment Trading Co., Ltd.* (東莞市邦業機電設備貿易有限公司). In addition, Mr. Cai is also the chairman of Kunshan Xinwanli Investment Development Co., Ltd.* (昆山鑫萬利投資發展有限公司), the supervisor of Dongguan Yongli Hardware Co., Ltd.* (東莞市永利五金有限公司), and the supervisor of Dongguan Jinzhao Industrial Investment Co., Ltd.* (東莞市金卓實業投資有限公司); the executive director of Dongguan Zhongpu Environmental Protection Technology Co., Ltd.* (東莞中溥環保科技有限公司) and the supervisor of Kunshan Hongtu High-tech Venture Capital Co., Ltd.* (昆山紅土高新創業投資有限公司).

Mr. Liu Jiahao (劉家豪先生) is a Shareholder Representative Supervisor of the Bank. Since October 2012, Mr. Liu has served as an executive director of Dongguan Jianghao Trading Co., Ltd.* (東莞市江豪貿易有限公司). Since June 2014, he has served as a managing director of Dongguan Ruifeng Jewellery Co., Ltd.* (東莞市瑞豐珠寶首飾有限公司). Since March 2018, he has served as a managing director of Dongguan Litong Precision Slide Manufacturing Co., Ltd.* (東莞市利通精密滑軌製造有限公司). In addition, Mr. Liu also concurrently serves as the chairman of the supervisory board of Dongguan Houjie Chamber of Commerce and Industry* (東莞市厚街鎮工商聯(商會)), vice president of Dongguan Houjie Young Entrepreneurs Association* (東莞市厚街鎮青年企業家協會), special supervisor of Dongguan Houjie Taxation Branch* (東莞市厚街稅務分局), director of Dongguan Retail Association* (東莞市零售協會), director of Dongguan Private Enterprises Association* (東莞市私營企業協會), and director of the Dongguan Overseas Scholars Association* (東莞市僑聯歸國留學人員聯誼會).

Mr. Li Guoyu (黎國裕先生) is a Shareholder Representative Supervisor of the Bank. Since June 2015, Mr. Li has been a deputy general manager of Dongguan Shenzhou Industrial Group* (東莞市神洲實業集團). Since August 2021, he has served as a general manager of Guangdong Wenjinghui Culture Co., Ltd.* (廣東省文精會文化有限公司). He has been a supervisor of Dongguan Tongmei Decoration Engineering Co., Ltd.* (東莞市通美裝修工程有限公司) since April 2023. He was the deputy general manager of Gaozhou Qiangfa Stone Co., Ltd.* (高州市強發石料有限公司), the manager of the administration department of Dongguan Shenzhou Private Enterprise Activity Center Co., Ltd.* (東莞市神洲民企活動中心有限公司), the assistant to the chairman and the manager of the administration department of Dongguan Yuhai Industrial Co., Ltd.* (東莞市裕海實業有限公司), and the executive director of Dongguan Yuhui Metal Co., Ltd.* (東莞市裕輝金屬有限公司).

Ms. Wei Haiying (衛海英女士) is an external Supervisor of the Bank. Ms. Wei has worked at the College of Economics and School of Management of Jinan University (暨南大學) successively as a teacher of the department of statistics of the College of Economics, a teacher of the MBA Education Center of the School of Management, the chief of the department of marketing of the School of Management, deputy head of the School of Management, and secretary to the Party committee of the School of Management since July 1986. In addition, Ms. Wei is also the vice president of Marketing Association of Guangdong* (廣東營銷學會) and Guangdong Association of Quality Control* (廣東質量協會). Ms. Wei is also the chief officer of the Key Research Base for Humanities and Social Sciences in Guangzhou – Guangzhou Brand Innovation and Development Research Base* (廣州人文社科重點研究基地-廣州品牌創新發展研究基地).

Mr. Zhang Bangyong (張邦永先生) is an external Supervisor of the Bank. From September 2005 to February 2012, Mr. Zhang was successively a trainee solicitor and a solicitor of Guangdong Great Brothers Law Firm* (廣東格雷兄弟律師事務所). He worked at Guangdong Baiqin Law Firm* (廣東百勤律師事務所) as a lawyer from February 2012 to December 2012. From December 2012 to October 2015, he was a director and lawyer of Guangdong Qinnuo Law Firm* (廣東勤諾律師事務所). From October 2015 to March 2021, he was a partner of Guangdong Everwin Law Office (Dongguan)* (廣東法制盛邦(東莞)律師事務所). Since June 2021, Mr. Zhang has been a partner of Guangdong Qinyi Law Office* (廣東秦儀律師事務所).

Ms. Mai Xiuhua (麥秀華女士) is an external Supervisor of the Bank. From January 1996 to December 1999, Ms. Mai worked at Dongguan Sanjun Clothing Co., Ltd.* (東莞三駿時裝有限公司). From January 2000 to February 2001, she worked at Alps Logistics Co., Ltd.* (廣東阿爾卑斯物流有限公司). From February 2001 to June 2010, Ms. Mai was an audit project manager of Guangdong Zhengliang Accounting Firm Limited Company* (廣東正量會計師事務所有限公司) (now known as Guangdong Pan-China Certified Public Accountants LLP* (廣東天健會計師事務所有限公司)). Since June 2010, Ms. Mai has served as the technical supervisor of Dongguan Ruifeng Accounting Firm Co., Ltd.* (東莞市瑞豐會計師事務所有限公司) and Dongguan Ruiyi Taxation Firm Co., Ltd.* (東莞市瑞益稅務師事務所有限公司). From August 2017 to December 2021, Ms. Mai served as an independent director of Dongguan Yutong Optical Technology Co., Ltd.* (東莞市宇瞳光學科技股份有限公司) (300790.SZ). In addition, Ms. Mai is a representative of the 16th and 17th Session of the Dongguan Municipal People's Congress* (東莞市人民代表大會) and a member of the finance and economy committee of the Dongguan Municipal People's Congress* (東莞市人大財政經濟委員會).

Mr. Liu Sheng (劉盛先生) is an external Supervisor of the Bank. From November 2017 to January 2019, Mr. Liu was a compliance manager of Xiamen Guangjun Asset Management Co., Ltd.* (廈門廣竣資產管理有限公司). From March 2019 to June 2019, he was a research assistant of Shenzhen Stock Exchange Comprehensive Research Institute* (深圳證券交易所綜合研究所). From July 2019 to November 2019, he was a researcher of Qianhai Financial Holding Co., Ltd. From December 2019 to December 2022, he was a post-doctoral fellow of the School of Law of South China University of Technology. Since December 2022, he has been an associate professor and doctoral supervisor at the School of Law of South China University of Technology. In addition, Mr. Liu was also a researcher of the Rule of Law Economy and Rule of Law Society Research Center of South China University of Technology, a researcher of the Guangzhou Fiscal Governance Modernization Research Center* (廣州財稅治理現代化研究中心), an expert of the Expert Committee of the South China Institute of Arbitration Innovation and Rule of Law Development* (華南仲裁創新與法治發展研究院專家委員會), a deputy director of the Non-performing Assets Management Committee of Guangdong Private Enterprise Financial Service Association* (廣東省民營企業金融服務協會不良資產管理委員會), a vice-president of Guangdong Private Enterprise Financial Service Association, a director of the Civil and Commercial Law Research Society of Guangdong Province Law Society* (廣東省法學會民商法學研究會), a director of the Finance Law Research Society of Guangdong Province Law Society* (廣東省法學會金融法學研究會), an independent director of Guangzhou Lalami Information Technology Co., Ltd.* (廣州拉拉米信息科技股份有限公司), an invited mediator of the Nansha District People's Court of Guangzhou City, and part-time lawyer of Goldsun Law Firm.

3. Senior Management

Mr. Fu Qiang (傅強先生) is the deputy secretary to the Party Committee, executive Director and president of our Bank. For the biography of Mr. Fu Qiang, please see "Directors" in this section.

Mr. Qian Hua (錢華先生) is a member of the Party Committee, executive Director and vice president of our Bank. For the biography of Mr. Qian Hua, please see "Directors" in this section.

Mr. Ye Jianguang (葉建光先生) is an executive Director, vice president, secretary to the Board of Directors and joint company secretary of our Bank. For the biography of Mr. Ye Jianguang, please see "Directors" in this section.

Mr. Ye Yunfei (葉雲飛先生) is the assistant to the president of the Bank. Mr. Ye successively held various positions at the Dongguan Central Sub-branch of the People's Bank of China from July 2000 to February 2005, including the officer, section member in the management section of the Cooperative Financial Institutions* (合作金融機構管理科), section member of the office, and deputy director of the Party Committee Office (concurrently serving as deputy director of the office); from February 2005 to July 2007, he served as a deputy section head of the Foreign Exchange Inspection Section of the Dongguan Central Branch of State Administration of Foreign Exchange* (國家外匯管理局東莞市中心支局外匯檢查科); from July 2007 to March 2010, he successively served as the director of the office of the Risk Committee of the Board of Directors (理事會風險委員會) and manager of the Compliance Department (合規部) at Dongguan Rural Credit Cooperatives Association* (東莞農村信用合作社聯合社), the predecessor of the Bank; from March 2010 to March 2021, he successively served as the secretary to the Board of Directors of the Bank, Director, and assistant president of the Bank (during the period: from December 2020 to June 2024, he was dispatched to serve as secretary to the Party Committee and chairman of the Board of Directors of Chaoyang Rural Commercial Bank, and retained the position of the assistant president of the Bank; he ceased to serve as the secretary of the Party Committee of Chaoyang Rural Commercial Bank in June 2024 and ceased to serve as the chairman of the board of directors of Chaoyang Rural Commercial Bank in July 2024). Since October 2024, he has served as the assistant president of the Bank.

Mr. Zhong Guobo (鍾國波先生), is the assistant to the president of the Bank. From July 1996 to December 2006, Mr. Zhong successively held various positions in Dongguan Rural Credit Cooperatives Association* (東莞農村信用合作社聯合社), the predecessor of the Bank, including the deputy team leader of the fund planning and loan department, the assistant manager of the loan department, assistant manager of the asset preservation department, etc.; He served as the manager of the loan department of Dongguan Rural Credit Cooperatives Association, the predecessor of the Bank, from December 2006 to March 2010; From March 2010 to December 2017, he successively served as the general manager of the credit management department of the Bank, the president of Fenggang sub-branch of the Bank, the general manager of the Risk and Compliance Department and the general manager of the Comprehensive Risk Management and Compliance Department of the Bank; From August 2017 to November 2022, Mr. Zhong was dispatched to successively serve as the deputy director of the office of the preparation group of Zhanjiang RCB, deputy secretary of the party committee and director (acting director) of Zhanjiang City Mazhang District Rural Credit Cooperatives Union, and a deputy secretary of the party committee, director and president of Zhanjiang Rural Commercial Bank, and retained the position of the assistant to the president of the Bank; He then served as an assistant to the president of the Bank since January 2023. In addition, Mr. Zhong is currently the president of Dongguan Rural Revitalization Association and the standing director of Dongguan Public Diplomacy Association.

(III) Changes in Directors, Supervisors and Senior Management

1. Changes in Directors

On 30 May 2024, the Bank held the 2023 annual general meeting to elect 17 persons as Directors of the fifth session of the Board of Directors, including Mr. Lu Guofeng, Mr. Fu Qiang, Mr. Qian Hua, Mr. Ye Jianguang, Ms. Li Huiqin, Mr. Wong Wai Hung, Mr. Ye Jinquan, Mr. Zhang Qingxiang, Mr. Chen Weiliang, Mr. Tang Wencheng, Mr. Chan Ho Fung, Mr. Zeng Jianhua, Mr. Yip Tai Him, Mr. Xu Zhi, Mr. Tan Fulong, Ms. Liu Yuou, and Ms. Xu Tingting, of which Mr. Qian Hua obtained approval of the qualification of Director on 14 October 2024, Mr. Wong Wai Hung and Mr. Chan Ho Fung obtained approvals of the qualification of Director on 24 February 2025, while Ms. Li Huiqin obtained approval of the qualification of Director on 13 March 2025. Due to his term of office reaching the prescribed limit, Mr. Yip Tai Him has submitted his resignation to the Board of the Bank to resign from the positions of the independent non-executive Director and the chairman of the Nomination and Remuneration Committee of the Board on 21 March 2025. According to relevant requirements, Mr. Yip Tai Him shall continue to perform his duties until the approval of the qualification of the newly appointed independent non-executive Director is obtained. Four Directors of the fourth session of the Board, namely, Mr. Lai Chun Tung, Mr. Wang Junyang, Mr. Cai Guowei, and Mr. Chen Haitao ceased to be non-executive Directors of the Bank due to the expiration of their term of office. For details, please refer to the circular dated 9 May 2024 and announcements dated 30 May 2024, 25 February 2025 and 13 March 2025 of the Bank.

Mr. Qian Hua, Mr. Wong Wai Hung, Mr. Chan Ho Fung and Ms. Li Huiqin have obtained legal opinion as referred to in Rule 3.09D of the Listing Rules on 29 May 2024, 24 January 2025, 24 January 2025 and 12 March 2025, respectively, and have confirmed that they understand their responsibilities as a Director of the Bank.

2. Changes in Supervisors

On 30 May 2024, the Bank held the ninth meeting of the third session of Labour Union Representatives and Employee Representatives to elect 4 persons as the employee Supervisors of the fifth session of Board of Supervisors of the Bank, including Mr. Chen Sheng, Mr. Chen Huinan, Ms. Wen Junhua and Ms. Liu Liping. On the same day, the Bank held the 2023 annual general meeting to elect 8 persons as the non-employee Supervisors of the fifth session of Board of Supervisors of the Bank, including Ms. Deng Qian, Mr. Cai Junbang, Mr. Liu Jiahao, Mr. Li Guoyu, Ms. Wei Haiying, Mr. Zhang Bangyong, Ms. Mai Xiuhua, and Mr. Liu Sheng. The employee Supervisors of the fourth session of Board of Supervisors of the Bank, namely Ms. Deng Yanwen, Mr. Wu Lixin, Mr. Liang Zhifeng, and Shareholder representative Supervisors, namely Mr. Lu Chaoping, Mr. Wang Zhujin, Mr. Liang Jiepeng, Mr. Zou Zhibiao and external Supervisor, namely Mr. Yang Biao, ceased to be Supervisors of the Bank due to the expiration of their term of office. For details, please refer to our announcement dated 30 May 2024.

3. Changes in Senior Management

Mr. Qian Hua ceased to be the secretary of the disciplinary committee of the Bank in March 2024.

Mr. Ye Jianguang and Ms. Chen Dongmei ceased to be members of the Party Committee of the Bank in September 2024.

Mr. Qian Hua was appointed as the vice president of the Bank, Mr. Ye Yunfei was appointed as the assistant president of the Bank and Mr. Ye Jianguang ceased to concurrently serve as the chief risk officer of the Bank in October 2024.

Ms. Chen Dongmei ceased to be the vice president and chief information officer of the Bank in November 2024.

(IV) Changes in Information of Directors and Supervisors

Mr. Qian Hua ceased to be the secretary of the disciplinary committee of the Bank. In addition, Mr. Qian Hua concurrently serves as a deputy director of the Financial Dispute People's Mediation Committee of Dongguan Banking Association (東莞市銀行業協會金融糾紛人民調解委員會), a member of the Dongguan Social Insurance Supervision Committee (東莞市社會保險監督委員會) and a director of the third session of Dongguan Financial Consumer Rights Protection Association (東莞市金融消費權益保護協會).

Mr. Ye Jianguang ceased to be a member of the Party Committee and the chief risk officer of the Bank. In addition, Mr. Ye Jianguang is currently a member of Steering Committee of Professional Degree Graduate Education (Joint Teaching Committee of the School of Economics), Jinan University (暨南大學專業學位研究生教育指導委員會(經濟學院聯合教指委)).

Mr. Ye Jinqun ceased to be the legal representative of Guangdong Haide Group Limited* (廣東海德集團有限公司).

(V) Directors, Supervisors and Senior Management Remuneration Policy

According to the Dongguan Rural Commercial Bank Co., Ltd. Directors and Supervisors Remuneration Policies, the Bank determined the remuneration package based on positions and responsibility, work performance, work attitude and other indicators of Directors and Supervisors as well as the remuneration level of other comparable positions, and provided remuneration to independent Directors and external Supervisors. The remuneration of executive Directors, employee Supervisors and other senior management shall be implemented in accordance with the remuneration management measures formulated by the Bank. The Bank provides remuneration for executive Directors, the chairman of the Board of Supervisors and other senior management personnel based on the assessment results of superior management institutions, risk compliance indicators and individual annual performance assessments. Remuneration for other employee Supervisors is provided based on individual annual performance assessments and risk compliance assessment results.

The Bank continued to optimize the remuneration management mechanism, improved the performance appraisal indicators system for senior management, strengthened the assessment of risk compliance management and directly linked the risk compliance assessment results with the remuneration of senior management. Meanwhile, in cases of negligence or misconduct resulting in losses or excessive risk exposure to the Bank, the Bank will determine the responsibility according to regulations and reclaim paid or unpaid remuneration based on the determination results.

The remuneration of Directors, Supervisors, senior management and employees in positions that have a significant impact on the Bank's risk in 2024 is as follows:

Remuneration band of 2024 (before taxation)	Number
RMB250,000 and above	73
RMB250,000 or below	27
Total	100

Note: Employees in positions that have significant impact on the Bank's risk refer to the person in charge of tier-one branches of the Bank and of relevant departments who are involved in credit, planning and finance, audit, compliance and technology of the headquarter.

Please refer to Note 11 "Emoluments of directors, supervisors and the highest-paid staff" to the Consolidated Financial Statements in the "Financial Report" Chapter in this Report for details of the remuneration of Directors, Supervisors and senior management during the Reporting Period.

(VI) Interests and Short Positions of Directors, Supervisors and Chief Executives

As of 31 December 2024, the interests and short positions of our Directors, Supervisors and chief executives in the Shares, underlying Shares and debentures of our Bank or its associated corporations (within the meaning of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be entered in the register kept by the Bank pursuant to section 352 of the SFO, or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules are as follows:

Interest in Shares or underlying Shares

Name	Position	Class of Shares	Long position/ short position	Capacity	Number of Shares directly or indirectly held (shares) ⁽¹⁾	Approximate % of the relevant class of Shares of the Bank ⁽¹⁾ (%)	Approximate % of total issued Shares of the Bank ⁽¹⁾ (%)
Fu Qiang	Executive Director	Domestic Shares	Long position	Beneficial owner	500,000	0.00871	0.00726
Qian Hua	Executive Director	Domestic Shares	Long position	Beneficial owner	322,202	0.00730	0.00608
		Domestic Shares	Long position	Interest of spouse	96,631		
Ye Jianguang	Executive Director	Domestic Shares	Long position	Beneficial owner	500,000	0.01742	0.01452
		Domestic Shares	Long position	Interest of spouse	500,000		
Ye Jinquan	Non-executive Director	Domestic Shares	Long position	Beneficial owner	9,663,060	0.16833	0.14028
Zhang Qingxiang	Non-executive Director	Domestic Shares	Long position	Beneficial owner	2,021,371	0.07566	0.06305
		Domestic Shares	Long position	Interest of spouse	2,322,102		
Chen Weiliang	Non-executive Director	Domestic Shares	Long position	Beneficial owner	6,000	0.00010	0.00009
Chen Sheng	Employee Supervisor	Domestic Shares	Long position	Beneficial owner	32,210	0.00056	0.00047
Chen Huinan	Employee Supervisor	Domestic Shares	Long position	Beneficial owner	230,000	0.00401	0.00334
Wen Junhua	Employee Supervisor	Domestic Shares	Long position	Beneficial owner	70,650	0.00123	0.00103
Deng Qian	Shareholder	Domestic Shares	Long position	Beneficial owner	5,003,156	0.08732	0.07277
	Representative Supervisor						
		Domestic Shares	Long position	Interest of spouse	9,663		
Cai Junbang	Shareholder	Domestic Shares	Long position	Interest in controlled corporation ⁽²⁾	12,677,400	0.22084	0.18404
	Representative Supervisor						
Liu Jiahao	Shareholder	Domestic Shares	Long position	Interest in controlled corporation ⁽³⁾	6,442,040	0.11222	0.09352
	Representative Supervisor						

Notes:

- (1) As of 31 December 2024, the total number of ordinary shares issued by the Bank was 6,888,545,510 shares, divided into 5,740,454,510 domestic Shares and 1,148,091,000 H Shares.
- (2) Such 12,677,400 Domestic Shares are held by Dongguan Bangye Mechanical & Electrical Equipment Trading Co., Ltd.* (東莞市邦業機電設備貿易有限公司), which is owned as to 50% by Mr. Cai Junbang. Accordingly, Mr. Cai Junbang is deemed to be interested in all the Domestic Shares held by Dongguan Bangye Mechanical & Electrical Equipment Trading Co., Ltd.* (東莞市邦業機電設備貿易有限公司) under the SFO.
- (3) Such 6,442,040 Domestic Shares are held by Dongguan Jianghao Trading Co., Ltd.* (東莞市江豪貿易有限公司), which is owned as to 50% by Mr. Liu Jiahao. Accordingly, Mr. Liu Jiahao is deemed to be interested in all the Domestic Shares held by Dongguan Jianghao Trading Co., Ltd.* (東莞市江豪貿易有限公司) under the SFO.

Save as disclosed above, none of the Directors, Supervisors or chief executives of the Bank had any interests or short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations (as defined in the part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to divisions 7 and 8 of part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register of interests or short positions referred to therein, or which were required pursuant to the Model Code to be notified to the Bank and the Stock Exchange.

(VII) Securities Transactions by Directors and Supervisors

Since its listing, the Bank has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the standards of securities transactions by Directors and Supervisors. Having made a specific enquiry to all Directors and Supervisors, all Directors and Supervisors have confirmed that they have complied with the Model Code during the Reporting Period.

(VIII) Rights to Acquire Securities of the Bank

None of the Bank, or any of its holding companies (if any) or subsidiaries, or any fellow subsidiaries (if any), is a party to any arrangement that enables any Director, Supervisor or chief executive of the Bank or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Bank or any of its associated corporations (as defined in the SFO) or to acquire benefits by means of acquisition of shares in, or debentures of, the Bank or any other body corporate.

(IX) Directors' Interests in Competing Business

Mr. Zhang Qingxiang, the non-executive Director of the Bank, holds 51% of the equity interest of Guangdong Yuxinguo Construction Engineering Limited* (廣東裕欣國建築工程有限公司) ("Guangdong Yuxinguo") which in turn is interested in 20% of the equity interest of Dongguan City Jiaying Small Loan Co., Ltd.* (東莞市佳興小額貸款股份有限公司) ("Dongguan Jiaying"), a company principally engaged in small loans business with registered capital of RMB100.0 million. As Dongguan Jiaying is engaged in small loans business, it may compete with the business of the Bank.

Taking into consideration of the relatively small registered capital of RMB100.0 million of the aforementioned competing businesses, as compared to that of our Bank and the diverse scope of business of our Bank, the potential competition between our Bank with such competing businesses is minimal. As each of the relevant Directors is a non-executive Director and does not participate in our daily management, the Bank believes that the business operation of the Bank will not be affected by their interest in such competing businesses. In accordance with the Articles of Association, if a Director is materially interested in any matters to be considered at the Board of Directors meeting, such Director shall abstain from voting on such resolution.

(X) Financial, Business and Family Relationship among Directors, Supervisors and Senior Management

To the best of our knowledge, there is no financial, business, family or other material or relevant relationship among the Directors, Supervisors and senior management of the Bank.

(XI) Directors' and Supervisors' Interests in Contracts, Transactions and Arrangements

Save for the continuing connected transactions exempted from the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules, none of a Director, Supervisor or an entity connected with a Director or a Supervisor has any interest, either directly or indirectly, in significant transactions, arrangements and contracts in relation to the Group's business to which the Bank, its holding company, subsidiaries or fellow subsidiaries was a party during the Reporting Period (excluding service contracts). None of the Directors or Supervisors of the Bank has entered into any service contracts with the Bank which would provide for compensation (other than statutory compensation) in the event of termination by the Bank within one year.

V. BOARD OF DIRECTORS

The Board of Directors is the decision-making body of the Bank and is responsible for implementing the resolutions of the general meeting, formulating the Bank's business development strategies, formulating the Bank's annual financial budgets, final accounts, profit distribution and loss recovery plans, formulating the Bank's plans for material acquisitions, acquisition of the Bank's shares or merger, division, dissolution and change of the corporate form of the Bank, formulating the Bank's proposals for amendment to the Articles of Association, formulating the Bank's comprehensive risk management policies, formulating risk management systems relating to risk tolerance, risk appetite, internal control, reputational risk, financial innovation risk management and case risk management, and the appointment or dismissal of the Bank's President, Vice President, Assistant to the President and other senior management and their remunerations.

(I) Members of the Board of Directors and the Board Diversity Policy

As at the Latest Practicable Date, the Board of Directors of the Bank consisted of 17 Directors, including 4 executive Directors, namely Mr. Lu Guofeng, Mr. Fu Qiang, Mr. Qian Hua and Mr. Ye Jianguang; 7 non-executive Directors, namely Ms. Li Huiqin, Mr. Wong Wai Hung, Mr. Ye Jinqun, Mr. Zhang Qingxiang, Mr. Chen Weiliang, Mr. Tang Wencheng and Mr. Chan Ho Fung, of which Mr. Wong Wai Hung and Mr. Chan Ho Fung obtained approvals of the qualification of Director on 24 February 2025, and Ms. Li Huiqin obtained approvals of the qualification of Director on 13 March 2025; 6 independent non-executive Directors, namely Mr. Zeng Jianhua, Mr. Yip Tai Him, Mr. Xu Zhi, Mr. Tan Fulong, Ms. Liu Yuou and Ms. Xu Tingting. All communication documents of the Bank containing the names of directors clearly state the categories of directors in compliance with the requirements of the Listing Rules.

The Bank has formulated the board diversity policy, among others, according to the position and the continuous adoption and implementation of the policy, we are committed to ensuring that the Board of Directors of the Bank achieves an appropriate balance in terms of diversity. The Bank will consider the composition of the Board of Directors from various aspects in accordance with the board diversity policy, including but not limited to directors' gender, age, education background, professional experience, knowledge and skills, etc., to ensure a balanced distribution of skills and experience combinations of board members to provide different opinions and perspectives, insights and questions, allowing the board to effectively perform its duties, thereby enhancing the effective operation of the board and maintaining high standards of corporate governance. During the Reporting Period, the Board considered that this policy has been effectively implemented and the members of the Board have reached the diversity targets (including gender diversity). 4 executive Directors have long been engaged in the banking industry and have rich professional experience; 7 non-executive Directors all hold important positions such as the chairman and general manager of enterprises, and have rich experience in operation and management; 6 independent non-executive Directors all have professional skills in legal, accounting or finance fields, one of whom is from Hong Kong, and is familiar with international accounting standards and Hong Kong capital market rules. There are currently 3 female Directors in the Board of Directors. The Board expects to maintain the proportion of its female members at least the current level and will continue its efforts to maintain the gender diversity profile of the Board of Directors. In addition, the Nomination and Remuneration Committee of the Board of Directors annually reviews the implementation and effectiveness of the diversity policy of Board of Directors, and makes recommendations on adjustments to the Board of Directors to be made in line with the Bank's strategy.

The Bank has established a mechanism for the Board to obtain independent opinions and suggestions. The Board currently comprises 6 independent non-executive Directors, representing more than one-third of the Board, which complies with the requirements on the number of independent non-executive directors under the Listing Rules. When the Nomination and Remuneration Committee evaluates the suitability of a candidate to serve as an independent non-executive Director, it will review his/her qualifications, skills and independent opinions with reference to the Bank's nomination policy and board diversity policy. The Nomination and Remuneration Committee also assesses annually the time commitment and independence of the independent non-executive Directors. All Directors, including independent non-executive Directors, may also have access to external independent professional advice if considered necessary. During the Reporting Period, the Board reviewed the implementation of the above mechanism and considered that the above mechanism was effective.

As of the end of the Reporting Period, the roles and duties of the chairman and the president of the Bank are taken up by different individuals. Mr. Lu Guofeng, the Chairman of the Bank, is responsible for leading the Board and ensuring its efficient operation, and Mr. Fu Qiang, the President of the Bank, is responsible for the daily business operation of the Bank. There is a clear division of responsibilities in compliance with the requirements and recommendations of the regulatory provisions and the Listing Rules.

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

According to the requirements of the Articles of Association, the term of office of the Directors shall be three years, and a Director may be re-elected and re-appointed upon expiry of his/her term of office. Before the expiry of the term of office, the general meeting shall not dismiss any Director without any reason. An independent non-executive Director may serve the Bank for not more than six years in aggregate.

Subject to the relevant laws, regulations and regulatory requirements, a Director whose term of office has not expired may be removed by an ordinary resolution at the general meeting (but such removal shall not cause prejudice to any claim which may be instituted by the Director under any contract), and an independent Director shall be removed by a special resolution.

The procedures for the appointment, re-election and removal of Directors of the Bank are set out in the Articles of Association. The Nomination and Remuneration Committee of the Board of Directors of the Bank reviews the qualification of each Director candidate and recommends suitable candidates to the Board of Directors. Upon approval of the nomination proposal of relevant candidates by the Board of Directors, it shall be submitted to the general meeting for consideration and approval. After consideration and approval at the general meeting, it shall be reported to the banking regulatory authority of the State Council for approval of qualification. The term of office of Directors shall commence from the date of approval by the banking regulatory authority of the State Council till the expiry of the term of office of the current session of the Board of Directors.

(III) Responsibilities of Directors

During the Reporting Period, the Directors of the Bank strictly complied with laws, regulations, regulatory requirements, relevant domestic and overseas rules and the provisions of the Articles of Association, and prudently, conscientiously and diligently performed their obligations and exercised their rights, actively participated at the general meetings, the meetings of the Board of Directors and its committees, kept abreast of the Bank's operation and management, treated all shareholders fairly, and safeguarded the interests of the Bank and its shareholders.

During the Reporting Period, the Bank carried out the annual performance evaluation of Directors by the Board of Supervisors, and submitted the evaluation results to the general meeting for consideration and approval.

During the Reporting Period, the independent non-executive Directors of the Bank did not raise any objections to the matters considered by the Board of Directors.

(IV) Implementation of Resolutions of the Shareholders' General Meeting by the Board of Directors during the Reporting Period

During the Reporting Period, the Board of Directors strictly implemented various resolutions considered and approved at the 2023 annual general meeting.

(V) Attendance of Directors at Meetings

During the Reporting Period, the Bank convened 9 meetings of the Board of Directors, all of which were on-site meetings. 134 proposals including the Resolution on the 2023 Work Report of the Board of Directors of Dongguan Rural Commercial Bank Co., Ltd., the Resolution on the 2023 Operation and Management Work Report of Dongguan Rural Commercial Bank Co., Ltd., the Resolution on the 2023 Financial Accounts Plan of Dongguan Rural Commercial Bank Co., Ltd. and the Resolution on the 2023 Profit Distribution Plan of Dongguan Rural Commercial Bank Co., Ltd. were considered and approved, and 19 reports were reviewed.

During the Reporting Period, the attendance of Directors of the Bank at general meetings, meetings of the Board of Directors and specialized committees under the Board of Directors is as follows:

Attendance in person/Number of meetings held during the term of office ⁽¹⁾								
Name of Director	General Meeting	Board of Directors	Board Committees					Consumer Rights Protection Committee
			Strategic Decision and Sannong Committee	Comprehensive Risk Management Committee	Nomination and Remuneration Committee	Related Party Transaction Control Committee	Audit Committee	
Executive Directors								
Lu Guofeng	1/1	8/9	8/8	–	–	–	–	–
Fu Qiang	1/1	9/9	7/8	–	–	–	–	5/5
Qian Hua ⁽²⁾	–	2/2	1/1	–	2/2	–	–	–
Ye Jianguang	1/1	9/9	–	10/10	–	6/6	–	–
Non-executive Directors								
Ye Jinquan ⁽³⁾	1/1	9/9	3/3	–	3/4	–	–	–
Zhang Qingxiang ⁽⁴⁾	1/1	9/9	–	–	–	–	–	2/3
Chen Weiliang	1/1	9/9	–	–	–	–	6/6	–
Tang Wencheng ⁽⁵⁾	1/1	9/9	–	–	–	–	–	3/3
Independent Non-executive Directors								
Zeng Jianhua ⁽⁶⁾	1/1	9/9	–	9/10	4/4	–	–	–
Yip Tai Him	1/1	9/9	–	–	10/10	–	–	–
Xu Zhi ⁽⁷⁾	1/1	9/9	–	10/10	6/6	–	6/6	–
Tan Fulong	1/1	8/9	–	–	–	6/6	–	5/5
Liu Yuou	1/1	9/9	–	–	–	6/6	6/6	–
Xu Tingting ⁽⁸⁾	1/1	8/9	–	5/5	10/10	–	3/3	–
Resigned Directors								
Lai Chun Tung ⁽⁹⁾	1/1	4/4	5/5	–	–	–	–	–
Wang Junyang ⁽¹⁰⁾	0/1	4/4	–	–	–	–	–	–
Cai Guowei ⁽¹¹⁾	0/1	3/4	–	–	–	–	–	2/2
Chen Haitao ⁽¹²⁾	1/1	4/4	5/5	–	–	–	–	2/2

Notes:

- (1) A Director who is unable to attend in person has appointed another Director to attend and vote on his/her behalf.
- (2) Mr. Qian Hua has been an executive Director, a member of the Strategic Decision and Sannong Committee, and a member of the Nomination and Remuneration Committee since 14 October 2024.
- (3) Mr. Ye Jinquan has been a member of the Strategic Decision and Sannong Committee and a member of the Nomination and Remuneration Committee since 30 May 2024.
- (4) Mr. Zhang Qingxiang has been a member of the Consumer Rights Protection Committee since 30 May 2024.
- (5) Mr. Tang Wencheng has been a member of the Consumer Rights Protection Committee since 30 May 2024.
- (6) Mr. Zeng Jianhua has been a member of the Nomination and Remuneration Committee since 30 May 2024.
- (7) Mr. Xu Zhi ceased to be a member of the Nomination and Remuneration Committee with effect from 30 May 2024.
- (8) Ms. Xu Tingting has been a member of the Comprehensive Risk Management Committee and ceased to be a member of the Audit Committee with effect from 30 May 2024.
- (9) Mr. Lai Chun Tung ceased to be a non-executive Director and a member of the Strategic Decision and Sannong Committee with effect from 30 May 2024.
- (10) Mr. Wang Junyang ceased to be a non-executive Director with effect from 30 May 2024.
- (11) Mr. Cai Guowei ceased to be a non-executive Director and a member of the Consumer Rights Protection Committee with effect from 30 May 2024.
- (12) Mr. Chen Haitao ceased to be a non-executive Director, a member of the Strategic Decision and Sannong Committee and a member of the Consumer Rights Protection Committee with effect from 30 May 2024.

(VI) Performance of the Independent Non-executive Directors

Pursuant to the Articles of Association, the independent non-executive Directors of the Bank shall represent at least one-third of the Board of Directors. Independent non-executive Directors serve as chairmen of the Related Party Transaction Control Committee, the Audit Committee, the Nomination and Remuneration Committee under the Board of Directors. As of the end of the Reporting Period, the Board of Directors of the Bank comprised of 6 independent non-executive Directors, and the qualifications, number and proportion of independent non-executive Directors met regulatory requirements. The Bank has received the annual confirmation letter of independence from each independent non-executive Director, and considers that all independent non-executive Directors have complied with the relevant guidelines set out in Rule 3.13 of the Listing Rules, and are independent persons.

During the Reporting Period, the independent non-executive Directors of the Bank actively performed their duties, attended general meetings, and meetings of the Board of Directors and its special committees, considered relevant proposals, listened to reports, and expressed material opinions on the relevant material matters.

(VII) Composition of Committees under the Board of Directors and their Performance of Duties

During the Reporting Period, the Board of Directors had six specialized committees including the Strategic Decision and Sannong Committee, the Comprehensive Risk Management Committee, the Nomination and Remuneration Committee, the Related Party Transaction Control Committee, the Audit Committee and the Consumer Rights Protection Committee. In 2024, the six specialized committees under the Board of Directors of the Bank exercised their powers independently, compliantly and effectively in accordance with laws, and convened a total of 45 meetings throughout the year, at which 216 proposals in relation to strategic planning, remuneration appraisal, comprehensive risk management, internal control, related party transactions and consumer rights protection were considered. The committees maintained communication with the Operational Management, and gave full play to their roles in assisting the Board of Directors in making scientific decisions.

As at the end of the Reporting Period, the members of the six specialized committees under the Board of Directors of the Bank are as follows:

Members of the Board	Strategic Decision and Sannong Committee	Comprehensive Risk Management Committee	Nomination and Remuneration Committee	Related Party Transaction Control Committee ⁽⁹⁾	Audit Committee	Consumer Rights Protection Committee
Executive Director						
Lu Guofeng	Chairman					
Fu Qiang	Member					Chairman
Qian Hua ⁽¹⁾	Member		Member			
Ye Jianguang		Chairman		Member		
Non-executive Director						
Ye Jinqun ⁽²⁾	Member		Member			
Zhang Qingxiang ⁽³⁾						Member
Chen Weiliang					Member	
Tang Wencheng ⁽⁴⁾						Member
Independent Non-executive Director						
Zeng Jianhua ⁽⁵⁾		Member	Member			
Yip Tai Him			Chairman			
Xu Zhi ⁽⁶⁾		Member	Member (former)		Chairman	
Tan Fulong ⁽⁷⁾				Chairman		Member
Liu Yuou ⁽⁸⁾				Member	Member	
Xu Tingting ⁽⁹⁾		Member	Member		Member (former)	
Resigned Director						
Lai Chun Tung ⁽¹⁰⁾	Member (former)					
Wang Junyang						
Cai Guowei ⁽¹¹⁾						Member (former)
Chen Haitao ⁽¹²⁾	Member (former)					Member (former)

Notes:

- (1) Mr. Qian Hua has been a Director, a member of the Strategic Decision and Sannong Committee, and a member of the Nomination and Remuneration Committee since 14 October 2024.
- (2) Mr. Ye Jinqun has been a member of the Nomination and Remuneration Committee since 30 May 2024.
- (3) Mr. Zhang Qingxiang has been a member of the Consumer Rights Protection Committee since 30 May 2024.
- (4) Mr. Tang Wencheng has been a member of the Consumer Rights Protection Committee since 30 May 2024.
- (5) Mr. Zeng Jianhua has been a member of the Nomination and Remuneration Committee since 30 May 2024.
- (6) Mr. Xu Zhi ceased to be a member of the Nomination and Remuneration Committee since 30 May 2024.
- (7) Mr. Tan Fulong continued to serve as a member of the Related Party Transaction Control Committee during the Reporting Period and served as the chairman of the Related Party Transaction Control Committee since 30 May 2024.
- (8) Ms. Liu Yuou ceased to be the chairman of the Related Party Transaction Control Committee since 30 May 2024, and continued to serve as a member of the Related Party Transaction Control Committee.
- (9) Ms. Xu Tingting has been a member of the Comprehensive Risk Management Committee and ceased to be a member of the Audit Committee with effect from 30 May 2024.
- (10) Mr. Lai Chun Tung ceased to be a member of the Strategic Decision and Sannong Committee with effect from 30 May 2024.
- (11) Mr. Cai Guowei ceased to be a member of the Consumer Rights Protection Committee with effect from 30 May 2024.
- (12) Mr. Chen Haitao ceased to be a member of the Strategic Decision and Sannong Committee, and a member of the Consumer Rights Protection Committee with effect from 30 May 2024.

