中国民生银行
CHINA MINSHENG BANK

中國民生銀行股份有限公司

CHINA MINSHENG BANKING CORP., LTD.

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

(Stock Code: 01988)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors (the "**Board**") of China Minsheng Banking Corp., Ltd. (the "**Bank**") hereby announces the audited results of the Bank and its subsidiaries for the year ended 31 December 2024. This announcement, containing the full text of the 2024 Annual Report of the Bank, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") in relation to information to accompany preliminary announcements of annual results.

Publication of Annual Results Announcement and Annual Report

This results announcement will be published on the HKEXnews website of SEHK (www.hkexnews.hk) and the Bank's website (www.cmbc.com.cn). This results announcement is prepared in Chinese and English, respectively. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

The 2024 Annual Report of the Bank will be published and uploaded on the website of the Bank and the HKEXnews website of the SEHK in due course.

Profit Distribution

On 28 March 2025, the 11th meeting of the 9th session of the Board of the Bank approved the annual profit distribution plan for 2024 to declare to holders of A shares and H shares whose names appear on the registers as at the record dates as indicated in the notice of the 2024 Annual General Meeting of the Bank to be published by the Bank in due course, a cash dividend of RMB0.62 (tax inclusive, the same below) would be distributed to all shareholders of the Bank for every 10 shares held. Based on the number of shares of the Bank in issue as at 31 December 2024, being 43,782 million shares, the total cash dividends to be distributed would be RMB2,714 million. Together with the total amount of the interim cash dividends for 2024 that had been distributed, being RMB5,692 million (a cash dividend of RMB1.30 for every 10 shares), the total cash dividends of RMB8,406 million would be distributed in 2024 (a cash dividend of RMB1.92 for every 10 shares). The above profit distribution plan is subject to the approval of the 2024 Annual General Meeting of the Bank. The cash dividend is expected to be paid to holders of H shares on 15 August 2025. Notice of 2024 Annual General Meeting of the Bank will announce the date of the 2024 Annual General Meeting of the Bank and details of its book closure, as well as the arrangement of book closure for profit distribution.

By Order of the Board
CHINA MINSHENG BANKING CORP., LTD.
GAO Yingxin
Chairman

Beijing, PRC
28 March 2025

As at the date of this announcement, the Executive Directors of the Bank are Mr. GAO Yingxin, Mr. WANG Xiaoyong and Mr. ZHANG Juntong; the Non-Executive Directors are Mr. LIU Yonghao, Mr. SHI Yuzhu, Mr. SONG Chunfeng, Mr. ZHAO Peng and Mr. LIANG Xinjie; and the Independent Non-Executive Directors are Mr. QU Xinjiu, Ms. WEN Qiuju, Mr. SONG Huanzheng, Mr. YEUNG Chi Wai, Jason, Mr. CHENG Fengchao and Mr. LIU Hanxing.

IMPORTANT NOTICE

The Board of Directors, the Board of Supervisors, and the Directors, Supervisors and Senior Management of the Bank warrant the truthfulness, accuracy and completeness of the contents of this Annual Report and there are no misstatements, misleading representations or material omissions in this Annual Report, and shall assume several and joint liability.

This Annual Report was considered and approved on 28 March 2025 at the 11th meeting of the 9th session of the Board of Directors of the Bank. Of the 14 Directors who were entitled to attend the meeting, 11 Directors attended the meeting in person, and 3 Directors participated in the meeting by teleconference or video conference. 6 Supervisors of the Bank attended the meeting as non-voting delegates.

KPMG Huazhen LLP and KPMG, auditors of the Bank, have audited the financial reports of 2024 prepared in accordance with the Chinese Accounting Standards ("CAS") and the IFRS Accounting Standards respectively, and issued standard and unqualified auditors' reports, respectively.

GAO Yingxin (Chairman), WANG Xiaoyong (President), LI Bin (person in charge of finance and accounting), and ZHANG Lanbo (person in charge of the accounting department) warrant the truthfulness, accuracy and completeness of the financial reports included in this Annual Report.

The annual profit distribution plan for 2024 was approved by the Board of Directors, pursuant to which, on the basis of the total number of shares of the Bank as at the record dates of profit distribution, a cash dividend of RMB0.62 (tax inclusive, the same below) would be distributed to all shareholders of the Bank for every 10 shares held. Based on the number of shares of the Bank in issue as at 31 December 2024, being 43,782 million shares, the total cash dividends to be distributed would be RMB2,714 million. Together with the total amount of the interim cash dividends for 2024 that had been distributed, being RMB5,692 million (a cash dividend of RMB1.30 for every 10 shares), the total cash dividends of RMB8,406 million would be distributed in 2024 (a cash dividend of RMB1.92 for every 10 shares). The above profit distribution plan is subject to the approval of the shareholders' meeting of the Bank.

The financial data and indicators contained in this Annual Report are prepared according to the rules of the IFRS Accounting Standards. Unless otherwise specified, all amounts are the consolidated data of the Group and denominated in RMB.

The forward-looking statements about matters such as future plans in this Annual Report do not constitute substantive commitments of the Bank to the investors, and the investors and related persons shall maintain sufficient risk awareness in this regard, and shall understand the difference among plans, forecasts and commitments.

Material Risk Warning: The Bank has not found any material risks that will adversely affect the Bank's future development strategy and business objectives. The Bank has taken active measures to effectively manage various risks. For details, please refer to the relevant contents under "Chapter 3 Management Discussion and Analysis" of this Report.

CONTENTS

DEFINITIONS

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

Bank, our Bank, Company, China Minsheng Bank, Minsheng Bank	China Minsheng Banking Corp., Ltd.
Group	the Bank and its subsidiaries
Minsheng Financial Leasing	Minsheng Financial Leasing Co., Ltd.
Minsheng Royal Fund	Minsheng Royal Fund Management Co., Ltd.
CMBC International	CMBC International Holdings Limited
CMBC Wealth Management	CMBC Wealth Management Co., Ltd.
ACFIC	All-China Federation of Industry and Commerce
NFRA	National Financial Regulatory Administration
PBOC	The People's Bank of China
CSRC	China Securities Regulatory Commission
former CBIRC	former China Banking and Insurance Regulatory Commission
former CBRC	former China Banking Regulatory Commission
former CIRC	former China Insurance Regulatory Commission
SSE	Shanghai Stock Exchange
SEHK	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on SEHK
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
Articles of Association	the Articles of Association of China Minsheng Banking Corp., Ltd.
Reporting Period	the period from 1 January 2024 to 31 December 2024

MESSAGE FROM CHAIRMAN

The year 2024 was the crucial year for implementing the goals and tasks of the 14th Five-Year Plan, and also the first year for the full implementation of the spirits of the Third Plenary Session of the 20th CPC Central Committee. During the year, China Minsheng Bank focused on the top priority of high-quality development, stuck to the political and people-oriented nature of financial work, focused on the three key tasks of "serving the real economy, preventing and controlling financial risks, and deepening financial reforms", forged ahead with determination and unity, and maintained positive development featuring "making progress, enhancing quality and accumulating momentum while maintaining stability". The operating income of the Group amounted to RMB133,123 million, and the net profit attributable to holders of equity shares of the Bank amounted to RMB32,296 million. As at the end of 2024, total assets of the Group amounted to RMB7.81 trillion, representing an increase of 1.82% as compared with the end of the previous year. Total equity attributable to holders of equity shares of the Bank amounted to RMB642,859 million, representing an increase of 2.92% as compared with the end of the previous year.

We remained committed to primary responsibilities and core businesses, gave play to the role as a systemically important bank in China, and fully supported the development of the "five major sectors". Focusing on the development of new quality productive forces, we optimised the organisational structure for sci-tech finance, innovated and refined the "Easy Innovation (易創)" product system, established a diversified sci-tech finance ecosystem, and reinforced the support for sci-tech enterprises represented by "dedicated, refined, distinctive and innovative (DRDI)" enterprises. Both the number of sci-tech enterprises served and the balance of loans to them increased rapidly. We were steadfast in implementing the strategic deployment of "green finance", embedded the philosophy of green development into every aspect of operation and management, and continued to enhance the service quality and effectiveness of green finance. The balance of green credit of the whole bank increased by over 20% as compared with the corresponding period of the previous year. We adhered to the integrated development of customer groups, online products and services, professional management of scenario-based business and comprehensive customer services, and continuously promoted the digital and intelligent development of inclusive finance. The balance of inclusive small business loans exceeded RMB660,000 million. We focused on pension, elderly care services and the elderly care sector, strengthened the development of online and offline channels, and further enhanced the market influence of the service brand of ageing finance of "Minsheng Enjoyment (民生悦享)". We stuck to empowering digital finance through technology and data, actively embraced artificial intelligence and other cutting-edge technologies, and accelerated the launching of scenario-based applications, so as to further elevate the digitalisation and intelligence level of operation and management.

We focused on key fields, continuously optimised business structure, and enhanced the quality and effectiveness of serving the real economy. Guided by the decisions and deployments of the CPC Central Committee and the State Council and the regulatory requirements, we accurately supported key areas and weak links of the real economy such as the "implementation of major national strategies and the establishment of security capacity in key areas (兩重)", and the "large-scale renewal of equipment and the trade-in of consumer goods (兩新)". We followed the principle of balancing scale, cost, and quality, implemented differentiated strategies for segmented industries, and further optimised business structure. The growth rates of green credit, loans to the manufacturing industry, inclusive small business loans, and loans to agriculture, rural areas and farmers were all higher than the average growth rate of all types of loans of the whole bank. The proportion of loans to key regions, such as Beijing-Tianjin-Hebei, the Yangtze River Delta, the Guangdong-Hong Kong-Macau Greater Bay Area, the Chengdu-Chongqing economic circle and Fujian, was 65.57%, representing an increase of 0.69 percentage points as compared with the end of the previous year. During the process of serving high-quality development, the business structure of the whole bank was further optimised with steady increase in the proportion of general loans in total assets.

We optimised basic products, continuously strengthened customer services, and facilitated stable scale and lower cost of liabilities. We focused on customer group management and product application, constantly promoted key businesses such as supply chain finance, payroll agency and acceptance, and realised increases in both the balance and the proportion of daily average scale of the low-cost, settlement-based demand deposits as compared with the previous year. We took the initiative to reduce high-cost liabilities, expanded the sources of demand deposits, and promoted the steady growth of liability scale. We kept balance between scale and cost, enhanced efforts to take settlement-based deposits, strengthened the management of high-cost funds, and realised liability structure optimisation and quarter-by-quarter decreases in deposit costs. We closely followed changes in the internal and external business conditions, dynamically adjusted the multi-dimensional management strategy for the "scale, cost and term" of liability business, and promoted the high-quality development of liability business through refined management.

We refined customer group management, continuously optimised customer structure, and further consolidated customer base. We comprehensively introduced the centralised management model for the basic customer group and implemented standardised management and digital marketing. We also carried out refined management of key segmented customer groups such as payroll agency, the elderly and small business, and advanced the consolidation of customer base. As at the end of 2024, both the number of deposit customers and the newly acquired deposit customers of the whole bank in the Chinese mainland increased as compared with the corresponding period of the previous year. Additionally, the number of corporate clients, institutional customers, and corporate customers and individual customers of small business all increased significantly. As at the end of 2024, the number of retail banking customers and private banking customers of the whole bank increased by 5.99% and 12.48%, respectively, as compared with the end of the previous year. The continuous efforts in strengthening basic products and services for many years produced initial results.

We upheld a strategic mindset, optimised the service model for strategic clients, and achieved new breakthroughs in strategic businesses. We steadfastly implemented the integrated management of micro-, small- and medium-sized enterprises (MSMEs), large enterprises and individual customers, steadily promoted centralised management of strategic clients, and launched the first nationwide payroll agency business in China. We continued to develop supply chain finance, and established the product series that covered multiple scenarios such as credit enhancement by core enterprises, financing without credit reliance on core enterprises and supply chain-based micro- and small-sized enterprise (MSE) financing. Over 1,000 sub-branches have engaged in supply chain-based business. As at the end of 2024, the balance of financing of supply chain business increased by 115% as compared with the end of the previous year. We optimised new business models for SMEs, promoted the comprehensive services of "E-Minsheng Family (民生 e 家)", and provided MSMEs with digital management tools in their personnel management, salary and tax management, one-stop payroll agency and employee welfare. The multi-scenario service ecosystem was significantly enriched. Additionally, we launched the centralised management model for the basic retail customer group, continuously deepened the transformation of business outlets, provided remote expert video services in all business outlets, and further enhanced customer experience. The private banking service model has become a distinctive brand advantage of the Bank.

We adhered to the bottom-line thinking, continuously enhanced the risk management system and ensured overall stability of asset quality. We reinforced the comprehensive risk management responsibility chain, prudently implemented the new capital rules, strengthened the management of liquidity risk, IT risk and other risks, and further enhanced operational resilience. We optimised the comprehensive, proactive, smart, integrated and group-based risk management system, and enhanced proactive and forward-looking risk management. Supported by a package of policies to stabilise the real estate sector and dissolve debts, the risks in key fields were effectively defused, and the capabilities in resisting and mitigating risks were further enhanced. As at the end of 2024, the NPL ratio of the Group decreased to 1.47%, and the asset quality remained stable.

We reinforced cultural guidance, integrated corporate culture into operation and management, and continuously enhanced the capability in sustainable development. We promoted the financial culture with Chinese characteristics, and constantly integrated new corporate culture into operation and management. We remained committed to the "One Minsheng (一個民生)" philosophy, deepened the transmission mechanism of "Culture-Strategy-Tactic-Behaviour", and enhanced the awareness of and the capability in "the middle and back offices serve the front office, the head office serves the primary-level outlets, and the whole bank serves customers", thereby comprehensively improving the quality and efficiency of serving customers. We proactively practised social responsibilities, and have provided paired assistance for 23 consecutive years, carried out cultural welfare work for 17 consecutive years, funded the HIV prevention programme of China Red Ribbon Foundation for 17 consecutive years, conducted the "Guangcai • Minsheng" Medical Care Programme for Children with Congenital Heart Disease for 12 consecutive years, and implemented the "ME Charity Innovation Funding Scheme" for 10 consecutive years. We constantly enhanced ESG management, and became one of the first batch of Chinese banks that got "AAA" in the MSCI ESG ratings in 2024.

During the year, we maintained strategic focus, persisted in “doing what is difficult but right”, deepened reform and transformation, optimised basic products, enhanced basic services and consolidated the basic customer group. The shared strategic vision of long-termism was further solidified, the development trend toward stability and betterment became increasingly evident, and the soft and warm power of services was further amplified in the whole bank, marking a solid step forward to high-quality development. All these achievements we made in 2024 would be impossible without the concerted and unremitting efforts of our staff, and the partnership, care and support given by the customers, shareholders and the people from all societies. I hereby would like to, on behalf of the Board of China Minsheng Bank, express our sincere gratitude to them all!

China Minsheng Bank is embracing the coming 30th birthday on the journey to become a time-honoured bank. The year 2025 is the year of concluding the 14th Five-Year Plan, and also a crucial year for further deepening reform comprehensively. We will insist on the leadership of Party building and uphold integrity while making innovation. By closely focusing on the work mainstay of “strengthening customer group management, optimising structure, controlling risks, and driving revenue growth”, we will stay resolute and proactive, continuously enhance the capability in sustainable development, and strive to empower high-quality economic and social development.

We will focus on high-quality development and continuously reinforce the quality and effectiveness of serving the real economy. We will adhere to and reinforce the comprehensive Party leadership over financial work and continuously open up new chapters of high-quality development led by high-quality Party building. We will stick to the fundamental purpose of serving the real economy, continuously optimise business structure, invest more resources into key fields and weak links of economic and social development, and take solid moves in supporting the “five major sectors”. We will focus on the fields such as technology, green development, implementation of major national strategies and the establishment of security capacity in key areas, digital economy and urban renewal, deepen the services related to supply chain, SMEs and MSEs, refine the service model for the basic retail customer group and the long-tail customer group, and strengthen the development of wealth management and private banking customer groups. We will effectively implement the policy of “large-scale renewal of equipment and the trade-in of consumer goods”, develop diversified consumer finance scenarios and continuously expand the market share of consumer loans. Additionally, we will strengthen ecosystem-based operation and enrich the interbank ecosystem.

We will deepen reforms in key areas to foster new growth drivers and new advantages. We will deepen the strategic client service system, advance the integrated management of MSMEs and large enterprises, and increase efforts in promoting the “Minsheng E-Chain (民生 e 鏈)” and the supply chain-based businesses. We will uphold the strategy of serving SMEs, accelerate the promotion of SME Credit Plan (中小信貸計劃), drive the transformation towards comprehensive management of small business, and create competitive products for legal persons and loans to individuals of small business in alignment with the operation characteristics and segmented scenario features of MSME customers. We will also optimise and iterate the product of “Minsheng Benefits (民生惠)”, and enhance the product portfolio of Apex benefits, acceptance, settlement and the E-Minsheng Family. We will deepen the transformation towards the new credit card business model, and strengthen customer services and scenario development.

We will comprehensively advance digital transformation to enhance the quality and effectiveness of operation and management. Digital transformation is a foundational task of utmost importance. We will enhance the application of AI technology and the development of large models, strengthen AI-driven empowerment, and further improve the full-journey service experience and efficiency for customers. We will leverage the agile mechanism of eco-finance, optimise and enhance the quality and effectiveness of "light" operation model for eco-finance, and support more strategic and fundamental projects. We will accelerate the development of a knowledge management system, and boost work efficiency and elevate customer experience by expertise extraction and knowledge empowerment. Leveraging the strong capabilities of large models in knowledge generation and application, we will establish an enterprise-level knowledge management system to enable the enhancement of quality and effectiveness of various operation and management activities.

We will consolidate the bottom line of risk compliance to promote the steady and long-term development of the whole bank. We will remain deeply committed to the philosophy of "compliant operation is the core competitiveness", insist on taking internal control and compliance management as the core of value creation, continuously refine the compliance management system, enhance compliance management level, and advance the building of the culture of compliance in a solid manner. We will improve the internal risk control system, lay equal emphasis on business development and risk control, optimise business processes, standardise code of conduct, and reinforce prevention and control, monitoring and early-warning of risks from the source, and enhance forward-looking, proactive and effective risk management.

We will innovate social responsibility practices and spread warmth and strength with concrete efforts. With a sense of gratitude, we will give back to the society, closely align our high-quality development with social progress, and continuously and innovatively carry out social responsibility practices in various fields, including paired assistance, congenital heart disease treatment, HIV prevention and treatment, youth health, educational funding, environmental protection, emergency response and disaster relief, and cultural warfare. We will continue to advance ESG management, optimise the series products for green finance, improve the public welfare platform, and better support the balanced social development and the creation of a better community.

The greatest truth is the simplest and action speaks louder than words. Embarking on the new journey, China Minsheng Bank will, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the decisions and deployments of the CPC Central Committee and the State Council, rigorously fulfill regulatory requirements, and firmly follow the path of financial development with Chinese characteristics. We will remain steadfast and make persistent efforts to create greater value for our customers, shareholders and staff, and make greater contributions to building a strong financial sector and advancing Chinese modernisation on all fronts!