1. Strategic Decision and Sannong Committee

As at the end of the Reporting Period, the Strategic Decision and Sannong Committee consists of executive Directors and non-executive Directors, namely Mr. Lu Guofeng (chairman), Mr. Fu Qiang, Mr. Qian Hua and Mr. Ye Jinquan. The primary duties of the Strategic Decision and Sannong Committee include:

- (1) to determine the operation and management goals and long-term development and strategic plans of our Bank.
- (2) to consider and propose major investment and financing proposals that are subject to the approval of the Board of Directors according to the Articles of Association.
- (3) to consider and propose major capital activities and asset operation that are subject to the approval of the Board of Directors according to the Articles of Association.
- (4) to consider and propose other important matters significant to the development of our Bank.
- (5) to supervise and review the implementation of the annual operation plan and investment proposals of our Bank.
- (6) to devise strategies for promoting green credit of the Bank, review its objectives and report from the senior management before submission to the Board of Directors for consideration and approval.
- (7) to formulate business development strategies and plans for Sannong business in accordance with the Sannong development policies introduced by the government and regulatory authorities; to review annual financial development goals and service resources allocation plans for Sannong business; and to evaluate and supervise the implementation of such plans by the senior management.
- (8) to supervise the formulation of Sannong business plan and related systems.
- (9) to deal with other matters as required by laws and regulations, related regulatory systems and the Articles of Association or authorized by the Board of Directors.

During the Reporting Period, the Strategic Decision and Sannong Committee held 8 meetings, at which 41 proposals were considered and approved, and conducted in-depth research on development planning, operation and management, green credit, and Sannong financial services. The Strategic Decision and Sannong Committee held 2 symposiums with Sannong enterprises to know about the development of Sannong business.

2. *Comprehensive Risk Management Committee*

As at the end of the Reporting Period, the Comprehensive Risk Management Committee consists of executive Directors and independent non-executive Directors, namely Mr. Ye Jianguang (chairman), Mr. Zeng Jianhua, Mr. Xu Zhi and Ms. Xu Tingting. The primary duties of the Comprehensive Risk Management Committee include:

- (1) to study and adopt the economic and financial directions, policies, laws, regulations and rules of the government, and to guide the formulation of the Bank's comprehensive risk management framework, as well as the Bank's risk strategies and general risk management policies.
- (2) to supervise the risk management of our senior management at operational level in respect of credit, market, operation, liquidity, legal compliance, information technology, reputation and other aspects; to regularly evaluate risks to the Bank including risk policy, management position and risk appetite and the overall status and effectiveness of the legal compliance management of our Bank and to propose suggestions for improving risk management and internal control of our Bank.
- (3) to review the effectiveness of the risk management and internal control systems, discuss the risk management and internal control systems with senior management, ensure that senior management has fulfilled its duties to establish effective systems, and to supervise the senior management to take necessary measures to effectively identify, evaluate, monitor and control/mitigate risks.
- (4) to consider major investigation findings on risk management and internal control matters as delegated by the Board of Directors or on its own initiative and senior management's response to these findings.
- (5) to ensure that the risk management system of our Bank is effectively reviewed and supervised by the internal audit department.
- (6) to review the asset and liability management policies of our Bank and its implementation.
- (7) to supervise the implementation of employee behavior management by the senior management.
- (8) to organize and give guidance on case prevention as authorized by the Board of Directors, including: reviewing and approving the general policy for the case prevention, promoting the construction of the case prevention management system; clarifying the responsibilities and authority of senior management in case prevention, ensuring that senior management adopts necessary measures for the effective monitoring, alert and handling of case risk; proposing general requirements for case prevention, and reviewing case prevention work reports; assessing and evaluating the effectiveness of the Bank's case prevention; ensuring that the effective review and supervision of case prevention is conducted by the internal audit functions.
- (9) to have regular individual discussion with the compliance manager and adopt other effective means to understand the implementation of compliance policies and the problems arising therefrom, provide opinions and recommendation on a timely basis to the Board of Directors or the senior management and supervise the effective implementation of compliance policies.

- (10) to review and ensure that the Bank has established appropriate arrangements to allow employees to independently raise concerns about possible improprieties in internal control, and ensure that the Bank conducts fair and independent investigations and takes appropriate actions against these matters.
- (11) to provide professional advice on money laundering risk management to the Board of Directors.
- (12) to deal with other matters as required by laws and regulations, related regulatory systems and the Articles of Association or authorized by the Board of Directors.

During the Reporting Period, the Comprehensive Risk Management Committee held 10 meetings, at which 55 proposals were considered and approved, and conducted research on comprehensive risk management and internal control management.

3. *Nomination and Remuneration Committee*

As of the end of the Reporting Period, the Nomination and Remuneration Committee consists of executive Directors, non-executive Directors and independent non-executive Directors, namely Mr. Yip Tai Him (chairman), Mr. Qian Hua, Mr. Ye Jinqun, Mr. Zeng Jianhua and Ms. Xu Tingting. The primary duties of the Nomination and Remuneration Committee include:

- (1) to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors annually and make recommendations on any proposed changes to the Board of Directors to complement our corporate strategy.
- (2) to formulate the Board diversity policy and measurable objectives.
- (3) to assess the independence of independent Directors.
- (4) to determine the procedures and criteria for selection and election of Directors and senior management.
- (5) to identify and recommend qualified candidates for Directors and senior management.
- (6) to conduct preliminary assessment on the qualifications and terms for the appointment of Directors and senior management and provide opinions to the Board of Directors.
- (7) to make recommendations to the Board of Directors on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairman and the president).
- (8) to make recommendations to the Board of Directors on the remuneration policy and structure for all Directors and senior management of the Bank and on the establishment of a formal and transparent procedure for developing remuneration policy.
- (9) to review the assessment criteria for performance of Directors and senior management, conduct assessment and make recommendations.

- (10) to make recommendations to the Board of Directors on remuneration packages for Directors and senior management (including benefits in kind, pension rights and compensation payments, such as any compensation payable for loss or termination of their office or appointment), to supervise its implementation, provided that no Director or its associate shall participate in determining his/her own salary.
- (11) to consider and approve the terms of the service contracts of executive Directors.
- (12) to provide opinions on director service contracts that are subject to Shareholders' approval, informing Shareholders whether the terms are fair and reasonable, advising on whether the contracts are in the best interests of the Bank and its Shareholders as a whole, and providing recommendations on how Shareholders should vote.
- (13) to review and approve the remuneration proposals of the management with reference to the goals and objectives determined by the Board of Directors.
- (14) to consider salaries paid by comparable banks, time commitment and responsibilities and employment conditions elsewhere in the Group.
- (15) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive.
- (16) to review and approve 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.
- (17) to review the remuneration management system and policy of our Bank. The remuneration management system includes the basic remuneration system, remuneration management system etc. within the scope of the Bank's system, but excludes assessment plans.
- (18) to review matters relating to share schemes under the Listing Rules.
- (19) to deal with other matters as required by laws and regulations, related regulatory systems and the Articles of Association or authorized by the Board of Directors.

During the Reporting Period, the Nomination and Remuneration Committee held 10 meetings, at which 20 proposals were considered and approved, and conducted research on the nomination of candidates for the Board of Directors, the appointment of senior management, and the annual budget and allocation of senior management remuneration. In addition, the Nomination and Remuneration Committee considered director candidates and made recommendation to the Board of Directors in accordance with the Nomination Policy, the Diversity Policy of the Board of Directors and the situation of the Bank. During the selection of director candidates, the Nomination and Remuneration Committee shall conduct preliminary examination on the qualifications and conditions of the candidates, including their professional knowledge, experience and background, select suitable personnel, and make recommendations to the Board of Directors in accordance with relevant laws and regulations, the Bank's Articles of Association and the nomination procedures stipulated in relevant regulations. The candidates for directors shall be examined and approved by the Board of Directors and Shareholders at the general meeting, and shall perform their duties according to law after obtaining the qualifications from the banking supervision institutions.

4. Related Party Transaction Control Committee

As of the end of the Reporting Period, the Related Party Transaction Control Committee consists of executive Directors and independent non-executive Directors, namely Mr. Tan Fulong (chairman), Mr. Ye Jianguang and Ms. Liu Yuou. The primary duties of the Related Party Transaction Control Committee include:

- (1) to implement and manage the policies regarding related party transactions.
- (2) to promptly review related party transactions and to provide opinions accordingly.
- (3) to control the risks of related party transactions.
- (4) to focus on the compliance, fairness and necessity of related party transactions.
- (5) to deal with other matters in relation to the duties of the committee as required by laws and regulations, related regulatory systems and the Articles of association or authorized by the Board of Directors.

During the Reporting Period, the Related Party Transaction Control Committee held 6 meetings, at which 25 proposals were considered and approved, and conducted research on the related party management and related party transaction management.

5. Audit Committee

As at the end of the Reporting Period, the Audit Committee consists of non-executive Directors and independent non-executive Directors, namely Mr. Xu Zhi (chairman), Mr. Chen Weiliang, and Ms. Liu Yuou. The primary duties of the Audit Committee include:

- (1) to review the financial and accounting policies, financial position and financial reporting procedures of our Bank and their implementation.
- (2) to review and supervise the completeness of the financial statements, annual reports and accounts, interim reports and quarterly report (if intended to be published) of our Bank; to review significant financial reporting judgments contained in them; to determine and report on the truthfulness, completeness and accuracy of the information set out in the audited financial reports; and to decide on whether the same should be submitted to the Board of Directors; to liaise with the Board of Directors and senior management and meet, at least twice a year, with the external auditors of our Bank; to review the relevant reports before submission to the Board of Directors, with particular focus on: (i) any changes in accounting policies and practices. (ii) major judgmental areas. (iii) significant adjustments resulting from audit. (iv) going concern assumptions and any qualifications. (v) compliance with accounting standards. (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting. The committee shall consider any significant or unusual items that shall reflect, or may need to be reflected, in the report and accounts, with due consideration given to any matters that have been raised by our staff responsible for the accounting and financial reporting function, audit department or auditors.

- (3) to review the external auditor's management letter, any material queries raised by the external auditor to senior management about accounting records, financial accounts or systems of control and management's response; and to ensure that the Board of Directors will provide a timely response to the issues raised in the external auditor's management letter.
- (4) to approve the internal audit regulations, medium-to-long-term audit plans and annual audit plans.
- (5) to submit regular audit reports to the Board of Directors as well as the senior management and the Board of Supervisors.
- (6) to supervise the implementation of remedial measures by the senior management for issues identified during audit and the implementation of audit recommendations.
- (7) to review objections on the audit conclusion raised by the audit subject department.
- (8) to make suggestions to the Board of Directors to hold the internal audit manager and the person-in-charge accountable.
- (9) to make recommendations to the Board of Directors on the appointment, re-appointment, removal or replacement of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to handle any issue in relation to the resignation or removal of such external auditor.
- (10) to review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process in accordance with applicable standards; and discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.
- (11) to develop and implement policy on an external auditor, including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally, to supply non-audit services; and report to the Board of Directors, identifying and making recommendations on any matters where action or improvement is needed.
- (12) to supervise the establishment and implementation of the internal audit system of our Bank.
- (13) to review arrangements that employees of our Bank can use, in confidence, to raise concerns about possible improprieties in financial reporting, or other matters; and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.
- (14) to establish a whistle blowing policy and system for employees and those who deal with our Bank (e.g., customers and suppliers) to raise concerns in confidence, with the Audit Committee about possible improprieties in any matter related to our Bank.

- (15) to act as the key representative body for overseeing our relations with the external auditor, responsible for the communication between internal audit and external auditor and to monitor their relationship; ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within our Bank, and to review and monitor its effectiveness.
- (16) to review the financial control, financial information and its disclosures of our Bank.
- (17) to discuss with senior management the adequacy of resources, staff qualifications and experience, training programs and budget of the Bank's accounting and financial reporting function.
- (18) to report to the Board of Directors on the matters under the code provision D.3 of the Corporate Governance Code under the Listing Rules.
- (19) to research other topics as defined by the Board of Directors.
- (20) to deal with other matters as required by laws and regulations, related regulatory systems and the Articles of Association or authorized by the Board of Directors.

During the Reporting Period, the Audit Committee held 6 meetings, at which 50 proposals were considered and approved. The committee regularly reviewed financial reports and internal and external audit reports, supervised and verified the truthfulness, accuracy and timeliness of financial report information, and grasped the problems discovered in internal audit in a timely manner. By continuously strengthening the communication and connection with internal and external auditors, to promote the formation of an effective communication mechanism between internal and external auditors.

In accordance with the requirements of the Administrative Measures for the Audit of Annual Financial Statements of the Bank, the Audit Committee performed the following duties during the preparation and review of the 2024 Annual Report:

- (1) The Audit Committee held a symposium with the statutory accounting firm, listened to the report on the operation of the Bank in 2024, communicated about the work in the audit and the progress of the audit, reviewed the financial and accounting statements of the Company, and formed written opinions on the above matters.
- (2) Before the convening of the meeting of the Board of Directors, the Audit Committee reviewed the 2024 Annual Report of the Bank, and agreed to submit it to the Board of Directors for approval.

6. Consumer Rights Protection Committee

As at the end of the Reporting Period, the Consumer Rights Protection Committee consists of executive Directors, non-executive Directors and independent non-executive Directors, namely Mr. Fu Qiang (chairman), Mr. Zhang Qingxiang, Mr. Tang Wencheng and Mr. Tan Fulong. The primary duties of the Consumer Rights Protection Committee include:

- (1) to report to the Board of Directors on consumer rights protection work report and annual report, carry out related work according to the authorization of the Board of Directors, discuss and decide on related matters, and research major issues and important policies concerning consumer rights protection.
- (2) to oversee the establishment and enhancement of consumer rights protection system to ensure that the relevant policies are consistent with our corporate governance, corporate culture development and operational development strategy.
- (3) to supervise the comprehensiveness, timeliness and effectiveness of the implementation of consumer rights protection related works by the senior management and Consumer Rights Protection Department in accordance with regulatory requirements, our strategies and policies and fulfillment status of our objectives.
- (4) to convene consumer rights protection working meetings periodically and to review the work report by senior management and Consumer Rights Protection Department; to study the annual audit reports, regulatory notices, internal assessment results of the Consumer Rights Protection Department, and to urge the senior management and relevant departments to promptly implement and rectify various issues identified.
- (5) to deal with other matters in relation to the duties of the committee as required by laws and regulations, related regulatory systems and the Articles of Association or authorized by the Board of Directors.

During the Reporting Period, the Consumer Rights Protection Committee held 5 meetings, at which 26 proposals were considered and approved, and conducted research on the consumer rights protection work plan and the construction of the consumer rights protection system.

(VIII) Continuous Professional Development Plan of Directors

During the Reporting Period, the Bank attached great importance to the continuous training of Directors, and organized all Directors to participate in corporate governance workshops, anti-money laundering and anti-terrorist financing training for Directors, to study and research on regulatory policies, industry development, regional economy and other aspects, which effectively broadened the macro decision-making vision, and improved the performance capability of Directors. The Directors' participation in training during the Reporting Period is set out below:

Corporate governance workshops, anti-money laundering and anti-terrorist financing training (participated directors: Lu Guofeng, Fu Qiang, Qian Hua, Ye Jianguang, Li Huiqin, Wong Wai Hung, Ye Jinqun, Zhang Qingxiang, Chen Weiliang, Tang Wencheng, Chan Ho Fung, Zeng Jianhua, Yip Tai Him, Xu Zhi, Tan Fulong, Liu Yuou, Xu Tingting).

(IX) Directors' Responsibilities for Consolidated Financial Statements

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements of 2024, International Financial Reporting Standards (IFRSs) Accounting Standards have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. The Board of Directors is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board of Directors has continued to adopt the going concern basis in preparing the financial statements.

VI. THE BOARD OF SUPERVISORS

(I) Responsibilities and Duties of the Board of Supervisors

The Board of Supervisors is the Bank's internal supervision body, which is accountable to the general meeting. In addition to performing its duties in accordance with the Company Law of the People's Republic of China and other laws and regulations and the Articles of Association, the Board of Supervisors focuses on supervising the duty performance, financial activities, internal control and risk management etc. of the Board of Directors, senior management and their members of the Bank.

(II) Composition of the Board of Supervisors

As of the end of the Reporting Period, the Board of Supervisors of the Bank consists of 12 Supervisors, including 4 employee Supervisors, namely Mr. Chen Sheng, Mr. Chen Huinan, Ms. Wen Junhua and Ms. Liu Liping; 4 Shareholder representative Supervisors, namely Ms. Deng Qian, Mr. Cai Junbang, Mr. Liu Jiahao and Mr. Li Guoyu; and 4 external Supervisors, namely Ms. Wei Haiying, Mr. Zhang Bangyong, Ms. Mai Xiuhua and Mr. Liu Sheng.

(III) Meetings of the Board of Supervisors and Committees Thereunder

During the Reporting Period, the Bank held a total of 11 meetings of the Board of Supervisors, including 8 on-site meetings and 3 meetings by circulation of written resolutions. The Board of Supervisors mainly considered and approved 58 proposals, including the Report of the Investigation on the Organizational Structure Reform of Dongguan Rural Commercial Bank and the Report on the 2023 Corporate Governance Self-Assessment of Dongguan Rural Commercial Bank Co., Ltd. and reviewed 146 reports.

During the Reporting Period, the Board of Supervisors established two specialized committees, namely the Nomination Committee and the Supervision Committee. During the Reporting Period, the two specialized committees under the Board of Supervisors of the Bank exercised their functions and rights independently, in compliance with laws and regulations and effectively. They held a total of 10 meetings and considered 30 proposals, including the Report on the Special Audit Work of the Board of Directors and the Specialized Committees under the Senior Management of Dongguan Rural Commercial Bank for 2023. They maintained communication with the Board of Directors and the management and gave full play to their supervisory role.

(IV) Attendance of Supervisors at Meetings of the Board of Supervisors and its Committees

During the Reporting Period, the attendance of the Supervisors is set out as follows:

Name of Supervisor	Number of actual attendance/ number of meetings held during the term of office ⁽¹⁾		
	Meetings of the Board of Supervisors	Committees under the Board of Supervisors	
		Nomination Committee	Supervisory Committee
Employee Supervisors			
Chen Sheng ⁽²⁾	11/11	4/4	/
Chen Huinan ⁽³⁾	7/7	/	5/5
Wen Junhua ⁽⁴⁾	7/7	2/2	/
Liu Liping ⁽⁵⁾	7/7	/	5/5
Shareholder Supervisors			
Deng Qian	6/7	/	/
Cai Junbang	7/7	/	/
Liu Jiahao	7/7	/	/
Li Guoyu	7/7	/	/
External Supervisors			
Wei Haiying ⁽⁶⁾	9/11	4/4	/
Zhang Bangyong ⁽⁷⁾	11/11	/	6/6
Mai Xiuhua ⁽⁸⁾	11/11	/	6/6
Liu Sheng ⁽⁹⁾	7/7	2/2	/
Resigned Supervisors			
Deng Yanwen ⁽¹⁰⁾	4/4	2/2	/
Wu Lixin ⁽¹¹⁾	4/4	/	1/1
Liang Zhifeng ⁽¹²⁾	4/4	/	1/1
Lu Chaoping	2/4	/	/
Wang Zhujin	4/4	/	/
Liang Jiepeng	4/4	/	/
Zou Zhibiao	3/4	/	/
Yang Biao ⁽¹³⁾	3/4	2/2	/

Notes:

- (1) A Supervisor who is unable to attend in person has appointed another Supervisor to attend and vote on his/her behalf.
- (2) Mr. Chen Sheng has been a member of the Nomination Committee since 30 May 2024.
- (3) Mr. Chen Huinan has been a member of the Supervisory Committee since 30 May 2024.
- (4) Ms. Wen Junhua has been a member of the Nomination Committee since 30 May 2024.
- (5) Ms. Liu Liping has been a member of the Supervisory Committee since 30 May 2024.
- (6) Ms. Wei Haiying has been a member of the Nomination Committee since 30 May 2024.
- (7) Mr. Zhang Bangyong has been the chairman of the Supervisory Committee since 30 May 2024.
- (8) Ms. Mai Xiuhua has been a member of the Supervisory Committee since 30 May 2024.
- (9) Mr. Liu Sheng has been the chairman of the Nomination Committee since 30 May 2024.
- (10) Ms. Deng Yanwen ceased to be a member of the Nomination Committee with effect from 30 May 2024.
- (11) Mr. Wu Lixin ceased to be a member of the Supervisory Committee with effect from 30 May 2024.
- (12) Mr. Liang Zhifeng ceased to be a member of the Supervisory Committee with effect from 30 May 2024.
- (13) Mr. Yang Biao ceased to be the chairman of the Nomination Committee with effect from 30 May 2024.

(V) Duty Performance of External Supervisors

In 2024, the external Supervisors of the Bank strictly performed their supervisory duties in accordance with the provisions of the Articles of Association of the Bank, gave full play to their professional advantages, from proactively performing their duties in compliance with the law, objectively and independently to providing strong support for the Board of Supervisors to successfully complete various supervisory works. Firstly, they actively attended meetings of the Board of Supervisors and meetings of the special committees, participated in the Shareholders' general meetings in accordance with the rules and regulations, attended the meetings of the Board of Directors and the subordinate committees, and conscientiously devoted themselves to the study of and decision on important matters of the Bank. Secondly, they took the lead in conducting a special research on "Five Major Financial Tasks", supervised and promoted the implementation of major national policies by the Bank, and improve the quality and level of the Bank's financial services to the real economy. Thirdly, they actively participated in the special research of subsidiaries, deepened the effectiveness of vertical management and enhanced support for subsidiaries.

VII. SENIOR MANAGEMENT

(I) Composition of Senior Management

The senior management of the Bank consists of 1 president, 2 vice presidents and 2 assistants to the president. At the senior management level, the Bank has established Assets and Liabilities Management Committee(資產負債管理委員會), Product Innovation Committee(產品創新委員會), Information Technology Management Committee(信息科技管理委員會), and Comprehensive Risk Management Execution Committee(全面風險管理執行委員會). Each committee is under operation independently according to relevant functions.

(II) Responsibilities and Duties of Senior Management

The senior management of the Bank shall be accountable to the Board of Directors and supervised by the Board of Supervisors in accordance with the Articles of Association. The senior management shall carry out operation and management in accordance with the Articles of Association and the authorization of the Board of Directors to ensure that the operation of the Bank is in line with the development strategies, risk preference and other policies of the Board of Directors.

The operation and management activities of the senior management within their terms of reference shall not be interfered. Senior management shall exercise, including but not limited to, the following functions and rights: to manage the business operation of the Bank, organize the implementation of the resolutions of the Board of Directors and report the work to the Board of Directors; to submit business plan and investment plan to the Board of Directors, and to organize the implementation upon approval by the Board of Directors; to prepare plans for the establishment of the internal management structure of the Bank; to establish the basic management system of the Bank; to formulate detailed regulations of the Bank; to determine the reward and punishment of employees of the Bank; and other functions and rights that should be exercised in accordance with laws, regulations, rules and the Articles of Association or granted by the Board of Directors.

VIII. COMPANY SECRETARIES

Mr. Ye Jianguang and Mr. Wong Wai Chiu served as the joint company secretaries of the Bank. Mr. Ye Jianguang is the primary contact person of the Bank. Each Director can discuss, consult with and acquire data from the company secretaries. Both Mr. Ye Jianguang and Mr. Wong Wai Chiu confirmed that they had received relevant professional trainings for at least 15 hours during the Reporting Period in accordance with the requirements of the Listing Rules.

IX. EMPLOYEES

The Group strictly complies with relevant laws and regulations, and strives to create a fairer employment environment and a diversified workplace atmosphere. As at the end of the Reporting Period, the Group had 7,859 employees, including 4,610 male employees and 3,249 female employees, representing a male to female ratio of approximately 1.42:1. The Bank places great emphasis on safeguarding the rights and interests of female employees. Through initiatives such as organizing activities for International Women's Day and establishing mother-and-baby care rooms, the Bank created a comfortable, equal and convenient environment for female employees and fully protected their rights and interests. The details of the employees are as follows:

(I) Employees Functional Structure

Function type	Number	Percentage (%)
Corporate banking business	1,097	14.0
Personal banking business	3,026	38.4
Treasury business	93	1.2
Finance, accounting and operation	1,497	19.0
Risk management, internal control and legal compliance	853	10.9
Information technology	384	4.9
Administrative management	627	8.0
Others	282	3.6
Total	7,859	100.0

(II) Employee Educational Background Structure

Educational background type	Number	Percentage (%)
Postgraduate and above	369	4.7
Undergraduate	6,317	80.4
Associate college	960	12.2
Technical secondary school and below	213	2.7
Total	7,859	100.0

(III) Employee Title Structure

Title category	Number	Percentage (%)
Senior title	147	1.9
Intermediate title	1,579	20.1
Assistant title	1,974	25.1
Employee level and below	4,159	52.9
Total	7,859	100.0

Note: The number of employees mentioned above refers to the number of in-service employees who have signed labor contracts with the Group, excluding non-active personnel such as retired and early retired personnel, and personnel under labor dispatch or outsourcing arrangement.

(IV) Employee Remuneration Policy

The Bank's employee remuneration policy aligns with the strategic planning and operational objectives, with the goal of improving and perfecting the incentive and restraint mechanism, preventing operational risks, and adhering to the basic principles of total quantity control, performance linkage, and risk control, so as to continuously enhance performance and remuneration management levels to serve the overall development of the Bank.

1. Remuneration management structure and decision-making procedures. According to the operation and management needs, the Bank has established the remuneration management organizational structure. The highest decision-making body is the Shareholders' general meeting of the Bank, which is responsible for the remuneration management of Directors and Supervisors. The Nomination and Remuneration Committee under the Board of Directors is responsible for reviewing the remuneration management system and policies of the Bank, making recommendations on remuneration proposals to the Board of Directors, and assessing Directors and senior management. The Human Resources Department, the Planning and Finance Department and other relevant departments are responsible for the implementation of specific remuneration management and assessment issues in accordance with the division of functions. The Bank is committed to creating an open, transparent, prudent and sound remuneration appraisal atmosphere, full exerting the leading role of remuneration appraisal in operation management and business development.
2. Total annual remuneration expense and remuneration structure and distribution. The total remuneration expense of the Group was RMB3,058 million in 2024, which consists of short-term remuneration, post-employment benefits – defined contribution plan and termination benefits. Among them, the remuneration of active employees is mainly composed of position salary, allowances and subsidies, performance salary and welfare income, etc. Position salary is determined based on the employee's position and level, while performance salary is linked to their annual results and risk compliance assessment results. The Group's audited short-term remuneration (position salary, allowances and subsidies, performance salary, employee welfare, social insurance, housing provident fund, labor union fund and employee educational fund) amounted to RMB2,634 million, the post-employment benefits – defined contribution plan (including basic pension, unemployment insurance and enterprise annuity) amounted to RMB398 million, and termination benefits amounted to RMB27 million.

3. Balance of remuneration and results, standards of risk adjustment. The Bank continued to optimize the construction of the remuneration system and performance incentive and restraint mechanism, established a risk compliance assessment indicator system and strengthened the assessment of risk compliance management. Remuneration is directly linked to the completion of the business target and the results of risk control.
4. Deferred and revoked payment and non-cash remuneration. The Bank continued to implement the Dongguan Rural Commercial Bank Deferral Payment of Performance-based Salary Management Measures and the Dongguan Rural Commercial Bank Co., Ltd. Revoked Payment of Performance Compensation Management Measures, and continued to improve the mechanism of the deferred and revoked payment of performance-based compensation. The scope of deferred payment of performance-based compensation included senior management of the Bank, employees in positions that have significant impact on risks, and other individuals who engage in credit and credit-like business, with payment deferral period of 3 years. If there were instances of legal violations, disciplinary breaches, key risks, or negligence causing losses to the Bank or abnormal risk exposure during the deferral period, responsibility will be determined according to the Bank's relevant regulations, and corresponding compensation will be revoked based on the determination results. If there was no revoked during the deferral period, the deferred compensation will be paid annually in provision ratios of 30%, 30%, and 40%. The Bank divided different provision ratios according to the positions and ranks of deferred payment subject, In particular, the deferral ratio of performance-based compensation for key senior management of the Bank is as high as 51%. In 2024, the total number of individuals to whom the Bank implemented deferral payment of performance-based compensation was 2,499, the total provision amount of deferred payment was RMB97.4866 million, and the total amount of penalties deducted was RMB1.6772 million, which was recognized and revoked in accordance with the requirements.
5. Formulation, filing of annual compensation plan and assessment on completion of economic, risk and social responsibility indicators. In 2024, the Bank established a new remuneration system aligned with strategic planning and operational management orientation, followed the remuneration payment philosophy of "post-based and performance-based remuneration payment" and enhanced the linkage between performance-based compensation and results, reflecting the value of positions and incentive orientation. The performance appraisal is primarily based on annual business objectives, covering risk management, compliance operation, operation efficiency, development transformation and social responsibility, etc. The main performance appraisal indicators shall be considered and approved by the Board of Directors and reported to the local banking regulatory authority. In addition, the Bank strengthened the assessment of risk compliance and social responsibility, etc., and achieved good results in ensuring the safety of customer funds, improving customer satisfaction, preventing cases and supporting the development of the real economy, making sure the security of the Bank's economy or reputation.

(V) Staff Training

The Bank is committed to deepening personnel reform, stimulating employees' intrinsic entrepreneurial motivation, focusing on strategic planning priorities, closely aligning with business development, and building a talent-driven organization.

Firstly, improving the level-based training system. The Bank continuously conducted leadership development and other training projects for management at all levels, strengthened leadership training for junior managers, and cultivated a management talent team that meets the needs of strategic and business development. The Bank provided precise empowerment based on business scenarios and consolidated the foundational training of line teams.

Secondly, implementing an internal knowledge sharing mechanism. The Bank explored the implementation of a mentorship-based talent cultivation approach, steadily promoted the construction of a high-quality internal trainer team and in-house curriculum system, facilitated the extraction and replication of excellent business experience, thereby accelerating the internal cultivation of talents and fostering a learning and development oriented organizational culture.

Thirdly, promoting the construction of professional capabilities for positions. The Bank empowered line training managers to enhance the competence of business teams, promoting the strengthening and optimization of employee business professionalism and specialization across various lines, including but not limited to the development of learning maps and courses for relevant positions. The Bank constructed the standardization, templating and systematization of key positions in the business line, and continuously shaped the employees in key positions to form their own development capability.

X. BRANCHES AND SUBSIDIARIES

(I) Branches and Sub-branches

As of the end of the Reporting Period, the Bank has established 39 tier-one branches and sub-branches, 207 tier-two sub-branches and 239 offices. Details of tier-one branches and sub-branches are as follows:

No.	Name of entity	Address	Telephone
1	Zhongxin sub-branch	No. 2 Hongfu East Road, Dongcheng Street, Dongguan City	0769-22866666
2	Zhongtang sub-branch	No. 101 Zhongxing Road, Zhongtang Town, Dongguan City	0769-88818522
3	Wangniudun sub-branch	Zhenzhong Road, Wangniudun Town, Dongguan City	0769-88851262
4	Daojiao sub-branch	No. 120 Zhenxing Road North, Daojiao Town, Dongguan City	0769-88833111
5	Hongmei sub-branch	No. 69 Qiaodong Road, Hongmei Town, Dongguan City	0769-88841546
6	Machong sub-branch	No. 5 Zhenxing Road, Machong Town, Dongguan City	0769-88821389
7	Wanjiang sub-branch	No. 3 Wanjiang Road North, Xincheng Community, Wanjiang District, Dongguan City	0769-22288628
8	Humen sub-branch	City Huating, No.181 Humen Avenue, Humen Town, Dongguan City	0769-85123142
9	Changan sub-branch	No. 286 Changqing South Street, Chang'an Town, Dongguan City	0769-85310223
10	Houjie sub-branch	No. 16 Kangle North Road, Houjie Town, Dongguan City	0769-85588841
11	Shatian sub-branch	Room 101, Room 104, Room 117-122, Room 124, Room 125, Room 143, Room 153, Room 154, Room 203-207, Room 210, Room 211, No. 59 Sha Tian Avenue, Shatian Town, Dongguan City	0769-88861903
12	Nancheng sub-branch	No. 44 Nancheng Road Section, Guantai Road, Dongguan City	0769-22818522

No.	Name of entity	Address	Telephone
13	Dongcheng sub-branch	No. 7 Dongcheng East Road, Dongcheng District, Dongguan City	0769-22239029
14	Liaobu sub-branch	No. 2 Jiaoyu Road, Liaobu Town, Dongguan City	0769-83329710
15	Dalingshan sub-branch	Room 101, No. 460 Dalingshan Section, Guanchang Road, Dalingshan Town, Dongguan City	0769-83351158
16	Dalang sub-branch	No. 568 Meijing Central Road, Dalang Town, Dongguan City	0769-83311102
17	Huangjiang sub-branch	No. 361 Huangjiang Avenue, Huangjiang Town, Dongguan City	0769-83365136
18	Zhangmutou sub-branch	No.111, Guanzhang West Road, Zhangmutou Town, Dongguan City	0769-87719118
19	Qingxi sub-branch	No. 2 Xiangmang Central Road, Qingxi Town, Dongguan City	0769-87730998
20	Tangxia sub-branch	No. 5 Yingbin Avenue, Tangxia Town, Dongguan City	0769-87728810
21	Fenggang sub-branch	No. 69 Yongsheng Street, Fenggang Town, Dongguan City	0769-87750947
22	Xiegang sub-branch	No. 699, Zhenxing Avenue, Xiegang Town, Dongguan City	0769-87765178
23	Changping sub-branch	No. 50, Changping Avenue, Changping Town, Dongguan City	0769-83331409
24	Qiaotou sub-branch	No. 197 Qiaoguang Avenue (Qiaotou Section), Qiaotou Town, Dongguan City	0769-83342244
25	Hengli sub-branch	No. 580 Zhongshan Road, Hengli Town, Dongguan City	0769-83373924
26	Dongkeng sub-branch	No. 74 Dongkeng Avenue, Dongkeng Town, Dongguan City	0769-83880995
27	Qishi sub-branch	No. 8 Jiangbin Road, Qishi Town, Dongguan City	0769-86665038

No.	Name of entity	Address	Telephone
28	Shipai sub-branch	No. 297 Shipai Avenue Central, Shipai Town, Dongguan City	0769-86657030
29	Chashan sub-branch	No.73, Caihong Road, Chashan Town, Dongguan City	0769-86641493
30	Shijie sub-branch	No. 4 Dongfeng South Road, Shijie Town, Dongguan City	0769-86636495
31	Gaobu sub-branch	Office Building No. 13, New Century Yilongwan III, Xiansha Village, Gaobu Town, Dongguan City	0769-88871317
32	Donglian sub-branch	Building F, No.1 International, No. 200 Hongfu Road, Nancheng Street, Dongguan City	0769-22856679
33	Shilong sub-branch	No. 8 Fangzheng Central Road, Shilong Town, Dongguan City	0769-86602831
34	Songshanhu Keji sub-branch	Building No. 20, Songkeyuan, No. 4 Libin Road, Songshan Lake Science and Technology Industrial Park, Dongguan City	0769-22891811
35	Binhai Bay New District sub-branch	Room 106, No. 1 Bay Area Avenue, Binhai Bay New District, Dongguan City	0769-88007788
36	Huizhou branch	No.8, Chenjiang Avenue, Chenjiang Street, Zhongkai High-tech Zone, Huizhou City	0752-3223850
37	Qingxin sub-branch	1/F, Block C, Kaixuancheng, No. 38 Jianshe Road South, Taihe Town, Qingxin District, Qingyuan City	0763-5206869
38	Nansha branch in Guangdong Pilot Free Trade Zone	Rooms 311, 312, 313, and 314, podium building, Block 17, Zhonghui Bilong Bay, No. 3 Wangjiang 2nd Street, Nansha District, Guangzhou City	020-39391183
39	Hengqin branch in Guangdong Pilot Free Trade Zone	Room 3103, Block 2, No. 88 Gangao Avenue, Hengqin New District, Zhuhai City	0756-2992623

Note: The list contains the tier-one branches and sub-branches only and subsidiaries are not included °

(II) Major Subsidiaries

As of the end of the Reporting Period, the Bank's major subsidiaries include Zhanjiang RCB, Guangdong Chaoyang RCB, Yunfu Xinxing Dongying County Bank and Hezhou Babu Dongying County Bank, with a total of 37 tier-one branches and sub-branches, 66 tier-two sub-branches and 66 offices. Details of tier-one branches and sub-branches of the Bank's major subsidiaries are as follows:

No.	Subsidiary	Name of entity	Address	Telephone
1	Zhanjiang Rural Commercial Bank	Potou sub-branch	No. 7 Beishan Road, Potou District, Zhanjiang	0759-3956727
2	Zhanjiang Rural Commercial Bank	Mazhang sub-branch	No. 14 Mazhi Road, Mazhang Town, Mazhang District, Zhanjiang	0759-3300448
3	Zhanjiang Rural Commercial Bank	Donghai sub-branch	West of Zhanlin Road, Dongshan Town, Donghai Island, Zhanjiang	0759-2961872
4	Zhanjiang Rural Commercial Bank	Xiashan sub-branch	Office No. A-7, Ground Floor, Xingfa Garden Commercial and Residential Building, No. 70 Haibin Avenue South, Development Zone, Zhanjiang	0759-2122381
5	Zhanjiang Rural Commercial Bank	Chikan sub-branch	1-8/F, No. 19, Haibin Sixth Road, Chikan District, Zhanjiang	0759-3202776
6	Zhanjiang Rural Commercial Bank	Economic and Technological Development Zone sub-branch	No. 119 Haibin Avenue Central, Zhanjiang	0759-2326990
7	Guangdong Chaoyang Rural Commercial Bank	Chengqu sub-branch	No. 38 (Ground Floor) Huancheng Road, West Wenguang Street, Chaoyang District, Shantou	0754-83820377
8	Guangdong Chaoyang Rural Commercial Bank	Wenguang sub-branch	Block E (1-3/F), Fudongzhuang, Shuimen Road, Wenguang Street, Chaoyang District, Shantou	0754-83845382
9	Guangdong Chaoyang Rural Commercial Bank	Chengdong sub-branch	No. 132 (1st and 2nd Floors) Zhongshan Middle Road, Wenguang Street, Chaoyang District, Shantou	0754-83816105
10	Guangdong Chaoyang Rural Commercial Bank	Jinpu sub-branch	Beside Jinmei Avenue, Sanbao Neighborhood Committee, Jinpu Street, Chaoyang District, Shantou	0754-86645440

No.	Subsidiary	Name of entity	Address	Telephone
11	Guangdong Chaoyang Rural Commercial Bank	Heping sub-branch	No. 305 Laohehui Road, Zhongzhai Neighborhood Committee, Heping Town, Chaoyang District, Shantou	0754-82251265
12	Guangdong Chaoyang Rural Commercial Bank	Runze sub-branch	Shops 01-05, 1st and 2nd Floors, Block 1, Runze Mountain Villa, Chengbei 1st Road, Wenguang Street, Chaoyang District, Shantou	0754-86561317
13	Guangdong Chaoyang Rural Commercial Bank	Miancheng sub-branch	Taoyuan Intersection, Chaohai Road, Chaoyang District, Shantou	0754-83835884
14	Guangdong Chaoyang Rural Commercial Bank	Pingbei sub-branch	Shop No. 98, Pingbei Market, Mianbei Street, Chaoyang District, Shantou	0754-88719271
15	Guangdong Chaoyang Rural Commercial Bank	Haimen sub-branch	No. 8-12, Building 1, Haian Garden, Haimen Town, Chaoyang District, Shantou	0754-86631170
16	Guangdong Chaoyang Rural Commercial Bank	Guiyu sub-branch	No. 118 Huamei Road section, Guojing Road, Guiyu Town, Chaoyang District, Shantou	0754-84448174
17	Guangdong Chaoyang Rural Commercial Bank	Tongyu sub-branch	No. 11 Xinxing Road, Tongboyu Village, Tongyu Town, Chaoyang District, Shantou	0754-87595696
18	Guangdong Chaoyang Rural Commercial Bank	Gurao sub-branch	No. 84 Lifeng Road, Shangbao Neighborhood Committee, Gurao Town, Chaoyang District, Shantou	0754-87610385
19	Guangdong Chaoyang Rural Commercial Bank	Jinyu sub-branch	Yupu Yuhua West Road, Jinzao Town, Chaoyang District, Shantou	0754-83391401
20	Guangdong Chaoyang Rural Commercial Bank	Xilu sub-branch	No. 2 Xinxing Road, Xiyi Neighborhood Committee, Xilu Town, Chaoyang District, Shantou	0754-83311907
21	Guangdong Chaoyang Rural Commercial Bank	Hexi sub-branch	Xitian Village Road, Xitian Village, Hexi Town, Chaoyang District, Shantou	0754-83422827
22	Guangdong Chaoyang Rural Commercial Bank	Guanbu sub-branch	Beside Guanjin Road, Guanbu Town, Chaoyang District, Shantou	0754-83361382

No.	Subsidiary	Name of entity	Address	Telephone
23	Guangdong Chaoyang Rural Commercial Bank	Xiashan sub-branch	Shops No. 42 to 48, 1st and 2nd Floors of Shop No. 50, and 2nd Floor of Shop No. 51 (Room 202, Building 13), Dijingyuan, Xiashan Road, Xiashan Street, Chaonan District, Shantou	0754-87761955
24	Guangdong Chaoyang Rural Commercial Bank	Simapu sub-branch	East Market, Simapu Town, Chaonan District, Shantou	0754-87732754
25	Guangdong Chaoyang Rural Commercial Bank	Lugang sub-branch	No. 228 Xihe Road, Lugang Town, Chaonan District, Shantou	0754-82281361
26	Guangdong Chaoyang Rural Commercial Bank	Shalong sub-branch	No. 12 Haoxi Road section, Shalong, Hehui Road, Chaonan District, Shantou	0754-82224606
27	Guangdong Chaoyang Rural Commercial Bank	Chengtian sub-branch	No. 89 Shencheng Road, Chengtian Town, Chaonan District, Shantou	0754-82231331
28	Guangdong Chaoyang Rural Commercial Bank	Jingdu sub-branch	Shenshan Neighborhood Committee, Jingdu Town, Chaonan District, Shantou	0754-86691239
29	Guangdong Chaoyang Rural Commercial Bank	Tianxin sub-branch	No. 69 (next to the Post and Telecommunications Bureau) Tianzhong Road, Tianxin Tian'er Village, Chaonan District, Shantou	0754-83511532
30	Guangdong Chaoyang Rural Commercial Bank	Liangying sub-branch	1-3/F of Shops 07 to 11, 2-3/F of Shops 05 to 06, A1 Block, Shengyue Haoting, No. 001 Dongying Road, Guxiyang, Chenku Neighborhood Committee, Liangying Town, Chaonan District, Shantou	0754-85571824
31	Guangdong Chaoyang Rural Commercial Bank	Chendian sub-branch	No. 30, Bei Si Street, Kewei Guanghe, Chendian Town, Chaonan District, Shantou	0754-84485394
32	Guangdong Chaoyang Rural Commercial Bank	Xiancheng sub-branch	No. 418 Chenxian Highway, Xiancheng Town, Chaonan District, Shantou	0754-84421743

No.	Subsidiary	Name of entity	Address	Telephone
33	Guangdong Chaoyang Rural Commercial Bank	Hongchang sub-branch	Left side of the Hongchang Town Government, Chaonan District, Shantou	0754-83752146
34	Guangdong Chaoyang Rural Commercial Bank	Leiling sub-branch	Chuandi, Leiling Town, Chaonan District, Shantou	0754-85521026
35	Yunfu Xinxing Dongying County Bank	Chengnan sub-branch	No. 6 Xinglong Road, Xincheng Town, Xinxing County	0766-2989811
36	Hezhou Babu Dongying County Bank	Xindu sub-branch	Xiangyun Road, Xindu Town, Babu District, Hezhou	0774-5081889
37	Hezhou Babu Dongying County Bank	Pinggui sub-branch	No. 15 Pinggui Avenue, Pinggui District, Hezhou	0774-8833001

For details about the major subsidiaries, please refer to the Note 20 “Subsidiaries” to the consolidated financial statements in the “Financial Report” chapter in this Report.