MESSAGE FROM PRESIDENT

The year 2024 marked the 75th anniversary of the founding of the People's Republic of China and was a critical year in completing the goals and tasks set forth in the 14th Five-Year Plan. During the year, China Minsheng Bank thoroughly implemented the decisions and arrangements of the CPC Central Committee on economic and financial work, stuck to goal-orientation, reinforced strategy execution, and deepened refined management. The operation of the whole bank maintained a trend of progress in stability, structure optimisation and sequential improvement. As at the end of 2024, total assets of the Group reached RMB7.81 trillion, representing an increase of 1.82% as compared with the end of the previous year. Total liabilities of the Group reached RMB7.16 trillion, representing an increase of 1.72% as compared with the end of the previous year. The NPL ratio was 1.47%, representing a decrease of 0.01 percentage points as compared with the end of the previous year. In 2024, China Minsheng Bank ranked 22nd in the "Top 1000 World Banks" released by The Banker and stood at No. 351 in the "Fortune Global 500" published by Fortune.

Over the past year, China Minsheng Bank earnestly supported the "five major sectors", and continuously enhanced the quality and effectiveness of serving the real economy. We optimised the organisational structure for sci-tech finance, set up the Corporate Business Department/Sci-Tech Finance Department, established distinctive sub-branches for sci-tech finance, and provided diversified and differentiated services for sci-tech enterprises. We enriched the green finance product system of "Minsheng Carbon Peak and Carbon Neutrality (民生峰和)", and increased green credit placements. The balance of green credit amounted to RMB323,459 million, representing an increase of 22.41% as compared with the end of the previous year. We continued to strengthen the service capabilities in inclusive finance, fully implemented the package of incremental policies and regulatory requirements, and contributed wisdom and strength to the development of inclusive finance. The balance of inclusive small business loans amounted to RMB662,718 million, representing an increase of 8.24% as compared with the end of the previous year. We upgraded the service brand of ageing finance of "Minsheng Enjoyment", and met the service demands of elderly customers with considerate services. Additionally, we leveraged technology and data to drive the development of digital finance, reinforced the popularisation and application of digitalisation, and constantly enhanced service quality and efficiency and customer experience.

Over the past year, China Minsheng Bank deepened strategy execution, and reinforced the foundation for high-quality development. We maintained strategic focus, adhered to long-termism, executed strategic deployments of the Board in an in-depth manner, and continuously consolidated basic customer groups and basic businesses. We upgraded customer marketing models, optimised service processes, and practised the integrated management of MSMEs, large enterprises and individual customers in an in-depth manner. We focused on developing supply chain finance business, and mobilised the whole bank to enhance customer service. We refined the management model for MSME customer groups, and enhanced the capabilities in whole-journey comprehensive services, digital operation and risk prevention and control. We insisted on taking retail business as a long-term and fundamental strategic business, accelerated the establishment of private banking centres and refined the private banking service model. The business of Minsheng-Sam's Club co-branded credit card yielded notable results. As at the end of 2024, the number of strategic clients at the head office and the branch levels reached 1,992, representing an increase of 303 as compared with the end of the previous year. The number of retail customers reached 134,290.2 thousand, representing an increase of 5.99% as compared with the end of the previous year. Of which, the number of private banking customers reached 62,103, representing an increase of 6,889 as compared with the end of the previous year.

Over the past year, China Minsheng Bank strove to reinforce risk prevention and control, and provided guarantee for steady and long-term development. Following the philosophy of being prudent and steady, we fostered a culture of compliant operation, continued to enhance the construction of a comprehensive, proactive, refined, smart, integrated and group-based risk management system, and safeguarded the steady operation of the whole bank. We reinforced proactive and antecedent risk management, improved the credit approval mechanism, optimised credit policies, and effectively gave play to their guiding role in credit operation. We also strengthened the full-process risk management covering the pre-loan, in-loan and post-loan stages, continuously consolidated the responsibilities of the "three lines of defense", reinforced the construction of a smart risk control system, intensified efforts to prevent and mitigate risks in key fields, key industries, and key customers, persistently advanced the collection and disposal of non-performing loans, and ensured a robust safeguard for asset quality.

Over the past year, China Minsheng Bank continued to enhance refined management, and significantly improved the effectiveness of operation and management. Embracing the concept that "attention to details determines success or failure", we established a closed-loop management mechanism for systematic works, clarified goal-orientation, and pursued excellence across all links, including scheme planning, execution, process review and optimisation and improvement. We advanced the integration of business with finance, risk management, data and technology in an in-depth manner, and realised more efficient and precise resource allocation, assessment and evaluation, and support and empowerment. The implementation of various refined management measures yielded fruitful results with significantly strengthened internal coordination of the whole bank, gradually enhanced resource utilisation efficiency, and continuously improved operation and management effectiveness.

Our efforts have won increasing recognition and support from various sectors of society. Many renowned domestic and international investment banks continued to follow the results of our reform and development, as well as operation and management, offering positive feedback on our performance. Morgan Stanley Capital International (MSCI) elevated our ESG rating to "AAA", the highest ranking globally. All these achievements we made would be impossible without the trust and support of all sectors of society, nor without the collective efforts of all Minsheng staff. On behalf of the management team, I would like to extend my heartfelt gratitude to the customers, shareholders and the people from all societies for your care and support and to all staff of the Bank for your diligent efforts.

We are deeply aware that serving the real economy is the fundamental purpose of financial work. In the new year, China Minsheng Bank will allocate more resources to key fields and weak links of economic and social development, support the "five major sectors" in a solid manner, and make greater contributions to the high-quality development of the economy and society with higher-quality and more efficient financial services.

We are deeply aware that customers are the foundation for the development of banks. In the new year, China Minsheng Bank will uphold the philosophy of customer first and considerate services, continue to refine the customer management system, optimise end-to-end processes for products, services and channels, strengthen consumer rights protection, and create value for and grow with customers together.

We are deeply aware that risk management is the lifeline of banks. In the new year, China Minsheng Bank will rigorously implement the rules for systemically important banks and the capital rules for commercial banks, strengthen comprehensive risk management, deepen compliant operation, enhance risk prevention and control and mitigation in key areas, and maintain steady improvement in asset quality.

We are deeply aware that innovation is the primary driver of development. In the new year, China Minsheng Bank will actively embrace technological innovation, refine the agile mechanism of eco-finance, establish a knowledge management system, enrich the application scenarios of large models, accelerate digital transformation, and make financial services more convenient, efficient, intelligent and precise, thus to deliver fresh new experience to customers.

Perseverance always pays off. China Minsheng Bank will remain steadfast in its original mission, maintain strategic focus, undertake responsibilities and bravely forge ahead. We will continue to prioritise value creation, strengthen strategy execution, optimise financial services, and advance the high-quality development of the whole bank with professional capabilities, refined management and distinctive advantages. We will give back to our shareholders and the people from all societies for your trust and support with higher-quality performance, and make greater contributions to advancing Chinese modernisation!

ANNUAL AWARDS

Second prize in the “2023 Fintech Development Award (2023年度金融科技發展獎)” by the PBOC

“Excellent Participant of ChinaBond Green Bond Index (中債綠債指數優秀參與機構)” by China Central Depository & Clearing Co., Ltd.

“AAA in 2024 MSCI ESG Ratings (2024年MSCI ESG評級AAA級)”

“2024 Excellent Institution of Digital Supply Chain Financial Service Platform (2024年度數字供應鏈金融服務平台優秀機構)” by China National Clearing Center

“2024 Best Practice Cases for Sustainable Development of Listed Companies (2024年上市公司可持續發展最佳實踐案例)” by China Association for Public Companies

“Annual Award for Excellent Mobile Banking (手機銀行年度卓越獎)” and “Award for Best Digital Ecosystem Development (最佳數字生態建設獎)” by China Financial Certification Authority (CFCA)

“China’s 100 ESG Pioneers of Listed Companies (“中國ESG上市公司先鋒100”榜單)” by Finance.cctv.com

“2024 Caijing Award for ‘Excellent Supply Chain Finance Bank of the Year’ (2024年長青獎“年度卓越供應鏈金融銀行”)” by Caijing

“Certificate of Excellence for Investor Relations (投資者關係卓越證書)” by Hong Kong Investor Relations Association

“Golden Award for Commercial Banks (商業銀行組金獎)” in the 2023 “International ARC Awards (2023年“國際年報大賽”)” by the League of American Communications Professionals LLC (LACP)

“2024 Award for Best Comprehensive Risk Technology Implementation in China (2024年中國最佳全面風險技術實施獎)” and “2024 Award for Professional Services for High-Net-Worth Customers in China (中國年度高淨值專業服務獎)” by the Asian Banker

“2024 Excellent Case of Risk Management Innovation (2024年風險管理創新優秀案例)”, “2024 Excellent Case of Inclusive Finance Innovation (2024年普惠金融創新優秀案例)” and “2024 Excellent Case of Green Finance Innovation (2024年綠色金融創新優秀案例)” by the Chinese Banker

“2024 Tianji Award for Banks of Inclusive Financial Services (2024年度普惠金融服務銀行天璣獎)” and “2024 Tianji Award for Outstanding Asset Custody Banks (傑出資產託管銀行天璣獎)” by Securities Times

“Bank of Excellent Competitiveness in Inclusive Finance (卓越競爭力普惠金融銀行)” by China Business Journal

“2024 Institution of the Strongest Market Leadership (2024年度最具市場引領力機構)” by Beijing Financial Assets Exchange

“2024 Private Bank of the Year (2024年度私人銀行)” by Economic Observer

“First Ranking in ‘Overall Satisfaction’ (‘整體滿意度’排名第一)” in the 2024 China Banking Brand Survey Report (《2024年中國銀行業品牌調研報告》) by Brand Finance

“Best 30 Employers in China of the Year (中國年度最佳僱主30強)” by Zhaopin.com

CHAPTER 1 BANK PROFILE

1.	Registered Chinese Name of the Company:	中國民生銀行股份有限公司(Abbreviation: 中國民生銀行)
	Registered English Name of the Company:	CHINA MINSHENG BANKING CORP., LTD. (Abbreviation: CMBC)
2.	Legal Representative of the Company:	GAO Yingxin
3.	Authorised Representatives of the Company:	YEUNG Chi Wai, Jason, CHEUNG Yuet Fan (resigned on 28 March 2025) WANG Honggang (appointed on 28 March 2025)
4.	Board Secretary:	LI Bin
	Company Secretary:	CHEUNG Yuet Fan (resigned on 28 March 2025) WANG Honggang (appointed on 28 March 2025)
	Representative of Securities Affairs:	WANG Honggang
5.	Mailing Address:	No. 2 Fuxingmennei Avenue, Xicheng District, Beijing, China
	Postal Code:	100031
	Telephone:	86-10-58560975; 86-10-58560824
	Facsimile:	86-10-58560720
	Email:	cmbc@cmbc.com.cn
	Hotline for Service Supervision:	86-95568
	Hotline for Credit Card Service Supervision:	86-400 66 95568
6.	Registered and Office Address:	No. 2 Fuxingmennei Avenue, Xicheng District, Beijing, China
	Postal Code:	100031
	Website:	www.cmbc.com.cn
	Email:	cmbc@cmbc.com.cn
7.	Branch Office and Place of Business in Hong Kong:	Flat 3701-02, 3712-16, 37/F and 40/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
8.	Newspapers and Websites for Publishing Annual Report of the Company:	China Securities Journal (www.cs.com.cn), Shanghai Securities News (www.cnstock.com) and Securities Times (www.stcn.com)
	Stock Exchange Website for Publishing A Share Annual Report of the Company:	www.sse.com.cn
	Stock Exchange Website for Publishing H Share Annual Report of the Company:	www.hkexnews.hk
	Place for Collection of the Annual Reports:	Office of the Board of the Bank
9.	Legal Adviser as to PRC Law:	Grandall Law Firm, Beijing Office
	Legal Adviser as to Hong Kong Law:	Clifford Chance

10.	Domestic Accounting Firm:	KPMG Huazhen LLP
	Office Address:	8/F, Office Tower E2, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing
	Signing Accountants:	SHI Jian, ZHANG Luyang
	International Accounting Firm:	KPMG
	Office Address:	8/F, Prince's Building, 10 Chater Road, Central, Hong Kong
	Signing Accountant:	LEUNG Tat Ming
11.	A Share Registrar:	China Securities Depository and Clearing Corporation Limited (Shanghai Branch)
	Office Address:	No. 188 Yanggao Nan Road, Pudong New Area, Shanghai
	H Share Registrar:	Computershare Hong Kong Investor Services Limited
	Office Address:	Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
	Domestic Preference Share Registrar:	China Securities Depository and Clearing Corporation Limited (Shanghai Branch)
12.	Places of Listing, Stock Names and Stock Codes:	
	A Shares: SSE	Stock Name: MINSHENG BANK; Stock Code: 600016
	H Shares: SEHK	Stock Name: MINSHENG BANK; Stock Code: 01988
	Domestic Preference Shares: SSE	Stock Name: Minsheng Preference 1; Stock Code: 360037
13.	Initial Date of Registration:	7 February 1996
	Initial Place of Registration:	No. 4 Zhengyi Road, Dongcheng District, Beijing, China
14.	Date of Registration for Subsequent Change:	20 November 2007
	Place of Registration:	No. 2 Fuxingmennei Avenue, Xicheng District, Beijing, China
15.	Unified Social Credit Code:	91110000100018988F

16. Development Strategy and Business Summary

Formally established in Beijing in 1996, the Bank is the first national joint-stock commercial bank in China primarily initiated and founded by the non-state-owned enterprises (NSOEs).

Strategic development goals of the Bank:

A first-class commercial bank with distinctive features, continuous innovation, increasing value and steady operation

Strategic positionings:

A bank for NSOEs. The Bank sticks to the customer positioning and strategic choice it has followed over the years, and keeps its distinctive features unchanged. The Bank continues to leverage the advantages of market-oriented system and mechanism, wholeheartedly supports the development of the real economy, and strives to become a bank with the best services for NSOEs and build a golden brand of China Minsheng Bank in the field of financial services to MSMEs, so as to truly implement the mission of "serving the public, caring about people's livelihood".

An agile and open bank. Following the development trend of digital economy, the Bank promotes continuous innovation and seeks for breakthroughs in technology-driven eco-bank to optimise comprehensive services such as scenario integration and ecosystem co-construction. The Bank creates value for customers and grows together with them by empowering the whole production process and life journey of small, medium and large customers as well as individual customers. The Bank strives to push the data-driven intelligent bank to a new level and elevate the digital and intelligent level of operation and management in all aspects, in a bid to provide agile and efficient comprehensive services with ultimate customer experience.

A bank with considerate services. The Bank stays customer-centric and puts special emphasis on its origins of service and business, and compliance and steadiness. Based on the deep understanding of customer needs, the Bank strives to build up trust through professional services, enhance customer experience through optimised procedures, strengthen customer stickiness through value creation, and maintain security through risk management and control, so as to unite with customers and partners, become customers of each other, grow together and achieve common prosperity.

Upon the approval of relevant regulatory authorities, the Bank operates the following commercial banking businesses: taking deposits from the public, granting short-, mid- to long-term loans, handling domestic and foreign settlements; accepting and discounting negotiable instruments, and issuing financial bonds; issuing, settling and underwriting government bonds as an agent; buying and selling government bonds and financial bonds; operating interbank borrowing and lending; buying and selling foreign exchange, and buying and selling foreign exchange as an agent; settling and selling foreign exchange; operating bank card business; providing letter of credit services and guaranty; receiving and paying funds as an agent; providing safe deposit box service; operating other businesses approved by the banking regulatory authority of the State Council; operating insurance business as a sideline agent; selling securities investment funds and providing custody services for securities investment funds. (The market entity independently chooses and operates businesses in accordance with laws. Operations of sideline insurance agency, sales of securities investment funds, custody of securities investment funds, and businesses subject to approvals according to laws shall be carried out upon approvals of relevant authorities and within the approved scopes. It is not allowed to operate businesses prohibited or restricted by national or municipal industry policies.)

For the main changes in the Bank's business philosophy during the Reporting Period, please refer to "Chapter 3 Management Discussion and Analysis".

CHAPTER 2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

I. Major Accounting Data and Financial Indicators

	2024	2023	Changes of the Reporting Period over the corresponding period of the previous year	2022	2021	2020
Operating results (RMB million)			Increase/ decrease (%)			
Operating income	**133,123**	137,391	-3.11	139,219	165,554	181,807
Net interest income	**98,690**	102,431	-3.65	107,463	125,775	135,224
Net non-interest income	**34,433**	34,960	-1.51	31,756	39,779	46,583
Operating expenses	**53,098**	52,807	0.55	52,602	51,181	50,485
Impairment losses on credit	**45,474**	45,707	-0.51	48,762	77,398	92,988
Profit before income tax	**34,085**	37,358	-8.76	37,170	35,600	36,706
Net profit attributable to holders of equity shares of the Bank	**32,296**	35,823	-9.85	35,269	34,381	34,309
Net cash flow from operating activities	**-231,638**	73,676	Negative for the period	166,273	155,417	-82,402
Data per share (RMB)						
Basic earnings per share	**0.64**	0.72	-11.11	0.71	0.71	0.71
Diluted earnings per share	**0.64**	0.72	-11.11	0.71	0.71	0.71
Net cash flow per share from operating activities	**-5.29**	1.68	Negative for the period	3.80	3.55	-1.88
Profitability indicators (%)			Changes in percentage points			
Return on average assets	**0.42**	0.48	-0.06	0.50	0.50	0.51
Return on weighted average equity	**5.18**	6.10	-0.92	6.31	6.59	6.81
Cost-to-income ratio	**38.55**	37.00	1.55	36.44	29.74	26.64
Net fee and commission income to operating income ratio	**13.71**	14.00	-0.29	14.56	16.65	15.22
Net interest spread	**1.28**	1.37	-0.09	1.51	1.81	2.12
Net interest margin	**1.39**	1.46	-0.07	1.60	1.91	2.14

	31 December 2024	31 December 2023	Changes from the end of the previous year to the end of the Reporting Period	31 December 2022	31 December 2021	31 December 2020
Scale indicators (RMB million)			Increase/ decrease (%)			
Total assets	**7,814,969**	7,674,965	1.82	7,255,673	6,952,786	6,950,233
Total loans and advances to customers	**4,450,480**	4,384,877	1.50	4,141,144	4,045,692	3,853,931
Of which: Corporate loans and advances	**2,679,921**	2,617,355	2.39	2,399,276	2,304,361	2,257,290
Personal loans and advances	**1,770,559**	1,767,522	0.17	1,741,868	1,741,331	1,596,641
Allowance for impairment losses on loans	**93,129**	97,444	-4.43	98,868	105,108	97,637
Total liabilities	**7,158,401**	7,037,164	1.72	6,642,859	6,366,247	6,408,985
Total deposits from customers	**4,249,095**	4,283,003	-0.79	3,993,527	3,775,761	3,728,174
Of which: Corporate deposits	**2,946,810**	3,068,931	-3.98	2,966,375	2,944,013	2,961,617
Personal deposits	**1,298,353**	1,206,587	7.61	1,020,544	825,423	758,712
Share capital	**43,782**	43,782	–	43,782	43,782	43,782
Total equity attributable to holders of equity shares of the Bank	**642,859**	624,602	2.92	599,928	574,280	529,537
Total equity attributable to holders of ordinary shares of the Bank	**547,859**	529,602	3.45	504,928	484,316	459,677
Net assets per share attributable to holders of ordinary shares of the Bank (RMB)	**12.51**	12.10	3.39	11.53	11.06	10.50
Asset quality indicators (%)			Changes in percentage points			
NPL ratio	**1.47**	1.48	-0.01	1.68	1.79	1.82
Allowance to NPLs	**141.94**	149.69	-7.75	142.49	145.30	139.38
Allowance to total loans	**2.09**	2.22	-0.13	2.39	2.60	2.53
Capital adequacy ratio indicators (RMB million)			Increase/ decrease (%)			
Net capital base	**752,993**	755,416	-0.32	725,136	733,703	707,472
Of which: Net core tier-1 capital	**546,689**	533,852	2.40	505,978	486,552	461,921
Net other tier-1 capital	**95,814**	96,036	-0.23	96,021	90,527	70,427
Net tier-2 capital	**110,490**	125,528	-11.98	123,137	156,624	175,124
Risk-weighted assets	**5,842,716**	5,750,072	1.61	5,517,289	5,379,458	5,425,856
			Changes in percentage points			
Core tier-1 capital adequacy ratio (%)	**9.36**	9.28	0.08	9.17	9.04	8.51
Tier-1 capital adequacy ratio (%)	**11.00**	10.95	0.05	10.91	10.73	9.81
Capital adequacy ratio (%)	**12.89**	13.14	-0.25	13.14	13.64	13.04
Total equity to total assets ratio (%)	**8.40**	8.31	0.09	8.45	8.44	7.79

Notes:

1. Return on average assets = net profit/average balance of total assets at the beginning and the end of the period.

2. Earnings per share and return on weighted average equity: calculated according to the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Share (2010 Revision) (《公開發行證券的公司信息披露編報規則第 9 號——淨資產收益率和每股收益的計算及披露》(2010 年修訂)) and other regulations. The effect of the distribution of dividends for preference shares and perpetual bond interest was taken into account in calculating the above indicators.

3. Cost-to-income ratio = (operating expenses and other operating expenses – tax and surcharges)/operating income.

4. Net interest spread = average return ratio on interest-earning assets – average cost ratio of interest-bearing liabilities.

5. Net interest margin = net interest income/average balance of interest-earning assets.

6. Total loans and advances to customers, total deposits from customers and the compositions of which do not include accrued interests.

7. Allowance for impairment losses on loans includes allowance for impairment losses on loans measured at amortised cost, and allowance for impairment losses on loans at fair value through other comprehensive income.

8. Total deposits from customers include corporate deposits, personal deposits and other deposits.

9. The transaction costs for the issuance of equity instruments are reclassified from the carrying amount of the adjusted equity instruments to the capital reserve.

10. NPL ratio = total NPLs/total loans and advances to customers.

11. Allowance to NPLs and allowance to total loans were calculated according to the Notice on Adjusting the Regulatory Requirements on Allowance for Impairment Losses on Loans of Commercial Banks (Yin Jian Fa [2018] No. 7) (《關於調整商業銀行貸款損失準備監管要求的通知》(銀監發[2018]7號)) of the former CBIRC. As at the end of the Reporting Period, the regulatory standards for allowance to NPLs and allowance to total loans applicable to the Group and the Bank were 130% and 1.8%, respectively. Allowance to NPLs = allowance for impairment losses on loans/total NPLs; allowance to total loans = allowance for impairment losses on loans/total loans and advances to customers.

II. Supplementary Accounting Data and Financial Indicators

Important indicators (%)	Benchmark	**31 December 2024**	31 December 2023	31 December 2022
Liquidity ratio (RMB and foreign currency)	≥25	**82.95**	66.63	51.30
Liquidity ratio (RMB)	≥25	**80.74**	64.05	46.83
Liquidity ratio (Foreign currency)	≥25	**123.49**	157.07	145.10
Liquidity coverage ratio	≥100	**161.99**	146.06	134.89
Net stable funding ratio	≥100	**108.31**	106.91	104.55
Leverage ratio	≥4 before 2023; ≥4.125 starting from 2023	**7.18**	7.43	7.46
Percentage of loans to the single largest loan customer	≤10	**2.42**	3.44	2.17
Percentage of loans to the top ten largest loan customers	≤50	**10.17**	10.45	11.17

Notes:

1. The above data were calculated based on the relevant regulations of China's banking regulatory authorities.

2. Percentage of loans to the single largest loan customer = total loans to the single largest loan customer/net capital base.

3. Percentage of loans to the top ten loan customers = total loans to the top ten loan customers/net capital base.

Migration ratio of loans (%)	**31 December 2024**	31 December 2023	31 December 2022
Pass	**1.56**	1.69	2.22
Special-mentioned	**28.93**	29.74	34.46
Substandard	**86.85**	45.06	65.39
Doubtful	**79.02**	46.63	52.14

Note: The migration ratio of loans was the information of the Bank and was calculated according to the Notice of China Banking and Insurance Regulatory Commission on Revising the Definition and Calculation Formula for the Basic Indicators of Off-site Supervision of the Banking Industry (Yin Bao Jian Fa [2022] No. 2) (《中國銀保監會關於修訂銀行業非現場監管基礎指標定義及計算公式的通知》(銀保監發[2022]2號)).

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

I. Overview of Operations

During the Reporting Period, the Group held on to the philosophy of customer-centric, continued to take high-quality development as the top priority, and adhered to the principles of seeking progress while maintaining stability and promoting stability through progress. The Group strengthened strategy implementation, focused on refined management, and enhanced resilience, stabilised interest margin, and improved quality and effectiveness by centring around the work mainstay of "seizing opportunities, optimising structure, controlling risks and promoting growth". The Group adhered to the positioning of "a bank for NSOEs", practised the integrated management of MSMEs, large enterprises and individual customers, remained committed to providing efficient and all-round financial and non-financial solutions to MSMEs, and developed differentiated competitive advantages. The Group remained strategy-oriented, promoted the effective execution of various reform initiatives, pushed forward the marketing of basic customers, increased the placement of high-quality assets and improved the liability quality. The business structure continued to be optimised, the scales of MSME business and consumer credit business and low-cost demand deposits grew steadily, the business resilience continued to be strengthened, and new breakthroughs were made in the cultivation of core competitiveness. The Bank proactively innovated business models, reinforced digital transformation empowerment, and enhanced the quality and effectiveness of customer services, in a bid to strengthen internal momentum for transformation and development and accelerate the transformation of various reform achievements into business performance. Meanwhile, the Bank vigorously provided more support for the "five major sectors" and steered the high-quality development of the Group to a new level in the process of facilitating the development of the real economy and supporting economic transformation and upgrading.

The asset-liability structure was optimised, and the momentum for sustainable development was consolidated. On the asset side, the Bank increased credit placement to key fields, and enhanced the quality and effectiveness of serving the real economy. As at the end of the Reporting Period, total assets of the Group amounted to RMB7,814,969 million, representing an increase of RMB140,004 million, or 1.82%, as compared with the end of the previous year. Of which, total loans and advances to customers amounted to RMB4,450,480 million, representing an increase of RMB65,603 million, or 1.50%, as compared with the end of the previous year, and the scale of general loans accounted for 54.15% of total assets, representing an increase of 0.63 percentage points as compared with the end of the previous year. The growth rates of green credit, loans to the manufacturing industry, and inclusive small business loans of the Bank were 22.41%, 9.38% and 8.24%, respectively, and were all higher than the average growth rate of all types of loans. The loans to key regions, such as Beijing-Tianjin-Hebei, the Yangtze River Delta, the Guangdong-Hong Kong-Macau Greater Bay Area, the Chengdu-Chongqing economic circle and Fujian, accounted for 65.57%, representing an increase of 0.69 percentage points as compared with the end of the previous year. On the liability side, the Bank took the initiative to reduce high-cost liabilities, expanded the sources of demand deposits, and achieved liability structure optimisation and cost reduction. As at the end of the Reporting Period, total liabilities of the Group amounted to RMB7,158,401 million, representing an increase of RMB121,237 million, or 1.72%, as compared with the end of the previous year. Of which, total deposits from customers amounted to RMB4,249,095 million, representing a decrease of RMB33,908 million, or 0.79%, as compared with the end of the previous year. The Group constantly deepened customer management and product application, vigorously promoted key businesses such as supply chain finance, payroll agency, and acceptance, and realised increase in both the balance and the proportion of daily average scale of the low-cost, settlement-based demand deposits as compared with the end of the previous year. Personal deposits maintained steady growth and accounted for 30.56% of total deposits from customers, representing an increase of 2.39 percentage points as compared with the end of the previous year.

The decrease in the net interest margin narrowed, and the operating income improved as compared with the previous quarter. The Group continuously deepened reform and transformation, proactively responded to changes in the external market environment, promoted cost reduction on the liability side, and worked to stabilise net interest margin and operating performance. During the Reporting Period, the net interest margin of the Group was 1.39%, representing a decrease of 7BP as compared with the corresponding period of the previous year, and the decrease narrowed by 7BP as compared with the corresponding period of the previous year. Of which, the net interest margin in the second half of the year was 1.41%, representing an increase of 3BP as compared with the first half of the year. The net interest income amounted to RMB98,690 million, representing a decrease of RMB3,741 million, or 3.65%, as compared with the corresponding period of the previous year, and the decrease narrowed by 1.03 percentage points as compared with the corresponding period of the previous year. During the Reporting Period, the operating income of the Group amounted to RMB133,123 million, representing a decrease of RMB4,268 million, or 3.11%, as compared with the corresponding period of the previous year. The net profit attributable to holders of equity shares of the Bank amounted to RMB32,296 million, representing a decrease of RMB3,527 million, or 9.85%, as compared with the corresponding period of the previous year. In the second half of the year, the operating income of the Group amounted to RMB67,534 million, representing an increase of RMB1,945 million as compared with the first half of the year.

The risk management system was continuously consolidated, and the asset quality was kept generally stable. During the Reporting Period, the Group implemented steady and prudent risk preferences, continued to optimise the comprehensive, proactive, smart and integrated risk management system of the Group, enhanced proactive and forward-looking risk management, guarded against and mitigated risks in key fields, intensified the collection and disposal of non-performing assets, and improved the refined risk measurement and smart risk control, hence promoting the reform and transformation and high-quality development of the Group. As at the end of the Reporting Period, total NPLs of the Group amounted to RMB65,610 million, representing an increase of RMB513 million as compared with the end of the previous year. The NPL ratio was 1.47%, representing a decrease of 0.01 percentage points as compared with the end of the previous year. The allowance to NPLs was 141.94%, representing a decrease of 7.75 percentage points as compared with the end of the previous year.

II. Conditions of the Industry

In 2024, China witnessed generally stable economic development and solid advancement of high-quality development, but the economic development still faced certain challenges. Internationally, the momentum for global economic growth was weak, the economic performances diverged in major economies, and monetary policies entered the cycle of interest reduction, but further declines in inflation remained under pressure. The international geo-political landscape still faced uncertainties, and the growth of global trade and investment was sluggish. Domestically, the economy achieved a good start. Although there were still several constrains including insufficient effective demands and weak social expectations, the growth momentum enhanced gradually, enabling the successful achievement of the whole-year growth objectives. Generally speaking, the supporting conditions and basic trends of long-term improvement in China's economy remained unchanged, which was conducive to transforming various positive factors into development realities.

Facing the internal and external challenges, China intensified macro regulation and control, rolled out a package of incremental policies, gave full play to the forward-looking, proactive and coordinated nature of policies, expanded internal demand, stabilised expectation and stimulated vitality. The proactive fiscal policies were properly intensified and improved in quality and effectiveness. The ultra-long-term special government bonds were issued additionally, and the one-off large-scale debt resolution plan was deployed, laying a foundation for the long-term and high-quality development. Prudent monetary policies were flexible, moderate, precise and effective. Traditional instruments such as reserve requirement ratio cuts and interest rate cuts, and new instruments such as government bond trading and outright reverse repo were used comprehensively to maintain reasonable and adequate liquidity and reduce the financing cost of the real economy. The government released a series of policies for stabilising the real estate market, created and optimised structural monetary policy tools, coordinated efforts in the fields of finance, consumption, and capital market, and maintained the stance of supportive monetary policies. China advanced the evolution of monetary policy framework, and improved the preciseness and effectiveness of policy regulation. The formation and transmission mechanism of market-oriented interest rate was improved, manual increment of interests was prohibited, the interest rate management of interbank demand deposits was enhanced, and the coordination of interest rates of deposits and loans was strengthened, gradually smoothing the transmission mechanism from short-term interest rate to long-term interest rate. The RMB exchange rate was based on market supply and demand, and was kept basically stable at a reasonable and balanced level, so as to resolutely prevent the risk of exchange rate overshooting.

During the Reporting Period, the banking industry closely followed the policies of the CPC Central Committee and the State, and continued to support the high-quality development of the real economy. Efforts were made to better support the "five major sectors", and to intensify support for major strategies, key fields and weak links. The banking industry proactively adapted to the changes in the supply and demand in the credit market, focused on revitalising the existing less efficient financial resources and addressing the issue of fund idling, and improved the quality and effectiveness of serving the real economy while stabilising total credit volume and promoting balanced credit placements. On the asset side, the interest rates of various new loans continued to fall, and the interest rates of existing housing mortgage loans were further reduced, continuing to benefit business entities and stimulate the vitality of micro entities. On the liability side, under the conditions of reduced nominal interest rates of deposits and enhanced self-discipline control of corporate and interbank deposits, the banking industry effectively controlled costs and optimised structure. As the liability cost management continued to pay off and the credit demand of the real economy gradually recovered, the net interest margin of commercial banks tended to be stable. Supported by a package of policies to stabilise the real estate sector and dissolve debts, the risks in key fields were effectively diffused, and the capabilities in resisting and mitigating risks were enhanced accordingly. Fintech empowered financial service ecosystem, improved the quality and effectiveness of serving the real economy in a comprehensive manner and throughout the full cycle, and elevated the cross-industry and trans-boundary capabilities.

III. Analysis of Major Items of Statement of Profit or Loss

(I) Changes of major items of statement of profit or loss

During the Reporting Period, the Group recorded a net profit attributable to holders of equity shares of the Bank of RMB32,296 million, representing a decrease of RMB3,527 million, or 9.85%, as compared with the corresponding period of the previous year.

Item (RMB million)	**2024**	2023	Change (%)
Operating income	**133,123**	137,391	-3.11
Of which: Net interest income	**98,690**	102,431	-3.65
Net non-interest income	**34,433**	34,960	-1.51
Operating expenses	**53,098**	52,807	0.55
Impairment losses on credit	**45,474**	45,707	-0.51
Impairment losses on other assets	**466**	1,519	-69.32
Profit before income tax	**34,085**	37,358	-8.76
Less: Income tax expenses	**1,363**	1,372	-0.66
Net profit	**32,722**	35,986	-9.07
Of which: Net profit attributable to holders of equity shares of the Bank	**32,296**	35,823	-9.85
Profit or loss attributable to non-controlling interests	**426**	163	161.35

(II) Operating income

During the Reporting Period, the operating income of the Group amounted to RMB133,123 million, representing a decrease of RMB4,268 million, or 3.11%, as compared with the corresponding period of the previous year.

The amounts, proportions and changes of major items of the Group's operating income are as follows:

	2024		2023		
Item (RMB million)	**Amount**	**Proportion (%)**	Amount	Proportion (%)	Change (%)
Net interest income	**98,690**	**74.13**	102,431	74.55	-3.65
Interest income	**251,086**	**188.62**	267,126	194.42	-6.00
Of which: Interest income from loans and advances to customers	**174,559**	**131.13**	186,571	135.79	-6.44
Interest income from financial investments	**56,891**	**42.74**	59,155	43.05	-3.83
Interest income from long-term receivables	**6,947**	**5.22**	6,992	5.09	-0.64
Interest income from placements with banks and other financial institutions	**6,032**	**4.53**	6,541	4.76	-7.78
Interest income from balances with central bank	**4,253**	**3.19**	4,886	3.56	-12.96
Interest income from balances with banks and other financial institutions	**1,305**	**0.98**	1,361	0.99	-4.11
Interest income from financial assets held under resale agreements	**1,099**	**0.83**	1,620	1.18	-32.16
Interest expenditure	**-152,396**	**-114.49**	-164,695	-119.87	-7.47
Net non-interest income	**34,433**	**25.87**	34,960	25.45	-1.51
Net fee and commission income	**18,245**	**13.71**	19,236	14.00	-5.15
Other net non-interest income	**16,188**	**12.16**	15,724	11.45	2.95
Total	**133,123**	**100.00**	137,391	100.00	-3.11

(III) Net interest income and net interest margin

During the Reporting Period, the net interest income of the Group amounted to RMB98,690 million, representing a decrease of RMB3,741 million, or 3.65%, as compared with the corresponding period of the previous year. The net interest margin of the Group was 1.39%, representing a decrease of 0.07 percentage points as compared with the corresponding period of the previous year.