XI. RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to the Guidelines for Comprehensive Risk Management of Financial Institutions in the Banking Industry (《銀行業金融機構全面風險管理指引》) issued by the CBIRC, the Bank continuously identifies and assesses the credit risk, liquidity risk, market risk, operational risk, compliance risk, legal risk, money laundering risk, information technology risk, reputational risk, strategic risk, country risk and other main risks which the Bank and its subsidiaries expose to, and prudently analyzes critical issues exposed to and formulates corresponding management measures, and report regularly to senior management and Board of Directors. Upon review by the Board of Directors, the established comprehensive risk management system of the Bank is sufficient and effective, and no significant risks requiring special attention have occurred; as well as the comprehensive risk management system built by subsidiaries with the Bank's assistance is also effective and complies with their respective own positioning.

In accordance with the Guidelines for Internal Control of Commercial Banks (《商業銀行內部控制指引》) and relevant regulations and under the guidance of the Board of Directors and the Audit Committee of the Board of Directors, the Bank organized and carried out the internal control evaluation in 2024. Upon review by the Board of Directors, the internal control system established by the Bank was sound and effective, and was capable of effectively identifying and controlling various risks, and no major deficiency in internal control were found during the Reporting Period.

Since the comprehensive risk management and internal control system is to manage rather than to eliminate the risk of failure to achieve business objectives, the Board of Directors can only make reasonable rather than absolute assurance that there would be no material misstatement or loss.

For details of the Bank's risk management and internal control, please refer to the "Risk Management" section in the "Management Discussion and Analysis" chapter of this Report.

XII. INSIDE INFORMATION MANAGEMENT

The Bank attached great importance to the inside information management, strictly followed the regulatory requirements, strengthened the management of inside information, and timely standardized disclosed of relevant information. In addition, the Bank revised and improved the Administrative Measures for the Information Disclosure of Dongguan Rural Commercial Bank Co., Ltd. to further clarify the scope of inside information, confidentiality measures, approval process, release form, division of responsibilities and duties, accountability and evaluation, and strengthen the management of inside information and insiders, striving to ensure the truthfulness, accuracy, timeliness, completeness and fairness of information disclosure, and protect the legitimate interests of the shareholders. During the Reporting Period, there was no leakage of inside information of the Bank.

XIII. MANAGEMENT OF CONSOLIDATED ENTITIES

(I) Organizational Structure of Management of Consolidated Entities

The organizational structure of management of consolidated entities of the Bank consists of the Board of Directors, the Board of Supervisors, senior management and relevant functional departments. The Board of Directors formulates the management policies of consolidated entities and includes the groupwide management into development strategies. The Board of Supervisors continuously supervise the operation of the management mechanism of consolidated entities of the Group. The senior management of the Bank is responsible for promoting the implementation of management policies of consolidated financial statements, urging functional departments to continuously improve different lines of management of consolidated entities, and regularly report the management of consolidated entities to the Board of Directors.

As of the end of the Reporting Period, consolidated entities of the Bank included Zhanjiang RCB, Guangdong Chaoyang RCB, Yunfu Xinxing Dongying County Bank, and Hezhou Babu Dongying County Bank. In 2024, the Bank merged by absorbing of Huizhou Zhongkai Dongying County Bank and Dongguan Dalang Dongying County Bank. Huizhou Zhongkai Dongying County Bank and Dongguan Dalang Dongying County Bank were approved for dissolution on 14 September 2024, and the debts and liabilities were inherited by the Bank.

(II) Main Measures for Management of Consolidated Entities

Firstly, the system for management of consolidated entities. During the Reporting Period, the Bank formulated or revised the Administrative Measures for Management of Consolidated Entities of Dongguan Rural Commercial Bank Co., Ltd., Administrative Measures for External Investment Institutions of Dongguan Rural Commercial Bank Co., Ltd., Administrative Measures of Evaluation of Subsidiaries of Dongguan Rural Commercial Bank Co., Ltd., Administrative Measures of Business Co-ordination of Subsidiaries of Dongguan Rural Commercial Bank Co., Ltd., Implementation Rules for Regular Reporting of Subsidiaries of Dongguan Rural Commercial Bank Co., Ltd. and other systems, thereby improving the system for management of consolidated entities.

Secondly, management of consolidated financial statements of the Group. In accordance with relevant requirements of the accounting standards, the Bank consolidated and offset the accounting entities through the financial ledger system and manual accounts to ensure the accuracy of the consolidation of the Group's financial (accounting) statements.

Thirdly, consolidated management capital of the Group. The Bank has formulated the capital planning of the Group, actively carried out capital replenishment, and disclosed the Group's consolidated capital adequacy ratio as required. During the Reporting Period, the capital of consolidated financial statements of the Group was adequate, and complied with regulatory requirements.

Fourthly, internal transaction management. During the Reporting Period, the internal transactions between the Bank and its subsidiaries and the internal transactions between its subsidiaries were free from improper transfer of interests, infringement of the interests of shareholders or consumption interests of customers, and there was no major internal transactions.

Fifthly, risk management of the Group. During the Reporting Period, the Bank promoted the comprehensive risk management mechanism, improved the Group's risk management policies, strengthened risk control work, carried out on-site business inspection and off-site monitoring of subsidiaries, and gained an in-depth understanding of the subsidiaries' operations management and risk control from multiple lines and perspectives, effectively promoting the healthy development of subsidiaries' business and the standardization of internal management. The Bank strengthened the guidance on the system development of subsidiaries and organized each subsidiary to carry out comprehensive evaluation of the institutional management system, so as to further enhance the consistency of institutional management system construction within the Group.

XIV. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, there were no amendments to the Articles of Association.

XV. AUDITORS AND THEIR COMPENSATION

Our international auditor for the year 2021, PricewaterhouseCoopers, retired at the conclusion of 2021 annual general meeting of the Bank held on 23 May 2022 and did not stand for re-election. As considered and approved at the 2021 annual general meeting, the Bank appointed KPMG and reappointed Pan-China Certified Public Accountants LLP as the international and domestic auditors of the Bank for the year 2022, respectively. Both accounting firms were also reappointed at the 2022 and 2023 annual general meetings as the international and domestic auditors of the Bank for the years 2023 and 2024, respectively, with their terms until the conclusion of the 2024 annual general meeting.

The 2024 annual financial statements prepared by the Bank in accordance with the International Accounting Standards have been audited by KPMG who issued standard unqualified audited report; and the 2024 annual financial statements prepared by the Bank in accordance with the Chinese Accounting Standards have been audited by Pan-China Certified Public Accountants LLP who issued standard unqualified audited report.

An analysis of the remuneration paid/payable to the external auditors by the Bank, in respect of audit services and other services for the year ended 31 December 2024 is set out below:

(Unit: RMB)

Service	KPMG	Pan-China Certified Public Accountants LLP
Audit services	3,773,962	2,262,075
Non-audit services	394,991	420,028
Total	4,168,953	2,682,283

During the Reporting Period, the 2024 interim financial report and 2024 annual financial report of the Group prepared in accordance with the International Financial Reporting Standards Accounting Standards were reviewed and audited by KPMG respectively, and the total audit fee was RMB3.77 million. The 2024 annual financial report of the Group prepared in accordance with the PRC Accounting Standards for Business Enterprises was audited by Pan-China Certified Public Accountants LLP, and the total audit fee was RMB2.26 million. Other audit services included auditing of financial reports of our subsidiaries.

During the Reporting Period, KPMG and its group member provided the Group with non-audit services such as consultation on tax at the fee of RMB0.39 million. The fees for non-audit services provided by Pan-China Certified Public Accountants LLP to the Group totaled RMB0.42 million, of which mainly relates to bond issuance. KPMG and Pan-China Certified Public Accountants LLP confirmed that such non-audit services would not impair their audit independence.

XVI. CORPORATE CULTURE

The Bank has established a comprehensive core value system, clearly defining the mission, vision, values, and business philosophy as part of the corporate culture spirit genealogy, ensuring alignment of corporate culture with the Bank's strategic development goals and business development model. The Bank, with happiness and openness as its core, builds and promotes a striving culture of dedication and contribution, a compliance culture of prudence and robustness, and a home culture of warmth and harmony, creating a corporate atmosphere of equality, mutual trust, mutual assistance, mutual love, and common progress, fully stimulating the intrinsic motivation of employees to achieve the shared vision of the enterprise and its employees.

XVII. WHISTLEBLOWING AND ANTI-CORRUPTION

The Bank established a supervision and whistleblowing mechanism to provide smooth reporting channels. Employees have the right to report violations of laws and disciplines in a timely manner according to regulations, and can report the problems through various channels such as the disciplinary committee visit day, letter, e-mail, complaint hotline, etc.

The Bank strengthened financial anti-corruption efforts and strictly implemented discipline accountability. The Bank has formulated the management measures for employees' violations, and those who violate the requirements of integrity will be held accountable. Those who violate the criminal law shall be transferred to the judicial authority for handling according to law.

The Bank promoted the construction of a clean financial culture and created a clean and positive working atmosphere. The Bank has strengthened the construction of a clean financial culture, conducted the first lesson on integrity for new employees and held integrity talks with newly appointed cadres to reinforce warning education, as well as provided training on the Party constitution, Party regulations, and Party discipline for Party members and cadres, thereby fortifying the ideological defense line against corruption and degeneration among employees.

XVIII. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting period, the Bank adopted and complied with the code provisions set out in Part 2 of the Corporate Governance Code, except for the following:

Code provision B.2.2 stipulates that every director (including the director with a designated term of office) should be subject to retirement by rotation at least once every three years. Reference is made to the announcement of the Bank dated 4 November 2022, the three-year term of the fourth session of the Board of Directors and Board of Supervisors of the Bank had already expired. The terms of office of the fourth session of the Board of Directors and the Board of Supervisors (except those who resign or are removed during the period) had been accordingly extended in accordance with the Articles of Association of the Bank in order to support the related re-election work, and the terms of office of their special committees have also been correspondingly extended. The Bank completed the re-election at the 2023 annual general meeting held on 30 May 2024, and therefore, by the end of the Reporting Period, the Bank has complied with Code Provision B.2.2 of Part II of the Corporate Governance Code.

Chapter VIII

Report of the Board of Directors



The Board of Directors hereby presents the report of the Board of Directors and the audited financial report of the Group for the year ended 31 December 2024.

I. BUSINESS REVIEW

(I) Principal Activities

Licensed item: banking business. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments. For specific operation items, approval documents or licenses of relevant departments shall prevail.)

(II) Business Review

The Board of Directors has reviewed the business and operation of the Bank during the Reporting Period pursuant to the requirements of Schedule 5 to the Hong Kong Companies Ordinance. Please refer to the “Management Discussion and Analysis” chapter in this Report for the discussion and analysis of financial performance, major risks and uncertainty factors and future development plans during the Reporting Period; please refer to “Environmental, Social and Governance” and “Corporate Governance Report” chapters in this Report for the environmental policies and performance as well as the relationship with staff, customers, suppliers and other stakeholders; and please refer to the “Other Matters” chapter in this Report for significant events during and after the Reporting Period.

During the Reporting Period, the Bank conducted operation in compliance with laws with its decision-making procedures in line with laws, regulations and the Articles of Association.

II. PROFITS AND DIVIDENDS

The Group’s operation results during the Reporting Period and financial condition as of the end of the Reporting Period are set out in the “Financial Report” chapter in this Report.

(I) 2024 Profit Distribution Plan

The Bank proposed to (i) provide 10% or RMB443 million of the audited net profit of the Bank for the year of 2024 as statutory surplus reserve, (ii) provide 10% or RMB443 million of the net profit as general reserve to satisfy the requirements that the balance of general reserve shall not less than 1.5% of risk assets, and (iii) based on total share capital, cash dividends of RMB0.25 per share (tax inclusive). Remaining undistributed profit will be carried forward to next year. The implementation of the above profit distribution plan is subject to consideration and approval at the 2024 annual general meeting.

The final dividend, if approved by the Shareholders at the 2024 annual general meeting, is expected to be paid on or before 30 June 2025 and are denominated in Renminbi and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. The dividend to be paid to H Shareholders in Hong Kong dollars will be converted at the average middle rate of Renminbi against Hong Kong dollars quoted by PBoC on the date of approval of such dividend at the 2024 annual general meeting and the four preceding business days.

Further details in relation to the distribution of the final dividend and the relevant closure of register of members arrangement will be announced in the circular of 2024 annual general meeting of the Bank.

(II) Profit Distribution in the Past Three Years

Item	2024 ⁽¹⁾	2023	2022
Bonus shares for every share held (shares)	—	—	—
Shares issued on capitalization of surplus reserve for every share held (shares)	—	—	—
Distribution amount per share (tax inclusive, RMB)	0.25	0.265	0.29
Cash dividend (tax inclusive, in millions of RMB)	1,722	1,825	1,998
Percentage of cash dividend to net profit attributable to the Parent Company (%)	37.24	35.37	33.68

Note:

(1) The profit distribution plan for 2024 is subject to consideration and approval at the 2024 annual general meeting.

No shareholder has waived or agreed to waive any dividend under any arrangement.

(III) Profit Distribution Policy and Implementation Thereof

The profit distribution of the Bank attaches great importance to the reasonable investment returns to investors, maintains the continuity and stability of the profit distribution policy, and takes into account the overall interests of all shareholders and the sustainable development of the Bank. After the Bank has made allocations to the reserve fund and the general reserve, the remaining profits after tax may be distributed to shareholders in proportion to their shareholdings in accordance with the distribution plan approved at the general meeting.

The Bank's dividend distribution complies with the provisions of the Articles of Association and the requirements of the resolutions of the general meeting. The dividend distribution standards and proportion are clear, and the decision-making procedures and mechanisms are complete. The independent non-executive directors shall express their opinions. Minority shareholders can fully express their opinions and demands, and their legitimate rights and interests are fully protected.

(IV) Taxation and Tax Relief

1. Domestic Shareholders

In accordance with the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China and the Individual Income Tax Law of the People's Republic of China and its implementation rules, for individual Domestic Shareholders, the Bank will withhold and pay the individual income tax at the rate of 20% according to the national tax law, while for corporate Domestic Shareholders, the Bank will not withhold enterprise income tax and such corporate Domestic Shareholders should fulfill its own taxation reporting and payment obligation in accordance with the requirements of the national tax law.

2. H Shareholders

Corporate H Shareholders

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementation rules and the relevant regulations, the Bank has the obligation to withhold and pay enterprise income tax at a tax rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the H Share register in the distribution of final dividend for 2024. Any H Shares registered in the name of non-individual Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organisations and groups, will be treated as Shares held by non-resident enterprise Shareholders, and the dividends to be received will be subject to withholding of enterprise income tax. Upon receipt of the dividends, a non-resident enterprise Shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties/arrangements in person or through a proxy or a withholding agent by providing evidence in support of its status as a beneficial owner that complies with the requirement of the relevant tax treaties/arrangements. Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties/arrangements will be refunded.

Individual H Shareholders

According to the Individual Income Tax Law of the People's Republic of China and its implementation rules, the Notice on Issues Relating to Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (SAT Announcement [2019] No. 35) (《非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告2019年第35號)) (the "Tax Convention Announcement"), the Bank has responsibility to withhold and pay individual income tax on behalf of H Shareholders who is an individual in the distribution of final dividend for 2024. However, Individual H Shareholders are entitled to the relevant favourable tax treatments pursuant to the provisions of the tax treaties between the countries (regions) in which they are domiciled and the PRC or the tax arrangements between the PRC and Hong Kong or Macau. Therefore, the Bank will withhold and pay individual income tax on behalf of the Individual H Shareholders in accordance with the following arrangements:

- for individual H Shareholders receiving dividends who are Hong Kong or Macau residents or citizens from countries (regions) that have entered into tax treaty with the PRC with a tax rate of 10%, the Bank will withhold and pay individual income tax at the rate of 10% in the distribution of final dividend;

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

III. ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

Further announcement will be made by the Bank on the details of the 2024 annual general meeting and closure of register of members of the Bank.

IV. SHARES ISSUED

As of the end of the Reporting Period, the Bank issued 6,888,545,510 Shares. Among which, 5,740,454,510 shares are Domestic Shares and 1,148,091,000 shares are H Shares.

V. ISSUANCE, PURCHASE, SALE OR REDEMPTION OF BONDS

During the Reporting Period, as approved by the Affirmative Decision of Administration License of the People's Bank of China on Granting (Yin Xu Zhun Yu Jue Zi [2024] No. 52), the Bank issued bonds in the national inter-bank bond market, namely the first tranche of financial bonds of Dongguan Rural Commercial Bank Co., Ltd. for 2024 of RMB3 billion, and the first tranche of small and micro-enterprise loan specialized financial bonds of Dongguan Rural Commercial Bank Co., Ltd. for 2024 of RMB2 billion respectively, all with a term of three years and fixed coupon rates of 2.25% and 2.16% respectively.

During the Reporting Period, two tranches of bonds of the Bank matured, namely the first tranche of small and micro-enterprise loan specialized financial bonds of Dongguan Rural Commercial Bank Co., Ltd. for 2021 of RMB2 billion, and the second tranche of small and micro-enterprise loan specialized financial bonds of Dongguan Rural Commercial Bank Co., Ltd. for 2021 of RMB1 billion, with maturity dates of 1 March 2024 and 29 March 2024 respectively. The coupon rates were 3.58% and 3.52% respectively.

Save as disclosed above, the Bank or its subsidiaries did not purchase, sell or redeem any bonds issued by the Bank or its subsidiaries during the Reporting Period.

VI. SUMMARY OF FINANCIAL INFORMATION

A summary of the Group's operating results, assets and liabilities for the last five years as of the end of the Reporting Period is set out in the "Accounting Data and Financial Indicators Highlights" chapter in this Report.

VII. DISTRIBUTABLE RESERVES

Details of the Group's distributable reserves during the Reporting Period are set out in the "Consolidated Statement of Changes in Equity" in the "Financial Report" chapter in this Report.

VIII. DONATIONS

Charity and other donations made by the Bank during the Reporting Period totaled approximately RMB4.595 million.

IX. PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the Reporting Period are set out in note 22 "Property and equipment" to the Consolidated Financial Statements in the "Financial Report" chapter of this Report.

X. RETIREMENT BENEFITS

Details of retirement benefits provided to employees by the Group are set out in note 33(a) “Employee benefits payable” to the Consolidated Financial Statements in the “Financial Report” chapter of this Report. As of 31 December 2024, there was no forfeited contributions under the Group’s retirement benefit scheme may be used to deduct the contributions due in future years.

XI. MAJOR CUSTOMERS

As of the end of the Reporting Period, the balance of loans to any single borrower granted by the Bank did not exceed 10% of the net capital of the Bank.

XII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For details of Directors, Supervisors and senior management of the Bank during the Reporting Period, including the list of the Directors and changes thereof, interests of Directors and Supervisors in the transaction, arrangements or contracts, contractual interests and service contracts of Directors and Supervisors, please refer to the “Directors, Supervisors and Senior Management” section in the “Corporate Governance Report” chapter in this Report.

XIII. MANAGEMENT CONTRACTS

During the Reporting Period, there was no management and administrative contract in respect of all or most of activities of the Bank being entered into by or existed in the Bank.

XIV. PERMITTED INDEMNITY PROVISION

During the Reporting Period, the Bank has maintained appropriate liability insurance for Directors, Supervisors and senior management of the Bank in respect of legal litigation initiated against them arising from conduction of business activities of the Bank.

XV. EQUITY LINKED AGREEMENT

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

XVI. ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, none of the Bank or any of its subsidiaries was a party to any arrangements to enable the Directors and Supervisors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

XVII. CORPORATE GOVERNANCE

Please refer to the “Corporate Governance Report” chapter of this Report for details.

XVIII. RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with “related parties” as defined under the International Accounting Standards. A summary of the related party transactions entered into by the Group during the Reporting Period is contained in note 42 “Related party transactions” to the Consolidated Financial Statements under the “Financial Report” section of this Report.

(I) Related party transactions within the regulatory scope

As of the end of the Reporting Period, the Bank’s largest single related party credit balance was RMB0.995 billion, accounting for 1.56% of the Bank’s net capital; the aggregate credit balance granted to the largest single related corporate or unincorporated organization by the Bank was RMB3.113 billion, accounting for 4.89% of the Bank’s net capital; the credit balance granted to all related parties by the Bank was RMB11.567 billion, accounting for 18.17% of the Bank’s net capital. During the Reporting Period, the Bank’s related party transactions were conducted based on the fair and equitable business principles and on terms no more favorable than those of similar customers. The indicators of all related party transactions were in compliance with regulatory provisions, there are no overdue repayments or adverse records in credit-related party transactions, and the risks were controllable, safeguarding the interests of all shareholders.

(II) Connected transactions under the Listing Rules

1. Acquisition of the made-to-order Data Center and Research and Development Center

On 6 December 2019, the Bank entered into the property made-to-order agreement (“Made-to-order Agreement”) with Guangdong Hongyuan Group Industry Development Co., Ltd. (廣東宏遠集團產業發展有限公司) (“Hongyuan Industry”), to acquire the first floor to sixteenth floor of R&D Building No. 3 (第3號研發樓) in Hongyuan International Artificial Intelligence (AI) Industry Center Phase 1 (宏遠國際人工智能(AI)產業中心一期) located on the south side of Kechuang Road, Nancheng District, Dongguan City (東莞市南城街道科創路南側), which was constructed according to the made-to-order requirements of the Bank, at the consideration of approximately RMB478.8 million.

During the Reporting Period, Hongyuan Industry was indirectly owned as to 50% by Guangdong Hongyuan Group Co., Ltd.* (廣東宏遠集團有限公司), which in turn is served as a director by Mr. Chan Ho Fung (陳浩峰) (proposed director of the Bank), and is owned as to 77% in aggregate by Mr. Chan Ho Fung's father, Mr. Chen Haitao (陳海濤) and Mr. Chen Haitao's (陳海濤) two brothers. Accordingly, Hongyuan Industry is a connected person of the Bank, and the entering into of the Made-to-order Agreement and the transactions contemplated thereunder have constituted connected transactions of the Bank pursuant to Chapter 14A of the Listing Rules. For details, please refer to the Global Offering Prospectus of the Bank dated 16 September 2021.

The Board of Directors (including independent non-executive Directors) is of the opinion that (i) the transaction under the Made-to-order Agreement is in the ordinary and usual course of business of our Bank and in the interests of our Bank and our Shareholders as a whole; and (ii) the terms of the Made-to-order Agreement are on normal commercial terms and are fair and reasonable.

2. Other connected transactions

Pursuant to Chapter 14A of the Listing Rules, transactions between the Bank and connected person (as defined in the Listing Rules) will constitute connected transactions of the Bank. However, such connected transactions are exempt from all requirements of reporting, annual review, announcement and independent Shareholders' approval. Except for the above disclosure, the Bank has reviewed all connected transactions during the Reporting Period and confirmed that the connected transactions of the Bank were all conducted in the ordinary and usual course of the Bank's business under normal commercial terms, and in compliance with the full exemptions of Chapter 14A of the Listing Rules.

Chapter 14A of the Listing Rules defines connected person differently from IAS 24 Related Party Disclosures and the IASB. The certain related party transactions set out in note 42 to the consolidated financial statements in the "Financial Report" chapter in this Report constitute connected transactions or continuing connected transactions under the Listing Rules, but none of which constitute discloseable connected transaction under Chapter 14A of the Listing Rules.

(III) Transactional Balance with Related Individuals and Risk Exposure

During the Reporting Period, the Bank conducted related party transaction management in accordance with the Administrative Measures for the Related Party Transactions of Banks and Insurance Institutions (《銀行保險機構關聯交易管理辦法》). As of 31 December 2024, the credit balance of related party transactions occurred between the Bank and related individuals were RMB212.6711 million, and the risk exposure was RMB212.6711 million. The related party transaction scale has been controlled at a reasonable level.

XIX. MISAPPROPRIATION OF FUNDS BY RELATED PARTIES

During the Reporting Period, neither the major Shareholders of the Bank nor their related parties had used any funds of the Bank under illegal occupation, nor had any of them misappropriate any fund of the Bank through any unfair related party transactions.

XX. CONSUMER RIGHT PROTECTION

The Bank always puts the people first, and stands firmly on the position of the people, deeply grasp the aspirations of the people, striving to realize, safeguard and develop the fundamental interests of the great majority of the people, the Bank continuously improved its organizational structure and institutional mechanisms, continued to strengthen the control of the whole process of consumer protection, promote the Group to form a full-scene, full-chain, and long-term control mechanism throughout, and establish a “big consumer rights protection” working pattern of all-employees, full-service and whole-process, so as to protect the people’s livelihood wholeheartedly.

(I) Consumer Rights Protection in 2024

1. *Sincerity for the people, leading the top-level design*

The Bank is committed to deepening its service concept and leading the top-level design and strategic planning of its consumer protection work with sincerity. Firstly, the Bank has strengthened its foundation and put in place a standardized system. The Bank has focused on optimizing and improving a set of sub-systems for the management of consumer protection to drive the orderly implementation of the mechanism, which are consistent with and complementary to the consumer protection programmatic documents and the consumer protection-related systems embedded in business management, laying a solid foundation for the orderly and efficient operation of the consumer protection work of the Bank. Secondly, the Bank has carefully planned and organized activities with special characteristics. In order to deepen the exemplary, professional and innovative performance of senior executives in consumer protection, the Bank launched the “Year of Senior Management Performance in Consumer Protection” activity, which enhanced the senior management’s attention to and understanding of the consumer protection work, strengthened the overall effectiveness of the consumer protection team in performing its duties, injecting a new impetus into the consumer protection work. Thirdly, the Bank took the initiative to perform its duties and put regular meetings in place. The Bank convenes regular meetings to deliberate on work proposals in key areas such as consumer protection policy, system improvement, review mechanism, supervision and inspection, complaint handling, traceability and financial education, etc., to convey the latest trend of the work of consumer protection in a timely manner, promote the exchange of work experience and jointly discuss and resolve problems to ensure that the work of consumer protection continues to be carried out effectively and efficiently.

2. *The Bank carefully observed public sentiment to enhance management efficiency*

The Bank is committed to meticulously understanding consumer needs and enhancing service quality and efficiency through optimizing management mechanisms. Firstly, the Bank deepened reforms to comprehensively enhance efficiency. The Bank adheres to the concept of overall optimization and provides support and guidance to the grassroots staff through simplifying the process, optimizing the mechanism, realizing a balance between burden reduction and empowerment, and promoting the extension and deepening of resources, services and management to the grassroots, thereby effectively enhanced grassroots service efficiency. Secondly, the Bank optimized the assessment to implement rewards and penalties effectively. The Bank focused on the key, difficult and obstructive points in the field of consumer protection. The assessment indicators are shifting from “comprehensive coverage” to “focused emphasis”, the assessment targets are becoming more specific from “department coverage” to “institutions + responsible persons”, and the assessment method is transitioning from primarily a “point addition and subtraction system” to emphasizing “percentage rate method” quantification, so as to promote the implementation of consumer protection work in detail and in practice at multiple levels and lines of management. Thirdly, the Bank strengthened coordination to ensure the unity of the Group. The Bank continuously promoted the formation of a close and efficient coordination mechanism within the Group by deepening the connotation of material guidance, optimizing capability empowerment strategies and strengthening supervision and inspection efforts to ensure the effective implementation of all regulatory requirements and measures for consumer protection.

3. *The Bank diligently ensured stability and enhanced professional performance*

The Bank is committed to meticulously building a professional service system to ensure that each employee is able to provide consumers with reassuring and reliable financial services with outstanding professional capabilities. Firstly, the Bank established a lecture theatre for executives, where leaders took the lead in learning. Focusing on the key points of consumer protection work, the Bank actively promoted the “Executive Lecture on Consumer Protection” activities led by the president or vice president in charge of consumer protection work at each level of the headquarters and branches, which effectively enhanced the consumer protection awareness of cadres and staff. Secondly, the Bank conducted the expert academy for in-depth specialized research and learning. Focusing on the key points of consumer protection work, the Bank invited senior experts to lead 152 consumer protection officers and complaint officers from various departments of the Bank and subsidiaries, to discuss consumer protection laws and regulations, analyse typical cases of personal information protection, carry out practical operations of consumer protection review, and complaint handling and scenario simulation exercises. Thirdly, the Bank conducted the fingertip classroom, which integrated and learned through case studies. Focusing on hot topics in the consumer field, the Group prepared and released representative, typical, and timely case courses. These courses are available on the “Cloud-based Learning” app and the WeCom under the Consumer Protection Fingertip Classroom. A total of 13 courses have been released to all employees, with 61,700 times of learning. Fourthly, the Bank conducted the practical training sessions and competitive learning practices. Focusing on the basic work of consumer protection, the Bank held four internal competitions, such as the “Consumer Protection Knowledge Competition”, “Consumer Protection Risk-Related Case Study Original Competition”, “Consumer Protection Micro-Class Video Competition” and “Outstanding Consumer Complaint Handling Case Selection”, with a total of 527 participants.

4. *The Bank is committed to benefiting the people and tightened risk management and control*

The Bank is committed to consistently strengthening risk prevention and control to ensure the safety of consumer funds and their legitimate rights and interests through enhancing internal whole-process management and control. Firstly, the Bank established a foundation of review and set up strict standards to guard against risks. By standardizing the implementation of the review mechanism, the Bank ensured that there are clear guidelines for each step of the operation, thus forming an efficient closed-loop management; by clarifying the key points and standards of the review, the Bank set specific and operable review criteria for different business scenarios to enhance the comprehensiveness and depth of the review; by strengthening the execution of the review, the Bank combined with supervision, inspection, and the “looking back” mechanism to ensure that the review work has been carried out in an effective and efficient manner. Secondly, the Bank took supervision as the guideline for rigorous investigation and elimination of hidden dangers. To establish a mechanism based on the “root”, the Bank formulated implementation details for supervision and inspection, and clarified the scope, content and frequency of inspection to ensure that the whole inspection process was smooth and orderly; the Bank focused on rectification from the “surface”, organized on-site and off-site inspections during the year, and put forward follow-up rectification suggestions; the Bank controlled from the “source”, extracted valuable information through in-depth analysis and summary to provide references for management decisions, and to continuously enhance management standards. Thirdly, the Bank took an issue-oriented approach and rigorously traced back the root causes to promote rectification. Focusing on consumer feedback hotspots, the Bank accurately identified substantive issues and proposed targeted improvement measures; and the Bank paid close attention to the evaluation and feedback of regulatory consumer protection and completed the rectification tasks properly.

5. *The Bank devotedly assisted the public, and accelerated complaint responses*

The Bank is committed to wholeheartedly assisting consumers in resolving issues, adopting multiple measures to ensure that consumers’ voices are responded to in a timely and effective manner. Firstly, the Bank has taken a leadership role in fulfilling its responsibilities. The leaders of the Bank, together with the heads of each first-tier branch, commanded the work at the front line and at the grass roots, comprehensively adopting measures such as paying case-based visits, leadership responsibility for cases and escalation handling for prominent conflicts and typical issues, effectively providing resources and organizational support to ensure the resolution of cases and cessation of complaints and appeals. Secondly, the Bank empowered guidance to effectively stimulate the momentum of complaint management. The Bank enhanced the level of complaint management through measures such as coordinating difficult complaints, centralized complaint handling, joint supervision and pressure reduction, issuing work briefings and compiling typical cases. Thirdly, the Bank improved the system to steadily promote the governance of the complaint system. The Bank executed ten key measures to reduce complaints, conducted classified and precise handling of major business complaints, carried out investigation, rectification and risk warnings, actively implemented traceability management, and ensured “zero occurrence” of major complaint risk events. Fourthly, the Bank diversified resolutions to efficiently enhance the effectiveness of dispute resolutions. The Bank deeply grasped the important connotations and practical requirements of the “Fengqiao Experience” in the new era, improved the awareness of “mediation whenever possible” within the Bank, established a green channel for dispute resolution, timely applied non-litigation mediation to resolve conflicts, improved dispute settlement efficiency and effectively maintained financial stability.

6. The Bank organized events benefiting the public and enhanced cognitive guidance

The Bank is committed to conducting financial education activities filled with warmth and care, using finance to spread financial information, and enhancing consumers' financial literacy and risk prevention capabilities. Firstly, the Bank created highlights with leadership-led thematic interactions. The Group strictly followed the deployment of the National Financial Regulatory Administration, actively responding to the "One Week, One Day, One Month" activities. It horizontally integrated external resources such as regulators, associations, villages, and media, and vertically organized in-depth front-line leaders at all levels and heads of consumer protection department to focus on key groups such as "the elderly, the young, the weak and the new". A total of 1,034 financial education activities have been held, involving 1.07 million consumers. Eight media reports have been published, covering nearly 0.31 million consumers. Secondly, the Bank closely aligned with the timing and deepened the education of connotation normalization. The Group accurately seized important occasions such as Mother's Day, Children's Day, Elderly Care Month, and Financial Knowledge Popularization activities, and independently planned and held 28 normalized education activities on core themes such as ageing-friendly financial services, personal credit system construction and basic knowledge of wealth management and investment, covering 3,503 consumers, thus comprehensively enhancing the depth and breadth of daily education and publicity work. Thirdly, the Bank focused on hot topics and drove sustainability in science popularization through originality. The Group paid close attention to the hot issues reflected by consumers, focused on the prominent issues that harmed consumer interests, closely integrated with regional characteristics, business realities and customer group features, and adopted the strategy of positive guidance and negative warning in parallel. The Bank has timely created and released 156 risk warning information such as "Risk-related case study", covering a total of 8.17 million consumers.

(II) Complaint Handling in 2024

The Bank attaches great importance to and continuously optimizes the complaint handling mechanism. As of the end of 2024, a total of 1,331 consumer complaints have been accepted and handled, with an annual average of 2.74 complaints per outlet and 0.40 complaint every 10,000 individual customers, with a complaint resolution rate of 100%. Key information on consumer complaints are as follows: Firstly, from the perspective of regional distribution of consumer complaints, complaints were mainly distributed in Dongguan. Complaints from Dongguan, Guangzhou, Huizhou, Qingyuan and Zhuhai represented 98.95%, 0%, 0.45%, 0.45% and 0.15% of all complaints, respectively. Secondly, from the perspective of the business type of complaints, bank card business and loan business were the fields with frequent complaints. Customer complaints were related to loan business, debit card business, RMB deposit business, credit card business, and banking agency, intermediary business and payment and settlement and others, with 356, 363, 51, 468 and 93 complaints, respectively, representing 26.75%, 27.27%, 3.83%, 35.16% and 6.99% of all complaints, respectively.

(III) Prospects for Consumer Rights Protection in 2025

Forging ahead bravely with steadfast steps in facing an unforeseeable future, the Bank will push forward the development and unwaveringly adhere to its original mission and undertake the significant responsibility as the main force of local finance. It will keep up with regulatory policy directions, continuously optimize internal management system and strengthen employees' awareness and capabilities in consumer protection. At the same time, the Bank will be dedicated to enhancing service satisfaction, transparency of information disclosure and convenience of complaint handling, protecting consumer rights, using finance to spread financial information, and building a fairer, more transparent and efficient financial service environment to earn the trust from customers and the respect from the society.

Chapter IX

Report of the Board of Supervisors



In 2024, under the correct leadership of the Party Committee of the Head Office and with the full support and cooperation of the Board of Directors and senior management, the Board of Supervisors of the Bank closely focused on the central work of the Bank, adhered to the goal of “strengthening supervision to serve business development”, upheld the supervisory responsibilities, and effectively performed its supervisory duties in key areas such as development strategy, financial condition, risk management and internal control, providing strong assurance for the stable development of the Bank. The report on the work of the Board of Supervisors for 2024 is as follows:

I. MAIN WORK OF THE BOARD OF SUPERVISORS

(I) Strengthening the organizational system and consolidating the foundation of corporate governance

Firstly, the re-election was completed in an orderly manner. The Board of Supervisors strictly complied with regulatory requirements and the Articles of Association, systematically advanced the re-election work of the fifth Board of Supervisors. Through scientific selection of candidates, standardized nomination procedures, strict qualification review and legal execution of election procedures, the Board of Supervisors ensured the orderly and compliant conduct of the re-election process. Secondly, the Board of Supervisors established a diversified training system. It implemented the dual-wheel drive cultivation mechanism of “system promotion + duty training”, revised the Board of Supervisors Work Manual, organized and conducted special training on corporate governance and duty performance capabilities for members of the Group’s Board of Supervisors, and conducted industry exchanges to promote the synchronization and iteration of supervisory concepts with industry frontiers.

(II) Independent and standardized operation, orderly implementation of procedural supervision

Firstly, optimizing the deliberation and supervision mechanism. The Board of Supervisors further standardized the pre-meeting topic review, in-meeting topic discussion and post-meeting opinion tracking processes, implementing a closed-loop management of the entire meeting process. In 2024, the Board of Supervisors organized a total of 11 meetings, reviewed 58 proposals, examined and heard 146 reports; held 10 special committee meetings, reviewed 30 proposals, covering various aspects such as the performance of the Board of Directors and senior management and their members, financial decision-making, strategy execution, risk management and internal control, ensuring effective supervision of the Bank’s overall operations and management. Secondly, deepening the effectiveness of performance supervision. In 2024, the Board of Supervisors organized supervisors to attend the general meeting once and attend the meetings of the Board of Directors as observers eight times. They listened to various business management reports, earnestly expressed opinions and focused on strengthening the supervision of the decision-making process. In addition, the Board of Supervisors actively dispatched personnel to attend the President’s office meetings, relevant committee meetings and important operational management meetings of the Bank to comprehensively understand the execution of the Board of Directors’ resolutions and the performance of duties by the senior management. They actively put forward objective and independent opinions and suggestions. Thirdly, improving the list-based supervision mechanism. The Board of Supervisors organized the re-standardization of the Key Duty Performance Matters of the Board of Supervisors, with a greater emphasis on the substance of work, optimizing supervisory methods, simplifying the content of collected materials, ensuring that all supervisory work meets regulatory requirements and achieves practical results.

(III) Implementing regulatory requirements and striving to enhance governance efficiency

1. Continuously strengthening duty supervision. Firstly, the Board of Supervisors comprehensively and deeply understood the participation, training and performance of duties of directors, supervisors and senior management personnel in strict accordance with regulatory requirements and the Bank's performance evaluation management regulations, through holding performance work seminars, regular attendance at meetings, reviewing reports, conducting special audits and thematic research, the Board of Supervisors focused on the five dimensions of loyalty and diligence in performance, professionalism, independence and compliance to scientifically and systematically complete the performance evaluation work of directors, supervisors and senior management personnel for the year 2023, and reported to the regulatory authorities and the general meeting in accordance with regulations, urging the main bodies of "Board of Directors, Board of Supervisors and Senior Management" to diligently perform their duties and operate in a standardized manner. Secondly, according to the regulatory reporting requirements and the Bank's audit work suggestions, the Board of Supervisors organized and completed the audit of the term performance of two senior management personnel and continuously strengthened the supervision of leading cadres.
2. Continuously enhancing strategic supervision. Firstly, the Board of Supervisors actively paid attention to the formulation of the Bank's new round of development strategic planning and data strategic planning, closely integrated with the changing trends of the Bank's operating environment, conducted a comprehensive analysis of the planning content, promptly provided evaluation opinions and strengthened the effectiveness of strategic supervision. Secondly, the Board of Supervisors focused on the implementation of the Bank's organizational structure reform, analyzed the objective issues and reasons existing in the reform process through on-site discussions, questionnaires and other methods from multiple dimensions, and proposed the Report on the Research of Organizational Structure Reform and Suggestions on Deepening Non-performing Asset Management to provide effective information and decision-making references for senior management to grasp the true effectiveness of the reform and promote problem-solving.
3. Continuously reinforcing financial supervision. Firstly, the Board of Supervisors reviewed the Bank's periodic reports in accordance with regulations, received quarterly financial analysis reports from the Bank, and actively monitored and supervised the decision-making and execution of significant financial activities and financial matters. Secondly, the Board of Supervisors organized representatives to attend the meetings of the Audit Committee of the Bank's Board of Directors and accounting firms to promptly review the proposal for the Bank to appoint an annual accounting firm, with a focus on the fairness of the Bank's financial position, the truthfulness of its operating results and the effectiveness of external audit work.
4. Continuously intensifying internal control supervision. Firstly, the Board of Supervisors focused on the internal control organizational structure, system construction and implementation, continuously strengthened the supervision of the effectiveness of internal control and legal compliance in operations. It organized and convened meetings to supervise the implementation of regulatory opinions and continuously tracked the rectification and implementation of issues revealed by regulation. Secondly, the Board of Supervisors regularly reviewed reports on internal control compliance management, anti-money laundering risk management, case prevention work, consumer rights protection, related party transactions and internal control evaluation, promptly communicated relevant regulatory opinions and implementation status involving the Bank, and continuously focused on the effectiveness of the internal control system construction.

5. Continuously consolidating risk supervision. Firstly, with a focus on asset quality supervision, the Board of Supervisors continuously strengthened the supervision of risk areas such as business operations, credit asset quality control, non-performing asset management and consumer rights protection. Through methods such as conducting interviews, special research and reviewing relevant report materials, the Board of Supervisors gained an in-depth understanding of existing risk management conditions in a timely manner, and proposed a series of supervisory opinions including the Supervisory Opinions on Business Management Work for the First Quarter of 2024 and the Supervisory Opinions on Strengthening Credit Asset Quality Control to help enhance the risk resistance capabilities of the Bank. Secondly, the Board of Supervisors improved the mechanism for utilizing supervision outcomes, by promptly informing the Board of Directors and senior management of identified issues and recommendations through means such as expressing opinions on proposals, urging them to take appropriate measures to prevent risks and enhance the effective role of supervision outcomes.

(IV) Strengthening the supervision and auditing linkage to jointly enhance the effectiveness of rectification

Firstly, strengthening the special audit supervision. The Board of Supervisors focused on conducting special audits of the specialized committees under the Board of Directors and senior management, systematically examining the standardization of decision-making processes and the effectiveness of execution of each committee, it established a “problem discovery-supervision of rectification-effectiveness verification” work cycle to enhance governance efficiency. Secondly, the Board of Supervisors organized and deepened the supervision and auditing linkage. In accordance with the principle of “complying with regulatory requirements, focusing on central tasks and paying attention to current priorities”, the Board of Supervisors actively collaborated with the Audit Department to conduct special audits in six major areas: “non-profit organizations”, infrastructure projects, financial management, organizational structure reform, financial asset classification and consolidated management. Additionally, by holding audit guidance meetings and sending personnel to attend audit project review meetings, the Board of Supervisors focused on the business types, risk levels and causes of issues identified in audits, and promoted the “pressure increase” mechanism for rectifying audit findings to jointly facilitate effective rectification.

(V) Deepening institutional empowerment and enhancing group management level

Firstly, strengthening the supervision of vertical management. The Board of Supervisors took the transfer of management rights of Zhanjiang and Chaoyang Rural Commercial Banks as an opportunity, organized members of the Board of Supervisors in batches to conduct special research at Zhanjiang, Puning, and Chaoyang Rural Commercial Banks, forming the Opinions on Comprehensive Deepening of Management and Supervision of Subsidiary (Management) Institutions and related research reports, to promote solutions to difficult issues such as institutional organizational structure reform and business development positioning, thereby enhancing group management efficiency. Secondly, promoting the construction of standardized supervision. The Board of Supervisors formulated and issued the Notice on Further Strengthening the Supervision Work Service Guidance of Subsidiary and Management Institutions and organized regular meetings on the supervision work of subsidiary (management) institutions to strengthen the guidance of the Board of Supervisors’ work and enhance the standardization and coordination of the Group’s work.

II. WORK OF EXTERNAL SUPERVISORS

In 2024, Ms. Wei Haiying, Mr. Zhang Bangyong, Ms. Mai Xiuhua and Mr. Liu Sheng, the external supervisors of the Bank, strictly performed their supervisory duties in accordance with the provisions of the Bank's Articles of Association. They actively attended all meetings of the Board of Supervisors and meetings of the special committees, participated in the general meeting and attended the meetings of the Board of Directors and its committees in accordance with the regulations, and conscientiously devoted themselves to the research and decision-making on important matters of the Bank. They led the special research on the "Five Major Financial Articles" and actively provided suggestions for the Bank's work on these financial topics. They also actively participated in special research and audits of affiliated (managed) institutions in Zhanjiang, Chaoyang, Puning, etc., as well as special audits of committees under the Board of Directors and senior management, continuously enhancing support and empowerment for group management work. Furthermore, they actively participated in training related to corporate governance, anti-money laundering and counter-terrorist financing, and complied with the statutory requirements when working at the Bank.

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

(I) Operation According to Law

During the Reporting Period, the Bank's business decision-making procedures were legal and effective. Directors and senior management members were prudent, conscientious, diligent and dutiful in the course of business operations and management, with no violations of laws, regulations, the Articles of Association, or actions detrimental to the interests of the Company and shareholders detected.

(II) Truthfulness of Financial Report

The annual financial report has been audited by the accounting firm in accordance with the International Standards on Auditing and the Chinese Standards on Auditing for Certified Public Accountants, and the financial report truthfully, objectively and accurately reflects the financial position and operating results of the Bank.

(III) Internal Control

During the Reporting Period, the Bank focused on strengthening internal control, establishing and implementing a relatively complete and reasonable internal control system, with the internal control framework being fundamentally sound and effective.

(IV) Use of Proceeds

During the Reporting Period, the use of proceeds raised by the Bank was consistent with the purposes promised in the prospectus.

(V) Acquisition and Disposal of Assets

During the Reporting Period, no insider transaction, infringement of shareholders' rights and interests or loss of the Bank's assets was found in the acquisition or disposal of assets by the Bank.

(VI) Related Party Transactions

During the Reporting Period, the related party transactions of the Bank were fair and reasonable, and the review, voting, disclosure, performance and other procedures of related party transactions were in compliance with national laws, regulations and the Articles of Association. No situation was found that harmed the interests of shareholders and the Bank.

(VII) Implementation of Resolutions of the General Meeting

The Board of Supervisors had no objection to the reports and proposals submitted by the Board of Directors to the general meeting for consideration during the Reporting Period. The Board of Supervisors supervised the implementation of the resolutions of the general meeting and considered that the Board of Directors of the Bank could diligently implement the relevant resolutions of the general meeting.

(VIII) Information Disclosure

During the Reporting Period, the Bank's Board of Directors and senior management diligently fulfilled their responsibilities, proactively accepted social supervision, and lawfully disclosed periodic reports, dividends, and information such as the Corporate Social Responsibility and ESG reports. No false information, misleading statements or major omissions were found.

(IX) Social Responsibilities

During the Reporting Period, the Bank earnestly fulfilled its social responsibilities as a local corporate financial institution, prioritizing the service of national strategies as our primary mission, and fully supporting the transformation and upgrading of advanced manufacturing industries and technological innovation. With green finance as the core engine, the Bank continuously improved the multi-level green financial ecosystem. The Bank has always been rooted in grassroots, closely integrating inclusive finance with rural revitalization, and continuously serving the real economy.

(X) Other Special Supervision and Evaluation

In terms of comprehensive risk management, during the Reporting Period, the Board of Directors and senior management of the Bank respectively assumed the ultimate responsibility and implementation responsibility for comprehensive risk management, continuously promoted the construction of risk culture, formulated risk management strategies, set risk appetite and risk limits, regularly assessed risk management and tolerance capabilities, and continuously enhanced the level of risk management.

In terms of liquidity risk management, during the Reporting Period, the Board of Directors and senior management of the Bank continuously improved the construction of liquidity risk management policies and systems in accordance with external market environments and internal management requirements. They effectively managed liquidity limits and indicator systems, strengthened the operation and risk analysis of liquidity management, and continuously enhanced the level of liquidity management.

Chapter IX

Report of the Board of Supervisors

In terms of operational risk management, during the Reporting Period, the Board of Directors and senior management of the Bank continuously improved the operational risk organizational structure and management system. Through daily supervision, risk investigation, special inspections, on-the-spot inspections and self-assessment, they continuously strengthened the standardization of business operations across all lines to strictly prevent the occurrence of operational risk events.

In terms of stress testing management, during the Reporting Period, the Board of Directors and senior management of the Bank continuously improved the stress testing work mechanism, conducting stress tests more than 25 times throughout the year in key areas. The capital adequacy level is relatively high, the ability to offset risks is strong, the asset-liability structure is relatively reasonable, the liquidity pressure resistance is strong and the impact of interest rate risk and exchange rate risk is generally controllable, but the pressure on the quality of credit assets is relatively evident.

In terms of reputation risk management, during the Reporting Period, the Board of Directors and senior management of the Bank continuously improved the reputation risk governance framework and management mechanism, strictly implemented mechanisms such as reputational risk pre-assessment and public opinion monitoring, actively carried out positive publicity, effectively resolved potential negative public opinion issues, organized learning and training sessions and emergency drills, and continuously enhanced the risk prevention and control awareness of all staff.

In terms of capital management and capital measurement, during the Reporting Period, the Board of Directors and senior management of the Bank continuously optimized internal capital management, organized capital adequacy ratio stress testing, monitoring and reporting, conducted solid internal capital adequacy assessments and persistently reduced costs and enhanced efficiency to improve endogenous capital replenishment capability, ensuring that the capital level is compatible with the Bank's risk appetite and risk management level.

In terms of the implementation of the expected credit loss method, during the Reporting Period, the Board of Directors and senior management of the Bank diligently implemented the requirements of the Administrative Measures for the Implementation of the Expected Credit Loss Method of Commercial Banks, continuously standardizing the management work of the Bank's expected credit loss method implementation. They completed the update plans for interim and annual models and key parameters, and updated the expected credit loss assessment results quarterly while provisioning for credit risk losses.

Chapter X

Other Matters



I. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and the Shareholders have not been granted any pre-emptive rights.

II. CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND OTHER SIMILAR RIGHTS

The Bank had no convertible security, option, warrant or other similar right during the Reporting Period.

III. SHARE OPTION SCHEME AND EQUITY INCENTIVE PLAN

During the Reporting Period, the Bank does not have any share option scheme and equity incentive plan.

IV. MAJOR ASSET ACQUISITIONS, SALES AND BUSINESS MERGERS

During the Reporting Period, the Bank considered and approved the mergers by absorption of Huizhou Zhongkai Dongying County Bank and Dongguan Dalang Dongying County Bank at the 2023 annual general meeting held on 30 May 2024. Please refer to the circular of the Bank dated 9 May 2024 for details. Huizhou Zhongkai Dongying County Bank and Dongguan Dalang Dongying County Bank received approval for dissolution on 14 September 2024, with the rights and obligations being assumed by our Bank. Except as disclosed in this report, during the Reporting Period, the Bank did not have any other major asset acquisitions, disposals, or corporate mergers.

V. MAJOR CAPITAL OPERATION

During the Reporting Period, the Bank had no material capital operation.

VI. FUTURE PLANS FOR MATERIAL INVESTMENTS AND PURCHASE OF CAPITAL ASSET

During the Reporting Period, the Bank had no material investment or plans for purchase of capital assets.

VII. CONTRACTS OF SIGNIFICANCE AND THEIR PERFORMANCE

(I) Entrustment, Contracting and Leasing Matters

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

(II) Significant Guarantees

During the Reporting Period, the Bank did not have any other material guarantee that needed to be disclosed save for the guarantees within the business scope as approved by the PBOC and the National Financial Regulatory Administration. During the Reporting Period, the Bank did not have any external guarantee in default.

(III) Entrusted Wealth Management

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

(IV) Material Contracts in Day-to-day Operations

During the Reporting Period, the Bank did not have any material contracts in day-to-day operations that are required to be disclosed.

(V) Other Significant Contracts

During the Reporting Period, the Bank had no other significant contractual matters requiring disclosure, other than those disclosed in this Annual Report, the Prospectus, as well as other announcements and circulars of the Bank.

VIII. SIGNIFICANT LITIGATION AND ARBITRATION

The Bank was involved in certain legal proceedings in the ordinary course of business, most of which were initiated to recover non-performing assets. In 2024, the principal amount of the newly added loans for which cases (including litigations and arbitrations) the principal amount of more than or equal to RMB10 million and the Bank was involved in as the plaintiff or the applicant was RMB3,498.21 million. The Bank has no outstanding cases (including litigations and arbitrations) as defendant or respondent with an additional target amount of more than or equal to RMB10 million. The Bank will continue to follow up on the disposal of the above cases, and the above litigations and arbitrations will not have a material adverse impact on the financial or operating results of the Bank.

IX. CREDIT STANDING

During the Reporting Period, there had not been any significant court judgment with which the Bank has not complied, nor was there any outstanding debt of significant amount.

X. PUNISHMENT OF THE BANK AND THE DIRECTORS AND SUPERVISORS, SENIOR MANAGEMENT OF THE BANK

During the Reporting Period, none of the Bank, or its Directors, Supervisors and senior management members had been subject to inspection, administrative sanctions, and criticism by the CSRC, or had been subject to any penalty by other regulatory bodies that caused a significant impact on the Bank's operation.

XI. SIGNIFICANT EVENTS OF SUBSIDIARIES

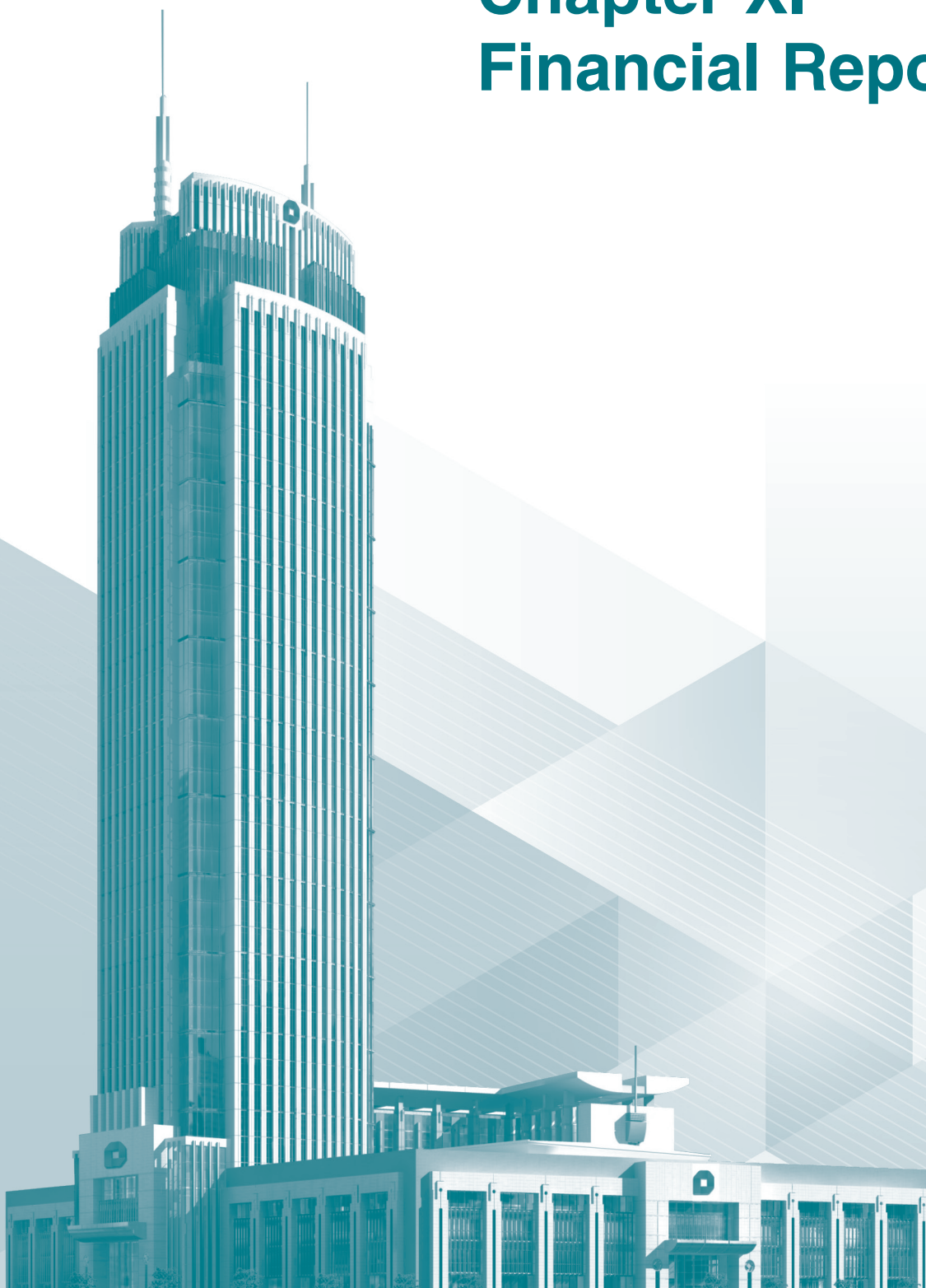
During the Reporting Period, there were no other material matters in respect of the subsidiaries other than those disclosed in this Report.

XII. SUBSEQUENT EVENTS

Subsequent to the Reporting Period, the Bank did not have any events or cases that had a significant impact on the Bank.

Chapter XI

Financial Report



Independent auditors' report

Independent auditors' report to the shareholders of Dongguan Rural Commercial Bank Co., Ltd.
(A joint stock company incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Dongguan Rural Commercial Bank Co., Ltd. (the "Bank") and its subsidiaries ("the Group") set out on pages 196 to 330, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in 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 as issued by the International Accounting Standards Board (IFRS Accounting Standards) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

Loss allowances of loans and advances to customers and financial investments measured at amortized cost

Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(11).

The Key Audit Matter	How the matter was addressed in our audit
<p>The determination of loss allowances for loans and advances to customers and financial investments measured at amortized cost using the expected credit loss model is subject to the application of a number of key parameters and assumptions. Extensive management judgement is involved in the selection of those parameters and the application of the assumptions.</p> <p>In particular, the determination of the expected credit loss model is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The loss allowances for corporate loans and advances and financial investments measured at amortized cost are derived from estimates including the historical losses rate, external credit grading and other adjustment factors. The loss allowances for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjustment factors.</p>	<p>Our audit procedures to assess loss allowances of loans and advances to customers and financial investments measured at amortized cost included the following:</p> <ul style="list-style-type: none"> • understanding key internal controls of financial reporting over the credit grading process and the measurement of loss allowances of loans and advances to customers and financial investments measured at amortized cost; • understanding the expected credit loss model used by management in determining loss allowances and involving our financial risk management specialists to assess the appropriateness of the expected credit loss model and the appropriateness of the key parameters and assumptions used in the expected credit loss model;

Loss allowances of loans and advances to customers and financial investments measured at amortized cost

Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(11).

The Key Audit Matter	How the matter was addressed in our audit
<p>Management also exercises judgement in determining the quantum of loss given default based on a range of factors. The enforceability, timing and means of realization of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the reporting period.</p> <p>We identified the loss allowances of loans and advances to customers and financial investments measured at amortized cost as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.</p>	<ul style="list-style-type: none">• examining key data inputs to the expected credit loss models on a sample basis to assess their accuracy and completeness; and• challenging management's revisions to estimates and input parameters by comparing with prior period and considered the consistency of judgement. We compared the macro-economic factors used in the models with market information to assess whether they were aligned with market and economic development;

Loss allowances of loans and advances to customers and financial investments measured at amortized cost

Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(11).

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> evaluating the appropriateness of management's assessment on whether the credit risk of loans and advances to customers and financial investments measured at amortized cost has, or has not, increased significantly since initial recognition and whether the loan and advances to customers and financial investments measured at amortized cost are credit-impaired. We checked related assets overdue information, checked the credit risk status of the borrower and researched external information about borrowers on a sample basis; for selected samples of loans and advances to customers and financial investments measured at amortized cost that are credit-impaired, recalculating the amount of credit loss allowance, so as to compare the measurement results with the results of the Group; and evaluating whether the disclosures on loss allowances of loans and advances to customers and financial investments measured at amortised cost comply with the disclosure requirements of the prevailing accounting standards.

Consolidation of structured entities

Refer to Note 40 to the consolidated financial statements and the accounting policies in Note 3(2).

The Key Audit Matter	How the matter was addressed in our audit
<p>Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.</p> <p>The Group may acquire or retain an ownership equity interest in a structured entity, through issuing non-principal-guaranteed wealth management products, or through investing in an asset management plan, a trust plan, or an asset-backed security and so on.</p> <p>In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein.</p> <p>We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement to determine whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position could be significant.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none">• understanding the key internal controls of financial reporting over consolidation of structured entities;• inspecting the terms of the relevant contracts to assess whether the Group should consolidate a structured entity on a sample basis. Assessing the Group's analysis and conclusions as to whether it controls the structured entities based on the Group's analysis on its power over structured entities and the variable returns from the Group's involvement in such structured entities; and• evaluating whether the disclosures in the consolidated financial statements in relation to structured entities comply with the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditors' report thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditors' 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 auditors' report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Auditors' responsibilities for the audit of the consolidated financial statements *(Continued)*

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements *(Continued)*

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Li Ka Lam.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

(All amounts in RMB thousand, unless otherwise stated)

	Notes	Year ended 31 December	
		2024	2023
Interest income	4	21,922,067	23,082,553
Interest expense	4	(12,747,780)	(12,510,244)
Net interest income		9,174,287	10,572,309
Fee and commission income	5	815,809	1,090,372
Fee and commission expense	5	(358,772)	(377,595)
Net fee and commission income		457,037	712,777
Net trading gains	6	1,847,599	1,081,308
Net gains on financial instruments	7	708,453	707,489
Other operating income	8	124,552	186,279
Operating income		12,311,928	13,260,162
Operating expenses	9	(4,752,665)	(4,820,138)
Impairment losses on assets	12	(3,479,797)	(3,322,146)
Operating profit		4,079,466	5,117,878
Share of profits of associates	21	24,444	51,858
Profit before tax		4,103,910	5,169,736
Income tax	13	756,649	176,080
Net profit for the year		4,860,559	5,345,816
Net profit attributable to:			
Shareholders of the Bank		4,624,651	5,161,283
Non-controlling interests		235,908	184,533

Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

For the year ended December 31, 2024

(All amounts in RMB thousand, unless otherwise stated)

	Note	Year ended 31 December	
		2024	2023
Other comprehensive income items which may be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		3,292,809	517,531
Credit impairment provision for financial assets at fair value through other comprehensive income		(493,388)	(439,725)
Impact on income tax on changes in fair value and credit impairment provision of financial assets at fair value through other comprehensive income		(699,855)	(19,451)
Items will not be reclassified to profit or loss:			
Changes in fair value of equity instruments designated at fair value through other comprehensive income		185,367	274,100
Impact on income tax on changes in fair value of equity instruments designated at fair value through other comprehensive income		(46,342)	(68,525)
Other comprehensive income for the year, net of tax		2,238,591	263,930
Total comprehensive income for the year		7,099,150	5,609,746
Total comprehensive income attributable to:			
Shareholders of the Bank		6,747,265	5,407,001
Non-controlling interests		351,885	202,745
Total comprehensive income for the year		7,099,150	5,609,746
Basic and diluted earnings per share for profit attributable to the shareholders of the Bank (expressed in RMB per share)	14	0.67	0.75

The notes on pages 203 to 330 form part of these financial statements.

Consolidated Statement of Financial Position

As at December 31, 2024

(All amounts in RMB thousand, unless otherwise stated)

		As at 31 December	
	Notes	2024	2023
ASSETS			
Cash and balances with the central bank	15	36,333,987	36,935,315
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	16	16,818,580	17,566,453
Derivative financial assets	17	601,062	436,283
Loans and advances to customers	18	367,364,491	342,511,915
Financial investments	19	313,641,516	301,218,535
– Financial investments at fair value through profit or loss		43,268,319	52,836,715
– Financial investments at amortised cost		140,564,544	137,226,078
– Financial investments at fair value through other comprehensive income		129,808,653	111,155,742
Investment in associates	21	644,456	633,467
Property and equipment	22	2,288,747	2,307,417
Right-of-use assets	23	1,176,183	992,821
Goodwill	24	520,521	520,521
Deferred tax assets	25	4,732,688	4,710,374
Other assets	26	1,782,257	1,020,491
Total assets		745,904,488	708,853,592
LIABILITIES			
Borrowings from the central bank	27	31,982,838	38,479,208
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	28	31,123,784	39,403,137
Financial liabilities at fair value through profit or loss	29	1,676,073	1,325,544
Derivative financial liabilities	17	530,460	458,261
Deposits from customers	30	530,171,576	495,743,888
Debt securities issued	31	83,544,009	71,831,971
Taxes payable	32	290,369	304,574
Lease liabilities	23	498,048	514,609
Other liabilities	33	3,621,431	3,303,863
Total liabilities		683,438,588	651,365,055

Consolidated Statement of Financial Position *(Continued)*

As at December 31, 2024

(All amounts in RMB thousand, unless otherwise stated)

	Notes	As at 31 December	
		2024	2023
EQUITY			
Share capital	34	6,888,546	6,888,546
Capital reserve	35	6,323,045	6,342,779
Revaluation reserve	36	3,039,444	850,285
Surplus reserve	37	9,273,110	8,829,850
General reserve	37	7,867,224	7,422,108
Retained earnings		26,160,083	24,315,819
Total equity attributable to shareholders of the Bank		59,551,452	54,649,387
Non-controlling interests		2,914,448	2,839,150
Total equity		62,465,900	57,488,537
Total liabilities and equity		745,904,488	708,853,592

Approved and authorized for issue by the Board of Directors on 28 March 2025.

Lu Guofeng
Chairman

Fu Qiang
President

Ye Jianguang
Person-in-charge of
Accounting

Zhong Xuemei
Head of the Accounting
Department

The notes on pages 203 to 330 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

(All amounts in RMB thousand, unless otherwise stated)

	Notes	Equity attributable to shareholders of the Bank						Non-controlling interests	Total
		Share capital (Note 34)	Capital reserve (Note 35)	Revaluation reserve (Note 36)	Surplus reserve (Note 37)	General reserve (Note 37)	Retained earnings		
As at 1 January 2024		6,888,546	6,342,779	850,285	8,829,850	7,422,108	24,315,819	2,839,150	57,488,537
Net profit for the year		-	-	-	-	-	4,624,651	235,908	4,860,559
Other comprehensive income		-	-	2,122,614	-	-	-	115,977	2,238,591
Total comprehensive income		-	-	2,122,614	-	-	4,624,651	351,885	7,099,150
Appropriation to surplus reserve		-	-	-	443,260	-	(443,260)	-	-
Appropriation to general reserve		-	-	-	-	445,116	(445,116)	-	-
Merger by absorption of subsidiaries	35	-	(19,734)	-	-	-	-	(222,166)	(241,900)
Dividend distribution	38	-	-	-	-	-	(1,825,466)	(54,421)	(1,879,887)
Other comprehensive income transferred to retained earnings		-	-	66,545	-	-	(66,545)	-	-
As at 31 December 2024		6,888,546	6,323,045	3,039,444	9,273,110	7,867,224	26,160,083	2,914,448	62,465,900
As at 1 January 2023		6,888,546	6,230,429	604,567	8,323,435	6,915,566	22,165,171	2,692,215	53,819,929
Net profit for the year		-	-	-	-	-	5,161,283	184,533	5,345,816
Other comprehensive income		-	-	245,718	-	-	-	18,212	263,930
Total comprehensive income		-	-	245,718	-	-	5,161,283	202,745	5,609,746
Appropriation to surplus reserve		-	-	-	506,415	-	(506,415)	-	-
Appropriation to general reserve		-	-	-	-	506,542	(506,542)	-	-
Dividend distribution	38	-	-	-	-	-	(1,997,678)	(55,810)	(2,053,488)
Share of other reserves of investments accounted for using the equity method	35	-	112,350	-	-	-	-	-	112,350
As at 31 December 2023		6,888,546	6,342,779	850,285	8,829,850	7,422,108	24,315,819	2,839,150	57,488,537

The notes on pages 203 to 330 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

(All amounts in RMB thousand, unless otherwise stated)

		Year ended 31 December	
	Notes	2024	2023
Cash flows from operating activities:			
Profit before tax		4,103,910	5,169,736
Adjust for:			
Impairment losses on assets	12	3,479,797	3,322,146
Interest income from financial investments	4	(6,453,512)	(6,265,738)
Interest expense on debt securities issued	4	1,804,171	1,900,766
Interest expense on lease liabilities	4	18,662	18,608
Net trading gains	6	(1,826,752)	(1,070,765)
Net gains on financial instruments	7	(708,453)	(707,489)
Net gains on disposal of property, equipment and other long-term assets	8	(6,249)	(4,126)
Depreciation and amortisation	9	429,392	422,760
Share of profits of associates	21	(24,444)	(51,858)
Unrealized foreign exchange gains		39,626	(3,656)
Others		(18,274)	(18,715)
		837,874	2,711,669
Net increase in operating assets:			
Net (increase)/decrease in balances with the central bank		(512,808)	267,111
Net increase in financial assets held under resale agreements and deposits and placements with banks and other financial institutions		(4,450,672)	(2,502,427)
Net increase in loans and advances to customers		(27,425,592)	(22,558,571)
Net (increase)/decrease in other operating assets		(705,796)	14,923
		(33,094,868)	(24,778,964)
Net increase in operating liabilities:			
Net (decrease)/increase in borrowings from the central bank		(6,438,979)	15,023,899
Net decrease in financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions		(9,634,107)	(6,571,578)
Net increase in deposits from customers		33,127,983	27,909,516
Net increase in other operating liabilities		1,371,993	2,176,591
		18,426,890	38,538,428
Cash (used in)/generated from operating activities		(13,830,104)	16,471,133
Income tax paid		(11,868)	(650,150)
Net cash (used in)/generated from operating activities		(13,841,972)	15,820,983

Consolidated Statement of Cash Flows (Continued)

For the year ended December 31, 2024

(All amounts in RMB thousand, unless otherwise stated)

	Note	Year ended 31 December	
		2024	2023
Cash flows from investing activities:			
Cash received from investment income and disposal of financial investments		283,851,434	272,214,406
Net cash received from disposal of property, equipment and other long-term assets		19,814	16,279
Cash dividends received		54,608	53,605
Cash paid to acquire financial investments		(283,651,215)	(294,874,145)
Cash paid to acquire property, equipment and other long-term assets		(252,424)	(205,682)
Net cash generated from/(used in) investing activities		22,217	(22,795,537)
Cash flows from financing activities:			
Cash received from debt securities issued		161,529,767	131,745,238
Cash payments for debt securities issued		(151,621,900)	(125,867,500)
Cash payments for distribution of dividends		(1,876,177)	(2,053,484)
Cash payments for leases		(345,861)	(142,064)
Cash paid for acquisition of non-controlling interests		(241,900)	—
Net cash generated from financing activities		7,443,929	3,682,190
Effect of foreign exchange rate changes on cash and cash equivalents		17,361	14,610
Net decrease in cash and cash equivalents		(6,358,465)	(3,277,754)
Cash and cash equivalents at the beginning of the year		23,308,600	26,586,354
Cash and cash equivalents at the end of the year	39	16,950,135	23,308,600

The notes on pages 203 to 330 form part of these financial statements.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand, unless otherwise stated)

1 General information

Dongguan Rural Commercial Bank Co., Ltd. (“the Bank”) primary established in 1952, formerly known as Dongguan Rural Credit Cooperative Union (“Dongguan Cooperative Union”). Subsequently, as per the approval by the former China Banking and Insurance Regulatory Commission (In 2023, the regulator was renamed the National Financial Regulatory Administration, hereinafter referred to as the “NFRA”), Dongguan Cooperative Union was restructured into a joint-stock commercial bank, and officially changed its name to Dongguan Rural Commercial Bank Co., Ltd. on 22 December 2009.

The Bank operates under financial services certificate NO. B1054H344190001 issued by Dongguan Office of the NFRA, and the Business License issued by Dongguan Administration for Market Regulation (registration ID: 914419007829859746). The registered address is Hongfu East Road No. 2, Dongcheng Street, Dongguan, Guangdong. On 29 September 2021, the Bank was listed on The Stock Exchange of Hong Kong Limited with the stock code of 09889.

The Bank and its subsidiaries (collectively referred to as “the Group”) operate in the People’s Republic of China (the “PRC”) and are principally engaged in the following activities: corporate and individual deposits, loans and advances, payment and settlement, treasury and other banking business approved by the NFRA.

2 Summary of material accounting policies

(1) Statement of compliance

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

(2) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31 2024 comprise the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

Except for certain financial instruments which are measured at fair value, the measurement basis used in the preparation of the financial statements is the historical basis.

2 Summary of material accounting policies (*Continued*)

(2) Basis of preparation of the financial statements (*Continued*)

The preparation of financial statements in conformity with IFRS Accounting Standards 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 judgement about the 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRS Accounting Standards that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

The financial statements are presented in RMB, rounded to the nearest thousand, which is the functional currency of the Group.

(3) Changes in accounting policies

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting year:

- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*

The amendments add to the requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right-of-use it retains, including cases with variable lease payments in the leaseback. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

2 Summary of material accounting policies *(Continued)*

(3) Changes in accounting policies *(Continued)*

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* and Amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants*

The amendments to IAS 1 (2020) concern the requirements on determining if a liability is current or non-current. In particular, the amendments specify the condition of an entity to classify a liability as non-current requires that a right to defer settlement must exist at the end of the reporting period and have substance, and clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.

The amendments also specify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments. When a liability includes a counterparty conversion option that involves a transfer of the entity's own equity instruments, the classification of such liability is not affected only when the conversion option is recognized separately from the host liability as an equity component under IAS 32.

The amendments to IAS 1 (2022) specify that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, an entity is required to disclose information regarding the risk that the non-current liabilities subject to future covenants could become repayable within twelve months after the end of the reporting period.

The 2022 amendments defer the effective date of the 2020 amendments to annual reporting periods beginning on or after 1 January 2024. If an entity applies one of these two amendments for an earlier period, the other amendments should also be applied for that period.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

2 Summary of material accounting policies *(Continued)*

(3) Changes in accounting policies *(Continued)*

- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: disclosures – Supplier finance arrangements*

The amendments introduce disclosure requirements to enhance transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior year have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

(4) Basis of consolidation

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost, less impairment losses, if any.