	2024			2023		
Item (RMB million)	**Average balance**	**Interest income**	**Average return (%)**	Average balance	Interest income	Average return (%)
Interest-earning assets						
Total loans and advances to customers	**4,414,436**	**174,559**	**3.95**	4,315,037	186,571	4.32
By type of loans:						
Corporate loans and advances	**2,658,421**	**95,347**	**3.59**	2,566,046	99,596	3.88
Personal loans and advances	**1,756,015**	**79,212**	**4.51**	1,748,991	86,975	4.97
By term of loans:						
Short-term loans	**1,935,059**	**75,761**	**3.92**	1,926,267	82,100	4.26
Mid- to long-term loans	**2,479,377**	**98,798**	**3.98**	2,388,770	104,471	4.37
Financial investments	**1,944,872**	**56,891**	**2.93**	1,903,895	59,155	3.11
Balances with central bank	**278,315**	**4,253**	**1.53**	322,202	4,886	1.52
Placements with banks and other financial institutions	**186,327**	**6,032**	**3.24**	211,712	6,541	3.09
Long-term receivables	**114,961**	**6,947**	**6.04**	115,497	6,992	6.05
Balances with banks and other financial institutions	**81,790**	**1,305**	**1.60**	77,939	1,361	1.75
Financial assets held under resale agreements	**57,084**	**1,099**	**1.93**	82,776	1,620	1.96
Total	**7,077,785**	**251,086**	**3.55**	7,029,058	267,126	3.80

Item (RMB million)	2024 Average balance	2024 Interest expenses	2024 Average cost ratio (%)	2023 Average balance	2023 Interest expenses	2023 Average cost ratio (%)
Interest-bearing liabilities						
Deposits from customers	**4,151,323**	**88,873**	**2.14**	4,252,558	98,301	2.31
Of which: Corporate deposits	**2,906,096**	**61,950**	**2.13**	3,110,295	72,336	2.33
Demand	**917,680**	**8,772**	**0.96**	1,087,317	15,248	1.40
Time	**1,988,416**	**53,178**	**2.67**	2,022,978	57,088	2.82
Personal deposits	**1,245,227**	**26,923**	**2.16**	1,142,263	25,965	2.27
Demand	**343,152**	**541**	**0.16**	293,072	797	0.27
Time	**902,075**	**26,382**	**2.92**	849,191	25,168	2.96
Deposits from banks and other financial institutions	**1,084,391**	**24,796**	**2.29**	1,354,584	32,400	2.39
Debt securities issued	**800,105**	**19,452**	**2.43**	611,287	16,795	2.75
Borrowings from central bank and other financial institutions and others	**427,183**	**12,293**	**2.88**	315,002	10,011	3.18
Financial assets sold under repurchase agreements	**158,707**	**3,425**	**2.16**	123,547	2,965	2.40
Placements from banks and other financial institutions	**96,013**	**3,557**	**3.70**	108,673	4,223	3.89
Total	**6,717,722**	**152,396**	**2.27**	6,765,651	164,695	2.43
Net interest income		**98,690**			102,431	
Net interest spread			**1.28**			1.37
Net interest margin			**1.39**			1.46

Note: In this table, outward remittance and remittance payables are included in corporate demand deposits; issuance of certificates of deposit is included in corporate time deposits.

The impacts of changes in scale and changes in interest rate on interest income and interest expenses of the Group are as follows:

Item (RMB million)	Changes in scale from the corresponding period of the previous year to 2024	Changes in interest rate from the corresponding period of the previous year to 2024	Net increase/ decrease
Changes in interest income:			
Total loans and advances to customers	4,298	-16,310	-12,012
Financial investments	1,273	-3,537	-2,264
Balances with central bank	-666	33	-633
Placements with banks and other financial institutions	-784	275	-509
Long-term receivables	-32	-13	-45
Balances with banks and other financial institutions	67	-123	-56
Financial assets held under resale agreements	-503	-18	-521
Subtotal	3,653	-19,693	-16,040
Changes in interest expenses:			
Deposits from customers	-2,340	-7,088	-9,428
Deposits from banks and other financial institutions	-6,463	-1,141	-7,604
Debt securities issued	5,188	-2,531	2,657
Borrowings from central bank and other financial institutions and others	3,565	-1,283	2,282
Financial assets sold under repurchase agreements	844	-384	460
Placements from banks and other financial institutions	-492	-174	-666
Subtotal	302	-12,601	-12,299
Changes in net interest income	3,351	-7,092	-3,741

Note: Change in scale is measured by the change of average balance; change in interest rate is measured by the change of average interest rate.

1. Interest income

During the Reporting Period, the interest income of the Group amounted to RMB251,086 million, representing a decrease of RMB16,040 million, or 6.00%, as compared with the corresponding period of the previous year, mainly due to the decrease in interest income from loans and advances to customers.

(1) Interest income from loans and advances to customers

During the Reporting Period, the interest income from loans and advances to customers of the Group amounted to RMB174,559 million, representing a decrease of RMB12,012 million, or 6.44%, as compared with the corresponding period of the previous year, mainly due to the decrease in the average return ratio of loans.

(2) Interest income from financial investments

During the Reporting Period, the interest income from financial investments of the Group amounted to RMB56,891 million, representing a decrease of RMB2,264 million, or 3.83%, as compared with the corresponding period of the previous year, mainly due to the decrease in the average return ratio of financial investments.

(3) Interest income from balances and placements with banks and other financial institutions and financial assets held under resale agreements

During the Reporting Period, the interest income from balances and placements with banks and other financial institutions and financial assets held under resale agreements of the Group amounted to RMB8,436 million, representing a decrease of RMB1,086 million, or 11.41%, as compared with the corresponding period of the previous year, mainly due to the decrease in the daily average scale.

(4) Interest income from long-term receivables

During the Reporting Period, the interest income from long-term receivables of the Group amounted to RMB6,947 million, representing a decrease of RMB45 million, or 0.64%, as compared with the corresponding period of the previous year.

(5) Interest income from balances with central bank

During the Reporting Period, the interest income from balances with central bank of the Group amounted to RMB4,253 million, representing a decrease of RMB633 million, or 12.96%, as compared with the corresponding period of the previous year, mainly due to the decrease in the daily average scale of balances with central bank.

2. *Interest expenses*

During the Reporting Period, the interest expenses of the Group amounted to RMB152,396 million, representing a decrease of RMB12,299 million, or 7.47%, as compared with the corresponding period of the previous year, mainly due to the decrease in interest expenses of deposits from customers and in deposits and placements from banks and other financial institutions.

(1) Interest expenses on deposits from customers

During the Reporting Period, the interest expenses on deposits from customers of the Group amounted to RMB88,873 million, representing a decrease of RMB9,428 million, or 9.59%, as compared with the corresponding period of the previous year, mainly due to the decrease in the average cost ratio of deposits from customers.

(2) Interest expenses on deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements

During the Reporting Period, the interest expenses on deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements of the Group amounted to RMB31,778 million, representing a decrease of RMB7,810 million, or 19.73%, as compared with the corresponding period of the previous year, mainly due to the decrease in the daily average scale.

(3) Interest expenses on debt securities issued

During the Reporting Period, the interest expenses on debt securities issued of the Group amounted to RMB19,452 million, representing an increase of RMB2,657 million, or 15.82%, as compared with the corresponding period of the previous year, mainly due to the increase in the daily average scale of debt securities issued.

(4) Interest expenses on borrowings from central bank and other financial institutions and other interest expenses

During the Reporting Period, the interest expenses on borrowings from central bank and other financial institutions and other interest expenses of the Group amounted to RMB12,293 million, representing an increase of RMB2,282 million, or 22.79%, as compared with the corresponding period of the previous year, mainly due to the increase in the daily average scale.

(IV) Net non-interest income

During the Reporting Period, the net non-interest income of the Group amounted to RMB34,433 million, representing a decrease of RMB527 million, or 1.51%, as compared with the corresponding period of the previous year.

Item (RMB million)	**2024**	2023	Change (%)
Net fee and commission income	**18,245**	19,236	-5.15
Other net non-interest income	**16,188**	15,724	2.95
Total	**34,433**	34,960	-1.51

1. Net fee and commission income

During the Reporting Period, the net fee and commission income of the Group was RMB18,245 million, representing a decrease of RMB991 million, or 5.15%, as compared with the corresponding period of the previous year, mainly due to the fee rate reduction in insurance agency and fund agency, which led to the decrease in the fee income from agency and fiduciary services as compared with the corresponding period of the previous year.

Item (RMB million)	**2024**	2023	Change (%)
Fee and commission income	**22,094**	25,476	-13.28
Of which: Bank card services	**10,337**	11,029	-6.27
Agency services	**4,147**	5,888	-29.57
Custodian and other fiduciary services	**3,715**	4,855	-23.48
Settlement and clearance services	**1,980**	1,968	0.61
Credit commitments	**1,027**	1,085	-5.35
Others	**888**	651	36.41
Fee and commission expense	**3,849**	6,240	-38.32
Net fee and commission income	**18,245**	19,236	-5.15

2. *Other net non-interest income*

During the Reporting Period, the Group realised other net non-interest income of RMB16,188 million, representing an increase of RMB464 million, or 2.95%, as compared with the corresponding period of the previous year.

Item (RMB million)	**2024**	2023	Change (%)
Net trading gain	**3,554**	4,748	-25.15
Net gain from investment securities	**10,019**	8,529	17.47
Other net operating income	**2,615**	2,447	6.87
Total	**16,188**	15,724	2.95

(V) *Operating expenses*

During the Reporting Period, the operating expenses of the Group amounted to RMB53,098 million, representing an increase of RMB291 million, or 0.55%, as compared with the corresponding period of the previous year.

Item (RMB million)	**2024**	2023	Change (%)
Staff costs (including Directors' emoluments)	**31,315**	32,176	-2.68
Depreciation and amortisation	**6,844**	6,346	7.85
Tax and surcharges	**1,780**	1,973	-9.78
Short-term lease expenses, low-value lease expenses and property management expenses	**976**	1,035	-5.70
Business expenses/office expenses and others	**12,183**	11,277	8.03
Total	**53,098**	52,807	0.55

(VI) Impairment losses on credit

During the Reporting Period, the impairment losses on credit of the Group amounted to RMB45,474 million, representing a decrease of RMB233 million, or 0.51%, as compared with the corresponding period of the previous year.

Item (RMB million)	**2024**	2023	Change (%)
Loans and advances to customers	**39,006**	39,816	-2.03
Financial assets measured at amortised cost	**4,465**	3,843	16.19
Long-term receivables	**1,098**	1,184	-7.26
Financial assets at fair value through other comprehensive income	**374**	420	-10.95
Others	**531**	444	19.59
Total	**45,474**	45,707	-0.51

(VII) Income tax expenses

During the Reporting Period, the income tax expenses of the Group amounted to RMB1,363 million, representing a decrease of RMB9 million, or 0.66%, as compared with the corresponding period of the previous year.

IV. Analysis of Major Items of Statement of Financial Position

(I) Assets

As at the end of the Reporting Period, total assets of the Group amounted to RMB7,814,969 million, representing an increase of RMB140,004 million, or 1.82%, as compared with the end of the previous year.

Item (RMB million)	**31 December 2024** Amount	Proportion (%)	31 December 2023 Amount	Proportion (%)
Total loans and advances to customers	**4,450,480**	**56.95**	4,384,877	57.13
Add: Accrued interests on loans	**37,960**	**0.48**	35,824	0.47
Less: Allowance for impairment losses on loans at amortised cost	**92,404**	**1.18**	96,793	1.26
Net loans and advances to customers	**4,396,036**	**56.25**	4,323,908	56.34
Net financial investments	**2,398,702**	**30.69**	2,272,142	29.60
Cash and balances with central bank	**285,449**	**3.65**	390,367	5.09
Balances and placements with banks and other financial institutions and financial assets held under resale agreements	**381,145**	**4.88**	338,229	4.41
Long-term receivables	**112,382**	**1.44**	119,434	1.56
Property and equipment	**59,347**	**0.76**	60,490	0.79
Others	**181,908**	**2.33**	170,395	2.21
Total	**7,814,969**	**100.00**	7,674,965	100.00

1. *Loans and advances to customers*

As at the end of the Reporting Period, total loans and advances to customers of the Group amounted to RMB4,450,480 million, representing an increase of RMB65,603 million, or 1.50%, as compared with the end of the previous year, and accounted for 56.95% of total assets, representing a decrease of 0.18 percentage points as compared with the end of the previous year, mainly due to relatively fast growth of loans to key fields and key regions as the Group continued to adjust and optimise the credit structure.

2. *Financial investments*

As at the end of the Reporting Period, total financial investments of the Group amounted to RMB2,385,509 million, representing an increase of RMB127,423 million, or 5.64%, as compared with the end of the previous year, and accounted for 30.52% of total assets, representing an increase of 1.10 percentage points as compared with the end of the previous year.

	31 December 2024		31 December 2023	
Item (RMB million)	**Amount**	**Proportion (%)**	Amount	Proportion (%)
Financial assets measured at amortised cost	**1,473,103**	**61.75**	1,521,395	67.38
Of which: Bonds	**1,429,395**	**59.92**	1,472,756	65.22
Trust and asset management plans	**32,210**	**1.35**	34,670	1.54
Other investments	**11,498**	**0.48**	13,969	0.62
Financial assets at fair value through profit and loss	**377,457**	**15.82**	320,547	14.19
Of which: Bonds	**176,211**	**7.39**	146,091	6.47
Trust and asset management plans	**18,254**	**0.76**	17,185	0.76
Investment funds	**161,898**	**6.79**	131,557	5.82
Equity instruments	**17,236**	**0.72**	19,637	0.87
Other investments	**3,858**	**0.16**	6,077	0.27
Financial assets at fair value through other comprehensive income	**534,949**	**22.43**	416,144	18.43
Of which: Bonds	**527,437**	**22.11**	407,673	18.05
Equity instruments	**7,512**	**0.32**	8,471	0.38
Total	**2,385,509**	**100.00**	2,258,086	100.00

Note: Other investments include debt financing plan and others.

The bonds held by the Group in terms of issuers are as follows:

Item (RMB million)	**31 December 2024** Amount	Proportion (%)	31 December 2023 Amount	Proportion (%)
Government	**1,361,387**	**63.82**	1,269,814	62.66
Policy banks	**159,395**	**7.47**	143,326	7.07
Banks and non-banking financial institutions	**304,640**	**14.29**	246,955	12.19
Corporates	**307,621**	**14.42**	366,425	18.08
Total	**2,133,043**	**100.00**	2,026,520	100.00

Financial bonds held by the Bank were mainly policy financial bonds and financial bonds of commercial banks. The top ten financial bonds in terms of par value are as follows:

Item (RMB million)	Par value	Coupon rate (%)	Maturity	Allowance for impairment losses
2021 financial bonds	6,500	2.83	2026-9-10	0.99
2023 financial bonds	6,170	2.52	2028-5-25	0.95
2021 financial bonds	6,010	3.30	2026-3-3	0.90
2020 financial bonds	5,840	3.34	2025-7-14	0.47
2020 financial bonds	4,640	3.23	2025-1-10	0.02
2022 financial bonds	4,430	2.69	2027-6-16	0.67
2022 financial bonds	4,000	1.61	2025-4-24	0.19
2022 financial bonds	4,000	2.77	2032-10-24	0.60
2024 financial bonds	3,710	2.43	2027-3-19	3.30
2024 financial bonds	3,540	2.34	2027-1-5	0.54
Total	48,840			8.63

3. *Balances and placements with banks and other financial institutions and financial assets held under resale agreements*

As at the end of the Reporting Period, the balances and placements with banks and other financial institutions and the financial assets held under resale agreements of the Group amounted to RMB381,145 million, representing an increase of RMB42,916 million, or 12.69%, as compared with the end of the previous year, and accounted for 4.88% of total assets, representing an increase of 0.47 percentage points as compared with the end of the previous year.

4. *Derivative financial instruments*

Item (RMB million)	**31 December 2024** Nominal amount	Fair value Assets	Fair value Liabilities	31 December 2023 Nominal amount	Fair value Assets	Fair value Liabilities
Currency derivatives	**3,259,181**	**26,568**	**25,530**	2,554,436	22,130	22,011
Interest rate derivatives	**2,417,938**	**1,844**	**687**	1,916,448	1,733	676
Precious metal derivatives	**74,984**	**1,839**	**7,856**	70,252	908	6,585
Others	**1,941**	**32**	**–**	1,352	26	4
Total		**30,283**	**34,073**		24,797	29,276

(II) Liabilities

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB7,158,401 million, representing an increase of RMB121,237 million, or 1.72%, as compared with the end of the previous year.

Item (RMB million)	**31 December 2024** Amount	Proportion (%)	31 December 2023 Amount	Proportion (%)
Deposits from customers	**4,332,681**	**60.52**	4,353,281	61.86
Of which: Total deposits from customers (excluding accrued interest)	**4,249,095**	**59.36**	4,283,003	60.86
Deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements	**1,321,830**	**18.47**	1,433,192	20.37
Debt securities issued	**941,025**	**13.15**	675,826	9.60
Borrowings from central bank and other financial institutions	**373,101**	**5.21**	442,169	6.28
Others	**189,764**	**2.65**	132,696	1.89
Total	**7,158,401**	**100.00**	7,037,164	100.00

1. Deposits from customers

As at the end of the Reporting Period, total deposits from customers of the Group amounted to RMB4,249,095 million, representing a decrease of RMB33,908 million, or 0.79%, as compared with the end of the previous year. In respect of customer structure, the proportions of corporate deposits and personal deposits in total deposits were 69.35% and 30.56%, respectively. In respect of maturity structure, the proportions of demand deposits and time deposits in total deposits were 34.08% and 65.83%, respectively.

	31 December 2024		31 December 2023	
Item (RMB million)	**Amount**	**Proportion (%)**	Amount	Proportion (%)
Corporate deposits	**2,946,810**	**69.35**	3,068,931	71.65
Of which: Demand deposits	**1,051,320**	**24.74**	1,024,828	23.93
Time deposits	**1,895,490**	**44.61**	2,044,103	47.72
Personal deposits	**1,298,353**	**30.56**	1,206,587	28.17
Of which: Demand deposits	**396,934**	**9.34**	295,892	6.91
Time deposits	**901,419**	**21.22**	910,695	21.26
Certificates of deposit	**1,738**	**0.04**	4,976	0.12
Outward remittance and remittance payables	**2,194**	**0.05**	2,509	0.06
Total	**4,249,095**	**100.00**	4,283,003	100.00

2. Deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements

As at the end of the Reporting Period, the deposits and placements from banks and other financial institutions and the financial assets sold under repurchase agreements of the Group amounted to RMB1,321,830 million, representing a decrease of RMB111,362 million, or 7.77%, as compared with the end of the previous year, mainly due to the steady increase in the scale of interbank negotiable certificates of deposit (IBNCD) and corresponding decrease in the scale of time deposits from banks and other financial institutions.

3. Debt securities issued

As at the end of the Reporting Period, the debt securities issued by the Group amounted to RMB941,025 million, representing an increase of RMB265,199 million, or 39.24%, as compared with the end of the previous year, mainly due to the increase in the scale of IBNCD.

(III) Analysis of liability quality

The Bank comprehensively implemented regulatory requirements, continued to enhance liability quality management, formulated a series of rules related to liability quality management such as the Administrative Measures on Liability Quality of China Minsheng Bank (《中國民生銀行負債質量管理辦法》), established a liability quality management system in line with the scale and complexity of its liabilities, and clarified responsibilities of the Board, the Senior Management, the relevant departments and institutions in liability quality management. The Board and the Senior Management of the Bank implemented effective management of and monitoring on liability quality. The Board undertook the ultimate responsibility for liability quality management while the Senior Management took on specific management duties.

During the Reporting Period, the Bank proactively adjusted management strategies, enhanced refined management, and continuously improved liability quality management based on changes in internal and external business environments. Firstly, the Bank remained customer-centric, enhanced technology empowerment and business coordination, enriched fund sources, and promoted the steady growth of liability scale. Secondly, the Bank pursued balance between scale and cost, enhanced efforts to attract settlement-based deposits, strengthened the management of high-cost funds, and realised liability structure optimisation and quarter-by-quarter decreases in deposit costs. Thirdly, the Bank enhanced liability quality monitoring and analysis, dynamically adjusted the multi-dimensional management strategy of "scale, cost, and term" for liability business by closely following the changes in internal and external business conditions, and promoted the high-quality development of liability business through refined management.