(5) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred by the Group, liabilities incurred or assumed by the Group, and any equity instruments issued by the Group. Acquisition related costs are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

At the acquisition date, irrespective of non-controlling interests, the identifiable assets acquired, and liabilities and contingent liabilities assumed are recognised at their fair values; except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits, respectively.

Goodwill is measured as the excess of the difference between (i) the consideration transferred, the fair value of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) and (ii) the net fair value of the identifiable assets acquired, and the liabilities and contingent liabilities incurred or assumed.

2 Summary of material accounting policies *(Continued)*

(5) Business combinations *(Continued)*

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.

Non-controlling interests that represent ownership interests in the acquiree and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are accounted for at either fair value or the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

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 other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Bank.

(6) Subsidiaries

Subsidiaries are entities 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 unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

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

2 Summary of material accounting policies *(Continued)*

(6) Subsidiaries *(Continued)*

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 recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(11)) or, when appropriate, the cost on initial recognition of an investment in an associate (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(21)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(7) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not constitute control or joint control over those policy decisions.

The post-acquisition profit or loss of an associate is incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of loss of an associate equal or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss. Additional loss is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

At the end of each reporting period, the Group considers whether there are circumstances that indicate the possibility of impairment of the Group's investment in an associate; when that is the case, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 – Impairment of Assets, as a single asset by comparing its recoverable amount (the higher of fair value less costs to sell and value in use) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of an impairment loss is recognised, to the extent that the recoverable amount of the investment subsequently increases.

When an entity in the Group transacts with the Group's associate, profits and losses resulting from the transaction are recognised in the Group's consolidated financial statements only to the extent of the interest in the associate that are not related to the Group. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2 Summary of material accounting policies *(Continued)*

(8) Goodwill

Goodwill represents the excess of the cost of an acquisition less the fair value of the Group's share of the net identifiable assets of acquired subsidiaries and associates at the date of acquisition. Goodwill on acquisitions of subsidiaries is presented separately in the consolidated statement of financial position. Goodwill on acquisition of associates is included in investment in associates.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") or groups of CGUs that is expected to benefit from the synergies of the business combination.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU, which is the higher of fair value less costs to sell and value in use, is less than its carrying amount, the deficit, reflecting an impairment loss, is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis, based on the carrying amount of each asset in the CGU. Any goodwill impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(9) Foreign currency translation

The functional currency of the Group is Chinese RMB ("RMB"). The presentation currency of the Group and the Bank is RMB.

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

2 Summary of material accounting policies *(Continued)*

(9) Foreign currency translation *(Continued)*

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

(10) Cash and cash equivalents

Cash and cash equivalents are short-term and highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents include cash and assets with original maturity of three months or less under cash and balances with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(11).

(11) Financial instruments

(i) **Recognition and initial measurement of financial assets and financial liabilities**

Financial assets or financial liabilities are recognized in the balance sheet 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 attributed transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

(ii) **Classification and subsequent measurement of financial assets**

(a) *Classification of financial assets*

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income ("FVOCI"), or 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.

2 Summary of material accounting policies *(Continued)*

(11) Financial instruments *(Continued)*

(ii) **Classification and subsequent measurement of financial assets** *(Continued)*

(a) *Classification of financial assets (Continued)*

A financial asset is measured at amortized 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.

For equity investment not held for trading, the Group may irrevocably designate it as financial asset at FVOCI upon initial recognition. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized 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 amortized 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 financial assets. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

2 Summary of material accounting policies *(Continued)*

(11) Financial instruments *(Continued)*

(ii) **Classification and subsequent measurement of financial assets** *(Continued)*

(b) *Subsequent measurement of financial assets*

- Financial assets at FVTPL

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

- Financial assets at amortized cost

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

- Financial assets measured at FVOCI

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

- Equity investments measured at FVOCI

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

2 Summary of material accounting policies *(Continued)*

(11) Financial instruments *(Continued)*

(iii) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortized cost.

- Financial liabilities at FVTPL

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

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

- Financial liabilities at amortized cost

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

(iv) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognized amounts;
- The Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(v) Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

- The Group's contractual rights to the cash flows from the financial asset expire;
- The financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset;
- The financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

2 Summary of material accounting policies *(Continued)*

(11) Financial instruments *(Continued)*

(v) **Derecognition of financial assets and financial liabilities** *(Continued)*

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized 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 investment measured at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(vi) **Impairment**

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

- Financial assets measured at amortized cost
- Loans and advances to customers and debt investments measured at FVOCI
- Credit commitments

Other financial assets measured at fair value, including debt or equity securities at FVTPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and exposures arising from some loan commitments and financial guarantee contracts.

ECL refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows discounted by the original effective interest rate that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, i.e., the present value of all cash shortfalls (among them, for the purchased or originated credit-impaired (“POCI”) financial assets, discount shall be based on the credit-adjusted effective interest rate of the financial assets).

2 Summary of material accounting policies *(Continued)*

(11) Financial instruments *(Continued)*

(vi) Impairment (Continued)

Measurement of ECLs (Continued)

The Group measures ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

The description of inputs, assumptions and estimation techniques used in measuring the ECL is presented in Note 44.1.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognised in other comprehensive income and the impairment loss is recognised in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

If the Group has measured the loss allowance for a financial instrument other than POCI at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on the financial instruments has increased significantly since initial recognition is no longer met, the Group measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date and the amount of expected credit losses reversal is recognised in profit or loss. For POCI financial assets, at the reporting date, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition.

Presentation of allowances for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes 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 investments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income.

2 Summary of material accounting policies *(Continued)*

(11) Financial instruments *(Continued)*

(vi) Impairment *(Continued)*

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. 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.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(vii) Modification of loans

The Group will renegotiate or modify customer loan contracts due to certain special circumstances at times, which will in turn lead to changes in contract cash flows. In such cases, the Group will assess if there is a substantial change in the modified contractual terms. In making the assessment, factors need to be considered include:

- Where a modification of contract occurs when the borrower is suffering from financial difficulties, whether the modification only reduces the contract cash flows to the amount that is expected to be repaid by the borrower;
- If there's any newly added substantial term, for example, a term in regard to right to profits/equity returns is newly added, resulting in a substantial change in the risk characteristics of the contract;
- The loan term is significantly extended in the absence of financial difficulties for the borrower;
- Material change happens to the loan interest rate;
- Change happens to the loan currency;
- New collateral and other credit enhancements dramatically change the level of loan credit risk.

2 Summary of material accounting policies *(Continued)*

(11) Financial instruments *(Continued)*

(vii) Modification of loans (Continued)

If the terms are substantially different, the Group derecognises the original financial asset and recognises a “new” asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

(viii) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the Group becomes a contractual party of a derivative contract and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivatives, such as foreign exchange rate based interest payments embedded in structured deposits, are embedded into hybrid contracts. In the case of a hybrid contract whose host contract is a financial asset, it is classified and measured as a whole. In the case of a hybrid contract whose host contract is not a financial asset, the embedded derivatives are separated as independent derivatives if the following criterion are met:

- The economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract;
- The instruments that have the same terms but exist independently meet the definition of derivatives; and
- The hybrid instruments are not designated at fair value and changes included into the profits and losses for the period.

The Group can either designate the separated embedded derivatives as at fair value and changes included into the profits and losses for the period or designate the hybrid contract whose host contract is not related to financial assets as at fair value and changes included into the profits and losses for the period.

2 Summary of material accounting policies *(Continued)*

(11) Financial instruments *(Continued)*

(ix) Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of guaranteed fees, and the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to the consolidated statement of profit or loss.

The impairment allowance of loan commitments provided by the Group is measured using ECL models. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

(12) Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

2 Summary of material accounting policies *(Continued)*

(13) Financial assets held under resale and repurchase agreements

Financial assets purchased under agreements to resale are reported not as purchases of the assets but as receivables and are carried in the statements of financial position at amortized cost. Financial assets held under resale agreements are assessed for ECL in accordance with the policy set out in Note 2(11).

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statements of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortized cost.

Interest earned on resale 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.

(14) Precious metals

Precious metals that are not related to the Group's trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realizable value. Precious metals that are related to the Group's trading activities are initially recognized at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise.

(15) Property and equipment and construction in progress

Property and equipment is asset held by the Group for the conduct of business and is expected to be used for more than one year. Construction-in-progress, an item of property, represents property under construction and is transferred to property when ready for its intended use.

(a) Cost

Property and equipment is stated at cost upon initial recognition. Costs of a purchased property and equipment comprise purchase price, related taxes, and any directly attributable expenditures for bringing the asset to working condition for its intended use. Costs of a self-constructed property and equipment comprise construction materials, direct labor costs and those expenditures necessarily incurred for bringing the asset to working condition for its intended use.

Subsequent to initial recognition, property and equipment is stated at cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises, major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

2 Summary of material accounting policies *(Continued)*

(15) Property and equipment and construction in progress *(Continued)*

(a) **Cost** *(Continued)*

The subsequent costs including the cost of replacing part of an item of property and equipment are recognized in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(b) **Depreciation**

Depreciation is calculated to write-off the cost, less residual value if applicable, of property and equipment and is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives and depreciation rate (amortization rate) are as follows:

Category of assets	Estimated useful lives	Depreciation rates
Buildings	20 – 50 years	2.00% – 5.00%
Motor vehicles	4 years	25.00%
Machinery and equipment	3 – 10 years	10.00% – 33.33%

The residual value and useful lives of assets are reviewed, and adjusted if appropriate, as of each reporting date.

(c) **Disposal and retirement**

Gains or losses arising from the disposal or retirement of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss on the date of disposal or retirement.

(d) **Construction in progress**

Properties in the course of construction for supply of services or administrative purposes are carried at cost, as construction in progress, less any impairment loss. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

2 Summary of material accounting policies *(Continued)*

(16) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation, or both.

Investment properties are initially measured at cost, including costs that are directly attributable to the properties at the time of acquisition. The Group adopts the cost model for subsequent measurement of investment properties. The type of assets, estimated useful lives and depreciation rate (amortization rate) are as follows:

Category of assets	Estimated useful lives	Depreciation rates
Buildings	20 years	5.00%
Land use rights	50 years	2.00%

As at the balance sheet date, the Group reviews investment properties item by item. If the carrying amount of an asset is higher than the estimated recoverable amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is recognized at the higher of the fair value less cost of sales and value in use.

(17) Intangible assets

Intangible assets are initially recognized at cost. The cost less estimated net residual values (if any) of the intangible assets is amortized on a straight-line basis over their useful lives, and charged to profit or loss. Impaired intangible assets are amortized net of accumulated impairment losses. The estimated useful lives of the Group's intangible assets are 3-10 years. The amortization rates of the Group's intangible assets are 10.00% – 33.33%. The residual value and useful lives of assets are reviewed, and adjusted if appropriate, as of each reporting date.

Intangible assets with indefinite useful lives are not amortized but are subject to annual impairment assessment.

(18) Land use rights

The Group recognizes land use rights as right-of-use assets. Land use rights are initially measured at cost and amortized on a straight-line basis over their statutory useful lives. The cost of land use rights is amortized on a straight-line basis over the granted using period and is recognized in profit or loss for the current period. For land use rights, when charging the depreciation, the accumulated amount of provision for impairment losses will be deducted.

2 Summary of material accounting policies *(Continued)*

(19) Foreclosed assets

Foreclosed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. Foreclosed assets are initially recognized at fair value and subsequently measured at the lower of their carrying amount and fair value, less costs to sell at the end of each reporting period. When the fair value, less costs to sell, is lower than a foreclosed asset's carrying amount, an impairment loss is recognized in profit or loss.

Any gain or loss arising on the disposal of the foreclosed asset is included in profit or loss in the period in which the item is disposed.

The Group disposes of foreclosed assets through various means. In principle, foreclosed assets should not be transferred for own use, but, in the event that they are needed for the Group's own business or management purposes, they are transferred at their net carrying amounts and managed as newly acquired property and equipment.

(20) Leases

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

2 Summary of material accounting policies *(Continued)*

(20) Leases *(Continued)*

(i) **As a lessee** *(Continued)*

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes 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, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(21)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to 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.

(ii) **As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with Note 2(26).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(20)(i), then the Group classifies the sub-lease as an operating lease.

2 Summary of material accounting policies *(Continued)*

(21) Impairment of non-financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- Property and equipment;
- Construction in progress;
- Investment properties measured at cost;
- Foreclosed assets of non-financial assets;
- Right-of-use assets;
- Intangible assets and Land use rights;
- Long-term deferred expenses; and
- Investments in subsidiaries and associates.

If there is any indication that those assets have suffered an impairment loss, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any.

An asset group is composed of assets directly related to cash generation and 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.

The recoverable amount of an asset (or asset group, set of asset groups) 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 or set of asset groups to which the assets belong.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal to their present value using an appropriate pre-tax discount rate, taking into account the expected future cash, useful life and discount rate.

2 Summary of material accounting policies *(Continued)*

(21) Impairment of non-financial assets *(Continued)*

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss and a provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

(22) Employee benefits

(i) *Short-term employee benefits*

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. If the liability is not expected to be fully paid within 12 months after the end of the annual reporting period in which the employee provides the services, and the financial impact is significant, the liability is measured at the discounted amount.

(ii) *Post-employment benefits*

The Group's post-employment benefits are primarily the payments for basic pensions and unemployment insurance related to government mandated social welfare programs, as well as the annuity scheme established. All these post-employment benefits are defined contribution plans, under which, the Group makes fixed contributions into a separate fund and will have no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

Contributions to the basic pensions and unemployment insurance plan are recognised in the consolidated statement of profit or loss for the period in which the related payment obligation is incurred.

The employees of the Group participate in an annuity scheme established by the Group (the "Annuity Scheme"). The Group pays annuity contributions with reference to employees' salaries, and such contributions are expensed in the consolidated statement of profit or loss when incurred. The Group has no further obligation if the Annuity Scheme does not have sufficient assets for the payment of any retirement benefits to employees funded by the Annuity Scheme.

2 Summary of material accounting policies *(Continued)*

(22) Employee benefits *(Continued)*

(iii) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(23) Income tax

Current and deferred income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized for temporary difference related to goodwill or related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2 Summary of material accounting policies *(Continued)*

(23) Income tax *(Continued)*

Current and deferred income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that the temporary difference will not reverse in the foreseeable future or it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

(24) Provisions and contingent liabilities

(i) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2 Summary of material accounting policies *(Continued)*

(24) Provisions and contingent liabilities *(Continued)*

(ii) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that an outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized, but disclosed, unless the possibility of an outflow of resources embodying economic benefits is probable.

(25) Fiduciary activities

The Group acts as a custodian, trustee and in other fiduciary capacities to safeguard assets for customers in accordance with custody agreements between the Group and securities investment funds, social security funds, insurance companies, trust companies, qualified foreign institutional investors, annuity schemes and other institutions and individuals. The Group receives fees in return for its services provided under the custody agreements and does not have any interest in the economic risks and rewards related to assets under custody. Therefore, assets under custody are not recognized in the Group's consolidated statement of financial position.

The Group conducts entrusted lending arrangements for its customers. Under the terms of entrusted loan arrangements, the Group grants loans to borrowers, as an intermediary, according to the instruction of its customers who are the lenders providing funds for the entrusted loans. The Group is responsible for the arrangement and collection of the entrusted loans and receives a commission for the services rendered. As the Group does not assume the economic risks and rewards of the entrusted loans and the funding for the corresponding entrusted funds, they are not recognized as assets and liabilities of the Group.

(26) Income recognition

Income is recognized 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.

2 Summary of material accounting policies *(Continued)*

(26) Income recognition *(Continued)*

(i) **Interest income**

Interest income for financial assets is recognized 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 amortization 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 amortized cost of a financial asset and of allocating the interest income over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Interest on the impaired assets is recognized using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss.

(ii) **Fee and commission income**

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognized 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 recognized when its performance obligation in contracts is satisfied.

The Group recognizes income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date; or
- In other cases, the Group recognizes revenue at a point in time at which a customer obtains control of the promised services.

2 Summary of material accounting policies *(Continued)*

(26) Income recognition *(Continued)*

(iii) Government grants

Government grants are recognized in the statements 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 recognized 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 recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iv) Dividend income

Dividend is recognised in profit or loss only when the Group's right to receive payment of the dividends is established.

(v) Other income

Other income is recognized on an accrual basis.

(27) Expense recognition

(i) Interest expenses

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

(ii) Other expenses

Other expenses are recognised on an accrual basis.

(28) Dividend distribution

Dividend distribution to the Bank's equity holders is recognized as a liability in the Group's and the Bank's financial statements in the period in which the dividends are approved by the equity holders in the annual general meeting of the Bank.

2 Summary of material accounting policies *(Continued)*

(29) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (a) 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);
 - (b) 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);
 - (c) Both entities are joint ventures of the same third party;
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (f) The entity is controlled or jointly controlled by a person identified in (i);
 - (g) A person identified in (i)(a) 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);
 - (h) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Summary of material accounting policies *(Continued)*

(30) Segment reporting

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker for the purposes of allocating resources and assessing performance. The Group considers the business from different perspectives including products and services and geographic areas. The operating segments that meet the specified criteria have been aggregated, and the operating segments that meet quantitative thresholds have been reported separately.

Inter-segment revenues are measured based on actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

3 Accounting estimates and judgement

Preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and judgements are based on historical experience and other relevant factors including reasonable expectations for future events, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(1) Measurement of expected credit loss

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI and for exposures arising from some loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 44.1 Credit risk.

3 Accounting estimates and judgement *(Continued)*

(1) Measurement of expected credit loss *(Continued)*

It requires a lot of significant judgements to measure ECL under relevant accounting standards, such as:

- Segmentation of portfolio sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters;
- Criteria for determining whether there was a significant increase in credit risk, or a default or credit impaired was occurred;
- Economic indicators used in the forward-looking measurement, and the application of economic scenarios and weightings; and
- Estimation of future cash flows for corporate loans and advances and debt investments in stage 3.

Detailed information on the above judgements and estimates is set out in Note 44.1.

(2) Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

(3) Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models. To the extent practical, market observable inputs and data, such as interest rate yield curves, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, liquidity, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

3 Accounting estimates and judgement *(Continued)*

(4) Goodwill impairment

Goodwill impairment reviews are undertaken annually or more frequently, and it is also needed if events or changes indicate a potential impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating unit (the “CGU”). The Group forecasts future cash flow of the CGU, and applies appropriate discount rate for the calculation of the present value of future cash flow.

(5) Taxes

There are certain transactions and activities in the ordinary course of the Group’s business for which the ultimate tax effect is uncertain. The Group made certain estimation and judgement for items of uncertainty in the application of tax legislations, taking into account existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, based on management’s assessment, such differences will affect the current income tax and deferred income tax during the period in which such a determination is made.

4 Net interest income

	Year ended 31 December	
	2024	2023
Interest income		
Balances with the central bank	429,757	438,891
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	609,829	507,978
Loans and advances to customers	14,428,969	15,869,946
Financial investments	6,453,512	6,265,738
Sub-total	21,922,067	23,082,553
Interest expense		
Borrowings from the central bank	(874,448)	(693,920)
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	(1,062,533)	(884,993)
Deposits from customers	(8,987,966)	(9,011,957)
Debt securities issued	(1,804,171)	(1,900,766)
Lease liabilities	(18,662)	(18,608)
Sub-total	(12,747,780)	(12,510,244)
Net interest income	9,174,287	10,572,309

5 Net fee and commission income

	Year ended 31 December	
	2024	2023
Fee and commission income		
Wealth management agency services	265,865	361,923
Bank cards	206,059	216,764
Custodian and other fiduciary	187,492	341,938
Settlement and clearing services	73,463	72,067
Others	82,930	97,680
Sub-total	815,809	1,090,372
Fee and commission expense		
Settlement and clearing services	(160,777)	(158,805)
Transaction services	(157,520)	(116,251)
Platform cooperation services	(38,782)	(56,237)
Others	(1,693)	(46,302)
Sub-total	(358,772)	(377,595)
Net fee and commission income	457,037	712,777

6 Net trading gains

	Year ended 31 December	
	2024	2023
Net gains on financial assets held for trading	1,817,873	1,068,388
Exchange gains	34,233	10,543
Net gains on precious metal	8,879	2,377
Financial liabilities at fair value through profit or loss	(13,386)	–
Total	1,847,599	1,081,308

7 Net gains on financial instruments

	Note	Year ended 31 December	
		2024	2023
Net gains on financial assets at fair value through other comprehensive income		420,034	496,394
Net gains on financial instruments at fair value through profit or loss		325,329	376,440
Net gains on derecognition of financial investments measured at amortised cost		180,322	28,751
Dividend income from equity instruments		41,153	42,443
Others	29(a)	(258,385)	(236,539)
Total		708,453	707,489

8 Other operating income

	Note	Year ended 31 December	
		2024	2023
Government grants	(a)	81,431	143,970
Rental income		29,166	30,862
Gains on disposal of property, equipment and other long-term assets		6,249	4,126
Others		7,706	7,321
Total		124,552	186,279

(a) Government grants mainly comprise incentives for deferred repayment of principal and interest, incentives for headquarters enterprises in Dongguan and job stabilization subsidies from Ministry of Finance ("MOF") and Municipal Governments.

9 Operating expenses

	Note	Year ended 31 December	
		2024	2023
Staff costs	10	3,058,456	3,023,311
General and administrative expenses		1,114,876	1,225,788
Depreciation and amortisation		429,392	422,760
Taxes and surcharges		143,090	139,701
Auditors' remuneration		6,851	8,578
– Audit service		6,036	6,331
– Non-audit service		815	2,247
Total		4,752,665	4,820,138

10 Staff costs

	Year ended 31 December	
	2024	2023
Salaries, bonuses, allowances and subsidies	2,129,559	2,247,985
Social benefits and others	729,451	558,822
Enterprise annuity scheme	153,960	168,180
Labour union funds and employee education funds	45,486	48,324
Total	3,058,456	3,023,311

11 Emoluments of directors, supervisors and the highest-paid staff

(a) Emoluments of directors and supervisors are as follows:

Name	Notes	Year ended 31 December					Total (Before Tax)
		Fees	Salaries	Discretionary bonuses	Subsidies and physical benefits	Pension plan contributions	
Chairman							
Lu Guofeng		-	1,380	607	104	108	2,199
Executive directors							
Fu Qiang		-	1,380	607	104	108	2,199
Ye Jianguang		-	1,132	498	104	108	1,842
Qian Hua	(1)	-	283	125	26	27	461
Non-executive directors							
Ye Jinquan		230	-	-	-	-	230
Zhang Qingxiang		230	-	-	-	-	230
Chen Weiliang		230	-	-	-	-	230
Tang Wencheng		230	-	-	-	-	230
Independent non-executive directors							
Zeng Jianhua		230	-	-	-	-	230
Yip Tai Him		230	-	-	-	-	230
Xu Zhi		230	-	-	-	-	230
Tan Fulong		230	-	-	-	-	230
Liu Yuou		230	-	-	-	-	230
Xu Tingting		230	-	-	-	-	230
Supervisors							
Chen Sheng		-	1,132	498	104	108	1,842
Chen Huinan	(2)	-	378	527	61	63	1,029
Wen Junhua	(2)	-	370	695	61	63	1,189
Liu Liping	(2)	-	317	606	61	63	1,047
Deng Qian	(2)	134	-	-	-	-	134
Cai Junbang	(2)	134	-	-	-	-	134
Liu Jiahao	(2)	134	-	-	-	-	134
Li Guoyu	(2)	134	-	-	-	-	134
Wei Haiying		230	-	-	-	-	230
Zhang Bangyong		230	-	-	-	-	230
Mai Xiuhua		230	-	-	-	-	230
Liu Sheng	(2)	134	-	-	-	-	134
Directors who resigned							
Lai Chun Tung	(3)	96	-	-	-	-	96
Wang Junyang	(3)	96	-	-	-	-	96
Cai Guowei	(3)	96	-	-	-	-	96
Chen Haitao	(3)	96	-	-	-	-	96
Supervisors who resigned							
Deng Yanwen	(3)	-	190	239	43	45	517
Wu Lixin	(3)	-	248	244	43	45	580
Liang Zhifeng	(3)	-	282	266	43	45	636
Wang Zhujin	(3)	96	-	-	-	-	96
Liang Jiepeng	(3)	96	-	-	-	-	96
Lu Chaoping	(3)	96	-	-	-	-	96
Zou Zhibiao	(3)	96	-	-	-	-	96
Yang Biao	(3)	96	-	-	-	-	96
Total		4,524	7,092	4,912	754	783	18,065

- (1) The general meeting of shareholders recommended the appointment of Mr. Qian Hua as an executive director on 30 May 2024. The appointment of Mr. Qian Hua as an executive director has been approved by Dongguan Office of the NFRA on 14 October 2024.
- (2) On 30 May 2024, Ms. Deng Qian, Mr. Cai Junbang, Mr. Liu Jiahao, Mr. Li Guoyu and Mr. Liu Sheng were elected as the Supervisors of the fifth session of the Board of Supervisors of the Bank at the 2023 annual general meeting of Shareholders. And the Workers' Congress recommended the appointment of Mr. Chen Huinan, Ms. Wen Junhua, Ms. Liu Liping as supervisors on 30 May 2024.
- (3) Mr. Lai Chun Tung, Mr. Wang Junyang, Mr. Cai Guowei and Mr. Chen Haitao resigned as directors of the Bank on 30 May 2024. And Ms. Deng Yanwen, Mr. Wu Lixin, Mr. Liang Zhifeng, Mr. Wang Zhujin, Mr. Liang Jiepeng, Mr. Lu Chaoping, Mr. Zou Zhibiao and Mr. Yang Biao resigned as supervisors of the Bank on 30 May 2024.
- (4) The total amount of pre-tax emoluments of the Group's directors and supervisors who are fully remunerated is still in the process of being confirmed and the remainder will be disclosed upon confirmation of payment.

11 Emoluments of directors, supervisors and the highest-paid staff (Continued)

(a) Emoluments of directors and supervisors are as follows: (Continued)

Name	Notes	Year ended 31 December 2023					Total (Before Tax)
		Fees	Salaries	Discretionary bonuses	Subsidies and physical benefits	Pension plan contributions	
Chairman							
Lu Guofeng	(1)	-	920	455	68	72	1,515
Executive directors							
Fu Qiang		-	1,380	683	101	108	2,272
Ye Jianguang		-	1,132	706	101	108	2,047
Non-executive directors							
Lai Chun Tung		230	-	-	-	-	230
Wang Junyang		230	-	-	-	-	230
Cai Guowei		230	-	-	-	-	230
Ye Jinquan		230	-	-	-	-	230
Chen Haitao		230	-	-	-	-	230
Zhang Qingxiang		230	-	-	-	-	230
Chen Weiliang		230	-	-	-	-	230
Tang Wencheng		230	-	-	-	-	230
Independent non-executive directors							
Zeng Jianhua		230	-	-	-	-	230
Yip Tai Him		230	-	-	-	-	230
Xu Zhi		230	-	-	-	-	230
Tan Fulong		230	-	-	-	-	230
Liu Yuou		230	-	-	-	-	230
Xu Tingting		230	-	-	-	-	230
Supervisors							
Chen Sheng		-	1,132	706	101	108	2,047
Deng Yanwen		-	443	760	89	108	1,400
Wu Lixin		-	586	668	83	108	1,445
Liang Zhifeng		-	584	925	82	108	1,699
Lu Chaoping		230	-	-	-	-	230
Wang Zhujin		230	-	-	-	-	230
Liang Jiepeng		230	-	-	-	-	230
Zou Zhibiao		230	-	-	-	-	230
Wei Haiying		230	-	-	-	-	230
Yang Biao		230	-	-	-	-	230
Zhang Bangyong		230	-	-	-	-	230
Mai Xiuhua		230	-	-	-	-	230
Directors who resigned							
Wang Yaoqiu	(2)	-	460	329	33	36	858
Total		5,060	6,637	5,232	658	756	18,343

(1) The Board of Director recommended the appointment of Mr. Lu Guofeng as an executive director on 28 April 2023 and the appointment as the chairman on 25 May 2023. The appointment of Mr. Lu Guofeng as an executive director has been approved by Dongguan Office of the NFRA on 20 November 2023 and the appointment as the chairman has been approved by Guangdong Office of the NFRA on 27 December 2023. The above emoluments of Lu Guofeng includes the emoluments during his tenure as the secretary of the Party Committee and the chairman.

(2) Mr. Wang Yaoqiu resigned as the chairman of the Bank on 28 April 2023.

(3) The Group implements the deferred payment system of performance pay according to regulations. In 2023, the total amount of deferred performance-based compensation for the above personnel was RMB4,307 thousand, including RMB474 thousand for Lu Guofeng, RMB711 thousand for Fu Qiang, RMB 734 thousand for Ye Jianguang, RMB734 thousand for Chen Sheng, RMB684 thousand for Wu Lixin, RMB628 thousand for Liang Zhifeng, and RMB342 thousand for Wang Yaoqiu. The deferred performance-based compensation has not been paid to individuals for the time being. Whether and how to pay the deferred performance-based compensation will be determined according to the actual operation and risk loss identification of the Group in the future and the relevant system of the Group.

11 Emoluments of directors, supervisors and the highest-paid staff (Continued)

(b) Five highest paid individuals:

The five highest paid individuals comprises directors, supervisor and non-director and non-supervisor as below:

	Note	Year ended 31 December	
		2024	2023
Directors		2	1
Supervisor		—	—
Non-director and non-supervisor	(1)	3	4
Total		5	5

(1) The emoluments payable to the remaining individuals during the years ended 31 December 2024 and 2023 are as follows:

	Year ended 31 December	
	2024	2023
Salaries, subsidies and other benefits	2,396	2,717
Discretionary bonuses	3,373	5,383
Pension plan contributions	324	432
Total	6,093	8,532

The emoluments of the remaining individuals during the years ended 31 December 2024 and 2023 fell within the following band:

	Year ended 31 December	
	2024	2023
RMB1,500,000 to RMB2,500,000	3	4

11 Emoluments of directors, supervisors and the highest-paid staff (Continued)

(c) Other benefits and interests of directors and supervisors

For the years ended 31 December 2024 and 2023, the Group:

- paid no emoluments to any director, supervisor, senior management or any of the five highest paid individuals as its bonus for joining, or compensation for termination.
- paid no retirement benefits to any director, supervisor, senior management or any of five highest paid individuals except for enterprise Annuity Scheme and Pension Scheme (Note 2 (22) Employee benefits).
- paid no consideration to any third party for related services provided to the Group by directors or supervisors;
- no director or supervisor waived any emolument.

The loans issued by the Group to its directors, supervisors or certain controlled body corporates and connected entities of the directors or supervisors and the balances were disclosed in Note 42. The Group provided no guarantee or security for the loans of any directors, supervisors or certain controlled body corporates and connected entities of the directors or supervisors.

12 Impairment losses on assets

	Year ended 31 December	
	2024	2023
Loans and advances to customers		
– Measured at amortised cost	3,873,812	3,455,879
– Measured at fair value through other comprehensive income	(40,190)	(3,011)
Financial investments		
– Measured at amortised cost	(200,515)	(78,477)
– Measured at fair value through other comprehensive income	(121,356)	(32,956)
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	(30,163)	(1,776)
Loan commitments and guarantee contracts	(38,966)	(7,850)
Other assets	37,175	(9,663)
Total	3,479,797	3,322,146

13 Income tax

	Note	Year ended 31 December	
		2024	2023
Current income tax	25	28,335	474,702
Deferred income tax		(768,511)	(738,803)
Tax filing differences		(16,473)	88,021
Total		(756,649)	(176,080)

The actual amount of tax paid by the Group is different from the amount calculated based on the profit before tax of the Group and statutory tax rate applicable to the Group. The major adjustments are as follows:

	Notes	Year ended 31 December	
		2024	2023
Profit before tax		4,103,910	5,169,736
Income tax calculated at statutory tax rate of 25%		1,025,978	1,292,434
Tax effect of income non-taxable for tax purpose	(a)	(1,747,011)	(1,492,884)
Share of profits of associates		(6,111)	(12,965)
Non-deductible expenses		71,706	83,232
Recognition of previously unrecognised deductible temporary differences		(4,471)	(91,189)
Reversal of previously recognized deferred tax assets		14,742	—
Tax effect of unused tax losses not recognised		(100,672)	(42,701)
Current-year losses for which no deferred tax asset is recognised		3,924	272
Effect of preferential tax rate applicable to a subsidiary	(b)	1,739	(300)
Adjustments for current tax of prior periods		(16,473)	88,021
Income tax		(756,649)	(176,080)

(a) The non-taxable income of the Group principally includes interest income from PRC treasury bonds, municipal government bonds and dividend income.

(b) According to Announcement on the Continuation of the Enterprise Income Tax Policy for the Western Development (Cai Shui Fa [2020] No. 23), Hezhou Babu Dongying County Bank Company Limited, the Group's subsidiary, is entitled to a preferential income tax rate of 15% from 1 January 2021 to 31 December 2030.

14 Basic and diluted earnings per share

- (a) Basic earnings per share are calculated by dividing the net profit attributable to the shareholders of the Bank by the weighted average number of ordinary shares issued by the Bank during the years.

	Year ended 31 December	
	2024	2023
Net profit attributable to the shareholders of the Bank (RMB'000)	4,624,651	5,161,283
Weighted average number of ordinary shares (thousand shares)	6,888,546	6,888,546
Basic earnings per share (RMB)	0.67	0.75

(b) Diluted earnings per share

For the years ended 31 December 2024 and 2023, the Bank had no potential diluted ordinary share, so the diluted earnings per share equaled the basic earnings per share.

15 Cash and balances with the central bank

	Notes	As at 31 December	
		2024	2023
Cash		2,566,580	2,478,099
Mandatory reserve deposits with the central bank	(a)	25,934,793	25,409,414
Surplus reserve deposits	(b)	7,607,072	8,811,540
Other deposits with the central bank	(c)	212,299	223,057
Sub-total		36,320,744	36,922,110
Accrued interest		13,243	13,205
Total		36,333,987	36,935,315

15 Cash and balances with the central bank *(Continued)*

- (a) Mandatory reserve deposits with the central bank represent the general reserve that the Group maintains with the People's Bank of China ("PBOC") in accordance with relevant regulations. The deposit ratios for the reserve of the Bank as at 31 December 2024 and 2023 were as follows, respectively:

	As at 31 December	
	2024	2023
Mandatory reserve rate for deposits denominated in RMB	5.00%	5.25%
Mandatory reserve rate for deposits denominated in foreign currencies	4.00%	4.00%

The aforementioned mandatory reserve deposits with the central bank cannot be used for daily operating activities. The ratios for RMB deposits in the reserve of the Bank's subsidiaries are in accordance with regulations of the PBOC.

- (b) Surplus reserve deposits with the central bank are mainly for the purpose of clearing and settlement.
- (c) Other deposits with the central bank primarily represent fiscal deposits that are not available for use in the Group's daily operations.

16 Financial assets held under resale agreements and deposits and placements with banks and other financial institutions

	Note	As at 31 December	
		2024	2023
Deposits with domestic banks and other financial institutions		2,444,307	4,169,735
Deposits with overseas banks and other financial institutions		1,166,474	1,235,082
Placements with domestic banks and other financial institutions		12,867,781	10,850,000
Bonds held under resale agreements	(a)	325,598	1,340,450
Sub-total		16,804,160	17,595,267
Accrued interest		33,048	19,859
Provision for impairment losses		(18,628)	(48,673)
Total		16,818,580	17,566,453

- (a) For the years ended 31 December 2024 and 2023, the Group did not use financial assets held under resale agreements as pledged or mortgaged assets for repurchase agreements with other financial institutions.

17 Derivative financial instruments

	As at 31 December 2024		
	Nominal amount	Fair value	
		Assets	Liabilities
Interest rate swap	31,060,000	349,844	(318,834)
Structured deposits	376,522	178,115	(178,115)
Foreign exchange swap	5,915,192	72,323	(28,618)
Others	482,534	780	(4,893)
Total	37,834,248	601,062	(530,460)

	As at 31 December 2023		
	Nominal amount	Fair value	
		Assets	Liabilities
Interest rate swap	29,810,000	197,333	(223,105)
Structured deposits	435,972	206,795	(206,795)
Foreign exchange swap	6,088,926	25,308	(17,921)
Others	1,487,111	6,847	(10,440)
Total	37,822,009	436,283	(458,261)

18 Loans and advances to customers

(a) Loans and advances to customers are summarised as follows:

	As at 31 December	
	2024	2023
Loans and advances to customers measured at amortised cost		
Corporate loans and advances		
– Corporate loans	218,380,176	196,487,854
– Discounted bills	4,367,947	5,877,083
Subtotal	222,748,123	202,364,937
Personal loans and advances		
– Business loans	46,616,324	44,272,043
– Property mortgages	40,688,088	38,863,183
– Personal consumption loans	36,434,537	35,337,953
– Credit cards	4,481,750	4,921,478
Subtotal	128,220,699	123,394,657
Accrued interest	734,502	730,437
Total loans and advances to customers measured at amortised cost	351,703,324	326,490,031
Impairment provision for loans and advances measured at amortised cost	(14,414,904)	(13,291,864)
Net book value of loans and advances to customers at amortised cost	337,288,420	313,198,167
Loans and advances to customers at fair value through other comprehensive income		
Corporate loans and advances		
– Inter-bank discounted bills	17,152,300	21,951,825
– Forfaiting	6,167,869	7,361,923
Loans and advances to customers at fair value through profit or loss		
Corporate loans and advances		
– Inter-bank discounted bills	6,755,902	–
Net loans and advances to customers	367,364,491	342,511,915

As at 31 December 2024 and 2023, the expected credit loss rates for loans and advances to customers at amortized cost of the Group were 4.10% and 4.07% respectively.

18 Loans and advances to customers *(Continued)*

(b) Changes in provision for impairment losses of loans and advances to customers by assessment type:

Loans and advances to customers measured at amortised cost	Notes	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024		4,801,711	3,134,574	5,355,579	13,291,864
Net transfers in:					
– Stage 1		115,023	–	–	115,023
– Stage 2		–	(1,200,600)	–	(1,200,600)
– Stage 3		–	–	1,085,577	1,085,577
Originated or purchased		2,280,086	–	–	2,280,086
Remeasurement	(i)	(958,508)	2,645,957	3,753,576	5,441,025
Repayment or transfer out		(1,897,640)	(780,861)	(2,097,158)	(4,775,659)
Write-off	(ii)	–	–	(1,822,412)	(1,822,412)
As at 31 December 2024		4,340,672	3,799,070	6,275,162	14,414,904
As at 1 January 2023		4,034,119	1,222,647	5,663,233	10,919,999
Net transfers in:					
– Stage 1		(78,023)	–	–	(78,023)
– Stage 2		–	310,600	–	310,600
– Stage 3		–	–	(232,577)	(232,577)
Originated or purchased		1,737,459	–	–	1,737,459
Remeasurement	(i)	609,515	1,913,604	2,152,550	4,675,669
Repayment or transfer out		(1,501,359)	(312,277)	(688,486)	(2,502,122)
Write-off	(ii)	–	–	(1,539,141)	(1,539,141)
As at 31 December 2023		4,801,711	3,134,574	5,355,579	13,291,864

For the years ended 31 December 2024 and 2023, all the movements in ECL allowance on loans and advances to customers at fair value through other comprehensive income are in stage 1.

- (i) Remeasurement are caused by parameter changes or transfers between stages.
- (ii) The contractual amount outstanding on loans and advances to customers that were written off during the year ended 31 December 2024 and that are still subject to enforcement activity is RMB1,822 million (2023: RMB1,539 million).