During the Reporting Period, the Group maintained steady liability quality management indicators, and the liability quality was sound. Of which, all regulatory indicators continuously met the regulatory requirements. As at the end of the Reporting Period, the net stable funding ratio of the Group was 108.31%, and the liquidity coverage ratio was 161.99%. During the Reporting Period, the cost ratio of interest-bearing liabilities of the Group was 2.27%.

(IV) Shareholders' equity

As at the end of the Reporting Period, total shareholders' equity of the Group amounted to RMB656,568 million, representing an increase of RMB18,767 million, or 2.94%, as compared with the end of the previous year. Of which, total equity attributable to holders of equity shares of the Bank amounted to RMB642,859 million, representing an increase of RMB18,257 million, or 2.92%, as compared with the end of the previous year.

Item (RMB million)	**31 December 2024**	31 December 2023	Change (%)
Share capital	**43,782**	43,782	–
Other equity instruments	**95,000**	95,000	–
Of which: Preference shares	**20,000**	20,000	–
Perpetual bonds	**75,000**	75,000	–
Reserves	**226,446**	214,175	5.73
Capital reserve	**58,087**	58,111	-0.04
Surplus reserve	**61,888**	58,805	5.24
General reserve	**99,279**	95,237	4.24
Other reserves	**7,192**	2,022	255.69
Retained earnings	**277,631**	271,645	2.20
Total equity attributable to holders of equity shares of the Bank	**642,859**	624,602	2.92
Non-controlling interests	**13,709**	13,199	3.86
Total	**656,568**	637,801	2.94

(V) Off-balance sheet items

Item (RMB million)	**31 December 2024**	31 December 2023	Change (%)
Bank acceptances	**518,662**	476,334	8.89
Unused credit card commitments	**519,213**	514,685	0.88
Guarantees	**135,217**	130,996	3.22
Letters of credit	**141,076**	107,030	31.81
Irrevocable credit commitments	**56,736**	50,575	12.18
Capital commitments	**14,852**	13,339	11.34
Leasing commitments	**113**	113	–

Note: Leasing commitments refer to leasing payments related to leasing contracts already signed by the Group but not yet commenced in implementation.

V. Qualitative Analysis of Loans

(I) Loan distribution by five-category classification

As at the end of the Reporting Period, total NPLs of the Group amounted to RMB65,610 million, representing an increase of RMB513 million as compared with the end of the previous year. The NPL ratio was 1.47%, representing a decrease of 0.01 percentage points as compared with the end of the previous year. Total special-mentioned loans amounted to RMB120,370 million, representing an increase of RMB1,843 million as compared with the end of the previous year. The proportion of special-mentioned loans was 2.70%, the same as that at the end of the previous year.

Item (RMB million)	**31 December 2024** Amount	**31 December 2024** % of total	31 December 2023 Amount	31 December 2023 % of total	Change (%)
Performing loans	**4,384,870**	**98.53**	4,319,780	98.52	1.51
Of which: Pass	**4,264,500**	**95.83**	4,201,253	95.82	1.51
Special-mentioned	**120,370**	**2.70**	118,527	2.70	1.55
NPLs	**65,610**	**1.47**	65,097	1.48	0.79
Of which: Substandard	**20,090**	**0.45**	26,978	0.61	-25.53
Doubtful	**12,070**	**0.27**	18,004	0.41	-32.96
Loss	**33,450**	**0.75**	20,115	0.46	66.29
Total	**4,450,480**	**100.00**	4,384,877	100.00	1.50

(II) Loan distribution by product types

As at the end of the Reporting Period, total corporate loans (including discounted bills) of the Group amounted to RMB2,679,921 million, representing an increase of RMB62,566 million as compared with the end of the previous year, accounting for 60.22% of total loans, representing an increase of 0.53 percentage points as compared with the end of the previous year. Total personal loans amounted to RMB1,770,559 million, representing an increase of RMB3,037 million as compared with the end of the previous year, accounting for 39.78% of total loans, representing a decrease of 0.53 percentage points as compared with the end of the previous year.

As at the end of the Reporting Period, total corporate NPLs (including discounted bills) of the Group amounted to RMB33,788 million, representing a decrease of RMB4,454 million as compared with the end of the previous year, and the NPL ratio was 1.26%, representing a decrease of 0.20 percentage points as compared with the end of the previous year. Total personal NPLs amounted to RMB31,822 million, representing an increase of RMB4,967 million as compared with the end of the previous year, and the NPL ratio was 1.80%, representing an increase of 0.28 percentage points as compared with the end of the previous year.

	31 December 2024				31 December 2023			
Item (RMB million)	**Total loans**	**% of total**	**Total NPLs**	**NPL ratio (%)**	Total loans	% of total	Total NPLs	NPL ratio (%)
Corporate loans and advances	**2,679,921**	**60.22**	**33,788**	**1.26**	2,617,355	59.69	38,242	1.46
Of which: Discounted bills	**219,009**	**4.92**	**–**	**–**	277,579	6.33	–	–
Personal loans and advances	**1,770,559**	**39.78**	**31,822**	**1.80**	1,767,522	40.31	26,855	1.52
Of which: Loans to MSEs	**643,014**	**14.45**	**9,909**	**1.54**	651,788	14.86	7,811	1.20
Residential mortgage	**559,218**	**12.56**	**5,383**	**0.96**	546,300	12.46	3,684	0.67
Credit card	**477,247**	**10.72**	**15,664**	**3.28**	487,973	11.13	14,531	2.98
Others	**91,080**	**2.05**	**866**	**0.95**	81,461	1.86	829	1.02
Total	**4,450,480**	**100.00**	**65,610**	**1.47**	4,384,877	100.00	65,097	1.48

Note: Others include comprehensive consumer loans, automobile loans and other personal loans.

(III) Loan distribution by industries

Guided by the spirit of the Central Financial Work Conference and the Central Economic Work Conference, the Group remained committed to providing high-quality financial services for economic and social development. The Group resolutely strengthened financial services for major strategies, key sectors, and weak links, and promoted the development of the "five major sectors" of sci-tech finance, green finance, inclusive finance, pension finance, and digital finance. Adhering to the overall approach of "classified management with differentiated credit asset distribution", the Group followed the principle of balancing volume, pricing, and quality, implemented differentiated strategies for segmented industries, and further optimised customer and product structures. As at the end of the Reporting Period, the corporate loan business of the Group was mainly concentrated in the industries of leasing and commercial services, manufacturing, and real estate. Of which, total loans to the leasing and commercial services industry amounted to RMB547,070 million, representing a decrease of RMB9,804 million as compared with the end of the previous year. Total loans to the manufacturing industry amounted to RMB508,464 million, representing an increase of RMB43,372 million as compared with the end of the previous year. Total loans to the real estate industry amounted to RMB333,439 million, representing a decrease of RMB12,859 million as compared with the end of the previous year.

As at the end of the Reporting Period, the corporate NPLs of the Group were mainly concentrated in the industries of real estate, manufacturing and wholesale and retail. Total NPLs of the three major industries amounted to RMB26,841 million, accounting for 79.44% of total corporate NPLs. The increase in NPLs was due to insufficient market demand and intensified competition, which led to increases in NPLs of RMB387 million and RMB241 million in the wholesale and retail industry and the agriculture, forestry, animal husbandry and fishery industry, respectively, as compared with the end of the previous year. NPLs in other major industries remained stable or decreased as compared with the end of the previous year.

	31 December 2024				31 December 2023			
Item (RMB million)	Total loans	% of total	Total NPLs	NPL ratio (%)	Total loans	% of total	Total NPLs	NPL ratio (%)
Corporate loans and advances								
Leasing and commercial services	**547,070**	**12.29**	**1,868**	**0.34**	556,874	12.70	6,418	1.15
Manufacturing	**508,464**	**11.42**	**5,876**	**1.16**	465,092	10.61	5,984	1.29
Real estate	**333,439**	**7.49**	**16,698**	**5.01**	346,298	7.90	17,038	4.92
Wholesale and retail	**295,899**	**6.65**	**4,267**	**1.44**	286,014	6.52	3,880	1.36
Financial services	**173,059**	**3.89**	**377**	**0.22**	165,194	3.77	372	0.23
Transportation, storage and postal services	**171,065**	**3.85**	**205**	**0.12**	168,187	3.84	469	0.28
Water, environment and public utilities management	**165,256**	**3.71**	**690**	**0.42**	170,648	3.89	514	0.30
Production and supply of electric power, heat, gas and water	**136,116**	**3.06**	**3**	**–**	130,512	2.98	–	–
Construction	**125,336**	**2.82**	**1,108**	**0.88**	119,477	2.72	1,229	1.03
Mining	**64,345**	**1.45**	**1,681**	**2.61**	69,034	1.57	1,698	2.46
Information transmission, software and information technology services	**45,895**	**1.03**	**284**	**0.62**	42,602	0.97	268	0.63
Scientific research and technical services	**39,153**	**0.88**	**154**	**0.39**	22,216	0.50	17	0.08
Agriculture, forestry, animal husbandry and fishery	**22,837**	**0.51**	**294**	**1.29**	21,376	0.49	53	0.25
Others	**51,987**	**1.17**	**283**	**0.54**	53,831	1.23	302	0.56
Subtotal	**2,679,921**	**60.22**	**33,788**	**1.26**	2,617,355	59.69	38,242	1.46
Personal loans and advances	**1,770,559**	**39.78**	**31,822**	**1.80**	1,767,522	40.31	26,855	1.52
Total	**4,450,480**	**100.00**	**65,610**	**1.47**	4,384,877	100.00	65,097	1.48

(IV) Loan distribution by geographical regions

In line with the principle of "adapting to local conditions, highlighting key priorities and strengthening risk control", the Group formulated credit policies for regionally distinctive businesses, provided precise support for the development of distinctive industries in various regions, and reasonably met the differentiated credit needs of relevant industries, and effectively enhanced the Group's market competitiveness. As at the end of the Reporting Period, total loans of the Group to the Yangtze River Delta, the Pearl River Delta and the Bohai Rim ranked top three, being RMB1,155,778 million, RMB710,655 million and RMB693,598 million, respectively, accounting for 25.97%, 15.97% and 15.58% of total loans, respectively. In terms of increase in loans, total loans to the Yangtze River Delta, the Pearl River Delta and the Western Region increased by RMB29,863 million, RMB20,929 million and RMB19,504 million, respectively, as compared with the end of the previous year.

As at the end of the Reporting Period, the NPLs of the Group were mainly concentrated at the Head Office, the Yangtze River Delta and the Western Region, total NPLs of which amounted to RMB17,088 million, RMB12,229 million and RMB10,878 million, respectively, accounting for 61.26% of total NPLs. Of which, the NPLs of the Head Office mainly came from credit card business. In terms of increase in NPLs, it was higher in the Bohai Rim and the Head Office, which increased by RMB1,995 million and RMB934 million, respectively, as compared with the end of the previous year. The NPL ratios increased by 0.30 and 0.23 percentage points, respectively, as compared with the end of the previous year, mainly due to the downgrading of certain corporate clients and the increase in NPLs of credit card business, respectively.

	31 December 2024				31 December 2023			
Item (RMB million)	**Total loans**	**% of total**	**Total NPLs**	**NPL ratio (%)**	Total loans	% of total	Total NPLs	NPL ratio (%)
Head Office	**487,000**	**10.94**	**17,088**	**3.51**	492,829	11.24	16,154	3.28
Yangtze River Delta	**1,155,778**	**25.97**	**12,229**	**1.06**	1,125,915	25.68	12,070	1.07
Pearl River Delta	**710,655**	**15.97**	**6,822**	**0.96**	689,726	15.73	8,061	1.17
Bohai Rim	**693,598**	**15.58**	**9,034**	**1.30**	701,020	15.99	7,039	1.00
Northeastern Region	**91,780**	**2.06**	**1,391**	**1.52**	100,418	2.29	1,159	1.15
Central Region	**510,355**	**11.47**	**5,705**	**1.12**	509,089	11.61	5,420	1.06
Western Region	**680,003**	**15.28**	**10,878**	**1.60**	660,499	15.06	12,771	1.93
Institutions outside the Chinese mainland and subsidiaries	**121,311**	**2.73**	**2,463**	**2.03**	105,381	2.40	2,423	2.30
Total	**4,450,480**	**100.00**	**65,610**	**1.47**	4,384,877	100.00	65,097	1.48

Note: For details of the geographical distribution of institutions of the Group, please refer to Note 5 "Segment Information" to the Financial Statements.

(V) *Loan distribution by types of collateral*

As at the end of the Reporting Period, the total secured loans of the Group amounted to RMB2,260,639 million, representing a decrease of RMB100,297 million as compared with the end of the previous year, mainly due to the decrease in discounted bills, accounting for 50.80% of total loans. Total unsecured loans amounted to RMB1,351,269 million, representing an increase of RMB101,869 million as compared with the end of the previous year, accounting for 30.36% of total loans. Total guaranteed loans amounted to RMB838,572 million, representing an increase of RMB64,031 million as compared with the end of the previous year, accounting for 18.84% of total loans. Due to the impact of increases in NPLs of secured loans to MSEs and mortgage loans, total NPLs of secured loans increased by RMB3,653 million as compared with the end of the previous year, and the NPL ratio increased by 0.20 percentage points as compared with the end of the previous year. The NPL ratios of loans secured by other means all decreased as compared with the end of the previous year.

	31 December 2024				31 December 2023			
Item (RMB million)	**Total loans**	**% of total**	**Total NPLs**	**NPL ratio (%)**	Total loans	% of total	Total NPLs	NPL ratio (%)
Unsecured loans	**1,351,269**	**30.36**	**20,303**	**1.50**	1,249,400	28.50	20,031	1.60
Guaranteed loans	**838,572**	**18.84**	**9,246**	**1.10**	774,541	17.66	10,350	1.34
Secured loans	**2,260,639**	**50.80**	**36,061**	**1.60**	2,360,936	53.84	34,716	1.47
Of which: Secured by tangible assets other than monetary assets	**1,759,337**	**39.53**	**33,638**	**1.91**	1,757,179	40.07	29,985	1.71
Secured by monetary assets	**501,302**	**11.27**	**2,423**	**0.48**	603,757	13.77	4,731	0.78
Total	**4,450,480**	**100.00**	**65,610**	**1.47**	4,384,877	100.00	65,097	1.48

(VI) *Top ten loan customers*

As at the end of the Reporting Period, the aggregate amount of total loans to the top ten loan customers of the Group was RMB76,551 million, accounting for 1.72% of total loans and advances to customers. The top ten loan customers are as follows:

Item (RMB million)	**Amount**	**% of total loans**	**% of net capital base**
Customer A	18,201	0.41	2.42
Customer B	10,796	0.24	1.44
Customer C	8,000	0.18	1.06
Customer D	6,800	0.15	0.90
Customer E	6,381	0.15	0.85
Customer F	5,486	0.12	0.73
Customer G	5,450	0.12	0.72
Customer H	5,346	0.12	0.71
Customer I	5,100	0.12	0.68
Customer J	4,991	0.11	0.66
Total	76,551	1.72	10.17

(VII) Restructured loans and overdue loans

As at the end of the Reporting Period, total restructured loans of the Group amounted to RMB26,401 million, representing an increase of RMB3,443 million as compared with the end of the previous year, accounting for 0.59% of total loans and advances to customers, representing an increase of 0.07 percentage points as compared with the end of the previous year. Total overdue loans amounted to RMB92,959 million, representing an increase of RMB5,055 million as compared with the end of the previous year, accounting for 2.09% of total loans and advances to customers, representing an increase of 0.09 percentage points as compared with the end of the previous year.

	31 December 2024		31 December 2023	
Item (RMB million)	**Amount**	**% of total**	Amount	% of total
Restructured loans	**26,401**	**0.59**	22,958	0.52
Of which: Restructured loans overdue for more than 90 days	**7,721**	**0.17**	12,759	0.29
Overdue loans	**92,959**	**2.09**	87,904	2.00
Of which: Overdue within 3 months	**27,566**	**0.62**	27,853	0.63
Overdue from 3 months up to 1 year	**29,791**	**0.67**	32,354	0.74
Overdue from 1 year up to 3 years	**29,928**	**0.67**	22,471	0.51
Overdue more than 3 years	**5,674**	**0.13**	5,226	0.12

Notes:

1. Restructured loans are loans that the loan agreement has been adjusted by the Group in favour of the debtor, or provision of refinancing for the debtor's existing debts, including granting new loans for repayment of previous debts, new debt financing, etc., in order to enable the debtor who has financial difficulty to repay.

2. Overdue loans are loans that the repayment of principal or interest is overdue for one or more days.

(VIII) Repossessed assets

Item (RMB million)	**31 December 2024**	31 December 2023
Repossessed assets	**4,941**	5,299
Of which: Real estate and land use right	**1,856**	2,927
Motor vehicles	**3,003**	2,287
Others	**82**	85
Allowance for impairment losses	**800**	752

(IX) Changes in allowance for impairment losses on loans

Item (RMB million)	**31 December 2024**	31 December 2023
Opening balance	**97,444**	98,868
Charge for the period, net	**39,006**	39,816
Write-offs and transfer out during the period	**-51,183**	-48,806
Recoveries	**8,890**	9,343
Others	**-1,028**	-1,777
Ending balance	**93,129**	97,444

Method for assessing allowance for impairment losses on loans:

According to the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (《企業會計準則第 22 號——金融工具確認和計量》), the Bank calculates the allowance for impairment losses on loans with the expected credit loss model as the basis and the forward-looking information as reference. Of which, for retail loans and corporate loans in phase 1 and phase 2, the allowance for impairment losses is calculated based on risk parameters such as probability of default of customers and loss given default. For corporate loans in phase 3, the allowance for impairment losses is calculated based on the expected recovery of cash flow. In line with the requirements of the Implementation Rules for Expected Credit Loss Approach of Commercial Banks (Yin Bao Jian Gui [2022] No. 10) (《商業銀行預期信用損失法實施管理辦法》(銀保監規[2022]10 號)), the Bank reviewed and optimised the expected credit loss model on a regular basis, and updated forward-looking information and relevant parameters in a timely manner.

VI. Analysis of Capital Adequacy Ratio

(I) Capital adequacy ratio

Starting from 2024, the Group calculated its capital adequacy ratio (the "CAR") in accordance with the Capital Rules for Commercial Banks (《商業銀行資本管理辦法》) (the "Capital Rules") and other relevant regulatory provisions. The calculation of CAR covers the Bank and the financial institutions directly or indirectly invested by the Bank in accordance with the requirements of the Capital Rules. During the Reporting Period, the minimum requirements of the NFRA on the Group and the Bank's core tier-1 CAR, tier-1 CAR and CAR were 5%, 6%, and 8%, respectively. Based on the aforesaid minimum capital requirements, provisions of reserve capital, counter-cyclical capital and additional paid-in capital should also be made at the ratios of 2.5%, 0%, and 0.25%, respectively. During the Reporting Period, the core tier-1 CAR, tier-1 CAR, and the CAR of the Group and the Bank should be no less than 7.75%, 8.75%, and 10.75%, respectively.

As at the end of the Reporting Period, the core tier-1 CAR, tier-1 CAR and the CAR of the Group were 9.36%, 11.00% and 12.89%, respectively, representing an increase of 0.08 percentage points, an increase of 0.05 percentage points and a decrease of 0.25 percentage points, respectively, as compared with the end of the previous year. The table below sets out the CAR of the Group and the Bank:

	31 December 2024		31 December 2023	
Item (RMB million)	**The Group**	**The Bank**	The Group	The Bank
Net core tier-1 capital	**546,689**	**512,837**	533,852	500,186
Net tier-1 capital	**642,503**	**607,837**	629,888	595,144
Total net capital base	**752,993**	**714,783**	755,416	717,080
Core tier-1 capital	**554,940**	**534,504**	537,693	518,265
Core tier-1 capital deductions	**-8,251**	**-21,667**	-3,841	-18,079
Other tier-1 capital	**95,814**	**95,000**	96,036	94,962
Other tier-1 capital deductions	**–**	**–**	–	-4
Tier-2 capital	**110,490**	**106,946**	125,528	121,945
Tier-2 capital deductions	**–**	**–**	–	-9
Total risk-weighted assets	**5,842,716**	**5,568,101**	5,750,072	5,471,667
Of which: Credit risk-weighted assets	**5,514,242**	**5,265,735**	5,413,859	5,159,864
Market risk-weighted assets	**72,720**	**57,908**	65,225	56,493
Operational risk-weighted assets	**255,754**	**244,458**	270,988	255,310
Core-1 CAR (%)	**9.36**	**9.21**	9.28	9.14
Tier-1 CAR (%)	**11.00**	**10.92**	10.95	10.88
CAR (%)	**12.89**	**12.84**	13.14	13.11

Note: The Capital Rules for Commercial Banks has taken effect on 1 January 2024. The data of 2024 in the above table was calculated according to the above rules, and the data of 2023 was calculated according to the Capital Rules for Commercial Banks (Provisional).

As at the end of the Reporting Period, the leverage ratio of the Group was 7.18%, representing an increase of 0.04 percentage points as compared with the end of the previous quarter. The leverage ratio of the Group is as follows:

Item (RMB million)	**31 December 2024**	30 September 2024	30 June 2024	31 March 2024
Leverage ratio (%)	**7.18**	7.14	6.92	7.46
Net tier-1 capital	**642,503**	632,938	597,518	643,625
On- and off-balance sheet assets after adjustment	**8,943,555**	8,864,328	8,638,358	8,628,216

Note: The Capital Rules for Commercial Banks has taken effect on 1 January 2024. The data in the above table was calculated according to the above rules.

For details of the regulatory capital indicators, please refer to the 2024 Report on Third Pillar Information Disclosure of China Minsheng Banking Corp., Ltd. (《中國民生銀行股份有限公司 2024 年度第三支柱信息披露報告》) in the section headed "Investors Relations – Announcements and Disclosures – Regulatory Capital" on the Bank's website (www.cmbc.com.cn).

(II) Evaluation of internal capital adequacy

In accordance with relevant regulatory requirements, the Bank initiated the establishment of a system for evaluating internal capital adequacy. So far, the Bank has established a relatively comprehensive governance framework of internal capital adequacy evaluation procedures, including risk preference, identification and evaluation of major risks, second pillar capital surcharge, capital plan, and CAR stress testing. The Bank has formulated the supporting institutional system for internal capital adequacy, which specified the responsibilities of the Board, the Senior Management and the related departments in the evaluation procedures of internal capital adequacy. In addition, through continuous establishment and improvement of effective evaluation measures and management procedures, the comprehensiveness and effectiveness of the capital management and risk management of the Bank have been ensured.

(III) Capital plan and CAR management plan

To cope with the complicated economic and financial situation of domestic and international markets, conform to the deepening financial reform, further enhance capital management to take advantage of the leading role of capital, and to facilitate sustainable and healthy business growth, the Bank formulated the 2024-2026 Capital Management Plan of China Minsheng Banking Corp., Ltd. (《中國民生銀行股份有限公司 2024-2026 年資本管理規劃》) (the "Capital Management Plan") in accordance with regulatory requirements and development strategy and business plan, which was considered and approved by the Board. In formulating the Capital Management Plan, the Bank considered factors including domestic and foreign economic and financial situations, capital regulatory trends and continuous promotion of strategic transformation, and clarified the principles and targets for capital management. Adhering to the principle of creating values for shareholders and the society and under the guidance of capital management, the Bank formulated reasonable capital plan, enhanced capital budget and allocation management, strengthened the capital appraisal and constraints, and promoted the optimisation and adjustment of business structure, so as to support high-quality and efficient business development and improve the capital utilisation efficiency. In addition, the Bank further improved the evaluation system for internal capital adequacy and capital contingency management plan and continuously enhanced capital management.

VII. Liquidity Indicators

(I) Liquidity coverage ratio

As at the end of the Reporting Period, the liquidity coverage ratio of the Group was 161.99%, 61.99 percentage points higher than the regulatory requirement, indicating that the Group had an adequate reserve of high-quality current assets and maintained its liquidity stability.

Item (RMB million)	**31 December 2024**	31 December 2023
Liquidity coverage ratio (%)	**161.99**	146.06
High-quality current assets	**1,086,316**	1,125,729
Net cash outflow in 30 days	**670,628**	770,717

(II) Net stable funding ratio

As at the end of the Reporting Period, the net stable funding ratio of the Group was 108.31%, 8.31 percentage points higher than the regulatory requirement, indicating that the available stable funding sources of the Group was capable to support the sustainable and stable business development.

Item (RMB million)	**31 December 2024**	30 September 2024	30 June 2024
Net stable funding ratio (%)	**108.31**	107.75	104.78
Stable funding available	**4,558,823**	4,459,184	4,313,586
Stable funding required	**4,209,212**	4,138,412	4,116,880

VIII. Segment Report

The business segments of the Group are categorised as corporate banking, retail banking and others for the purposes of management, reporting and evaluation. The geographical segments are categorised into 8 sections including the Head Office, the Yangtze River Delta, the Pearl River Delta, the Bohai Rim, Northeastern Region, Central Region, Western Region, and the institutions outside the Chinese mainland and subsidiaries for the purposes of management, reporting and evaluation. Specifically, since the preparation of the financial statements for 2024, due to the change in management standards, the small business was subdivided into the small business of corporate customer group and the small business of individual customer group, the small business of corporate customer group was moved from the retail banking segment to the corporate banking segment, and the comparative figures was adjusted at the same time.

(I) Segment operating results by business line

Item (RMB million)	31 December 2024 Total assets	2024 Operating income	2024 Profit before income tax
Corporate banking	**5,144,314**	**68,257**	**32,997**
Retail banking	**1,745,584**	**54,892**	**11,608**
Others	**866,922**	**9,974**	**-10,520**
Total	**7,756,820**	**133,123**	**34,085**

Item (RMB million)	31 December 2023 Total assets	2023 Operating income	2023 Profit before income tax
Corporate banking	4,879,971	72,681	30,042
Retail banking	1,757,678	57,983	21,090
Others	982,724	6,727	-13,774
Total	7,620,373	137,391	37,358

Note: Total assets exclude deferred income tax assets.

(II) Segment operating results by geographical region

Item (RMB million)	31 December 2024 Total assets	2024 Operating income	2024 Profit before income tax
Head Office	**3,416,362**	**47,933**	**7,676**
Yangtze River Delta	**1,254,041**	**21,404**	**7,054**
Pearl River Delta	**819,463**	**14,407**	**4,442**
Bohai Rim	**1,420,814**	**15,922**	**6,217**
Northeastern Region	**151,842**	**2,269**	**266**
Central Region	**573,712**	**10,815**	**2,474**
Western Region	**688,144**	**10,268**	**1,733**
Institutions outside the Chinese mainland and subsidiaries	**437,774**	**10,105**	**4,223**
Inter-regional adjustments	**-1,005,332**	**–**	**–**
Total	**7,756,820**	**133,123**	**34,085**

Item (RMB million)	31 December 2023 Total assets	2023 Operating income	2023 Profit before income tax
Head Office	3,369,881	45,538	8,610
Yangtze River Delta	1,260,635	23,333	7,521
Pearl River Delta	758,206	15,502	4,607
Bohai Rim	1,490,154	15,953	3,832
Northeastern Region	154,292	1,689	-2,362
Central Region	563,519	11,650	6,240
Western Region	667,749	14,233	5,703
Institutions outside the Chinese mainland and subsidiaries	397,135	9,493	3,207
Inter-regional adjustments	-1,041,198	–	–
Total	7,620,373	137,391	37,358

Note: Total assets exclude deferred income tax assets.

IX. Other Financial Information

(I) Items relating to fair value measurement

1. Internal control system relating to fair value measurement

In order to regulate fair value measurement, improve the quality of financial information, strengthen risk control and protect the legitimate rights and interests of investors and all relevant parties, the Bank has established a clear and effective governance structure and internal control procedures, expanded the scope of fair value measurement to cover certain financial assets and financial liabilities, and clarified and refined the policies, methods and procedures for fair value measurement. To enhance the rationality and reliability of fair value measurement, the Bank has assigned specific working responsibilities for the management of fair value measurement to the Board, the Board of Supervisors, the Senior Management and execution bodies at various levels, continuously strengthened research on the fair value measurement of asset and liability businesses, improved internal valuation capabilities, gradually optimised the valuation models and systems, and strengthened the verification of parameters obtained externally. Moreover, the Bank has taken corresponding internal control measures over the fair value measurement process, conducted double-checking system for the measurement of fair value, and adopted a valuation procedure of fair value featuring multiple checks and early-warning and monitoring on valuation results. Furthermore, by continuously supervising and checking the scope, methodology and procedures of fair value measurement, the audit departments have constantly improved internal control of the Bank.

The Bank has adopted new accounting standards including the International Financial Reporting Standard 9: Financial Instruments (《國際財務報告準則第 9 號: 金融工具》) (IFRS 9) and the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments (《企業會計準則第 22 號——金融工具確認和計量》), the Accounting Standards for Business Enterprises No. 23-Transfer of Financial Assets (《企業會計準則第 23 號——金融資產轉移》), the Accounting Standards for Business Enterprises No. 24-Hedge Accounting (《企業會計準則第 24 號——套期會計》) and the Accounting Standards for Business Enterprises No. 39-Fair Value Measurement (《企業會計準則第 39 號——公允價值計量》) promulgated by the Ministry of Finance. During the Reporting Period, the Bank completed the SPPI test, product classification, valuation, and impairment assessment of financial instruments, and conducted fair value measurement in accordance with the new accounting standards.

2. Financial instruments measured at fair value

For details of the scope, methodologies and relevant parameters of the financial instruments measured at fair value of the Bank, please refer to Note 11 "Fair Value of Financial Instruments" to the Financial Statements.

(II) Overdue and outstanding liabilities

As at the end of the Reporting Period, the Group had no material outstanding liabilities that were overdue.

(III) Cash flow

During the Reporting Period, the Group's net cash flow from operating activities was RMB-231,638 million, and the net inflow decreased by RMB305,314 million as compared with the corresponding period of the previous year, mainly due to the decrease in net inflow of deposits from customers and borrowings from central bank as a result of the optimised liability structure, the reduction of high-cost deposits, and the increase in the issuance of IBNCD to replace deposits from banks and other financial institutions and borrowings from central bank. The net cash flow from investment activities amounted to RMB-42,821 million, and the net inflow decreased by RMB84,585 million as compared with the corresponding period of the previous year, mainly due to the increase in cash paid for investments. The net cash flow from financing activities amounted to RMB221,860 million, and the net inflow increased by RMB229,120 million as compared with the corresponding period of the previous year, mainly due to the increase in cash received from issuance of debt securities as a result of the increase in the issuance of IBNCD.

Item (RMB million)	**2024**	2023	Change
Net cash flow from operating activities	**-231,638**	73,676	Net inflow decreasing by 305,314
Of which: Net cash flow from deposits from customers	**-33,908**	289,476	Net inflow decreasing by 323,384
Net cash flow from borrowings from central bank	**-64,396**	180,427	Net inflow decreasing by 244,823
Net cash flow from loans and advances to customers	**-107,796**	-283,409	Net outflow decreasing by 175,613
Net cash flow from investment activities	**-42,821**	41,764	Net inflow decreasing by 84,585
Of which: Cash received from recovery of investments and investment income	**1,664,192**	1,437,468	Inflow increasing by 226,724
Cash paid for investments	**-1,703,501**	-1,389,186	Outflow increasing by 314,315
Net cash flow from financing activities	**221,860**	-7,260	Net inflow increasing by 229,120
Of which: Cash received from issuance of debt securities	**1,383,818**	1,021,482	Inflow increasing by 362,336
Cash for repaying debts	**-1,127,757**	-992,773	Outflow increasing by 134,984

X. Operational Concerns

(I) Net interest margin

During the Reporting Period, the net interest margin of the Group was 1.39%, representing a decrease of 7BP as compared with the corresponding period of the previous year, mainly due to the decrease in the return on assets. On the asset side, the return on assets decreased as compared with the corresponding period of the previous year as a result of the LPR cut and downward market interest rates, along with the intensifying competition of loan placement. On the liability side, the Group implemented interest rate self-discipline requirements, seized the window opportunity of interest rate cut, proactively took low-cost funds, and significantly reduced liability costs. During the Reporting Period, the cost ratio of deposits of the Group was 2.14%, representing a decrease of 17BP as compared with the corresponding period of the previous year, and the cost ratio of deposits declined quarter-on-quarter in 2024.

In 2025, the Group will proactively respond to the changes in the market, continue to strengthen net interest margin management, and strive to maintain a stable interest margin. On the asset side, the Group will revitalise existing assets, optimise incremental assets, reinforce efforts to manage and control low-return assets, and promote the placement of high-quality assets, so as to optimise the asset structure. At the same time, the Group will improve forward-looking research and judgment on market interest rates, fully grasp market opportunities, and flexibly allocate various assets. On the liability side, the Group will strictly implement interest rate self-discipline requirements, intensify efforts to take demand deposits, improve the deposit term structure, attract stable funds in due time, and effectively control liability costs while ensuring liquidity stability.

(II) Net non-interest income

During the Reporting Period, the net non-interest income of the Group amounted to RMB34,433 million, representing a decrease of RMB527 million, or 1.51%, as compared with the corresponding period of the previous year. Of which, the net fee and commission income of the Group amounted to RMB18,245 million, representing a decrease of RMB991 million, or 5.15%, as compared with the corresponding period of the previous year, mainly due to the year-on-year decrease in the fee income from agency and fiduciary services as a result of fee rate reduction in agency sales of insurances and funds. Other net non-interest income amounted to RMB16,188 million, representing an increase of RMB464 million as compared with the corresponding period of the previous year. On the one hand, the Group was affected by the fluctuations in the capital market, on the other hand, the Group seized opportunities in the bond market and increased the frequency and total volume of bond trading.

In 2025, the Group will remain committed to creating value through services, enhance comprehensive customer services and product innovation, and foster momentum for intermediary business growth, thereby promoting the high-quality development of net non-interest income. Firstly, the Group will serve various funds demands of customers, lay equal emphasis on the further exploration of existing customers for new business opportunities and the marketing of new customers, increase the coverage of wealth management products for corporate and retail customer groups, and expand the scale of financial assets. Secondly, the Group will deepen the comprehensive services of supply chain finance, enhance the penetration rate of transaction banking products, extend services to upstream and downstream customers, strengthen corporate and retail banking business synergy, and increase intermediary business income. Thirdly, the Group will seize opportunities arising from the consumption recovery, continuously improve payment scenario development, and strengthen basic services. Fourthly, the Group will enhance forward-looking market research and judgment, improve investment and trading capabilities in bonds, foreign exchange, and precious metals, and drive the growth of non-interest income.

(III) Formation, collection and disposal of non-performing assets

The Bank continuously strengthened proactive credit risk management, arranged credit portfolios under the guidance of industry researches and credit policies, and reinforced industry limits and customer concentration management. The Bank established proactive management mechanisms such as a graded risk signal notification, major credit risk reporting, and post-loan tracking meetings for key customers, consolidated post-loan management responsibilities at all levels and continuously enhanced risk prevention and control in key areas, so as to effectively prevent new credit risks. During the Reporting Period, the formation rate of NPLs[1] of the Bank was 1.49%, representing a decrease of 0.09 percentage points as compared with the corresponding period of the previous year. The formation rate of NPLs has decreased for four consecutive years at a steady pace.

The Bank responded to new trends and changes in the disposal and mitigation of non-performing assets in a forward-looking manner, adjusted and optimised asset preservation management model, held on to classified strategies, attached importance to technology empowerment, pursued innovation in methods, and enhanced the overall effectiveness of disposal and mitigation. During the Reporting Period, the Bank collected and disposed a total of RMB67,360 million non-performing assets, including RMB63,601 million NPLs. Divided by disposal method, RMB7,363 million were collected in cash, RMB9,857 million were transferred, RMB9,589 million were securitised, RMB36,143 million were written off, and RMB649 million were collected and disposed through repossession and other methods. RMB3,759 million non-credit non-performing assets were also collected and disposed. Meanwhile, the Bank continued to strengthen the recovery of written-off assets and further explored their recovery value. During the Reporting Period, the Bank recovered RMB10,170 million in cash from written-off assets, maintaining solid collection results.

[1] Formation rate of NPLs=New NPLs of the period/total loans and advances to customers as at the beginning of the period.

In the next stage, the Bank will continue to monitor changes in external risk situations and strengthen credit risk management capabilities. The Bank will reinforce the guiding role of credit policies in business development, promote the implementation of credit portfolio management objectives, and continuously optimise the asset structure. The Bank will effectively improve the quality and effectiveness of post-loan management, strictly control new large-amount non-performing assets, and strengthen the management of asset quality from the source. The Bank will focus on key areas such as real estate and retail credit, and carry out the disposal and mitigation in a prudent and orderly manner. Additionally, the Bank will adhere to the philosophy of managing non-performing assets, fully leverage asset preservation to stop and reduce losses, and effectively balance risk mitigation with the recovery rate of disposals.

(IV) Risk management and control of the real estate industry

The Group attached great importance to risk prevention in the real estate sector and earnestly implemented relevant national policies and regulatory requirements concerning the real estate industry. Following the general principles of "stabilising total amount, adjusting structure, strengthening management and mitigating risks", the Group actively advanced the implementation of the "16 financial measures", the urban real estate financing coordination mechanism and housing project delivery initiatives, and advanced the steady and healthy development of its real estate-related business. On the one hand, based on the new model of real estate development, the Group equally met the reasonable financing needs of real estate enterprises of different ownerships. On the other hand, the Group intensified post-loan management of existing projects in the real estate sector and actively cooperated with local governments in various tasks of "ensuring housing project delivery, safeguarding people's livelihood and securing stability". The Group adopted multiple measures and moved faster to defuse risks of existing real estate projects in accordance with the principles of being market-oriented and law-abiding. In the context of macroeconomic recovery and stabilisation of real estate market, the risks of the real estate sector of the Group were generally controllable.