18 Loans and advances to customers *(Continued)*

(c) Loans and advances to customers by assessment type:

As at 31 December 2024	Carrying amounts				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Not Applicable	
Total loans and advances to customers measured at amortised cost	330,722,904	13,799,612	7,180,808	–	351,703,324
Provision for impairment losses	(4,340,672)	(3,799,070)	(6,275,162)	–	(14,414,904)
Net loans and advances to customers measured at amortised cost	326,382,232	10,000,542	905,646	–	337,288,420
Total loans and advances to customers at fair value through other comprehensive income	23,320,169	–	–	–	23,320,169
Total loans and advances to customers at fair value through profit or loss	–	–	–	6,755,902	6,755,902
Net loans and advances to customers	349,702,401	10,000,542	905,646	6,755,902	367,364,491

As at 31 December 2023	Carrying amounts				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
Total loans and advances to customers measured at amortised cost	310,071,484	9,722,119	6,696,428		326,490,031
Provision for impairment losses	(4,801,711)	(3,134,574)	(5,355,579)		(13,291,864)
Net loans and advances to customers measured at amortised cost	305,269,773	6,587,545	1,340,849		313,198,167
Total loans and advances to customers at fair value through other comprehensive income	29,313,748	–	–		29,313,748
Net loans and advances to customers	334,583,521	6,587,545	1,340,849		342,511,915

19 Financial investments

	Notes	As at 31 December	
		2024	2023
Financial investments at fair value through profit or loss	(a)	43,268,319	52,836,715
Financial investments at amortised cost	(b)	140,564,544	137,226,078
Financial investments at fair value through other comprehensive income	(c)	129,808,653	111,155,742
Total		313,641,516	301,218,535

(a) Financial investments at fair value through profit or loss

	Notes	As at 31 December	
		2024	2023
Debt securities			
– Government bonds		7,289,320	16,759,787
– Financial institution bonds		7,693,047	6,565,463
– Corporate bonds		438,655	152,766
– Interbank certificates of deposits		1,191,995	1,189,287
Sub-total		16,613,017	24,667,303
Fund Investments		25,097,285	26,429,513
Trust beneficiary rights	(i)	1,558,017	1,739,899
Sub-total		26,655,302	28,169,412
Total		43,268,319	52,836,715
Listed	(ii)	16,613,017	24,667,303
– of which in Hong Kong		–	–
Unlisted		26,655,302	28,169,412
Total		43,268,319	52,836,715

(i) For the years ended 31 December 2024 and 2023, trust beneficiary rights primarily invest in loan and foreclosed assets.

(ii) Debt securities traded on the China Domestic Interbank Bond Market are classified as “Listed”.

19 Financial investments *(Continued)*

(b) Financial investments at amortised cost

	As at 31 December	
	2024	2023
Debt securities		
– Government bonds	106,825,455	105,632,540
– Financial institution bonds	30,416,365	29,753,844
– Corporate bonds	60,382	116,624
– Interbank certificates of deposits	1,318,006	99,334
Sub-total	138,620,208	135,602,342
Certificate treasury bonds	424,930	269,012
Accrued interest	1,696,376	1,732,208
Provision for impairment losses	(176,970)	(377,484)
Total	140,564,544	137,226,078
Listed	140,117,546	136,937,384
– of which in Hong Kong	–	144,073
Unlisted	446,998	288,694
Total	140,564,544	137,226,078

19 Financial investments (Continued)

(b) Financial investments at amortised cost (Continued)

(i) Analyzed by movements in loss allowance:

	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024		374,843	2,641	-	377,484
Net transfers in:					
- Stage 1		-	-	-	-
- Stage 2		-	-	-	-
- Stage 3		-	-	-	-
Originated or purchased		35,225	-	-	35,225
Remeasurement	(1)	(142,163)	-	-	(142,163)
Repayment or transfer out		(90,935)	(2,641)	-	(93,576)
As at 31 December 2024		176,970	-	-	176,970

	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023		450,707	5,234	-	455,941
Net transfers in:					
- Stage 1		-	-	-	-
- Stage 2		-	-	-	-
- Stage 3		-	-	-	-
Originated or purchased		131,111	-	-	131,111
Remeasurement	(1)	(101,598)	23	-	(101,575)
Repayment or transfer out		(105,377)	(2,616)	-	(107,993)
As at 31 December 2023		374,843	2,641	-	377,484

(1) Remeasurement are caused by parameter changes or transfers between stages.

19 Financial investments *(Continued)*

(c) Financial investments at fair value through other comprehensive income

	As at 31 December	
	2024	2023
Debt securities		
– Government bonds	106,709,853	91,558,855
– Financial institution bonds	18,721,459	14,956,383
– Corporate bonds	662,819	1,191,569
– Interbank certificates of deposit	1,051,975	794,913
Sub-total	127,146,106	108,501,720
Trust beneficiary rights	–	29,236
Equity instruments designated at fair value through other comprehensive income	1,173,395	1,039,205
Accrued interest	1,489,152	1,585,581
Total	129,808,653	111,155,742
Listed	128,618,013	110,141,444
– of which in Hong Kong	–	355,382
Unlisted	1,190,640	1,014,298
Total	129,808,653	111,155,742

19 Financial investments (Continued)

(c) Financial investments at fair value through other comprehensive income (Continued)

(i) Analyzed by movements in loss allowance:

	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024		161,113	5,314	1,408,556	1,574,983
Net transfers in:					
– Stage 1		2,657	–	–	2,657
– Stage 2		–	31	–	31
– Stage 3		–	–	(2,688)	(2,688)
Originated or purchased		40,373	–	–	40,373
Remeasurement	(1)	(55,005)	(4,254)	(23,923)	(83,182)
Repayment or transfer out		(64,887)	–	(28,102)	(92,989)
Write-off		–	–	(317,399)	(317,399)
As at 31 December 2024		84,251	1,091	1,036,444	1,121,786

	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023		225,116	36,620	1,749,963	2,011,699
Net transfers in:					
– Stage 1		(235)	–	–	(235)
– Stage 2		–	235	–	235
– Stage 3		–	–	–	–
Originated or purchased		88,295	–	–	88,295
Remeasurement	(1)	(23,921)	5,080	15,806	(3,035)
Repayment or transfer out		(128,142)	(36,621)	(101,996)	(266,759)
Write-off		–	–	(255,217)	(255,217)
As at 31 December 2023		161,113	5,314	1,408,556	1,574,983

(1) Remeasurement are caused by parameter changes or transfers between stages.

20 Subsidiaries

	Note	As at 31 December	
		2024	2023
Investment cost	(a)	3,547,487	3,735,487

Subsidiaries invested by the Bank are set out below:

Name of entity	Note	Date and place of incorporation/establishment	Authorized/ paid-in capital	Percentage of equity interest		Percentage of voting rights		Principal activities
				31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Yunfu Xinxing Dongying County Bank Company Limited		23 December 2011 Yunfu, Guangdong	RMB100,000,000	51.00%	51.00%	51.00%	51.00%	Banking
Hezhou Babu Dongying County Bank Company Limited		8 August 2012 Hezhou, Guangxi	RMB100,000,000	51.00%	51.00%	51.00%	51.00%	Banking
Zhanjiang Rural Commercial Bank Co., Ltd.	(b)	26 October 2019 Zhanjiang, Guangdong	RMB1,655,000,000	49.41%	49.41%	49.41%	49.41%	Banking
Guangdong Chaoyang Rural Commercial Bank Co., Ltd.		27 December 2020 Shantou, Guangdong	RMB1,202,000,000	67.03%	67.03%	67.03%	67.03%	Banking

- (a) Guangdong Office of The National Financial Regulatory Administration instructed the Bank to merge Dongguan Dalang Dongying County Bank Co., Ltd. ("Dalang Dongying") and Huizhou Zhongkai Dongying County Bank Co., Ltd. ("Huizhou Zhongkai"). On 20 June 2024, "the Approval of Guangdong Office of The National Financial Regulatory Administration on Dongguan Dalang Dongying County Bank Co., Ltd. merged by Dongguan Rural Commercial Bank Co., Ltd." (Yue Jin Fu [2024] No. 153) and "the Approval of Guangdong Office of The National Financial Regulatory Administration on Huizhou Zhongkai Dongying County Bank Co., Ltd. merged by Dongguan Rural Commercial Bank Co., Ltd." (Yue Jin Fu [2024] No. 152) were issued by Guangdong Office of The National Financial Regulatory Administration. On 14 September 2024, the Bank had completed absorption merger, with Dalang Dongying and Huizhou Zhongkai being reconstituted as branches.
- (b) The business combination of Zhanjiang Rural Commercial Bank Co., Ltd. ("Zhanjiang RCB") was completed on 26 October 2019. Upon the acquisition, the Bank holds 49.41% shares and the remaining shareholdings are widely dispersed. Therefore, the Bank controls Zhanjiang RCB.

21 Investment in associates

	Note	Year ended 31 December	
		2024	2023
Opening balance		633,467	480,421
Share of changes of other reserves	35	—	112,350
Share of net profits		24,444	51,858
Dividends received		(13,455)	(11,162)
Ending balance		644,456	633,467

The Group's investments in associates are ordinary shares of non-listed companies, and the results of these associates and their assets and liabilities are summarized below:

Investee	Notes	Place of registration	Assets	Net assets	Revenue for the current year	Net profit for the current year	Shareholding (%)
As at 31 December 2024							
Ya'an Rural Commercial Bank Co., Ltd.	(a)	Ya'an, Sichuan	81,830,305	6,258,160	1,445,514	413,716	7.62%
Guangdong Lechang Rural Commercial Bank Co., Ltd.	(b)	Lechang, Guangdong	11,654,164	1,038,492	271,512	81,800	8.00%
Guangdong Xuwen Rural Commercial Bank Co., Ltd.	(c)	Xuwen, Guangdong	12,467,673	1,031,697	405,029	106,452	7.94%
As at 31 December 2023							
Ya'an Rural Commercial Bank Co., Ltd.	(a)	Ya'an, Sichuan	73,257,631	5,874,288	1,454,280	489,800	7.62%
Guangdong Lechang Rural Commercial Bank Co., Ltd.	(b)	Lechang, Guangdong	11,355,891	1,020,946	261,442	76,885	8.00%
Guangdong Xuwen Rural Commercial Bank Co., Ltd.	(c)	Xuwen, Guangdong	11,847,116	967,468	389,492	105,600	7.94%

- (a) One of the nine members of the board of directors of Ya'an Rural Commercial Bank Co., Ltd. ("Ya'an RCB") is a representative of the Group, therefore the Group is able to exercise significant influence over Ya'an RCB and accounts for Ya'an RCB as an associate.

As per the approval by Sichuan Office of the National Administration of Financial Regulation, six local financial institutions were merged by Ya'an RCB in December 2023, including Sichuan Hanyuan Rural Commercial Bank Co., Ltd., Sichuan Shimian Rural Commercial Bank Co., Ltd., Sichuan Tianquan Rural Commercial Bank Co., Ltd., Sichuan Lushan Rural Commercial Bank Co., Ltd., Yingjing County Rural Credit Cooperative Union, and Baoxing County Rural Credit Cooperative Union. Ya'an RCB inherited the creditor's rights and debts of the above six institutions. After the above merger, the proportion of equity held by the Group in Ya'an RCB decreased from 15.00% to 7.62%.

- (b) One of the nine members of the board of directors of Guangdong Lechang Rural Commercial Bank Co., Ltd. ("Lechang RCB") is a representative of the Group, therefore the Group is able to exercise significant influence over Lechang RCB and accounts for Lechang RCB as an associate.
- (c) One of the nine members of the board of directors of Guangdong Xuwen Rural Commercial Bank Co., Ltd. ("Xuwen RCB") is a representative of the Group, therefore the Group is able to exercise significant influence over Xuwen RCB and accounts for Xuwen RCB as an associate.

22 Property and equipment

	Buildings	Motor vehicles	Machinery and equipment	Construction in progress	Total
Cost					
As at 1 January 2024	2,702,261	39,663	1,108,851	858,058	4,708,833
Addition	8,973	1,940	75,705	146,713	233,331
Transfers in/(out)	447,353	–	19,345	(498,752)	(32,054)
Disposal	(2,435)	(908)	(52,891)	–	(56,234)
As at 31 December 2024	3,156,152	40,695	1,151,010	506,019	4,853,876
Accumulated depreciation					
As at 1 January 2024	(1,325,456)	(37,074)	(1,038,029)	–	(2,400,559)
Depreciation	(153,834)	(1,886)	(62,550)	–	(218,270)
Disposal	1,542	851	52,164	–	54,557
As at 31 December 2024	(1,477,748)	(38,109)	(1,048,415)	–	(2,564,272)
Provision for impairment losses					
As at 1 January 2024	(857)	–	–	–	(857)
Charge for the year	–	–	–	–	–
As at 31 December 2024	(857)	–	–	–	(857)
Net book value					
As at 31 December 2024	1,677,547	2,586	102,595	506,019	2,288,747

22 Property and equipment *(Continued)*

	Buildings	Motor vehicles	Machinery and equipment	Construction in progress	Total
Cost					
As at 1 January 2023	2,679,498	38,662	1,127,418	862,967	4,708,545
Addition	6,710	4,569	30,878	25,082	67,239
Transfers in/(out)	16,053	–	8,135	(24,188)	–
Disposal	–	(3,568)	(57,580)	(5,803)	(66,951)
As at 31 December 2023	2,702,261	39,663	1,108,851	858,058	4,708,833
Accumulated depreciation					
As at 1 January 2023	(1,162,927)	(37,265)	(1,031,792)	–	(2,231,984)
Depreciation	(162,529)	(3,376)	(61,273)	–	(227,178)
Disposal	–	3,567	55,036	–	58,603
As at 31 December 2023	(1,325,456)	(37,074)	(1,038,029)	–	(2,400,559)
Provision for impairment losses					
As at 1 January 2023	(857)	–	–	–	(857)
Charge for the year	–	–	–	–	–
As at 31 December 2023	(857)	–	–	–	(857)
Net book value					
As at 31 December 2023	1,375,948	2,589	70,822	858,058	2,307,417

As at 31 December 2024, The property rights of buildings in the Group with original costs of RMB492 million and net values at RMB79 million are defective. (31 December 2023: original costs of RMB490 million and net values at RMB96 million).

All properties of the Group and the Bank are located in the mainland of China.

23 Right-of-use assets and lease liabilities

	Property	Equipment	Land use rights	Total
Right-of-use assets				
Cost				
As at 1 January 2024	718,245	2,904	769,283	1,490,432
Increase	141,924	3,606	199,326	344,856
Decrease	(188,200)	(1,160)	(997)	(190,357)
As at 31 December 2024	671,969	5,350	967,612	1,644,931
Accumulated depreciation				
As at 1 January 2024	(275,972)	(1,485)	(217,799)	(495,256)
Increase	(111,773)	(2,080)	(17,938)	(131,791)
Decrease	158,497	1,160	997	160,654
As at 31 December 2024	(229,248)	(2,405)	(234,740)	(466,393)
Provision for impairment losses				
As at 1 January 2024	–	–	(2,355)	(2,355)
Increase	–	–	–	–
Decrease	–	–	–	–
As at 31 December 2024	–	–	(2,355)	(2,355)
Net book value				
As at 31 December 2024	442,721	2,945	730,517	1,176,183
Lease liabilities				
Net book value				
As at 31 December 2024	495,050	2,998	–	498,048

23 Right-of-use assets and lease liabilities *(Continued)*

	Property	Equipment	Land use rights	Total
Right-of-use assets				
Cost				
As at 1 January 2023	679,926	5,358	769,283	1,454,567
Increase	232,079	1,002	–	233,081
Decrease	(193,760)	(3,456)	–	(197,216)
As at 31 December 2023	718,245	2,904	769,283	1,490,432
Accumulated depreciation				
As at 1 January 2023	(314,155)	(2,809)	(201,130)	(518,094)
Increase	(106,616)	(2,132)	(16,669)	(125,417)
Decrease	144,799	3,456	–	148,255
As at 31 December 2023	(275,972)	(1,485)	(217,799)	(495,256)
Provision for impairment losses				
As at 1 January 2023	–	–	(2,355)	(2,355)
Increase	–	–	–	–
Decrease	–	–	–	–
As at 31 December 2023	–	–	(2,355)	(2,355)
Net book value				
As at 31 December 2023	442,273	1,419	549,129	992,821
Lease liabilities				
Net book value				
As at 31 December 2023	513,150	1,459	–	514,609

24 Goodwill

	Note	As at 31 December	
		2024	2023
Zhanjiang Rural Commercial Bank Co., Ltd. ("Zhanjiang RCB")		181,381	181,381
Guangdong Chaoyang Rural Commercial Bank Co., Ltd. ("Chaoyang RCB")		339,140	339,140
Impairment allowance	(i)	–	–
		520,521	520,521

(i) Impairment assessment

For the business combination of Zhanjiang RCB and Chaoyang RCB, the recoverable amount of the asset group is based on the six-year budget and ten-year budget approved by the management respectively, which is then estimated based on a fixed growth rate (as described in the table below) and calculated using the cash flow forecast method.

Cash flow projections periods of the Group are determined based on the forecast of the local economic situation, the banking industry, and with reference to the Group's past operating experience. The Group estimated that Zhanjiang City and Shantou City, where the two banks are located, will experience a relatively high growth for a period more than 5 years until the economic growths of these two cities reach a stable level. In addition, the development of the banking industry is in line with the local economic development. Accordingly, the Group has incorporated the aforementioned factors into the cash projection by using six and ten years for Zhanjiang RCB and Chaoyang RCB respectively to reflect management's estimation of the future local economic forecasts and the related banking business growth.

	Zhanjiang RCB		Chaoyang RCB	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
Stable period growth rate	2.00%	2.50%	2.00%	2.50%
Pre-tax discount rate	13.43%	13.08%	14.80%	16.36%

The growth rate is the weighted average growth rate used by the Group to forecast the cash flow after six years for Zhanjiang RCB and ten years for Chaoyang RCB respectively. The management uses the cost of equity as the discount rate which can reflect the specific risks of the relevant asset group. The above assumptions are used to analyses the recoverable amounts of the asset group within the business division.

The Directors and management have considered and assessed reasonably possible changes for key assumptions and have not identified other instances that could cause the carrying amount of the CGUs to exceed its recoverable amount.

25 Deferred income tax

Deferred tax assets and liabilities can be offset only when the Group has the right to offset income tax assets and liabilities within the Group and the deferred tax assets and liabilities are associated with the same tax authority.

(a) Main items of deferred tax assets and liabilities and their movements are as follows:

	Allowance for impairment losses	Changes in fair value of financial assets	Employee benefits payable	Accelerated depreciation of property and equipment	Deductible tax losses	Fair value gain from business combination	Lease liabilities/ Right-of-use assets	Total
As at 1 January 2024	3,497,694	944,228	329,393	(24,033)	29,133	(83,724)	17,683	4,710,374
Recognised in profit or loss	281,934	(59,812)	4,885	13,924	520,210	12,014	(4,644)	768,511
Recognised in other comprehensive income	123,347	(869,544)	—	—	—	—	—	(746,197)
As at 31 December 2024	<u>3,902,975</u>	<u>14,872</u>	<u>334,278</u>	<u>(10,109)</u>	<u>549,343</u>	<u>(71,710)</u>	<u>13,039</u>	<u>4,732,688</u>
As at 1 January 2023	2,642,715	1,180,762	311,377	(32,163)	30,681	(95,738)	21,913	4,059,547
Recognised in profit or loss	745,047	(38,626)	18,016	8,130	(1,548)	12,014	(4,230)	738,803
Recognised in other comprehensive income	109,932	(197,908)	—	—	—	—	—	(87,976)
As at 31 December 2023	<u>3,497,694</u>	<u>944,228</u>	<u>329,393</u>	<u>(24,033)</u>	<u>29,133</u>	<u>(83,724)</u>	<u>17,683</u>	<u>4,710,374</u>

25 Deferred income tax (Continued)

(b) The deferred tax assets and liabilities before offsetting and the corresponding temporary differences are as follows:

	As at 31 December 2024		As at 31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Allowance for impairment losses	15,636,775	3,902,975	14,006,455	3,497,694
Changes in fair value of financial assets	59,488	14,872	3,776,914	944,228
Employee benefits payable	1,338,892	334,278	1,319,254	329,393
Deductible tax losses	2,197,370	549,343	116,530	29,133
Lease liabilities	498,048	123,251	514,609	127,298
Sub-total	19,730,573	4,924,719	19,733,762	4,927,746
Deferred tax liabilities:				
Fair value gain from business combination	(286,840)	(71,710)	(334,896)	(83,724)
Accelerated depreciation of property and equipment	(40,434)	(10,109)	(96,131)	(24,033)
Right-of-use assets	(445,666)	(110,212)	(443,692)	(109,615)
Sub-total	(772,940)	(192,031)	(874,719)	(217,372)
Total	18,957,633	4,732,688	18,859,043	4,710,374

As at 31 December 2024, the Group did not recognise deferred income tax asset in respect of cumulative tax loss of approximately RMB0 million (31 December 2023: RMB1,128 million). The outcome of their actual utilisation may be different from management's estimation.

26 Other assets

	Notes	As at 31 December	
		2024	2023
Precious metals		277,217	86,805
Research and development expenditure		275,694	157,323
Long-term deferred expenses		203,239	178,333
Foreclosed assets	(a)	163,637	86,310
Prepayments		137,795	103,716
Receivables from disposal of long-term assets		105,765	106,244
Intangible assets – software	(b)	93,159	42,710
Interest receivable	(c)	67,184	83,587
Clearing and settlement		12,366	16,494
Investment properties	(d)	7,231	8,898
Others		438,970	150,071
Total		1,782,257	1,020,491

(a) Foreclosed assets

	As at 31 December	
	2024	2023
Property and equipment	363,049	274,986
Land use rights	107,461	107,461
Subtotal	470,510	382,447
Provision for impairment losses	(306,873)	(296,137)
Total	163,637	86,310

26 Other assets (Continued)

(b) Intangible assets – software

	As at 31 December	
	2024	2023
Cost		
Opening balance	223,952	196,594
Addition	83,113	27,358
Decrease	–	–
Ending balance	307,065	223,952
Accumulated amortisation		
Opening balance	(181,242)	(151,059)
Amortisation	(32,664)	(30,183)
Decrease	–	–
Ending balance	(213,906)	(181,242)
Net book value		
Ending balance	93,159	42,710

(c) Interest receivable

	As at 31 December	
	2024	2023
Loans and advances to customers	74,806	95,318
Financial investments	90,119	112,638
Provision for impairment losses	(97,741)	(124,369)
Total	67,184	83,587

26 Other assets (Continued)

(d) Investment properties

	As at 31 December	
	2024	2023
Cost		
Opening balance	67,237	67,237
Disposal	(2,309)	–
Ending balance	64,928	67,237
Accumulated depreciation		
Opening balance	(58,339)	(56,672)
Depreciation	(1,667)	(1,667)
Decrease	2,309	–
Ending balance	(57,697)	(58,339)
Net book value		
Ending balance	7,231	8,898

27 Borrowings from the central bank

	As at 31 December	
	2024	2023
Medium-term Lending Facility	17,080,000	24,800,000
Refinancing loans	14,379,184	13,007,760
Re-discounted bills	209,684	300,087
Sub-total	31,668,868	38,107,847
Accrued interest	313,970	371,361
Total	31,982,838	38,479,208

As of 31 December 2024 and 2023, borrowings from the central bank were refinancing loans, re-discounted bills and Medium-term Lending Facility. The collateral provided by the Group and the Bank under borrowing agreements are disclosed in Note 41 to this report.

28 Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions

	Note	As at 31 December	
		2024	2023
Deposits from domestic banks		4,342,680	7,108,980
Deposits from other domestic financial institutions		1,453,252	3,417,771
Placements from domestic banks		6,242,506	3,842,859
Bonds sold under repurchase agreements	(a)	18,667,486	20,939,027
Bills sold under repurchase agreements	(a)	323,322	4,009,932
Sub-total		31,029,246	39,318,569
Accrued interest		94,538	84,568
Total		31,123,784	39,403,137

(a) The securities provided by the Group as collateral under repurchase agreements are disclosed in Note 41 to this report.

29 Financial liabilities at fair value through profit or loss

	Note	As at 31 December	
		2024	2023
Gold deposit		151,527	27,802
Others	(a)	1,524,546	1,297,742
Total		1,676,073	1,325,544

(a) On 20 December 2022, the Group has worked with Guangdong Utrust Investment Holdings Co., Ltd. ("Utrust Holdings") in using the small and medium banks development supporting Special Bonds issued by Guangdong Provincial Government to replenish capital of Guangdong Puning Rural Commercial Bank Co., Ltd. ("Puning RCB"), and entered into transaction agreements in relation to the transfer of the shares of Puning RCB ("Subject Shares") and the trust beneficial interest ("Subject Beneficial Interest") with Utrust Holdings. Based on the transaction agreements, the Group shall acquire, by tranches, Subject Shares and the Subject Beneficial Interest held by Utrust Holdings. The total consideration payable by the Group to Utrust Holdings for the acquisition of the Subject Shares and the Subject Beneficial Interest should in any event be capped at the Special Bonds principal and interest plus the corresponding taxes and fees, less the disposal proceeds received. As of 31 December 2024, the shortfall in the discounted value of the future cash flows of Special Bonds Fund that shall be obliged to pay under the transaction agreement less the corresponding asset values of Subject Beneficial Interest and the value of Subject Shares is RMB1.52 billion (31 December 2023: RMB1.30 billion).

30 Deposits from customers

	As at 31 December	
	2024	2023
Corporate demand deposits	92,317,178	91,495,874
Corporate time deposits	104,334,518	95,239,526
Individual demand deposits	113,232,554	117,515,687
Individual time deposits	201,227,007	173,408,108
Pledged deposits	8,954,586	8,116,740
Other deposits	182,396	1,319,024
Sub-total	520,248,239	487,094,959
Accrued interest	9,923,337	8,648,929
Total	530,171,576	495,743,888

31 Debt securities issued

	Notes	As at 31 December	
		2024	2023
Financial bonds for small and micro enterprise	(a)	5,999,845	6,999,563
Fix-rated financial bond	(b)	4,499,879	1,499,917
Tier 2 capital bond	(c)	3,999,067	3,998,622
Green financial bonds	(d)	1,499,889	1,499,760
Sannong financial bond	(e)	999,973	999,914
Interbank certificates of deposit	(f)	66,413,246	56,681,253
Sub-total		83,411,899	71,679,029
Accrued interest		132,110	152,942
Total		83,544,009	71,831,971

31 Debt securities issued (*Continued*)

- (a) In February and March 2021, the Bank issued the first phase and second phase of 3-year fixed rate financial bonds for small and micro enterprise amounting to RMB2 billion and RMB1 billion with nominal annual interest rate of 3.58% and 3.52%, which were redeemed at maturity on 1 March 2024 and 29 March 2024, respectively.
- In September and October 2023, the Bank issued the first phase and second phase of 3-year fixed rate financial bonds for small and micro enterprise amounting to RMB2.50 billion and RMB1.50 billion with nominal annual interest rate of 2.73% and 2.80%, respectively, and these bonds pays interest annually.
- In June 2024, the Bank issued a 3-year fixed rate financial bonds for small and micro enterprise amounting to RMB2 billion with nominal annual interest rate of 2.16%, and the bond pays interest annually.
- (b) In November 2023, the Bank issued a 3-year fixed rate financial bond amounting to RMB1.50 billion with nominal annual interest rate of 2.83%, and the bond pays interest annually.
- In May 2024, the Bank issued a 3-year fixed rate financial bond amounting to RMB3 billion with nominal annual interest rate of 2.25%, and the bond pays interest annually.
- (c) In December 2022, the Bank issued a 10-year fixed rate Tier-2 capital bond amounting to RMB4 billion with nominal annual interest rate of 4.30%, and the bond pays interest annually.
- (d) In July 2023, the Bank issued a 3-year fixed rate green financial bond amounting to RMB1.50 billion with nominal annual interest rate of 2.66%, and the bond pays interest annually.
- (e) In July 2023, the Bank issued a 3-year fixed rate Sannong financial bond amounting to RMB1 billion with nominal annual interest rate of 2.73%, and the bond pays interest annually.
- (f) Interbank certificates of deposit are as follows:

	As at 31 December	
	2024	2023
Reference rates of return	1.64% – 2.31%	2.13% – 2.88%
Original maturity	3 to 12 months	1 to 12 months

As at 31 December 2024 and 2023, the Group did not have any overdue principal and interest on interbank certificates of deposit or other defaults.

32 Taxes payable

	As at 31 December	
	2024	2023
Income tax	542	548
VAT and others	289,827	304,026
Total	290,369	304,574

33 Other liabilities

	Notes	As at 31 December	
		2024	2023
Employee benefits payable	(a)	2,154,189	2,146,561
Accrued expenses		565,499	489,872
Purchases payable		363,092	244,443
Clearing and settlement		259,847	61,932
Provisions	(b)	106,385	145,339
Dividends payable		4,012	302
Others		168,407	215,414
Total		3,621,431	3,303,863

(a) Employee benefits payable

	As at 31 December	
	2024	2023
Wages and salaries, bonuses, allowances and subsidies	1,858,320	1,841,156
Labour union funds and employee education funds	124,197	134,975
Enterprise annuity scheme	101,302	117,150
Social benefits and others	70,370	53,280
Total	2,154,189	2,146,561

33 Other liabilities (Continued)

(b) Provisions

	Note	As at 31 December	
		2024	2023
Loan commitments and financial guarantee contracts	(1)	106,385	145,339

(1) Analysis of movements in provisions of loan commitments and financial guarantee contracts measured using the ECL model.

	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024		111,609	12,535	21,195	145,339
Net transfers in:					
– Stage 1		–	–	–	–
– Stage 2		–	–	–	–
– Stage 3		–	–	–	–
Originated or purchased		71,057	–	–	71,057
Remeasurement	(i)	(3,193)	(297)	2,831	(659)
Decrease		(95,542)	(11,705)	(2,105)	(109,352)
As at 31 December 2024		83,931	533	21,921	106,385

	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023		110,206	41,310	1,659	153,175
Net transfers in:					
– Stage 1		(400)	–	–	(400)
– Stage 2		–	(37,220)	–	(37,220)
– Stage 3		–	–	37,620	37,620
Originated or purchased		89,810	–	–	89,810
Remeasurement	(i)	(979)	10,982	(16,956)	(6,953)
Decrease		(87,028)	(2,537)	(1,128)	(90,693)
As at 31 December 2023		111,609	12,535	21,195	145,339

(i) Remeasurement are caused by parameter changes or transfers between stages.

34 Share capital

	Number of shares (in thousand)	Nominal amount
As at 31 December 2024 and 31 December 2023	6,888,546	6,888,546

The share capital of the Bank consists of authorised share capital issued and fully paid, with par value of RMB1 per share.

35 Capital reserve

	1 January 2024	Increase	Decrease	31 December 2024
Share premium	6,230,429	–	–	6,230,429
Other capital reserve	112,350	–	(19,734)	92,616
Total	6,342,779	–	(19,734)	6,323,045

	Note	1 January 2023	Increase	Decrease	31 December 2023
Share premium		6,230,429	–	–	6,230,429
Other capital reserve	21	–	112,350	–	112,350
Total		6,230,429	112,350	–	6,342,779

36 Revaluation reserve

	2024	2023
As at January 1	850,285	604,567
Changes in fair value recognized in other comprehensive income	3,681,469	705,041
Transfer to profit or loss upon disposal	(380,373)	(348,896)
Transfer to retained earnings upon disposal	88,726	–
Changes in impairment losses recognized in other comprehensive income	(470,943)	(28,521)
Less: Deferred income tax	(729,720)	(81,906)
As at December 31	3,039,444	850,285

37 Surplus reserve and general reserve

	Surplus reserve (a)	General reserve (b)
1 January 2024	8,829,850	7,422,108
Appropriation to surplus reserve	443,260	–
Appropriation to general reserve	–	445,116
31 December 2024	9,273,110	7,867,224
1 January 2023	8,323,435	6,915,566
Appropriation to surplus reserve	506,415	–
Appropriation to general reserve	–	506,542
31 December 2023	8,829,850	7,422,108

(a) Surplus reserve

For the years ended 31 December 2024 and 2023, the surplus reserve represented statutory surplus reserve and discretionary surplus reserve.

Pursuant to the PRC Company Law and the Articles of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the PRC Generally Accepted Accounting Principles (“GAAP”) until the balance reaches 50% of its registered capital as statutory surplus reserve. The Bank may also appropriate to the discretionary surplus reserve in accordance with the resolution of the shareholders.

The Bank appropriated RMB443 million and RMB506 million to the statutory surplus reserve for the years ended 31 December 2024 and 2023, respectively.

(b) General reserve

Pursuant to Caijin [2012] No. 20 “Requirements on Impairment Allowance for Financial Institutions” (the “Requirement”) issued by the MOF, effective 1 July 2012, in addition to impairment allowances, the Bank and its subsidiaries are required to establish and maintain a general reserve within equity through the appropriation of profit to address unidentified potential impairment risks. The general reserve should not be less than 1.5% of the aggregate amount of risk assets on an annual basis as defined by the Requirement.

38 Dividends

	Notes	As at 31 December	
		2024	2023
Dividends on ordinary shares declared			
Cash dividend related to 2023	(1)	1,825,466	–
Cash dividend related to 2022	(2)	–	1,997,678

Under the PRC Company Law and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after:

- Making up prior year's cumulative losses, if any;
- Allocations to the non-distributable statutory reserve of 10% of the net profit of the Bank.

(1) Distribution of final dividend for 2023

A dividend of RMB0.265 per share (tax inclusive) in respect of the year ended 31 December 2023, with a total of RMB1,825 million was approved in the annual general meeting on 30 May 2024.

(2) Distribution of final dividend for 2022

A dividend of RMB0.29 per share (tax inclusive) in respect of the year ended 31 December 2022, with a total of RMB1,998 million was approved in the annual general meeting on 25 May 2023.

39 Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following amounts which have original maturities of less than three months and are used to meet short-term cash commitments:

	As at 31 December	
	2024	2023
Cash	2,566,580	2,478,099
Surplus reserve deposits with the central bank	7,607,072	8,811,540
Deposits with banks and other financial institutions	3,450,885	4,728,511
Placements with banks and other financial institutions	3,000,000	5,950,000
Financial assets held under resale agreements	325,598	1,340,450
Total	16,950,135	23,308,600

40 Structured entities

(a) Consolidated structured entities

Structured entities consolidated by the Group include non-principal guaranteed WMPs and asset management plans, managed and/or invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

As of 31 December 2024, the total consolidated structured entities were RMB6,398 million (31 December 2023: RMB3,694 million).

(b) Non-principal-guaranteed Wealth-Management Products ("WMPs") issued by the Group

Non-principal-guaranteed WMPs are not subject to any guarantee by the Group of the principal invested or interest to be paid.

The WMPs invest in a range of primarily fixed rate assets, most typically money market instruments, debt securities and other debt assets. As the manager of these WMPs, the Group invests, on behalf of the investors in these WMPs, the funds raised in the investment plan as described related to each WMP and receives fee and commission income.

As of 31 December 2024, the Group were no non-principal-guaranteed WMPs consolidated and the unconsolidated non-principal-guaranteed WMPs amounted to RMB37,789 million. (As at 31 December 2023, the consolidated non-principal-guaranteed WMPs amounted to RMB0 million and the unconsolidated non-principal-guaranteed WMPs amounted to RMB39,591 million).

For the year ended 31 December 2024 and 2023, the Group's fee and commission income earned from WMPs amounted to RMB266 million and RMB362 million, respectively.

40 Structured entities (Continued)

(c) Unconsolidated structured entities set up in third-party organisations

The Group invests in other unconsolidated structured entities which are sponsored and managed by other entities for investment returns, and records trading gains or losses and interest income therefrom. For the years ended 31 December 2024 and 2023, the carrying amounts of the Group's interests in structured entities set up in third-party organisations by directly holding the investment were as follows:

	Notes	As at 31 December	
		2024	2023
Financial investments at fair value through profit or loss	19(a)		
– Fund investments		25,097,285	26,429,513
– Trust beneficiary rights		1,558,017	1,739,899
Financial investments at fair value through other comprehensive income	19(c)		
– Trust beneficiary rights		–	29,236
Total		26,655,302	28,198,648

For the years ended 31 December 2024 and 2023, the maximum exposures of the above structured entities were their carrying amounts.

41 Contingent liabilities and commitments

(a) Financial guarantees and other credit commitments

	As at 31 December	
	2024	2023
Bank acceptances	10,339,944	9,577,536
Unused limit of credit cards	7,568,439	8,563,305
Guarantees	2,794,279	4,852,527
Letters of credit	1,156,542	911,310
Total	21,859,204	23,904,678

41 Contingent liabilities and commitments *(Continued)***(b) Credit risk weighted amounts of financial guarantees and credit commitments**

	As at 31 December	
	2024	2023
Financial guarantees and credit commitments	10,516,523	6,738,339

Credit risk weighted amounts refer to amounts which depend on the status of counterparties and the maturity characteristics and are calculated in accordance with the NFRA guidance. Risk weightings used for contingent liabilities and credit commitments range from 0% to 100%.

(c) Capital commitments

	As at 31 December	
	2024	2023
Contracted, but not provided for	103,357	139,643

(d) Legal proceedings

The litigation cases of the Group are not expected to have a significant impact on the Group.

(e) Collateral***Assets as collateral***

The fair value of the Group's assets pledged as collateral under borrowings from the central bank are as follows:

	As at 31 December	
	2024	2023
Debt securities	36,754,448	46,004,301
Loans	6,359,376	105,720
Bills	209,684	300,087
Total	43,323,508	46,410,108

The liabilities of above collateral were presented in Note 27.

41 Contingent liabilities and commitments *(Continued)*

(e) Collateral *(Continued)*

Assets as collateral *(Continued)*

The fair value of the Group's assets pledged as collateral under repurchase agreements are as follows:

	As at 31 December	
	2024	2023
Debt securities	21,155,309	22,847,625
Bills	324,062	4,005,823
Total	21,479,371	26,853,448

The liabilities of above collateral were presented in Note 28. All repurchase agreements are due within 12 months from their effective dates.

Collateral accepted

The Group accepts bonds and notes as collateral in relevant securities borrowing and lending and repurchase agreement businesses. As at 31 December 2024 and 2023, the Group did not hold any collateral that can be resold or re-pledged.

(f) Redemption commitments of certificate treasury bonds

The Group is entrusted by the MOF to underwrite certain government bonds. The investors of the government bonds have a right to redeem the bonds they hold at any time before their maturities, while the Group is obligated to meet redemption requests. The early redemption proceeds for these government bonds are the principal of the bonds plus unpaid interest accrued in accordance with the early redemption agreement.

As of 31 December 2024, the balance of the principals of the Group's government bonds with early redemption obligations was RMB1,808 million (31 December 2023: RMB1,683 million). The original maturities of these government bonds range from 3 to 5 years. Management expects the Group's exposure to early redemptions of these bonds will not be material. The MOF will not provide funding for the early redemptions of these government bonds on a back-to-back basis but will settle the principal and interest upon maturity.

42 Related party transactions

(a) Related parties of the Bank

Related parties of the Bank include subsidiaries, associates and other related parties. Other related parties could be natural persons or legal persons, including directors, supervisors, senior managers of the Bank and their close family members; entities controlled or jointly controlled by directors, supervisors, senior managers of the Bank and their closely related family members, etc.

(b) Related party transactions and balances

(i) Transactions and balances with subsidiaries

As at each of the balance sheet dates, the Bank had the following transactions and balances with subsidiaries:

	As at 31 December	
	2024	2023
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	216	106,883
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	81,122	273,183

The balances with related parties are based on normal commercial terms and market price.

	Year ended 31 December	
	2024	2023
Interest income	527	350
Interest expense	1,556	2,391

Range of rates	Year ended 31 December	
	2024	2023
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	0.35%	0.39%
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	0.72%	0.28%

42 Related party transactions (Continued)

(b) Related party transactions and balances (Continued)

(ii) Transactions and balances with associates

As at each of the balance sheet dates, the Bank had the following transactions and balances with associates:

	As at 31 December	
	2024	2023
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	13,902	8,830

The balances with related parties are based on normal commercial terms and market price.

	Year ended 31 December	
	2024	2023
Interest income	49	26
Interest expense	—	18

Range of rates	Year ended 31 December	
	2024	2023
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	0.35%	0.28% – 0.31%
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	—	2.16%

42 Related party transactions (Continued)

(b) Related party transactions and balances (Continued)

(iii) Transaction and balances with other related parties (Continued)

As at each of the balance sheet dates, the Bank had the following transactions and balances with other related parties:

	Note	As at 31 December	
		2024	2023
Loans and advances to customers		10,880,235	15,804,377
Deposits from customers		2,438,024	2,280,063
Non-principal-guaranteed WMPs issued by the Bank		119,804	74,305
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions		—	70,156
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions		—	125,000
Right-of-use assets	(1)	2,180	4,811
Lease liabilities	(1)	2,225	4,872
Off-balance sheet item Credit Commitment		166,906	1,637,094

The balances with related parties are based on normal commercial terms and market price.

	Year ended 31 December	
	2024	2023
Interest income	558,096	763,693
Interest expense	14,464	23,322
Fee and commission income	3,110	232
Leasing expenses	1,881	2,057

42 Related party transactions (Continued)

(b) Related party transactions and balances (Continued)

(iii) Transaction and balances with other related parties (Continued)

Range of rates	Year ended 31 December	
	2024	2023
Loans and advances to customers	2.75% – 5.92%	2.90% – 6.30%
Deposits from customers	0.05% – 5.15%	0.05% – 4.26%
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	–	0.30%
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	–	1.82% – 2.80%
Management fee rate of non-principal-guaranteed WMPs issued by the Bank	0% – 0.50%	0.10% – 0.50%

- (1) During the years ended 31 December 2024 and 2023, the Bank incurred RMB0 million and RMB3.89 million for lease contracts with related parties respectively. The lease term ranges from 1 year to 3 years. These leases were accounted for under IFRS 16 and the respective right-of-use assets and lease liabilities were recognised in the consolidated statement of financial position.

(c) Remuneration of key management personnel

Key management personnel refer to those persons who have the authority and responsibility to plan, conduct and control the Bank's activities.

The remuneration of key management personnel in each of the reporting years is as follows:

	Year ended 31 December	
	2024	2023
Salaries and fees	15,423	14,818
Subsidies and physical benefits	1,135	950
Discretionary bonuses	6,591	7,387
Pension plan contributions	1,179	1,080
Total	24,328	24,235

42 Related party transactions *(Continued)*

(d) Loans and advances balances with directors, supervisors and their certain controlled body corporates and connected entities

	As at 31 December	
	2024	2023
Directors	19,500	19,700
Supervisors	–	19,108
Certain controlled body corporates and connected entities of the directors	10,551,342	14,235,982
Certain controlled body corporates and connected entities of the supervisors	117,314	1,289,692
Total	10,688,156	15,564,482

43 Segmental analysis

(a) Business segments

The Group manages its operations from both business and regional perspectives. From a business perspective, the Group mainly provides financial services through four business segments, which are listed below:

- **Corporate banking:** Corporate banking business segment covers financial products and services to corporate customers, governments, and financial institutions. These products and services include corporate loans and advances, trade finance, deposits, and various other corporate intermediary businesses.
- **Personal banking:** Personal banking business segment covers financial products and services to individual customers. These products and services include personal loans and advances, deposits, bank cards, and various other individual intermediary businesses.
- **Treasury:** Treasury segment covers the Group's money market transactions, repurchase transactions, debt instrument investments, wealth management products and precious metals.
- **Others:** The others segment covers the remaining businesses of the Group that cannot be directly attributed to the above segments, and some assets, liabilities, income or expenses of the Head Office that have not been properly allocated.

From a regional perspective, all businesses of the Group are conducted in Mainland China.

43 Segmental analysis (Continued)

(a) Business segments (Continued)

	Year ended 31 December 2024				
	Corporate banking	Personal banking	Treasury	Others	Total
External interest income	10,696,143	3,570,068	7,655,856	–	21,922,067
External interest expense	(4,209,629)	(5,035,824)	(3,502,327)	–	(12,747,780)
Inter-segment net interest income or expense	(1,262,924)	6,689,087	(5,426,163)	–	–
Net interest income	5,223,590	5,223,331	(1,272,634)	–	9,174,287
Net fee and commission income	74,881	333,527	35,739	12,890	457,037
Net trading gains or losses	131,687	2,138	1,713,774	–	1,847,599
Net gains or losses on financial investments	(202)	–	1,023,345	(314,690)	708,453
Other operating income	63,628	2,200	1,003	57,721	124,552
Operating income	5,493,584	5,561,196	1,501,227	(244,079)	12,311,928
Operating expense	(1,640,171)	(2,130,261)	(449,973)	(532,260)	(4,752,665)
– Depreciation and amortisation	(126,156)	(191,020)	(71,765)	(40,451)	(429,392)
Impairment losses on assets	(2,627,169)	(1,167,487)	314,859	–	(3,479,797)
Share of profits of associates	–	–	–	24,444	24,444
Profit before tax	1,226,244	2,263,448	1,366,113	(751,895)	4,103,910
Capital expenditure	90,678	137,300	51,583	29,076	308,637

	As at 31 December 2024				
	Corporate banking	Personal banking	Treasury	Others	Total
Segment assets	247,484,125	125,007,294	365,406,726	3,273,655	741,171,800
Unallocated assets					4,732,688
Total assets					745,904,488
Segment liabilities	205,434,487	328,008,454	149,166,615	829,032	683,438,588

43 Segmental analysis (Continued)

(a) Business segments (Continued)

	Year ended 31 December 2023				
	Corporate banking	Personal banking	Treasury	Others	Total
External interest income	12,175,420	4,516,187	6,390,946	–	23,082,553
External interest expense	(4,109,865)	(4,989,191)	(3,411,188)	–	(12,510,244)
Inter-segment net interest income or expense	(1,003,630)	5,373,943	(4,370,313)	–	–
Net interest income	7,061,925	4,900,939	(1,390,555)	–	10,572,309
Net fee and commission income	82,370	575,597	40,765	14,045	712,777
Net trading gains or losses	44,971	2,338	1,033,999	–	1,081,308
Net gains or losses on financial investments	–	–	906,162	(198,673)	707,489
Other operating income	127,603	1,595	469	56,612	186,279
Operating income	7,316,869	5,480,469	590,840	(128,016)	13,260,162
Operating expense	(1,862,871)	(2,346,378)	(546,057)	(64,832)	(4,820,138)
– Depreciation and amortisation	(127,537)	(222,233)	(67,662)	(5,328)	(422,760)
Impairment losses on assets	(1,940,814)	(1,504,205)	122,873	–	(3,322,146)
Share of profits of associates	–	–	–	51,858	51,858
Profit before tax	3,513,184	1,629,886	167,656	(140,990)	5,169,736
Capital expenditure	114,150	198,906	60,559	4,768	378,383
As at 31 December 2023					
	Corporate banking	Personal banking	Treasury	Others	Total
Segment assets	228,576,055	119,145,299	354,205,796	2,216,068	704,143,218
Unallocated assets					4,710,374
Total assets					708,853,592
Segment liabilities	195,193,750	303,823,953	151,847,079	500,273	651,365,055

44 Financial risk management

Overview

The Group's activities expose it to a variety of financial risks. The Group analyses and evaluates its risk exposures and accepts and manages a certain level of such risks or combined risks. Financial risk management is critical to the financial industry in which the Group operates, and business operations inevitably involve financial risks. The Group's aim is to achieve an appropriate balance between risk and return to minimise potential adverse effects on the Group's financial statements.

The Group's risk management policies are designed to identify and analyse related risks, so as to set appropriate risk limits and control processes, and to monitor risks and their limits through reliable processes.

The Board of Directors of the Group is responsible for setting out the overall risk preference, reviewing and approving the Group's risk management objectives and strategies. Senior management is responsible for developing and implementing appropriate risk management policies and procedures based on risk management objectives and strategies. The Board of Supervisors is responsible for supervising and inspecting the risk management and internal control and spurring remedial measures where necessary.

The major financial risks faced by the Group are credit risk, market risk and liquidity risk, and market risk mainly comprises interest rate risk and foreign exchange risk.

44.1 Credit risk

44.1.1 Credit risk management

The Group is exposed to credit risk, which is the risk that a customer or counterparty will be unable or unwilling to meet its obligations under a contract. The concentrations of credit risk will increase when counterparties are within similar industry distribution or geographical regions. On-balance-sheet credit exposure includes loans and advances to customers, financial investments, deposits and placements with banks and certain other financial assets. There is also off-balance-sheet credit exposure, such as credit commitments, letters of credit, guarantees, and acceptance notes. Currently, the Group's principal business is primarily concentrated in Dongguan City of Guangdong Province in China, which indicates that the Group is more susceptible to changes in regional economic conditions. As a result, the management monitors its credit risk prudently. The Risk Management Department at Head Office of the Group is responsible for the daily management of the Group's overall credit risk, and reports to the Group's senior management timely.

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.1 Credit risk management *(Continued)*

The Group adopts standardised management for the whole business procedure of credit business, including credit investigation and declaration, credit review and approval, loan issuance, post-lending monitoring and non-performing loans (NPL) management. It comprehensively improves the credit risk management level by strictly regulating credit operation procedures, strengthening end-to-end loan management from prelending investigation, rating and assigning credit limits, review and approval, loan drawdown review, to post-lending monitoring, improving the risk mitigation effect of collateral, accelerating the recovering and disposal of NPLs, and promoting the upgrading of credit management system.

For the year ended 31 December 2024 and 2023, the domestic economy was hit by various unexpected factors, and as a result, negative impact on the asset quality of the Group's credit assets and investments. In response to the government's policies, the Group delivered timely solutions to assist existing customers who had been affected by economic downswing, including relief measures, and at the same time, further enhanced its credit risk monitoring and early warning management system to step up credit risk monitoring. The Group and the Bank actively respond to the change of the credit environment by conducting regular analysis on credit risk situations and matters and taking precautionary risk control measures with a forward-looking vision.

The Comprehensive Risk Management Execution Committee is responsible for supervising the recovery and disposal of NPLs. The Group manages its NPLs mainly by the following methods: (1) collection; (2) restructuring; (3) disposal of collateral or seeking recourse against guarantors; (4) litigation or arbitration; and (5) write-off according to regulatory requirements, to minimise its losses from credit risks. If the Group, after executing all necessary procedures, still considers that it is not reasonably possible to expect to recover the whole or part of a loan, it shall be written off. For the years ended 31 December 2024 and 2023, the loans and advances to customers written off by the Group amounted to RMB1,822 million and RMB1,539 million respectively.

In addition to risks arising from credit assets, the Group manages the credit risk of treasury operations by carefully selecting banks and other financial institutions with appropriate credit levels as counterparties, balancing credit risk and investment return, comprehensively referring to internal and external credit rating information, grading credit, and using a timely credit line management system to review and adjust the credit line. In addition, the Group provides off-balance-sheet commitments and guarantees for customers. There is a possibility that the Group will make payments on behalf of customers due to their default, and bear the risk similar to loans. Therefore, the Group adopts risk control procedures and policies similar to the credit business to reduce the credit risk.

44 Financial risk management (*Continued*)

44.1 Credit risk (*Continued*)

44.1.2 Measurement of credit risk

(a) Loans

According to the Rules on Risk Classification of Financial Assets of Commercial Banks issued by the NFRA and the People's Bank of China, the Group establishes a management system regarding to the classification of loan risks, and implements five-level classification management. Loans are classified into five categories based on their risk levels, namely pass, special-mention, sub-standard, doubtful and loss, the latter three of which are regarded as non-performing loans. The primary factors considered in impairment assessment for loans include probability of loan repayment and recoverability of principal and interest, which reflect borrowers' repayment ability, repayment record and intention, profitability, guarantees or collateral and legal responsibility of repayment.

The five categories into which the Group classifies its loans and advances to customers are set out below:

- Pass: Borrowers can fulfil the contract without objective evidence that the principal, interest, or income cannot be paid in full on a timely basis.
- Special-mention: Although there are some factors that may have an adverse impact on the performance of the contract, borrowers currently has the ability to repay the principal, interest, or income.
- Sub-standard: Borrowers cannot fully repay the loan principal and interest or income, or the financial assets have experienced credit impairment.
- Doubtful: Borrowers have been no longer able to fully repay the loan principal and interest or income, and the financial assets have experienced significant credit impairment.
- Loss: After taking all possible measures, only a very small portion of financial assets can be recovered, or all financial assets can be lost.

(b) Bonds and other notes

The Group manages its credit risk exposures to bonds and other notes by setting restriction of investment size, issuer profile and rating and also post-investment management.

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.2 Measurement of credit risk *(Continued)*

(c) Other financial investments

Other financial investments mainly comprise trust beneficiary rights, fund investments and direct financing instruments for WMPs. The Group has rating-based access policies in place towards the cooperating trust companies, securities companies and fund companies. Subsequent risk management is carried out on a regular basis.

(d) Interbank transactions

The Group reviews and monitors credit risk of individual financial institutions periodically and credit quota has been maintained for each bank and other institutions that have transactions with the Group.

(e) Financial guarantees and credit commitments

The primary purpose of financial guarantees and credit commitments is to ensure that customers can acquire the funds needed. Guarantees, acceptances of bills and letters of credit represent irrevocable commitments of the Group to fulfil the obligations of payment to a third party when the customers are unable to do so, with the same credit risk as loans. The amount of potential credit risk faced by the Group is equal to the total amount of its financial guarantees and credit commitments.

44.1.3 Risk limit control and mitigation measures

The Group prudently manages and controls the concentration of credit risk, including single borrower, group, industry and region. The Group has established related mechanism to set up credit risk limit which is bearable for single borrower, and makes an assessment on credit risk limit at least once a year.

The Group has established a series of policies and taken various measures to mitigate the credit risk. Obtaining collateral, deposits and corporates' or individuals' guarantee are important means for the Group to control the credit risk. The collateral policy established by the Group stipulates the type of specific collateral that is acceptable, mainly including:

- Housing;
- Business assets such as premises, inventory and accounts receivable;
- Financial instruments such as debt securities and stocks.

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.3 Risk limit control and mitigation measures *(Continued)*

The fair value of collateral or pledge is generally determined with the help of specialised valuation agencies recognized by the Group. In order to reduce the credit risk, the Group has defined the maximum loan-to-value ratio (the ratio of the loan amount to the fair value of collateral or pledge) for different collateral or pledge. The main types of collateral or pledge for loans and advances and the corresponding maximum loan-to-value ratio are as follows:

Collateral	Maximum loan-to-value ratio	Pledge	Maximum loan-to-value ratio
Real estate – residential	80%	Wealth Management Products	95%
Real estate – commercial	80%	Certificates of deposit	95%
Machineries	30%	Treasury bonds (certificate bonds and saving bonds)	95%
Means of transportation	40%	Bank acceptance bills	90%
Mining right	40%	Precious metal	80%
Forest rights	40%	Inventories	50%
Rural land use rights	50%	Shares of public company listed on main boards	60%
		Intellectual properties	20%

For loans guaranteed by a third-party guarantor, the Group will assess the financial condition, credit history and ability to meet obligations of the guarantor.

44.1.4 Policies on provision for expected credit loss

The Group uses the “ECL model” to make provision for the impairment of financial assets measured at amortised cost and those measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts.

(1) Division of stages

For financial instruments included in the measurement of ECL, the Group applies the “three-stage” impairment model to measure the loss allowance and recognise the ECL in assessing whether the credit risk on a financial instrument has increased significantly since initial recognition.

- Stage 1: Financial instruments where credit risk has not significantly increased since initial recognition are classified as Stage 1.
- Stage 2: Financial instruments where credit risk has significantly increased since initial recognition but have not been considered to have incurred credit impairment are classified as Stage 2.

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.4 Policies on provision for expected credit loss *(Continued)*

(1) Division of stages *(Continued)*

- Stage 3: Financial instruments that have incurred credit impairment are classified as Stage 3.

The loss allowance for the financial instruments at Stage 1 is determined at the amount of the ECL on the financial instrument within the next 12 months. The loss allowance for the financial instruments at Stage 2 and Stage 3 is determined at the amount of the ECL on the financial instrument within the lifetime.

Various factors, such as five-level classification, number of overdue days and changes in credit ratings, will be taken into account when the credit risk increases significantly during assessment. These three stages are transferable. Financial instruments in the Stage 1 should be downgraded into Stage 2 in case of significant deterioration of credit risk.

(2) Judgement criteria for significant increase in credit risk

When one or more of the following quantitative and qualitative criteria or limit indicators are triggered, the Group considers that the credit risk of financial instrument has been significantly increased:

- The debtor breaches the contract and the principal or interest of the contract was overdue for more than 30 days.
- The significant negative influences appears in business, financing or economic position and indication for cash flow or liquidity problems for debtor.
- The principal or interest of bills, financial investments and financial assets with banks and other financial institutions was overdue for no more than 30 days.
- The debtor's external credit rating (issuer rating) is lower than the AA and higher than the CCC investment grade, comparing with its initial recognition date.
- There are significant changes in the economic, technical or legal environment in which the debtor is located in the current period or in the near future, and the Group will be affected adversely.

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.4 Policies on provision for expected credit loss *(Continued)*

(3) Definition of default and incurred loss

A financial asset will be defined as defaulted if it meets one or more of the following quantitative and qualitative criteria or limit indicators. These criteria are consistent with the definition of incurred loss:

- The debtor breached the contract and the principal or interest of the contract was overdue for more than 90 days.
- The principal or interest of bills, financial investments and financial assets with banks and other financial institutions was overdue for more than 30 days.
- The debtor's external credit rating (issuer rating) is lower than the CCC (inclusive) investment grade, or a default has occurred, comparing with its initial recognition date.
- The debtor is likely to go bankrupt or face other financial restructuring.
- The issuer of the financial instruments held by the group company of debtor is experiencing significant financial difficulty.
- The group company of debtor, for economic or legal reasons, grants a concession to the debtor who has financial difficulty.
- The active market for relevant financial assets disappears due to the financial difficulty of the borrower.

The above criteria apply to all financial instruments held by the Group. The definition of default is consistently applied to the ECL calculation process of the Group, including the model building of probability of default (PD), exposure at default (EAD) and loss given default (LGD).

When a financial instrument does not qualify for default for six consecutive months, the Group no longer considers it as an asset in default (it has been reversed). The Group adopts an observation period of six months based on relevant analyses in which the Group has considered the possibility of a financial instrument being reclassified as the default status in various scenarios after it has been reversed.

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.4 Policies on provision for expected credit loss *(Continued)*

- (4) *Calculation of expected credit loss: description of parameters, assumptions, and estimation techniques*

The Group calculates the provision for impairment losses of different types of assets as 12-month ECL or lifetime ECL based on whether there was significant increase in credit risk and whether credit impairment occurred for assets. ECL is the product of exposure at default (EAD), probability of default (PD) and loss given default (LGD) after term adjustment and discount. Relevant definitions are as follows:

PD refers to the possibility that borrowers are unable to perform their repayment obligation in the next 12 months or during the rest of the lifetime.

LGD refers to the percentage of the risk exposure loss in the event of default. LGD varies with the type of the counterparty in the transaction, and the accessibility of collateral and other credit supports.

EAD refers to the repayment due to the Group when default occurs in the next 12 months or during the rest of the lifetime. The Group's EAD is determined based on the expected repayment arrangements and different types of products will have different EAD. For loans repaid on an instalment basis or in a lump sum, the Group determines the EAD based on the repayment plan as agreed in the contract.

The Group determines the ECL by estimating the PD, LGD and EAD of an individual loan in each period. It multiplies these three values and adjusts their existence (in case of no early repayment or default). This approach can effectively calculate the ECL of each future period. The calculation results of all periods are then discounted to the reporting date and summed up. Discount rates used to calculate the ECL are the actual interest rate or the approximation thereof.

In 2024 and 2023, there was no significant change in the above estimation techniques or key assumptions.

- (5) *Forward-looking information in the expected credit loss model*

Through historical data analysis, the Group identifies key economic indicators that affect the credit risk and ECL of each business types, such as loan demand index, entrepreneur macro-economy heat index, total export-import volume, consumer price index (CPI), year-on-year (YOY) growth rate of currency in circulation (M0).

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.4 Policies on provision for expected credit loss *(Continued)*

(5) *Forward-looking information in the expected credit loss model (Continued)*

As at 31 December 2024, the Group has assessed and forecasted the relevant macro economic indicators for 2025, of which the forecast value of 2024 YOY growth rate of M0 under each scenario is as follows: 11.22% under based scenario, 13.20% under upside scenario, and 9.24% under downside scenario.

The Group considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators and PD. The Group regularly conducts the forecast on three types of domestic macro scenarios and macro-economic indicators such as optimistic, basic and pessimistic for asset impairment model.

If the weight of optimistic scenario increases by 10% while the weight of based scenario decreases by 10%, provision for credit impairment as at 31 December 2024 decreases by RMB253 million (31 December 2023: RMB471 million); if the weight of pessimistic scenario increases by 10% while the weight of based scenario decreases by 10%, provision for credit impairment increases by RMB349 million (31 December 2023: RMB744 million).

(6) *Grouping for ECL provision*

The Group classified the exposures with similar characteristics when collectively assessing the ECL provision.

The characteristics for grouping are as follows:

Personal loans

- Product types (for instance, personal business loans, personal consumption loans, personal property mortgages, credit cards)

Corporate loans

- Industry

Exposures evaluated by impairment assessment

- Corporate loans in Stage 3

Credit risk team monitors and reviews the grouping appropriateness regularly.

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

44.1.5 Maximum exposures to credit risk before considering collateral held or other credit enhancements

		As at 31 December 2024				
	Note	Stage 1	Stage 2	Stage 3	Not Applicable	Total
Assets						
Balances with the central bank		33,767,407	–	–	–	33,767,407
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions		16,818,580	–	–	–	16,818,580
Derivative financial assets		–	–	–	601,062	601,062
Loans and advances to customers		349,702,401	10,000,542	905,646	6,755,902	367,364,491
Financial investments						
– Financial investments at fair value through profit or loss		–	–	–	43,268,319	43,268,319
– Financial investments at amortised cost		140,564,544	–	–	–	140,564,544
– Financial investments at fair value through other comprehensive income		128,489,755	82,590	62,913	1,173,395	129,808,653
Other financial assets	(i)	276,733	66,424	62,870	–	406,027
Sub-total		669,619,420	10,149,556	1,031,429	51,798,678	732,599,083
Off-balance sheet items						
Bank acceptances		10,339,944	–	–	–	10,339,944
Letters of credit		1,156,542	–	–	–	1,156,542
Guarantees		2,726,278	8,001	60,000	–	2,794,279
Unused limit of credit cards		7,568,439	–	–	–	7,568,439
Sub-total		21,791,203	8,001	60,000	–	21,859,204
Total		691,410,623	10,157,557	1,091,429	51,798,678	754,458,287

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

44.1.5 Maximum exposures to credit risk before considering collateral held or other credit enhancements (Continued)

	As at 31 December 2023					
	Note	Stage 1	Stage 2	Stage 3	Not Applicable	Total
Assets						
Balances with the central bank		34,457,216	–	–	–	34,457,216
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions		17,566,453	–	–	–	17,566,453
Derivative financial assets		–	–	–	436,283	436,283
Loans and advances to customers		334,583,521	6,587,545	1,340,849	–	342,511,915
Financial investments						
– Financial investments at fair value through profit or loss		–	–	–	52,836,715	52,836,715
– Financial investments at amortised cost		137,222,600	3,478	–	–	137,226,078
– Financial investments at fair value through other comprehensive income		109,949,387	76,098	91,052	1,039,205	111,155,742
Other financial assets	(i)	332,197	33,719	61,760	–	427,676
Sub-total		634,111,374	6,700,840	1,493,661	54,312,203	696,618,078
Off-balance sheet items						
Bank acceptances		9,512,280	65,256	–	–	9,577,536
Letters of credit		911,310	–	–	–	911,310
Guarantees		4,784,526	8,001	60,000	–	4,852,527
Unused limit of credit cards		8,563,305	–	–	–	8,563,305
Sub-total		23,771,421	73,257	60,000	–	23,904,678
Total		657,882,795	6,774,097	1,553,661	54,312,203	720,522,756

(i) Other financial assets include interest receivable and other receivables.

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

44.1.6 Loans and advances to customers

(a) Industry analysis

	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage	Amount	Percentage
Corporate loans and advances				
Manufacturing	68,282,390	17.89%	55,940,714	15.72%
Leasing and commercial services	45,980,235	12.04%	35,587,754	10.00%
Wholesale and retail	34,705,044	9.09%	34,661,797	9.74%
Construction	22,025,959	5.77%	23,573,369	6.63%
Real estate	19,943,590	5.22%	19,681,277	5.53%
Transportation, logistics and postal services	6,797,399	1.78%	5,262,213	1.48%
Production and supply of power, gas and water	6,059,792	1.59%	6,992,548	1.97%
Scientific research and technical services and geological prospecting	3,522,077	0.92%	1,188,806	0.33%
Education	3,260,091	0.85%	3,267,422	0.92%
Finance	3,113,725	0.82%	5,406,191	1.52%
Water, environment and public utilities management	2,926,510	0.77%	3,179,212	0.89%
Hotels and catering industries	2,585,371	0.68%	3,097,382	0.87%
Agriculture, forestry, animal husbandry and fishery	2,041,277	0.53%	1,833,173	0.52%
Health, social security and welfare	1,590,038	0.42%	2,528,785	0.71%
Information transmission, software and IT services	1,211,983	0.32%	1,016,757	0.29%
Residential services and other services	315,877	0.08%	491,097	0.14%
Culture, sports and entertainment	153,787	0.04%	141,280	0.04%
Mining	32,900	0.01%	–	–
Sub-total	224,548,045	58.82%	203,849,777	57.30%
Personal loans and advances				
Business loans	46,616,324	12.21%	44,272,043	12.44%
Property mortgages	40,688,088	10.66%	38,863,183	10.92%
Personal consumption loans	36,434,537	9.54%	35,337,953	9.93%
Credit cards	4,481,750	1.17%	4,921,478	1.38%
Sub-total	128,220,699	33.58%	123,394,657	34.67%
Discounted bills	28,276,149	7.41%	27,828,908	7.82%
Accrued interest	734,502	0.19%	730,437	0.21%
Total loans and advances to customers	381,779,395	100.00%	355,803,779	100.00%

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

44.1.6 Loans and advances to customers (Continued)

(b) Type of collateral analysis

	As at 31 December	
	2024	2023
Collateralised loans	188,641,114	183,143,329
Guaranteed loans	102,829,362	94,098,085
Unsecured loans	52,601,681	37,725,167
Pledged loans	36,972,736	40,106,761
Sub-total	381,044,893	355,073,342
Accrued interest	734,502	730,437
Total	381,779,395	355,803,779

(c) Concentration analysis by geographical regions

	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage	Amount	Percentage
Dongguan	312,745,357	81.92%	283,906,297	79.78%
Zhanjiang	19,080,088	5.00%	18,484,393	5.20%
Others	49,219,448	12.89%	52,682,652	14.81%
Accrued interest	734,502	0.19%	730,437	0.21%
Total	381,779,395	100.00%	355,803,779	100.00%

Concentration analysis of overdue loans and advances to customers by geographical regions

	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage	Amount	Percentage
Dongguan	6,221,906	68.71%	4,307,203	68.02%
Zhanjiang	726,778	8.03%	662,343	10.46%
Others	2,105,887	23.26%	1,362,359	21.52%
Total	9,054,571	100.00%	6,331,905	100.00%

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

44.1.6 Loans and advances to customers (Continued)

(d) Analysis by overdue days and impairment evaluation

- (1) The maximum credit risk exposures of loans and advances are analysed by overdue days as follows:

Loans and advances	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Overdue days				
Not overdue	353,885,566	11,874,366	208,990	365,968,922
Between 0 and 30 days	157,507	820,939	26,499	1,004,945
Between 30 and 60 days	–	547,407	93,807	641,214
Between 60 and 90 days	–	556,900	114,798	671,698
More than 90 days/Default	–	–	6,736,714	6,736,714
Total	354,043,073	13,799,612	7,180,808	375,023,493
Provision for ECL	(4,340,672)	(3,799,070)	(6,275,162)	(14,414,904)
Net amount	349,702,401	10,000,542	905,646	360,608,589

Loans and advances	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Overdue days				
Not overdue	338,865,303	8,715,040	1,891,531	349,471,874
Between 0 and 30 days	519,929	307,483	55,341	882,753
Between 30 and 60 days	–	636,219	813,803	1,450,022
Between 60 and 90 days	–	63,377	148,848	212,225
More than 90 days/Default	–	–	3,786,905	3,786,905
Total	339,385,232	9,722,119	6,696,428	355,803,779
Provision for ECL	(4,801,711)	(3,134,574)	(5,355,579)	(13,291,864)
Net amount	334,583,521	6,587,545	1,340,849	342,511,915

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.6 Loans and advances to customers *(Continued)*

(d) *Analysis by overdue days and impairment evaluation (Continued)*

(2) Overdue loans and advances to customers are set out by collateral type and overdue days as follows:

	As at 31 December 2024				Total
	Overdue between 1 and 90 days (inclusive)	Overdue between 90 days and 1 year (inclusive)	Overdue between 1 and 3 years (inclusive)	Overdue for more than 3 years	
Collateralised loans	1,346,775	1,182,662	1,952,086	52,483	4,534,006
Guaranteed loans	472,308	1,710,266	512,426	48,316	2,743,316
Unsecured loans	491,842	801,656	349,971	84,072	1,727,541
Pledged loans	6,932	21,924	–	20,852	49,708
Total	2,317,857	3,716,508	2,814,483	205,723	9,054,571

	As at 31 December 2023				Total
	Overdue between 1 and 90 days (inclusive)	Overdue between 90 days and 1 year (inclusive)	Overdue between 1 and 3 years (inclusive)	Overdue for more than 3 years	
Collateralised loans	1,204,013	1,915,068	592,779	25,736	3,737,596
Guaranteed loans	994,050	493,008	86,873	1,917	1,575,848
Unsecured loans	304,503	306,099	276,518	63,192	950,312
Pledged loans	42,434	1,870	–	23,845	68,149
Total	2,545,000	2,716,045	956,170	114,690	6,331,905

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

44.1.6 Loans and advances to customers (Continued)

(e) Loans and advances to customers impaired/at Stage 3

The total amounts of loans and advances to customers impaired/at Stage 3 are set out as follows:

	As at 31 December	
	2024	2023
Corporate loans and advances	4,169,456	4,759,357
Personal loans and advances	3,011,352	1,937,071
Total	7,180,808	6,696,428
Fair value of collateral		
– Corporate loans and advances	3,378,276	1,236,435
– Personal loans and advances	1,442,159	784,218
Total	4,820,435	2,020,653

The fair value of collateral is determined based on the latest available external valuation prices, adjusted for the current experiences of collateral realisation and market conditions.

Concentration of loans and advances to customers impaired/at Stage 3 by geographical regions

	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage	Amount	Percentage
Dongguan	5,807,481	80.88%	3,972,316	59.32%
Zhanjiang	295,929	4.12%	255,055	3.81%
Others	1,077,398	15.00%	2,469,057	36.87%
Total	7,180,808	100.00%	6,696,428	100.00%

As at 31 December 2024, the Group's loans and advances to customers impaired/at Stage 3 accounted for 1.88% (31 December 2023: 1.88%) of the loans.

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.7 Foreclosed assets

Foreclosed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. Usually the Group does not use recovered foreclosed assets for business activities. As at 31 December 2024 and 2023, foreclosed assets were listed under other assets.

44.1.8 Debt instrument investments

The credit risks of debt instrument investments are classified mainly based on their external credit ratings.

(a) *Debt instrument investments classified by borrower ratings*

- (1) The exposures of financial investments at amortised cost are analysed as follows:

		As at 31 December 2024			
	Note	Stage 1	Stage 2	Stage 3	Total
Credit ratings					
AA to AAA		12,334,551	–	–	12,334,551
Unrated	(i)	128,406,963	–	–	128,406,963
Total		140,741,514	–	–	140,741,514
Provision for ECL		(176,970)	–	–	(176,970)
Net book value		140,564,544	–	–	140,564,544

		As at 31 December 2023			
	Note	Stage 1	Stage 2	Stage 3	Total
Credit ratings					
AA to AAA		10,671,108	–	–	10,671,108
Unrated	(i)	126,926,335	6,119	–	126,932,454
Total		137,597,443	6,119	–	137,603,562
Provision for ECL		(374,843)	(2,641)	–	(377,484)
Net book value		137,222,600	3,478	–	137,226,078

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.8 Debt instrument investments *(Continued)*

(a) Debt instrument investments classified by borrower ratings *(Continued)*

(2) The exposures of financial investments at fair value through other comprehensive income are analysed as follows:

		As at 31 December 2024			
	Note	Stage 1	Stage 2	Stage 3	Total
Credit ratings					
AA to AAA		14,993,225	74,121	–	15,067,346
CCC+ to AA–		–	8,469	–	8,469
Default		–	–	62,913	62,913
Unrated	(i)	113,496,530	–	–	113,496,530
Net book value		128,489,755	82,590	62,913	128,635,258

		As at 31 December 2023			
	Note	Stage 1	Stage 2	Stage 3	Total
Credit ratings					
AA to AAA		11,897,370	76,098	–	11,973,468
CCC+ to AA–		–	–	–	–
Default		–	–	61,816	61,816
Unrated	(i)	98,052,017	–	29,236	98,081,253
Net book value		109,949,387	76,098	91,052	110,116,537

44 Financial risk management *(Continued)*

44.1 Credit risk *(Continued)*

44.1.8 Debt instrument investments

(b) Debt instrument investments classified by facility ratings

As at 31 December 2024				
Note	Financial investments at fair value through profit or loss	Financial investments at amortised cost	Financial investments at fair value through other comprehensive income	Total
AA to AAA	3,724,572	69,063,033	45,849,305	118,636,910
CCC+ to AA-	–	–	11	11
CCC and below	–	–	36	36
Unrated (i)	39,543,747	71,501,511	82,785,906	193,831,164
Total	43,268,319	140,564,544	128,635,258	312,468,121

As at 31 December 2023				
Note	Financial investments at fair value through profit or loss	Financial investments at amortised cost	Financial investments at fair value through other comprehensive income	Total
AA to AAA	4,899,024	59,738,167	37,320,681	101,957,872
CCC+ to AA-	11,238	–	41,731	52,969
CCC and below	–	–	10,214	10,214
Unrated (i)	47,926,453	77,487,911	72,743,911	198,158,275
Total	52,836,715	137,226,078	110,116,537	300,179,330

(i) The Group's unrated debt instrument investments comprise mainly of treasury bonds, local government bonds, financial bonds issued by policy banks, commercial bank bonds, non-bank financial institutions bonds and trust beneficiary rights.

44 Financial risk management *(Continued)*

44.2 Market risk

44.2.1 Overview

Market risk represents the potential loss arising from changes in market rates of interest and foreign exchange, as well as the commodity and equity prices. Market risk arises from both the Group's proprietary positions and customer driven transactions, in both cases related to on and off-balance sheet activities.

The Group is primarily exposed to interest rate risk through its lending, fixed-income and funding activities. Interest rate risk is inherent in many of the Group's businesses. It fundamentally arises through mismatches between the maturity and re-pricing dates of interest-earning assets and interest-bearing liabilities. As discussed further below, interest rate risk is actively managed by the Group.

Foreign exchange rate risk is the potential loss related to changes in foreign exchange rates affecting the translation of foreign currency denominated monetary assets and liabilities. The risk of loss results from movements in foreign currency exchange rates.

The Group's commodity risk is mainly from the fluctuation in price of gold. The Group considers that the market risk from commodity prices of trade and investment portfolios is not significant.

44.2.2 Market analysis metrics

To enhance the effectiveness of market risk management, as well as the accuracy of determining the levels of regulatory capital required related to market risk, the Group segregates all financial instruments and commodities, both on-and off-balance sheet, into either the trading book or banking book. The trading book is comprised of financial instruments and commodity positions held for trading. Any other financial instruments are included in the banking book.

The Group manages market risk in the trading book using several methodologies, including limit monitoring, sensitivity analysis, duration analysis, exposure analysis and stress testing. The Group has formulated policies, which are subject to review annually or as circumstances otherwise dictate, to manage market risk. Further, in this regard, the Group's market risk management is focused on movements in domestic and global financial markets, as well as the composition of the trading book and management's trading strategies, within approved limits. Moreover, the Group has implemented more specific policies for financial instruments, closely monitoring the exposure to specific issuers and counterparties, as well as the tenor of individual positions and trading strategies.

44 Financial risk management *(Continued)*

44.2 Market risk *(Continued)*

44.2.2 Market analysis metrics *(Continued)*

Market risk exposure limits are classified as either directive limits or indicative limits, based on the characteristics of the underlying instruments or transactions, including exposure limit monitoring, enforcement of stop-loss limits, and stress testing limits.

The Group is committed to continuous improvement of its market risk exposure limit management. The Group establishes exposure limits reflecting its risk appetite and continuously refines the categorization of market risk exposure limits. Further, it regularly monitors, reports, refines, and implements improvements to the market risk exposure limit process.

44.2.3 Interest rate risk

The interest rate risk existing in the banking book broadly relates to the mismatch of the maturity or re-pricing dates of interest rate-sensitive financial assets and financial liabilities, as well as inconsistencies in the change of the benchmark interest rates on which most domestic interest rate-sensitive financial assets and financial liabilities are based.

The Group closely monitors changes in the macro-economic environment and the monetary policies of the PBOC, enabling it to timely and flexibly adjust its pricing strategy. The Group establishes comprehensive interest rate risk management policies and protocols and has improved the consistency of interest rate risk measurement, monitoring, analysis and management of interest rate risk across the Group.

The Group regularly measures and analyzes the Group's interest rate risk by conducting gap analysis, sensitivity analysis, scenario analysis and stress testing to manage interest rate risk within established limits.

The tables below summarize the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and liabilities at the end of each reporting period.