As at the end of the Reporting Period, the balance of corporate credit business with credit risks assumed by the Group in relation to real estate, such as loans, off-balance sheet credit, standard debt investment, non-standard debt investment and bond investment, amounted to RMB395,164 million, representing a decrease of RMB24,510 million, or 5.84%, as compared with the end of the previous year. Of which, the balance of loans to the real estate industry amounted to RMB333,439 million, representing a decrease of RMB12,859 million, or 3.71%, as compared with the end of the previous year, and accounted for 84.38%. The balance of off-balance-sheet credit businesses, such as letters of guarantee, amounted to RMB1,771 million, representing a decrease of RMB1,004 million as compared with the end of the previous year. The balance of commercial mortgage-backed securitisation (CMBS), mortgage-backed securitisation (MBS) and other asset-backed securities businesses amounted to RMB25,175 million, representing a decrease of RMB2,109 million as compared with the end of the previous year. The balance of interbank investments amounted to RMB27,596 million, representing a decrease of RMB3,146 million as compared with the end of the previous year. The balance of real estate corporate debts business amounted to RMB5,970 million, representing a decrease of RMB4,861 million as compared with the end of the previous year. The real estate business with credit risks assumed by the Group was mainly project financing, and the projects were mainly concentrated in the tier-1 and tier-2 cities, and were secured by project lands and construction projects in progress as collaterals, as well as additional equity pledges of the project companies and guarantees of their group companies. As at the end of the Reporting Period, the balance of NPLs of corporate real estate business of the Group amounted to RMB16,698 million, representing a decrease of RMB340 million as compared with the end of the previous year and a decrease of RMB1,309 million as compared with the end of the first half of 2024. The NPL ratio of corporate real estate business of the Group was 5.01%, representing an increase of 0.09 percentage points as compared with the end of the previous year and a decrease of 0.28 percentage points as compared with the end of the first half of 2024. In addition, as at the end of the Reporting Period, the balance of businesses not assuming credit risks in relation to the real estate industry of the Group, such as net-value wealth management, entrusted loans, and debt financing instruments with the Bank as the leading underwriter, amounted to RMB53,490 million, representing a decrease of RMB11,119 million, or 17.21%, as compared with the end of the previous year. The business scale was small on the whole.

In the next stage, the Group will continue to strictly implement the national decisions and deployments and regulatory requirements concerning the real estate industry, actively respond to national policies, and develop incremental business in an appropriate and orderly manner. Based on the marketisation level of businesses, the Group will adopt differentiated approaches to various types of real estate businesses, striving to maintain a balance in scale, pricing, and quality. The Group will fully implement the requirements for expanding the projects coverage in the "white list" of the urban real estate financing coordination mechanism and enhancing the mechanism efficiency, so as to give play to the role of the coordination mechanism. For existing projects with risk exposure included in the "white list", the Group will actively promote risk defusing. Additionally, the Group will facilitate policy-supported businesses such as loans for affordable housing acquisition and government-supported rental housing, make full use of the re-lending tool and prioritise acquisition projects that will contribute to the de-stocking of real estate enterprises with risk exposure of the Group. For market-based real estate business, the Group will return to the origin of projects and implement differentiated strategies based on city tiers and real estate enterprises, ensuring the orderly and healthy development of real estate business.

(V) Capital management

During the Reporting Period, the Group took "enhancing efficiency, creating values, strengthening constraints, optimising structure, strengthening endogenous accumulation and replenishing reasonably" as the principle of capital management, continuously adjusted the asset-liability structure, fully guaranteed credit placement, guided the reasonable and effective allocation of resources, and promoted strategic transformation and value increase. As at the end of the Reporting Period, the Group's core tier-1 CAR, tier-1 CAR and CAR were 9.36%, 11.00% and 12.89%, respectively, remaining stable in general.

With the official implementation of additional regulatory requirements on systemically important banks and the revised Capital Rules for Commercial Banks, the Bank will deepen capital conservation, strictly control capital consumption, optimise the structure of capital occupation, and improve capital efficiency. At the same time, the Bank will continue to improve the capital replenishment mechanism, actively expand financing channels, replenish capital in due time and appropriate amount, and improve the capital adequacy level and risk resistance capability of the whole bank.

XI. Review of Businesses

(I) Vigorously developing the "five major sectors"

1. Sci-tech finance

The Bank incorporated sci-tech finance as a strategic business into its mid- to long-term development plan, further improved the quality and effectiveness of finance in serving sci-tech innovation enterprises, and strengthened support for sci-tech enterprises represented by the DRDI enterprises. Firstly, the Bank optimised the system and mechanism for sci-tech finance, established a sci-tech finance committee, set up the Sci-Tech Finance Department and distinctive sub-branches for sci-tech finance, improved the multi-level organisational structure consisting of the Head Office, branches and sub-branches, formulated and implemented the three-year plan for sci-tech finance business, and strengthened resource input in key areas. Secondly, the Bank enriched the products of "Equity Investment, Debt Financing, Wealth Management and Wisdom Consulting (投、融、富、慧)" in the Easy Innovation product system, continued to optimise the online unsecured loan product of "E-Easy Innovation Loan (易創 E 貸)", vigorously promoted the intellectual property right (IPR)-pledged financing product of "Easy Innovation IPR Loan (易創知貸)", and accelerated the exploration of distinctive and innovative products such as equity incentive loan and loan that entitled the Bank with option for equity subscription, so as to meet various financial needs of customers in an all-round, diversified and comprehensive manner. Thirdly, the Bank reinforced the application of digital tools, and continuously improved the construction of the "Sparks Platform (螢火平台)" of sci-tech finance, and enhanced customer experience. Fourthly, the Bank continued to host series marketing activities such as "Minsheng Sci-Tech Finance (科技金融•民生相伴)" to provide comprehensive services for sci-tech enterprises throughout their life cycles.

As at the end of the Reporting Period, the Bank provided services for more than 114.3 thousand sci-tech enterprises and 25.7 thousand DRDI customers, representing increases of 14% and 19% as compared with the end of the previous year, respectively. The balance of loans to sci-tech enterprises amounted to RMB412,200 million, representing an increase of 8% as compared with the end of the previous year. Of which, the balance of loans to the DRDI enterprises amounted to RMB117,400 million, representing an increase of 31% as compared with the end of the previous year. During the Reporting Period, the Bank has won a series of awards in the field of sci-tech finance, including the "Financial Institution of the Year for Empowering New Quality Productive Forces (年度賦能新質生產力金融機構)" at the 18th Golden Cicada Award in 2024 (2024 年度第十八屆金蟬獎) by the China Times, the "Gold Award for New Digital Intelligence—Digital Finance (新數智－數字金融金獎)" in the 2024 Excellent Digital Finance Competition (2024 卓越數字金融大賽) of the Financial Digital Development Alliance, the "2024 Excellent Case of Sci-Tech Finance Innovation (2024 銀行家年度科技金融創新優秀案例)" by the Chinese Banker, and the Outstanding Case of "Sci-Tech Finance Pioneer List (科技金融先鋒榜)" at the 2024 China Sci-Tech Finance Conference (2024 中國科技金融大會).

2. *Green finance*

The Bank firmly implemented the strategic deployment of "green finance", proactively followed the national policy requirements on green economic and social transformation and the construction of a Beautiful China, strengthened research interpretation, formulated work measures, effectively integrated the concept of green development into all aspects of operation and management, and continuously improved the quality and effectiveness of green financial services. Firstly, the Bank continued to improve the multi-dimensional marketing management system and vigorously supported the demand for green and low-carbon financing. Focusing on key areas such as green and low-carbon development, circular economy, and biodiversity protection, and considering the green development needs of key customers, the Bank continuously deepened organisational coordination, optimised policy support, strengthened resource guarantee, and promoted the provision of comprehensive green industry chain services for customers. Secondly, the Bank continued to enrich the green financial product and service system of "Minsheng Carbon Peak and Carbon Neutrality". Focusing on segmented scenarios and industries, the Bank made constant innovations and integration, and launched comprehensive financial service solutions serving the China Certified Emission Reduction (CCER) carbon market, marine economy, forestry industry chain, new energy vehicles and other fields. The Bank strengthened innovations in carbon finance, deepened cooperation with carbon exchanges, and launched a number of innovative businesses such as loans with interest rates linked to sustainable development performance, loans linked to the evaluation of green financing projects, loans linked to automobile carbon footprints, and the "E-Carbon Loan (碳 e 貸)" in Qinghai, so as to support the comprehensive green transformation of high-carbon industries and the rapid development of emerging green industries. Thirdly, the Bank reinforced the marketing in key regions and for regionally distinctive customer groups. It has successively carried out green credit business promotion in key regions such as the Yangtze River Delta, Beijing-Tianjin-Hebei, the Greater Bay Area, and the Central and Western China to jointly promote green and low-carbon development.

As at the end of the Reporting Period, the balance of green credit of the Bank amounted to RMB323,459 million, representing an increase of 22.41% as compared with the end of the previous year, with higher growth rate than the average of all other loans. With the outstanding performance in green and low-carbon fields, the Bank was awarded the "Advanced Unit in Green Bank Evaluation (綠色銀行評價先進單位)" by the Professional Committee for the Green Credit Business of the China Banking Association, the "2024 Excellent Case of Green Finance Innovation (2024 銀行家年度綠色金融創新優秀案例)" by the Chinese Banker, the "Low-carbon Case of 2024 (2024 年度低碳案例)" by the China News Service, and the "Award of Best Financial Institution of 2024 (2024 年度最佳金融機構獎)" by the Green Finance Forum of 60.

3. *Inclusive finance*

The Bank constantly promoted the digital, intelligent and high-quality development of inclusive finance with stable and controllable asset quality and comprehensive improvement in service quality and effectiveness. Firstly, the Bank adhered to the integrated development of customer groups, and empowered the real economy with decoupling from credit reliance on core enterprises in supply chains. The Bank stuck to the integrated development of MSMEs, large enterprises and individual customers, and improved the inclusiveness, availability and convenience of supply chain finance by focusing on the ecosystems of core customers and relying on transaction data, logistics and information flow of supply chains as the basis for risk control, in a bid to effectively meet the financial needs of MSEs. Secondly, the Bank stuck to online products and services and drove new small business service models with digitalisation. The Bank has established a digital service platform for inclusive finance, which incorporated national authoritative data, scenario data and transaction data to build a smart base integrating marketing, risk control, products, and services. As at the end of the Reporting Period, the balance of the "Minsheng Benefits" series products developed based on this platform exceeded RMB100 billion. Thirdly, the Bank insisted on professional management of scenario-based business and provided exclusive products and services for customers in segmented sectors. The Bank strengthened services in key areas such as DRDI enterprises and foreign trade, upgraded the "Easy Innovation" series products exclusive to DRDI enterprises, provided convenient online services for foreign trade enterprises through the products including Cross-Border E-Finance (跨境 e 融) and Shipping Remittance Express (海運快匯), promoted the "Honeycomb Plan (蜂巢計劃)", and customised differentiated service solutions for small business customers in specific business scenarios, so as to support the development of regionally distinctive industries. Fourthly, the Bank held on to comprehensive customer services and provided comprehensive, diversified and adaptive services for MSEs. The Bank optimised common business processes such as the issuance of bank acceptance bills and non-financing letters of guarantee for MSEs. It promoted the comprehensive services of "E-Minsheng Family" to provide MSEs with digital management tools in personnel management, salary and tax management, one-stop payroll agency and employee welfare, and built the comprehensive service system of "settlement + financing + benefits + SaaS + business cycle-life cycle integration". Fifthly, the Bank adhered to smart risk prevention and control, strengthened proactive risk management, and consolidated the bottom line of compliant operation. The Bank comprehensively upgraded service models and management strategies in terms of proactive credit granting, anti-fraud identification, big data-based risk control, and refined customer segmentation. It carried out the "Self-Discipline and Self-Inspection Action (鐵律行動)" in an in-depth manner and consolidated the employee behaviour management mechanism. The Bank also promoted the layered management of business qualifications of small business practitioners and the dynamic integration with risk and compliance management.

As at the end of the Reporting Period, the balance of small business loans[2] of the Bank amounted to RMB855,102 million, representing an increase of RMB63,886 million as compared with the end of the previous year. The balance of inclusive small business loans of the Bank amounted to RMB662,718 million, representing an increase of RMB50,449 million, or 8.24%, as compared with the end of the previous year. The number of customers of inclusive small business loans of the Bank was 514.8 thousand, representing an increase of 1.5 thousand as compared with the end of the previous year. During the Reporting Period, total inclusive small business loans disbursed by the Bank amounted to RMB715,012 million with an average interest rate of 4.27%, representing a decrease of 38BP as compared with the previous year. 2,439 business outlets of the Bank provided financial services to MSEs.

4. *Ageing finance*

The Bank comprehensively upgraded the service brand of ageing finance of "Minsheng Enjoyment", created a one-stop, full-cycle and warm service system of ageing finance, and precisely served the three major segmented markets of pension finance, elderly care service finance and elderly care industry finance by relying on customer groups, technologies and channels. During the Reporting Period, the Bank steadily promoted the work in various fields through six major measures. Firstly, the Bank built a comprehensive platform, implemented all-channel elderly-friendly renovation, and provided elderly-friendly one-stop companionship services for the elderly customer group. Secondly, the Bank designed scenario-based elderly care products, promoted elderly care planning, and provided considerate services for the elderly customers and customers preparing for elderly care. Thirdly, the Bank aggregated the ecosystem of happy elderly care services, created distinctive benefits, and facilitated high-quality elderly care of elderly customers. Fourthly, the Bank strengthened the services for enterprises engaged in elderly care and empowered them to become stronger and bigger. Fifthly, the Bank upgraded annuity services and proactively advanced the coordinated development of the three pillars of pension business. Sixthly, the Bank improved the consumer rights protection mechanism to protect the wealth security of elderly customers.

As at the end of the Reporting Period, the number of personal pension accounts of the Bank amounted to 2,295.6 thousand, representing an increase of 594.0 thousand, or 34.91%, as compared with the end of the previous year. The number of personal accounts of corporate annuity account management business amounted to 254.7 thousand, representing an increase of 3.24% as compared with the end of the previous year. With its outstanding performance and innovative practice in the field of ageing finance services, the Bank was awarded the "Institution of the Year for Ageing Finance Services (年度服務養老金融機構)" in the Excellent Cases of Financial Competitiveness (金融競爭力優秀案例) by the 21st Century Business Herald.

---

2 This is the management standards of the Bank, including legal person loans with credit amount no more than RMB50 million for single account of MSEs that meet the classification standards of the Ministry of Industry and Information Technology, as well as personal business loans of MSE owners, individual businessmen and other self-employed persons.

5. *Digital finance*

The Bank accelerated the development of digital finance through dual-driven approaches of technology and data, improved the experience of customers and employees of the Bank by reshaping journeys in an end-to-end manner, enhanced the quality and effectiveness of operation and management via the data-driven analysis and decision-making, and safeguarded the operation resilience by strengthening cyber and data security. The Bank embraced the revolutionary breakthroughs in generative artificial intelligence technology, focused on the 8 major business sectors of "Intelligence + X (智慧+ X)", and launched over 30 typical scenario-based applications. All these efforts have significantly improved the digital and intelligent operation and management of the whole bank.

The construction of an intelligent bank has reached a new level. Firstly, the Bank improved customer experience and process efficiency by constantly reshaping customer journey in an end-to-end manner. The Bank improved the marketing tools system and their application in customer journey, and supported the precise management model featuring synergy between customers and employees of the Bank. With the large-scale application of intelligent models, the application rate of customers selected by intelligent models in consumer loan-based customer acquisition scenarios increased by 8 times as compared with the corresponding period of the previous year. The Bank created unified employee operation channels to support the broad-post operation of MSMEs and large enterprises by account managers. **Secondly, the Bank has realised the transformation from empirical decision-making to data-driven scientific decision-making and refined management supported by data assets, tools and platforms.** The Bank established a bank-wide management and application system of operation indicators, perfected the enterprise-level data dictionary, and standardised the data language of the whole bank, to provide agile, open and intelligent data support for the strategy management, business plan, resource allocation, and execution evaluation of the Bank. **Thirdly, the Bank developed an enterprise-level risk control and anti-fraud platform to safeguard the security of customer funds and information.** The Bank integrated technology and data capabilities to build an enterprise-level credit risk control system, developed an integrated decision-making flow for automated approval of consumer loans, and deepened the construction of the integrated financial anti-fraud platform. **Fourthly, the Bank improved customer experience and operation quality and effectiveness with digital and intelligent online services.** The Bank developed mobile banking version 9.0 and built a smart book service system. The Bank launched the new generation of corporate online banking, and enhanced the capabilities of mobile services in settlements, bills and credit granting. The Bank expanded the functions of "Digital Human Teller (數字人櫃員)" and smart voice navigation of customer service hotline, and created the new model of "Enterprise Cloud Counter (企業雲櫃台)" for corporate business handling. The Bank utilised ICR and NLP technologies and greatly improved the service quality and efficiency in the fields of loan disbursement, account, foreign exchange, and clearing and accounting. The Bank also deepened the development of smart corporate loan disbursement, so as to effectively reduce the burden of primary-level employees.

New breakthroughs have been made in the eco-bank scenario-based finance. The E-Minsheng Family platform aggregated payroll agency products of the Bank and provided a comprehensive digital management platform for MSMEs. The Bank launched and widely promoted the product of "E-Order-Yun Shu (訂單 e 一雲數)" under the mode of decoupling from credit reliance on core enterprises in supply chains[3], and released the financing mode of "credit-based payment (信用付)" for the goods ordering scenario of "Minsheng Express Loan (民生快貸)". The Bank integrated payment channels and platform functions to provide customers with various payment methods, convenient accounting and settlement, rich customer benefits, and professional value-added services. The Bank added the mini programmes of Minsheng Cloud-Based Travel (民生雲旅遊) and Minsheng Life (民生 Life) to the open banking and collaborated with ecosystem partners to provide management services for the funds, assets and resources of village collectives. The Bank enhanced the capability of the Treasury Cloud (財資雲) platform in coordinated management of multi-bank accounts and funds, and facilitated the integration of business management and financial management of enterprises.