44 Financial risk management (Continued)

44.2 Market risk (Continued)

44.2.3 Interest rate risk (Continued)

As at 31 December 2024	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets						
Cash and balances with the central bank	33,648,442	–	–	–	2,685,545	36,333,987
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	12,172,632	4,612,900	–	–	33,048	16,818,580
Derivative financial assets	–	–	–	–	601,062	601,062
Loans and advances to customers	208,958,207	135,851,587	15,233,792	6,587,950	732,955	367,364,491
Financial investments						
– Financial investments at fair value through profit or loss	1,810,615	6,045,588	5,615,224	3,074,888	26,722,004	43,268,319
– Financial investments at amortised cost	10,418,842	9,449,852	50,328,719	68,670,755	1,696,376	140,564,544
– Financial investments at fair value through other comprehensive income	5,874,687	12,938,666	65,633,978	42,698,775	2,662,547	129,808,653
Other financial assets	–	–	–	–	406,027	406,027
Total financial assets	272,883,425	168,898,593	136,811,713	121,032,368	35,539,564	735,165,663
Liabilities						
Borrowings from the central bank	14,321,899	17,346,969	–	–	313,970	31,982,838
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	25,592,325	5,436,921	–	–	94,538	31,123,784
Financial liabilities at fair value through profit or loss	–	–	–	–	1,676,073	1,676,073
Derivative financial liabilities	–	–	–	–	530,460	530,460
Deposits from customers	270,486,325	104,962,656	144,562,654	179	10,159,762	530,171,576
Debt securities issued	16,219,340	50,193,907	12,999,586	3,999,066	132,110	83,544,009
Lease liabilities	30,012	85,142	248,493	134,401	–	498,048
Other financial liabilities	–	–	–	–	622,939	622,939
Total financial liabilities	326,649,901	178,025,595	157,810,733	4,133,646	13,529,852	680,149,727
Interest rate gap	(53,766,476)	(9,127,002)	(20,999,020)	116,898,722	22,009,712	55,015,936

44 Financial risk management (Continued)

44.2 Market risk (Continued)

44.2.3 Interest rate risk (Continued)

As at 31 December 2023	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets						
Cash and balances with the central bank	34,309,981	–	–	–	2,625,334	36,935,315
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	12,443,363	5,103,231	–	–	19,859	17,566,453
Derivative financial assets	–	–	–	–	436,283	436,283
Loans and advances to customers	175,968,665	96,865,058	66,529,872	2,419,590	728,730	342,511,915
Financial investments						
– Financial investments at fair value through profit or loss	7,650,866	6,656,340	9,622,497	649,175	28,257,837	52,836,715
– Financial investments at amortised cost	10,944,809	17,977,773	46,918,052	59,653,236	1,732,208	137,226,078
– Financial investments at fair value through other comprehensive income	9,425,865	25,536,726	45,906,539	27,661,826	2,624,786	111,155,742
Other financial assets	–	–	–	–	427,676	427,676
Total financial assets	<u>250,743,549</u>	<u>152,139,128</u>	<u>168,976,960</u>	<u>90,383,827</u>	<u>36,852,713</u>	<u>699,096,177</u>
Liabilities						
Borrowings from the central bank	16,200,494	21,907,353	–	–	371,361	38,479,208
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	33,284,955	4,033,614	2,000,000	–	84,568	39,403,137
Financial liabilities at fair value through profit or loss	–	–	–	–	1,325,544	1,325,544
Derivative financial liabilities	–	–	–	–	458,261	458,261
Deposits from customers	274,992,293	89,642,701	122,093,777	–	9,015,117	495,743,888
Debt securities issued	26,370,794	33,310,284	7,999,329	3,998,622	152,942	71,831,971
Lease liabilities	31,043	86,674	273,019	123,873	–	514,609
Other financial liabilities	–	–	–	–	306,375	306,375
Total financial liabilities	<u>350,879,579</u>	<u>148,980,626</u>	<u>132,366,125</u>	<u>4,122,495</u>	<u>11,714,168</u>	<u>648,062,993</u>
Interest rate gap	<u>(100,136,030)</u>	<u>3,158,502</u>	<u>36,610,835</u>	<u>86,261,332</u>	<u>25,138,545</u>	<u>51,033,184</u>

44 Financial risk management (Continued)

44.2 Market risk (Continued)

44.2.3 Interest rate risk (Continued)

The following table illustrates the potential impact, of a parallel upward or downward shift of 100 basis points in relevant interest rate curves on the Group's net profit and other comprehensive income for the next twelve months from the reporting date, based on the Group's positions of interest-earning assets and interest-bearing liabilities at the end of each reporting period. This analysis assumes that interest rates of all maturities move by the same amount, and does not reflect the potential impact of unparallelled yield curve movements.

The sensitivity analysis on net profit is based on reasonably possible changes in interest rates with the assumption that the structure of financial assets and financial liabilities held at the period end remains unchanged, and does not take changes in customer behaviour, basis risk or any prepayment options on debt securities into consideration.

The sensitivity analysis on other comprehensive income reflects only the effect of changes in fair value of those financial assets at fair value through other comprehensive income held, whose fair value changes are recorded as an element of other comprehensive income.

	Expected changes of net profit As at 31 December	
	2024	2023
+ 100 basis point parallel move in all yield curves	(318,510)	(1,055,514)
– 100 basis point parallel move in all yield curves	335,183	1,065,689
	Expected changes of other comprehensive income As at 31 December	
	2024	2023
+ 100 basis point parallel move in all yield curves	(2,880,171)	(2,182,667)
– 100 basis point parallel move in all yield curves	3,124,380	2,311,846

44 Financial risk management *(Continued)*

44.2 Market risk *(Continued)*

44.2.3 Interest rate risk *(Continued)*

The assumptions do not reflect actions that might be taken under the Group's capital and interest rate risk management policy to mitigate changes to the Group's interest rate risk. Therefore the above analysis may differ from the actual situation.

In addition, the presentation of interest rate sensitivity above is for illustration purposes only, showing the potential impact on net interest income and other comprehensive income of the Group under different parallel yield curve movements, relative to their position at period-end.

44.2.4 Foreign exchange risk

Foreign exchange rate risk relates to the mismatch of foreign currency denominated monetary assets and liabilities, and the potential loss related to changes in foreign exchange rates, which largely arises through operational activities.

The Group performs monitoring and sensitivity analysis of foreign exchange rate risk exposure, manages the mismatch of foreign currency denominated assets and liabilities to effectively manage foreign exchange rate risk exposure within acceptable limits.

44 Financial risk management (Continued)

44.2 Market risk (Continued)

44.2.4 Foreign exchange risk (Continued)

The Group primarily conducts its business activities in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent, other currencies. The composition of all financial assets and liabilities at the end of each reporting period analyzed by currency is as follows:

As at 31 December 2024	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)
Assets			
Cash and balances with the central bank	74,657	85,072	–
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	1,008,695	212,899	48,431
Loans and advances to customers	222,467	2,184	–
Financial investments			
– Financial investments at amortised cost	–	–	–
– Financial investments at fair value through other comprehensive income	3,490,247	–	–
Other financial assets	–	12	–
Total financial assets	4,796,066	300,167	48,431
Liability			
Deposits from customers	987,482	578,286	26,256
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	4,474,823	–	–
Total financial liabilities	5,462,305	578,286	26,256
Net on-balance sheet position	(666,239)	(278,119)	22,175
Net notional amount of derivatives	(1,188,221)	19	–
Financial guarantees and credit commitments	503,974	–	–

44 Financial risk management *(Continued)*

44.2 Market risk *(Continued)*

44.2.4 Foreign exchange risk *(Continued)*

As at 31 December 2023	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)
Assets			
Cash and balances with the central bank	79,123	105,106	–
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	1,032,620	209,629	25,919
Loans and advances to customers	294,858	–	1,048
Financial investments			
– Financial investments at amortised cost	144,073	–	–
– Financial investments at fair value through other comprehensive income	897,134	–	–
Other financial assets	3,276	12	–
Total financial assets	<u>2,451,084</u>	<u>314,747</u>	<u>26,967</u>
Liability			
Deposits from customers	642,005	539,756	16,999
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	5	–	–
Total financial liabilities	<u>642,010</u>	<u>539,756</u>	<u>16,999</u>
Net on-balance sheet position	<u>1,809,074</u>	<u>(225,009)</u>	<u>9,968</u>
Net notional amount of derivatives	<u>971,633</u>	<u>28</u>	<u>–</u>
Financial guarantees and credit commitments	<u>332,249</u>	<u>–</u>	<u>4,320</u>

44 Financial risk management *(Continued)*

44.2 Market risk *(Continued)*

44.2.4 Foreign exchange risk *(Continued)*

The table below indicates the potential effect on net profit arising from a 10% appreciation or depreciation of RMB spot and forward foreign exchange rates against USD on the net positions of foreign currency monetary assets and liabilities in the consolidated statement of financial position.

	As at 31 December	
	2024	2023
USD/RMB10% appreciation	(139,085)	208,553
USD/RMB10% depreciation	139,085	(208,553)

The effect on net profit and other comprehensive income is calculated based on the assumption that the Group's foreign currency sensitive exposures at the end of each reporting period remain unchanged. The Group mitigates its foreign exchange rate risk through active management of its foreign currency exposures, based on management expectation of future foreign currency exchange rate movements. Such analysis does not take into account the correlation effect of changes in different foreign currencies, nor any further actions that could be taken by management to mitigate the effect of foreign exchange differences. Therefore, the sensitivity analysis above may differ from actual results occurring through changes in foreign exchange rates.

44.3 Liquidity risk

44.3.1 Overview

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flows or maturity mismatches of assets and liabilities.

The Group's Planning and Finance Department and Financial Market Department manage its liquidity risk via:

- Optimising the asset and liability structures;
- Making projections of future cash flows, and evaluating the appropriate liquid asset position;
- Maintaining reasonable liquidity reserve;
- Conducting stress testing regularly.

44 Financial risk management (Continued)

44.3 Liquidity risk (Continued)

44.3.2 Analysis of the undiscounted contractual cash flows

The tables below set forth undiscounted contractual cash flows of the Group's financial assets and liabilities by remaining contractual maturities at the end of the reporting period:

As at 31 December 2024	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial assets								
Cash and balances with the central bank	10,186,895	–	10,980	2,363	–	–	26,133,749	36,333,987
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	3,458,862	2,833,777	5,946,054	4,687,249	–	–	–	16,925,942
Loans and advances to customers	1,863,019	9,074,310	28,917,435	97,794,215	118,516,274	195,858,837	6,520,608	458,544,698
Financial investments								
– Financial investments at fair value through profit or loss	25,097,285	874,733	982,835	6,518,916	6,621,629	3,670,469	–	43,765,867
– Financial investments at amortised cost	–	6,644,452	4,749,180	12,411,310	61,359,755	72,844,726	–	158,009,423
– Financial investments at fair value through other comprehensive income	–	609,636	6,110,739	15,279,147	70,624,255	43,313,330	1,249,201	137,186,308
Other financial assets	402,326	–	–	–	–	–	3,701	406,027
Total financial assets	41,008,387	20,036,908	46,717,223	136,693,200	257,121,913	315,687,362	33,907,259	851,172,252
Non-derivative financial liabilities								
Borrowings from the central bank	–	5,561,738	8,909,510	17,651,842	–	–	–	32,123,090
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	1,119,415	21,965,097	2,805,962	5,569,733	–	–	–	31,460,207
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–	1,676,073	1,676,073
Deposits from customers	206,581,625	26,241,574	39,905,006	109,878,607	158,294,857	73,810	–	540,975,479
Debt securities issued	–	1,030,000	15,240,000	50,640,000	13,771,900	5,376,000	–	86,057,900
Lease liabilities	–	11,414	21,703	91,600	274,730	169,326	–	568,773
Other financial liabilities	259,847	12,542	25,465	325,085	–	–	–	622,939
Total financial liabilities	207,960,887	54,822,365	66,907,646	184,156,867	172,341,487	5,619,136	1,676,073	693,484,461
Net position	(166,952,500)	(34,785,457)	(20,190,423)	(47,463,667)	84,780,426	310,068,226	32,231,186	157,687,791
Derivative cash flows								
Derivative financial instruments settled on a net basis	–	(708)	886	(739)	31,807	–	–	31,246
Derivative financial instruments settled on a gross basis								
– Total inflow	–	2,164,297	37,939	485,428	–	–	–	2,687,664
– Total outflow	–	(1,722,883)	(238,250)	(1,914,733)	–	–	–	(3,875,866)

44 Financial risk management (Continued)

44.3 Liquidity risk (Continued)

44.3.2 Analysis of the undiscounted contractual cash flows (Continued)

As at 31 December 2023	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial assets								
Cash and balances with the central bank	11,302,844	–	23,342	5,858	–	–	25,603,271	36,935,315
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	4,559,991	4,847,255	3,108,773	5,191,037	–	–	–	17,707,056
Loans and advances to customers	1,911,048	12,974,493	30,451,906	98,411,299	100,528,047	186,533,655	3,588,398	434,398,846
Financial investments								
– Financial investments at fair value through profit or loss	26,429,513	447,984	7,464,036	7,089,825	11,194,688	1,442,810	–	54,068,856
– Financial investments at amortised cost	–	6,985,812	5,148,894	20,939,135	57,453,780	64,967,571	–	155,495,192
– Financial investments at fair value through other comprehensive income	–	2,602,104	7,651,267	27,513,322	50,752,680	28,321,287	1,129,891	117,970,551
Other financial assets	423,976	–	–	–	–	–	3,700	427,676
Total financial assets	44,627,372	27,857,648	53,848,218	159,150,476	219,929,195	281,265,323	30,325,260	817,003,492
Non-derivative financial liabilities								
Borrowings from the central bank	–	467,714	15,896,022	22,261,029	–	–	–	38,624,765
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	1,312,002	28,755,538	3,310,797	4,113,835	2,079,050	–	–	39,571,222
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–	1,325,544	1,325,544
Deposits from customers	211,452,165	26,727,589	39,483,076	94,212,061	135,141,326	–	–	507,016,217
Debt securities issued	–	11,300,000	15,236,800	33,660,000	8,659,700	5,548,000	–	74,404,500
Lease liabilities	–	11,034	22,273	93,434	301,247	155,285	–	583,273
Other financial liabilities	61,933	15,379	31,224	197,839	–	–	–	306,375
Total financial liabilities	212,826,100	67,277,254	73,980,192	154,538,198	146,181,323	5,703,285	1,325,544	661,831,896
Net position	(168,198,728)	(39,419,606)	(20,131,974)	4,612,278	73,747,872	275,562,038	28,999,716	155,171,596
Derivative cash flows								
Derivative financial instruments settled on a net basis	–	(43)	559	1,828	(31,727)	–	–	(29,383)
Derivative financial instruments settled on a gross basis								
– Total inflow	–	3,150,185	754,924	258,407	–	–	–	4,163,516
– Total outflow	–	(2,548,104)	(365,236)	(278,515)	–	–	–	(3,191,855)

44 Financial risk management (Continued)

44.3 Liquidity risk (Continued)

44.3.3 Analysis of the remaining contractual maturity of financial assets and financial liabilities

The table below summarises the maturity analysis of the carrying amounts of the Group's financial assets and liabilities by remaining contractual maturities at the end of the reporting period:

As at 31 December 2024	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Financial assets								
Cash and balances with the central bank	10,186,895	–	10,980	2,363	–	–	26,133,749	36,333,987
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	3,458,862	2,826,179	5,913,465	4,620,074	–	–	–	16,818,580
Derivative financial assets	–	70,509	33,438	161,333	335,782	–	–	601,062
Loans and advances to customers	1,852,627	7,763,649	28,569,162	94,368,763	102,222,119	126,117,675	6,470,496	367,364,491
Financial investments								
– Financial investments at fair value through profit or loss	25,097,285	864,276	971,954	6,318,604	6,265,693	3,750,507	–	43,268,319
– Financial investments at amortised cost	–	6,637,116	4,692,742	10,218,858	50,345,073	68,670,755	–	140,564,544
– Financial investments at fair value through other comprehensive income	–	580,662	5,976,088	13,669,949	65,633,978	42,698,775	1,249,201	129,808,653
Other financial assets	402,326	–	–	–	–	–	3,701	406,027
Total financial assets	40,997,995	18,742,391	46,167,829	129,359,944	224,802,645	241,237,712	33,857,147	735,165,663
Financial liabilities								
Borrowings from the central bank	–	5,561,258	8,901,485	17,520,095	–	–	–	31,982,838
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	1,119,415	21,717,534	2,795,651	5,491,184	–	–	–	31,123,784
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–	1,676,073	1,676,073
Derivative financial liabilities	–	64,664	28,680	133,141	303,975	–	–	530,460
Deposits from customers	206,581,625	26,424,105	39,673,074	108,268,955	149,150,041	73,776	–	530,171,576
Debt securities issued	–	1,028,818	15,190,522	50,193,906	13,100,616	4,030,147	–	83,544,009
Lease liabilities	–	9,943	20,069	85,142	248,493	134,401	–	498,048
Other financial liabilities	259,847	12,542	25,465	325,085	–	–	–	622,939
Total financial liabilities	207,960,887	54,818,864	66,634,946	182,017,508	162,803,125	4,238,324	1,676,073	680,149,727
Net position	(166,962,892)	(36,076,473)	(20,467,117)	(52,657,564)	61,999,520	236,999,388	32,181,074	55,015,936

44 Financial risk management (Continued)

44.3 Liquidity risk (Continued)

44.3.3 Analysis of the remaining contractual maturity of financial assets and financial liabilities

As at 31 December 2023	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Financial assets								
Cash and balances with the central bank	11,302,844	–	23,342	5,858	–	–	25,603,271	36,935,315
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	4,559,991	4,803,459	3,095,420	5,107,583	–	–	–	17,566,453
Derivative financial assets	–	70,331	39,148	130,742	196,062	–	–	436,283
Loans and advances to customers	1,899,630	12,032,760	29,893,199	94,615,312	84,722,726	115,796,352	3,551,936	342,511,915
Financial investments								
– Financial investments at fair value through profit or loss	26,429,513	356,514	7,326,375	6,938,828	10,460,692	1,324,793	–	52,836,715
– Financial investments at amortised cost	–	6,859,772	4,940,545	18,840,241	46,932,284	59,653,236	–	137,226,078
– Financial investments at fair value through other comprehensive income	–	2,547,851	7,541,009	26,355,083	45,920,082	27,661,826	1,129,891	111,155,742
Other financial assets	423,976	–	–	–	–	–	3,700	427,676
Total financial assets	44,615,954	26,670,687	52,859,038	151,993,647	188,231,846	204,436,207	30,288,798	699,096,177
Financial liabilities								
Borrowings from the central bank	–	467,518	15,889,155	22,122,535	–	–	–	38,479,208
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	1,312,002	28,741,630	3,297,401	4,050,546	2,001,558	–	–	39,403,137
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–	1,325,544	1,325,544
Derivative financial liabilities	–	66,469	35,560	128,443	227,789	–	–	458,261
Deposits from customers	211,452,165	26,707,594	39,165,519	92,497,776	125,920,834	–	–	495,743,888
Debt securities issued	–	11,286,055	15,115,330	33,310,284	8,080,903	4,039,399	–	71,831,971
Lease liabilities	–	10,288	20,755	86,674	273,019	123,873	–	514,609
Other financial liabilities	61,933	15,379	31,224	197,839	–	–	–	306,375
Total financial liabilities	212,826,100	67,294,933	73,554,944	152,394,097	136,504,103	4,163,272	1,325,544	648,062,993
Net position	(168,210,146)	(40,624,246)	(20,695,906)	(400,450)	51,727,743	200,272,935	28,963,254	51,033,184

44 Financial risk management (Continued)

44.3 Liquidity risk (Continued)

44.3.4 Off-balance sheet items

The tables below summarize the amounts of credit commitments by remaining maturity. Financial guarantees are also included below at notional amounts and based on the earliest contractual maturity date.

As at 31 December 2024	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptances	10,339,944	–	–	10,339,944
Letters of credit	1,156,542	–	–	1,156,542
Guarantees	1,942,881	850,937	461	2,794,279
Unused limit of credit cards	7,568,439	–	–	7,568,439
Total	21,007,806	850,937	461	21,859,204

As at 31 December 2023	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptances	9,577,536	–	–	9,577,536
Letters of credit	911,310	–	–	911,310
Guarantees	4,655,879	196,187	461	4,852,527
Unused limit of credit cards	8,563,305	–	–	8,563,305
Total	23,708,030	196,187	461	23,904,678

44.4 Fair value of financial assets and liabilities

(a) Fair value hierarchy

The Group classifies financial assets and financial liabilities into the following three levels based on the extent to which inputs to valuation techniques used to measure fair value of the financial assets and financial liabilities are observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in an active market for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: fair value measurements are not based on observable market data.

44 Financial risk management (Continued)

44.4 Fair value of financial assets and liabilities (Continued)

(b) Financial instruments not measured at fair value

The tables below summarise the carrying amounts and fair values of financial assets and liabilities not measured at fair value. Financial assets and liabilities with similar carrying amounts and fair values, such as balances with the central bank, financial assets held under resale agreements and deposits and placements with banks and other financial institutions, loans and advances to customers, borrowings from the central bank, due to customers, financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions, and certificates of interbank deposit, are not included.

As at 31 December 2024					
	Carrying amount	Fair value	Including:		
			Level 1	Level 2	Level 3
Financial asset					
Financial investments at amortised cost	140,564,544	148,022,241	–	147,575,243	446,998
Financial liability					
Debt securities issued	83,544,009	84,082,792	–	84,082,792	–
As at 31 December 2023					
	Carrying amount	Fair value	Including:		
			Level 1	Level 2	Level 3
Financial asset					
Financial investments at amortised cost	137,226,078	139,965,517	–	139,676,823	288,694
Financial liability					
Debt securities issued	71,831,971	72,029,528	–	72,029,528	–

44 Financial risk management (Continued)

44.4 Fair value of financial assets and liabilities (Continued)

(c) Financial instruments measured at fair value

	Note	As at 31 December 2024			
		Level 1	Level 2	Level 3	Total
Financial assets					
Derivative financial assets		–	601,062	–	601,062
Loans and advances to customers at fair value through other comprehensive income		–	–	23,320,169	23,320,169
Loans and advances to customers at fair value through profit or loss		–	–	6,755,902	6,755,902
Financial investments at fair value through profit or loss					
– Debt securities		–	16,613,017	–	16,613,017
– Fund investments		–	25,097,285	–	25,097,285
– Trust beneficiary rights	19(a)	–	–	1,558,017	1,558,017
Financial investments at fair value through other comprehensive income					
– Debt securities		–	128,572,345	62,913	128,635,258
– Unlisted equity investment		–	58,561	1,114,834	1,173,395
Total		–	170,942,270	32,811,835	203,754,105
Financial liabilities					
Financial liabilities at fair value through profit or loss		–	151,527	1,524,546	1,676,073
Derivative financial liabilities		–	530,460	–	530,460
Total		–	681,987	1,524,546	2,206,533

44 Financial risk management (Continued)

44.4 Fair value of financial assets and liabilities (Continued)

(c) Financial instruments measured at fair value (Continued)

	Note	As at 31 December 2023			Total
		Level 1	Level 2	Level 3	
Financial assets					
Derivative financial assets		–	436,283	–	436,283
Loans and advances to customers at fair value through other comprehensive income		–	–	29,313,748	29,313,748
Financial investments at fair value through profit or loss					
– Debt securities		–	24,667,303	–	24,667,303
– Fund investments		–	26,429,513	–	26,429,513
– Trust beneficiary rights	19(a)	–	–	1,739,899	1,739,899
Financial investments at fair value through other comprehensive income					
– Debt securities		–	110,025,485	61,816	110,087,301
– Trust beneficiary rights	19(c)	–	–	29,236	29,236
– Listed equity investment		84,433	–	–	84,433
– Unlisted equity investment		–	69,935	884,837	954,772
Total		<u>84,433</u>	<u>161,628,519</u>	<u>32,029,536</u>	<u>193,742,488</u>
Financial liabilities					
Financial liabilities at fair value through profit or loss		–	27,802	1,297,742	1,325,544
Derivative financial liabilities		–	458,261	–	458,261
Total		<u>–</u>	<u>486,063</u>	<u>1,297,742</u>	<u>1,783,805</u>

44 Financial risk management *(Continued)*

44.4 Fair value of financial assets and liabilities *(Continued)*

(c) Financial instruments measured at fair value (Continued)

The fair values of financial assets and liabilities are determined as follows:

- If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively;
- If not traded in active markets, fair values of financial assets and financial liabilities are determined by using valuation techniques. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models.

The Group has established an independent valuation process for financial assets and liabilities. Financial Market Department and Asset Management Department are responsible for carrying out the valuation of financial assets and financial liabilities. Valuation methods, parameters, assumptions and results are independently verified by the Comprehensive Risk Management Department; valuation results are obtained following the valuation process and accounted for in accordance with the accounting rules by the Operation Management Department; information on financial assets and liabilities for disclosure purposes is prepared by the Planning and Finance Department based on the independently reviewed valuation results. Valuation policies and procedures for various kinds of financial instruments are approved by the Group's Risk Management Committee. Any changes in valuation policies and procedures are required to be submitted to the Risk Management Committee for approval before being put into practice. For the years ended 31 December 2024 and 2023, there were no significant transfers between the fair value levels.

44 Financial risk management (Continued)

44.4 Fair value of financial assets and liabilities (Continued)

(c) Financial instruments measured at fair value (Continued)

Information about the Level 3 fair value measurement using material unobservable inputs is as follows:

	Note	As at 31 December 2024		
		Fair value	Valuation technique	Unobservable inputs Item
Loans and advances to customers at fair value through other comprehensive income		23,320,169	Discounted cash flow	Risk-adjusted discount rate/Cash flow
Loans and advances to customers at fair value through profit or loss		6,755,902	Discounted cash flow	Risk-adjusted discount rate/Cash flow
Financial investments at fair value through profit or loss	19(a)			
– Trust beneficiary rights		1,558,017	Discounted cash flow	Risk-adjusted discount rate/Cash flow
Financial investments at fair value through other comprehensive income				
– Debt securities		62,913	Discounted cash flow	Risk-adjusted discount rate/Cash flow
– Unlisted equity investments		1,114,834	Market approach/ Net assets method	Price to book ratio (P/B)/Haircuts for low liquidity
Financial liabilities at fair value through profit or loss		1,524,546	Discounted cash flow	Risk-adjusted discount rate/Cash flow

44 Financial risk management *(Continued)*

44.4 Fair value of financial assets and liabilities *(Continued)*

(c) Financial instruments measured at fair value (Continued)

	Note	As at 31 December 2023		
		Fair value	Valuation technique	Unobservable inputs Item
Loans and advances to customers at fair value through other comprehensive income		29,313,748	Discounted cash flow	Risk-adjusted discount rate/Cash flow
Financial investments at fair value through profit or loss				
– Trust beneficiary rights	19(a)	1,739,899	Discounted cash flow	Risk-adjusted discount rate/Cash flow
Financial investments at fair value through other comprehensive income				
– Debt securities		61,816	Discounted cash flow	Risk-adjusted discount rate/Cash flow
– Trust beneficiary rights	19(c)	29,236	Discounted cash flow	Risk-adjusted discount rate/Cash flow
– Unlisted equity investments		884,837	Market approach/ Net assets method	Price to book ratio (P/B)/Haircuts for low liquidity
Financial liabilities at fair value through profit or loss		1,297,742	Discounted cash flow	Risk-adjusted discount rate/Cash flow

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.

44 Financial risk management *(Continued)*

44.4 Fair value of financial assets and liabilities *(Continued)*

(c) Financial instruments measured at fair value (Continued)

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 plus or minus 1 percent of change in fair value to reasonably possible alternative assumptions.

	As at 31 December 2024			
	Effect on net profit		Effect on revaluation reserve	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Loans and advances to customers at fair value through other comprehensive income	–	–	60,421	(59,837)
Loans and advances to customers at fair value through profit or loss	9,717	(9,661)	–	–
Financial investments at fair value through profit or loss				
– Trust beneficiary rights	20,154	(15,203)	–	–
Financial investments at fair value through other comprehensive income				
– Debt securities	–	–	883	(859)
– Unlisted equity investments	–	–	6,482	(6,482)
Financial liabilities at fair value through profit or loss	103,526	(109,013)	–	–

44 Financial risk management (Continued)

44.4 Fair value of financial assets and liabilities (Continued)

(c) Financial instruments measured at fair value (Continued)

	As at 31 December 2023			
	Effect on net profit		Effect on revaluation reserve	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Loans and advances to customers at fair value through other comprehensive income	-	-	94,121	(93,099)
Financial investments at fair value through profit or loss				
– Trust beneficiary rights	29,250	(28,002)	-	-
Financial investments at fair value through other comprehensive income				
– Debt securities	-	-	1,089	(1,057)
– Trust beneficiary rights	-	-	402	(392)
– Unlisted equity investments	-	-	6,479	(6,479)
Financial liabilities at fair value through profit or loss	125,102	(132,799)	-	-

44 Financial risk management (Continued)

44.4 Fair value of financial assets and liabilities (Continued)

(c) Financial instruments measured at fair value (Continued)

The movement of Level 3 fair value measurements is as follows:

									Unrealised gains or losses included in profit or loss for assets and liabilities held at the end of the year
	Note	1 January 2024	Transfer into Level 3	Purchases, sales and settlements	Total gains or losses		31 December 2024		
				Purchases	Sales and settlements	Recorded in profit or loss	Recorded in other comprehensive income		
Assets									
Loans and advances to customers at fair value through other comprehensive income		29,313,748	-	23,392,240	(29,367,891)	(80,120)	62,192	23,320,169	-
Loans and advances to customers at fair value through profit or loss		-	-	6,753,437	(203)	2,668	-	6,755,902	2,466
Financial investments at fair value through profit or loss									
- Trust beneficiary rights	19(a)	1,739,899	-	-	(231,930)	50,048	-	1,558,017	50,048
Financial investments at fair value through other comprehensive income									
- Debt securities		61,816	-	-	(576)	26,708	(25,035)	62,913	-
- Trust beneficiary rights	19(c)	29,236	-	-	(56,875)	27,639	-	-	-
- Unlisted equity investments		884,837	-	-	-	-	229,997	1,114,834	-
Sub-total		32,029,536	-	30,145,677	(29,657,475)	26,943	267,154	32,811,835	52,514
Liabilities									
Financial liabilities at fair value through profit or loss		(1,297,742)	-	-	31,581	(258,385)	-	(1,524,546)	(1,524,546)
Total		30,731,794	-	30,145,677	(29,625,894)	(231,442)	267,154	31,287,289	(1,472,032)

44 Financial risk management (Continued)

44.4 Fair value of financial assets and liabilities (Continued)

(c) Financial instruments measured at fair value (Continued)

									Unrealised gains or losses included in profit or loss for assets and liabilities held at the end of the year
	Note	1 January 2023	Transfer into Level 3	Purchases, sales and settlements		Total gains or losses		31 December 2023	
							Recorded in other comprehensive income		
				Purchases	Sales and settlements	Recorded in profit or loss			
Assets									
Loans and advances to customers at fair value through other comprehensive income		28,399,022	-	29,462,311	(28,519,809)	(25,711)	(2,065)	29,313,748	-
Financial investments at fair value through profit or loss									
- Trust beneficiary rights	19(a)	3,416,254	-	-	(1,734,236)	57,881	-	1,739,899	61,185
Financial investments at fair value through other comprehensive income									
- Debt securities		170,404	-	-	(11,935)	(78,261)	(18,392)	61,816	-
- Trust beneficiary rights	19(c)	30,777	-	-	(25,726)	24,671	(486)	29,236	-
- Unlisted equity investments		585,140	-	-	-	-	299,697	884,837	-
Sub-total		32,601,597	-	29,462,311	(30,291,706)	(21,420)	278,754	32,029,536	61,185
Liabilities									
Financial liabilities at fair value through profit or loss		(1,061,203)	-	-	-	(236,539)	-	(1,297,742)	(1,297,742)
Total		31,540,394	-	29,462,311	(30,291,706)	(257,959)	278,754	30,731,794	(1,236,557)

44 Financial risk management *(Continued)*

44.5 Capital management

The Group's capital management objectives are as follows:

- maintain an adequate capital base to support the development of its business;
- support the Group's financial stability and profitable growth;
- allocate capital through an efficient and risk based approach to optimize risk-adjusted return to shareholders; and
- safeguard the long-term sustainability of the Group's franchise so that it can continue to provide sufficient owner returns and benefits for other stakeholders.

Capital adequacy ratio and the use of regulatory capital are monitored quarterly by the Bank's management with employing techniques based on the guidelines developed by the Basel Committee, as implemented by the NFRA, for supervisory purposes. The required information is filed with the NFRA on a quarterly basis.

The Bank calculated the capital adequacy ratio based on the Rules for Regulating the Capital Adequacy of Commercial Banks issued by the NFRA in October 2023. According to the approach, the Bank calculated the credit risk-weighted assets measurement by the weighted method, market risk-weighted assets measurement by the simplified standard method, and operation risk-weighted assets measurement by the standard method.

In accordance with "Rules for Regulating the Capital Adequacy of Commercial Banks" (before 31 December 2023 in accordance with "Rules for Regulating the Capital Adequacy of Commercial Banks (Trial) "), 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. At present, the Bank fully complies with all statutory and regulatory requirements.

44 Financial risk management *(Continued)*

44.5 Capital management *(Continued)*

The capital adequacy ratio of 31 December 2024 under the Rules for Regulating the Capital Adequacy of Commercial Banks and the capital adequacy ratio of 31 December 2023 under the Rules for Regulating the Capital Adequacy of Commercial Banks (Trial) are as follows:

	As at 31 December	
	2024	2023
Core tier 1 capital	60,544,543	55,705,955
Core tier 1 capital deductions	(613,680)	(566,833)
Net core tier 1 capital	59,930,863	55,139,122
Other tier 1 capital	132,412	140,876
Net tier 1 capital	60,063,275	55,279,998
Tier 2 capital	9,077,315	8,874,914
Net capital	69,140,590	64,154,912
Total risk-weighted assets	417,971,094	404,855,812
Core tier 1 capital adequacy ratio	14.34%	13.62%
Tier 1 capital adequacy ratio	14.37%	13.65%
Capital adequacy ratio	16.54%	15.85%

45 Events after the reporting period

45.1 Dividend

Upon approval at the Board of Directors on 28 March, 2025, the Bank distributed cash dividend of RMB2.50 (tax inclusive) per ten shares, with a total amount of RMB1,722 million, to shareholders of the Bank, subject to the approval by the shareholders in the annual general meeting.

46 STATEMENT OF FINANCIAL POSITION OF THE BANK

	As at 31 December	
	2024	2023
ASSETS		
Cash and balances with the central bank	31,666,420	31,832,708
Financial assets held under resale agreements and deposits and placements with banks and other financial institutions	14,587,492	14,707,099
Derivative financial assets	601,062	436,283
Loans and advances to customers	339,755,555	314,314,699
Financial investments	273,577,116	263,467,436
– Financial investments at fair value through profit or loss	39,111,139	48,459,798
– Financial investments at amortised cost	122,032,331	117,938,579
– Financial investments at fair value through other comprehensive income	112,433,646	97,069,059
Investment in subsidiaries	3,547,487	3,735,487
Investment in associates	644,456	633,467
Property and equipment	1,868,329	1,801,442
Right-of-use assets	1,082,403	874,349
Deferred tax assets	4,325,248	4,249,139
Other assets	1,628,706	857,960
Total assets	673,284,274	636,910,069
LIABILITIES		
Borrowings from the central bank	30,969,886	37,346,461
Financial assets sold under repurchase agreements and deposits and placements from banks and other financial institutions	29,179,249	37,970,653
Financial liabilities at fair value through profit or loss	1,676,073	1,325,544
Derivative financial liabilities	530,460	458,261
Deposits from customers	464,428,153	429,780,636
Debt securities issued	83,544,009	71,831,971
Taxes payable	271,145	290,668
Lease liabilities	414,790	407,211
Other liabilities	3,326,073	3,062,834
Total liabilities	614,339,838	582,474,239

46 STATEMENT OF FINANCIAL POSITION OF THE BANK *(Continued)*

	As at 31 December	
	2024	2023
EQUITY		
Share capital	6,888,546	6,888,546
Capital reserve	6,323,045	6,342,779
Revaluation reserve	2,817,376	802,086
Surplus reserve	9,273,110	8,829,850
General reserve	7,833,168	7,370,899
Retained earnings	25,809,191	24,201,670
Total equity	58,944,436	54,435,830
TOTAL LIABILITIES AND EQUITY	673,284,274	636,910,069

Approved and authorized for issue by the Board of Directors on March 28 2025.

Lu Guofeng
Chairman

Fu Qiang
President

Ye Jianguang
Person-in-charge of
Accounting

Zhong Xuemei
Head of the Accounting
Department

47 Comparative figure

To conform with the presentation of the financial statements, the Group made reclassification adjustments to certain figures for comparative period.

48 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended December 31, 2024

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the year ended December 31, 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Supplemental Information on Leverage Ratio

APPENDIX: INFORMATION ON LEVERAGE RATIO

Accounting Items Corresponding to Leverage Regulatory Items and Differences between Regulatory Items and Accounting Items.

(Unit: RMB'000)

No.	Item	December 31, 2024
1	Consolidated total assets	747,243,584
2	Consolidated adjustments	0
3	Adjustments on client assets	0
4	Derivatives adjustments	122,241
5	Securities financing transaction adjustments	0
6	Off-balance sheet item adjustments	31,481,721
7	Asset securitization transaction adjustments	0
8	Unsettled financial asset adjustments	0
9	Cash pool adjustments	0
10	Deposit reserves adjustments (if applicable)	0
11	Prudent valuation and impairment allowance adjustments	0
12	Other adjustments	(613,680)
13	Adjusted balance of on-balance and off-balance sheet assets	778,233,867

Notes:

- (1) This table is calculated in accordance with relevant requirements of the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》).
- (2) Adjusted balance of on-and off-balance sheet assets = consolidated total assets + consolidated adjustments + adjustments on client assets + derivatives adjustments + securities financing transaction adjustments + off-balance sheet item adjustments + other adjustments.

Leverage Ratio Level, Net Tier 1 Capital, Adjusted On-Balance and Off-Balance Sheet Assets and Related Details

(Unit: RMB'000)

Item	As at December 31, 2024
Balance of on-balance sheet assets	
On-balance sheet assets (except derivatives instruments and securities financing transactions)	751,047,647
Less: Impairment allowance	(15,018,328)
Less: Tier 1 capital deductions	(613,680)
Adjusted balance of on-balance sheet assets (excluding derivatives instruments and securities financing transactions)	735,415,639
Balance of derivative instrument asset	
Replacement cost of various derivatives instruments (net of qualifying margin, considering the impact of the bilateral netting agreement)	282,016
Potential exposures of various derivatives instruments	122,453
Total collateral been deducted from the balance sheet	0
Less: Assets receivable due to provision of qualified margin	0
Less: Derivative instrument asset balance formed from transactions with central counterparties when providing clearing services to clients	0
Notional principal for selling credit derivatives instruments	0
Less: Deductible balance of sold credit derivatives instruments assets	0
Derivative instrument asset balance	404,469
Asset balance of securities financing transactions	
Balance of accounting asset for securities financing transactions	10,932,038
Less: balance of securities financing transaction assets that can be deducted	0
Counterparty credit exposure for securities financing transactions	0
Asset balance of securities financing transactions formed by agency securities financing transactions	0
Asset balance of securities financing transactions	10,932,038
Balance of off-balance sheet assets	
Off-balance sheet item balance	146,819,182
Less: Balance of off-balance sheet items adjusted due to credit conversion	(115,231,095)
Less: Impairment allowance	(106,365)
Adjusted off-balance sheet item balance	31,481,721
Net Tier 1 capital and adjusted balance of on-and off-balance sheet assets	
Net Tier 1 capital	60,063,275
Adjusted balance of on-and off-balance sheet assets	778,233,867
Leverage ratio	
Leverage ratio	7.72%
Leverage ratio a	7.72%
Minimum leverage ratio requirement	4.00%

Notes:

- (1) This table is calculated in accordance with relevant requirements of the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》).
- (2) The leverage ratio is calculated by dividing the net Tier 1 capital by the adjusted balance of on-and off-balance sheet assets.