During the Reporting Period, the Bank invested RMB6,019 million in IT, representing an increase of 0.53% as compared with the corresponding period of the previous year, which accounted for 4.78% of the operating income of the Bank, representing an increase of 0.21 percentage points as compared with the corresponding period of the previous year. As at the end of the Reporting Period, the number of fintech personnel of the Bank was 4,690, representing an increase of 2.87% as compared with the end of the previous year. As at the end of the Reporting Period, the number of online retail platform users of the Bank was 120,662.0 thousand, representing an increase of 7.10% as compared with the end of the previous year. The number of online corporate platform users of the Bank amounted to 4,033.2 thousand, representing an increase of 11.40% as compared with the end of the previous year. The number of bank-enterprise direct connect customers amounted to 6,780, representing an increase of 30.79% as compared with the end of the previous year. During the Reporting Period, the Bank won the "Annual Award for Excellent Mobile Banking (手機銀行年度卓越獎)" in 2024 by China Financial Certification Authority (CFCA), and the "Digital Service Platform for Inclusive Finance for the Small Business Customer Group (小微客群普惠金融數字化服務平台)" won the second prize in the "2023 Fintech Development Award (2023 年度金融科技發展獎)" by the PBOC.

---

3 Mode of decoupling from credit reliance on core enterprises: It refers to the mode that banks and other financial institutions gradually decouple from credit reliance on core enterprises, realise innovations in supply chain modes and products via technology empowerment, and expand the supply chain credit evaluation method towards "data credit" and "physical asset credit", so as to reduce costs and increase efficiency of core enterprises in the supply chains, and provide precise services for MSMEs on supply chains.

(II) Review of Businesses

1. Corporate banking business

(1) Strategic measures

During the Reporting Period, the Bank regarded corporate finance as a vital method for promoting the high-quality development of the real economy, adhered to long-termism, maintained strategic focus, and continuously optimised the layered and classified customer management system. The Bank deepened credit support for key sectors, strengthened the application of product portfolios with competitive edges, and steadily advanced supply chain finance and other strategic businesses. The Bank also consolidated the first line of defense, enhanced digital empowerment and system support capabilities in a steady manner, promoted the transformation of the operation model of corporate business, and improved the sustainable development capability of corporate business.

During the Reporting Period, the corporate business of the Bank maintained steady growth. As at the end of the Reporting Period, the balance of corporate deposits of the Bank amounted to RMB2,933,226 million, representing a decrease of RMB121,194 million as compared with the end of the previous year, but an increase of RMB175,283 million as compared with the end of June. The balance of general corporate loans amounted to RMB2,463,278 million, representing an increase of RMB117,103 million as compared with the end of the previous year.

(2) Customer groups

The strategy of integrated development of MSMEs, large enterprises and individual customers was carried out firmly. Firstly, the foundation was continuously strengthened. As at the end of the Reporting Period, the Bank had 1,992 strategic clients at head office and branch levels, representing an increase of 303 as compared with the end of the previous year. The balance of loans (including discounted bills) amounted to RMB1,265,195 million, representing an increase of 5.68% as compared with the end of the previous year, maintaining a steady growth. The balance of deposits amounted to RMB1,217,393 million, representing a decrease of RMB69,627 million as compared with the end of the previous year, but an increase of RMB111,743 million as compared with the end of June, marking a rebound. Secondly, the supply chain business continued to grow. As at the end of the Reporting Period, the balance of eco-finance business of strategic clients of the Bank amounted to RMB266,450 million, representing an increase of RMB142,370 million as compared with the end of the previous year. The number of core supply chain customers driven by strategic clients was 2,494, representing an increase of 1,162 as compared with the end of the previous year. The number of corporate clients of supply chain financing was 30,498, representing an increase of 15,380 as compared with the end of the previous year. Thirdly, the effectiveness of driving force was elevated. As at the end of the Reporting Period, the scale of payroll agency of strategic clients amounted to RMB50,470 million, representing an increase of RMB9,200 million as compared with the corresponding period of the previous year. During the Reporting Period, the number of newly contracted strategic clients of payroll agency was 1,171, representing an increase of 621 as compared with the corresponding period of the previous year. The new payroll agency clients brought in 53.8 thousand newly contracted customers of consumer loans, and total approval amount reached RMB11,466 million.

The new business models for SMEs were optimised and iterated. During the Reporting Period, the Bank took SME customer group management as the "No. 1 project" of corporate business, adhered to the customer-centric philosophy and accompanied customers to achieve value growth. The Bank focused on innovating SME business models, built distinctive competitive advantages in SME business, and strove to become the "host bank" of SMEs. Firstly, the Bank enhanced the guiding role of customer group planning. Focusing on the "1+3+N" customer groups, the Bank deepened the development of high-quality customer acquisition channels and created an "industry map of SME business". Secondly, the Bank enhanced its whole-journey comprehensive service capability. By aligning with customers' life cycles and transaction characteristics, the Bank developed a whole-journey product portfolio for customers covering "account service – payment and settlement – credit service – business cycle and life cycle synergy" and created a comprehensive service system covering "enterprises + entrepreneurs + employees". Thirdly, the Bank enhanced its digital operating capabilities. The Bank refined customer profiling, reinforced the digital tagging system, implemented precise marketing strategies, and enhanced digital operation to empower business transformation and development. Fourthly, the Bank enhanced its end-to-end risk management capability. The Bank implemented an SME risk management model featuring "antecedent risk, dedicated approval, centralised processing and independent post-lending management", thereby improving the quality and efficiency of SME business. As at the end of the Reporting Period, the balance of loans to SMEs of the Bank amounted to RMB972,041 million.

The effect of in-depth marketing became evident, steadily promoting high-quality business development. The Bank regarded high-quality and sustainable development as the main operating target, remained customer-centric, and was committed to becoming the preferred bank of comprehensive financial services for administrative bodies, public institutions, social organisations and other institutional customers at all levels. As at the end of the Reporting Period, the number of institutional customers of the Bank amounted to 39,637, representing an increase of 15.96% as compared with the end of the previous year. Firstly, the Bank strengthened the qualification development and deepened the chain-based customer group marketing. During the Reporting Period, the Bank signed the entrusted agency agreement with the Ministry of Finance on the centralised payment for the central finance and the state treasury, and was selected as one of the candidate banks for the project of the Ministry of Finance on the agent banks for collecting non-tax revenues of the central finance. The Bank improved the business qualification management system, and formulated qualification construction plans by adopting the "one branch one policy" approach. The Bank intensively cultivated primary-level administrative and public institutions, as well as segmented fields such as hospitals, schools, publication, and broadcasting and TV, and conducted in-depth capital chain- and supply chain-based marketing. Secondly, the Bank proactively performed social responsibility and gave play to its role in benefiting people and improving their livelihood. The Head Office took the lead in establishing special marketing teams, continuously conducted medical insurance business marketing in major regions, and proactively supported the reforms of various regions to benefit and provide convenience to the public. Giving full play to the political significance of financial work, the Bank implemented the national strategy of rural revitalisation, served agricultural and rural authorities across various regions, promoted the reform of rural collective property rights systems, and improved the regulatory mechanism for rural collective assets. During the Reporting Period, the Bank launched several cooperation projects related to the agriculture, rural areas and farmers in regions including Henan, Guangdong, Hebei, Shandong, and Shenzhen.

(3) Businesses and products

The Bank continued to improve its transaction banking product system, and provided convenient products to support the high-quality development of the real economy. During the Reporting Period, focusing on addressing pain points in the daily operations of enterprises, the Bank continuously improved the transaction banking product system and provided convenient and integrated financial services to assist in the high-quality development of the real economy. Firstly, the Bank focused on supply chain finance and continuously enhanced effective support for the real economy. The Bank continued to innovate its supply chain products, and developed the product series of "Minsheng E-Chain" that covered "supply, production, and sales" and encompassed multiple scenarios such as credit enhancement by core enterprises, financing without credit reliance on core enterprises and supply chain-based MSE financing, in a bid to provide convenient supply chain financial services for enterprises. As at the end of the Reporting Period, over 1,000 sub-branches of the Bank had conducted supply chain financing business, serving a total of 4,007 core enterprises and 45,452 customers in the chains. The balance of financing for supply chain business reached RMB310,420 million, representing an increase of 115.36% as compared to the end of the previous year. Secondly, relying on the brand of "All Across the World (民生跨境一家)", the Bank supported high-level opening-up with facilitated services. The Bank continued to enhance its digital and facilitated financial service system of "All Across the World", transformed its first-mover advantage in foreign exchange facilitation business into a customer service advantage, and helped foreign trade enterprises expand markets and secure orders. The Bank provided high-quality support for "going out" and "bringing in" efforts, serving over 40,000 international business customers. During the Reporting Period, the business volume of international settlements of the Bank amounted to USD366,212 million, representing an increase of 12.23% as compared with the corresponding period of the previous year. Thirdly, centring on the high-frequency payment and settlement needs of enterprises, the Bank innovated products to deliver ultimate service experience to enterprises. During the Reporting Period, the Bank promoted the standardised operation of account opening and the integrated contract signing for "E-Account Opening (開戶 e) + basic products", and launched the premium service of account customisation. The Bank innovatively developed the "Tax and Fees Express (稅費通)", providing convenient and smart tax and fee payment services to 470 thousand customers. The Bank upgraded the "Minsheng Payroll Agency (民生代發薪)", serving over one million customers. Additionally, the Bank developed the flagship product of "Minsheng Treasury Cloud (民生財資雲)", which offered one-stop digital solutions for corporate financial management, serving over 9,000 customers and their member units at various levels. Fourthly, the Bank accelerated the digital and intelligent development of trade finance products to meet the comprehensive service needs of enterprises. During the Reporting Period, the Bank iterated the function of e-letter of guarantee (e-LG) to support the guarantee needs of MSMEs, and handled 17,055 e-LGs, representing an increase of 17.56% as compared with the corresponding period of the previous year. The Bank expanded factoring service scenarios and revitalised enterprises' account receivables. The business volume of factoring exceeded RMB200 billion, reaching a record high. The Bank also strengthened support of bills business for key areas such as advanced manufacturing and green development. The business volume of bank acceptance bills exceeded RMB1 trillion.

Feature 1: Deepening the Development of Supply Chain Finance Online Services, Supporting Corporate Financing and High-Quality Development

In recent years, the Bank has continued to innovate its supply chain finance products, developed the product series of "Minsheng E-Chain", and deepened its presence in six key industries including automobile, pharmaceuticals, liquor, home appliance, construction, and government procurement platforms, providing customers with full-process digital, intelligent, and online services. By applying advanced technologies such as electronic signatures and facial recognition, the Bank has achieved full-process online operation of the application, approval and disbursement of loans, significantly enhancing operational efficiency. In addition, through the one-stop supply chain finance service platform, the Bank integrated multi-channel customer data and provided comprehensive and customised services that integrated settlement, financing and supply chain management for customers in supply chains.

With supply chain finance as the key driver, the Bank served over 45,000 MSMEs in supply chains with the "Minsheng E-Chain", earnestly practised inclusive finance and served the real economy.

Feature 2: Continuously Upgrading the Brand of "All Across the World", Empowering High-Quality Development of MSMEs in Foreign Trade

The Bank actively responded to the national policies on stabilising foreign trade and promoting inclusive finance, and served the MSMEs in foreign trade by leveraging the brand of "All Across the World".

The Bank focused on the full-journey cross-border financial needs of enterprises including facilitated payment and collection, trade finance and account value enhancement, and enriched the product shelf of smart products. Targeting at high-frequency business scenarios, the Bank launched the innovative product of "Shipping Remittance Express", which enabled AI-based document verification and automatic funds transfers, effectively reducing customers' costs to run around and enhancing operational efficiency. The Bank newly launched the function of "Cloud Exchange Rate Lock (雲鎖匯)" for foreign exchange transactions, and allowed enterprises to fix exchange rates conveniently without funds occupation, which significantly enhanced the accessibility of exchange rate risk hedging services for MSMEs. Focusing on enhancing credit and reducing burdens for MSMEs, the Bank iterated the product of "Cross Border E-Finance", and added new services such as outward bill purchase and automatic approval for foreign exchange derivatives. By leveraging the dual engines of "technology + data", the Bank empowered enterprises to get better position in securing export orders, boosting their competitiveness in international markets. During the Reporting Period, the Bank served a total of 33 thousand MSMEs in foreign trade, met their diverse financial service needs under new circumstances and new business models, and injected "financial vitality" into the high-quality development of foreign trade.

The Bank continued to develop distinctive advantages in payroll agency services with significant improvements in overall effectiveness. Taking payroll agency service as a strategic business, the Bank strove to expand the coverage of corporate customers, continuously perfected and upgraded payroll agency service capabilities, and consistently optimised the products such as "Payroll Agency (代發薪)" and "E-Minsheng Family". During the Reporting Period, total payroll agency business amounted to RMB330,825 million, representing an increase of RMB15,087 million as compared with the corresponding period of the previous year.

The Bank strengthened the application of key products in its investment banking business to enhance the customer service experience. The Bank proactively responded to the national policies, and consistently enhanced resource allocation in key fields supported by the State, such as large infrastructure, the manufacturing industry, new energy and new materials, thereby facilitating the development of the real economy. The Bank also accelerated the implementation of policies regarding stock repurchase, shareholding increase and re-lending stipulated by the PBOC, the NFRA and the CSRC, and produced and successfully disbursed relevant special loans. As at the end of the Reporting Period, the balance of M&A loans of the Bank amounted to RMB157,210 million. The balance of domestic syndicated loans (excluding M&A syndicated loans) amounted to RMB241,048 million. During the Reporting Period, the Bank underwrote 775 bonds with the amount of RMB276,181 million in the interbank market, of which, total number of green bonds, sci-tech innovation bills, rural revitalisation bonds, bonds related to the large-scale renewal of equipment and the trade-in of consumer goods and panda bonds was 66 with the amount of RMB15,253 million.

(4) Risk management

The Bank's corporate banking segment strictly executed the risk preferences of "maintaining stability and prudence, staying active and comprehensive, optimising structure and improving quality", adhered to the principle of business development with risk prevention and control capabilities as the boundary, advanced high-quality business development through compliant and prudent operation, and comprehensively consolidated the "first line of defense" in the risk management system. The Bank effectively optimised the allocation of risky assets, coordinated development and safety, balanced risk and return, and held on to the coordinated and unified development of scale, structure, quality, efficiency, and safety. It promoted the internalisation of external regulations, resolutely conducted businesses in compliance with regulatory frameworks, strictly enforced relevant rules, strengthened compliance inspections and management, and smoothened key links of risk management including problem rectifications and improvements, thereby achieving a virtuous cycle.

2. Retail banking business

(1) Strategic measures

The Bank insisted on taking retail business as a long-term and fundamental strategic business, deepened cross-segment integrated management, pushed forward the integrated development of high-quality customer groups and continuously enhanced the refined management capability of retail business. The Bank built a segmented customer group management system, upgraded the product and service system, strengthened digital management and delivered ultimate customer experience, in a bid to consistently enhance the competitive advantages of retail business in the market.

As at the end of the Reporting Period, total retail AUM of the Bank amounted to RMB2,946,247 million, representing an increase of RMB214,971 million, or 7.87%, as compared with the end of the previous year. Of which, the financial assets of customers holding gold and higher-level cards amounted to RMB2,518,919 million, representing an increase of RMB199,185 million, or 8.59%, as compared with the end of the previous year, and accounted for 85.50% of total retail AUM of the Bank. Total assets of private banking customers amounted to RMB865,969 million, representing an increase of RMB89,027 million, or 11.46%, as compared with the end of the previous year. Retail savings deposits amounted to RMB1,275,940 million, representing an increase of RMB90,421 million, or 7.63%, as compared with the end of the previous year.

As at the end of the Reporting Period, total retail loans (including credit card overdraft business)[4] of the Bank amounted to RMB1,750,761 million, representing an increase of RMB3,486 million, or 0.20%, as compared with the end of the previous year. Of which, credit card overdrafts amounted to RMB477,247 million, representing a decrease of RMB10,726 million as compared with the end of the previous year. The balance of mortgage loans amounted to RMB556,861 million, representing an increase of RMB13,016 million as compared with the end of the previous year.

(2) Customer groups

As at the end of the Reporting Period, the number of retail customers of the Bank[5] was 134,290.2 thousand, representing an increase of 5.99% as compared with the end of the previous year. The number of private banking customers was 62,103, representing an increase of 6,889, or 12.48%, as compared with the end of the previous year. The number of VIP customers was 4,457.2 thousand, representing an increase of 212.1 thousand as compared with the end of the previous year. The number of retail loan customers was 3,684.3 thousand, representing an increase of 420.7 thousand as compared with the end of the previous year.

During the Reporting Period, the Bank continuously carried out the development of the layered and segmented customer group management system. The Bank comprehensively introduced the centralised management model for the basic customer group and implemented standardised management and digital marketing. It carried out refined management of key segmented customer groups such as payroll agency, the elderly and small business. During the Reporting Period, 2,442 customer journeys were deployed in a refined manner. With standardised services and professional allocation as the core, the Bank enhanced the investment experience of the wealth management customer group. With the service model of private banking centres as the foundation, the Bank provided personalised services for the private banking customer group. At the same time, the Bank strove to improve digital operation and management capabilities and took the sales funnel as the basic logic of closed-loop management to form an intelligent marketing system for all retail customer groups and to continuously strengthen digital management capabilities.

4 Retail loans include mortgage loans, credit card overdrafts, personal loans of small business, and others.

5 Retail customers exclude small business legal person customers.

The Bank focused on upgrading strategies for precise acquisition of high-quality customers to promote high-quality customer acquisition. Firstly, the Bank advanced the implementation of payroll agency business strategy in an integrated and coordinated manner, optimised the enterprise platform, and improved the construction of dedicated sections on personal mobile banking App. Secondly, the Bank deepened the integrated business development of credit card and debit card and established a long-term and stable customer acquisition mechanism with Sam's Club to attract high-quality wealth management customer group. Thirdly, the Bank comprehensively launched grid-based marketing and joined hands with cooperative partners around the outlets to enhance service experience. Fourthly, the Bank focused on high-frequency life scenarios of customers and built new engines for the development and management of the UnionPay ecosystem.

The Bank focused on the professional management of the wealth management customer group, and leveraged digital means to empower customer group management. The Bank continuously strengthened empowerment through digital and standardised operation, adopted refined deployment and research of strategies, optimised the online wealth management journeys of customers, developed a smart wealth management assistant for the frontline employees, and established professional wealth management tools such as a customer income centre, asset allocation and wealth radar, thereby improving the investment service experience of customers.

The Bank enhanced the service quality and efficiency of digital middle office platform around the value chain of customer management. Firstly, the Bank enhanced the empowerment of strategy models, focused on key customer groups to develop strategy contents, built a unified marketing data mart, and deepened the synergy of scenario-based customer group applications. Secondly, the Bank strengthened activity management, and focused on offline events and the MGM programme of "Referral Officers (全民推薦官)" to support efficient acquisition, activation, level enhancement, and retention of customers. Thirdly, the Bank reinforced the optimisation of the sales operation platform, enabled cross marketing and implemented integrated management.

(3) Businesses and products

The Bank actively enhanced the market competitiveness of retail products and services, and consistently provided warm and high-quality financial services to customers. The Bank continuously upgraded the shelves of steady wealth management products and built a differentiated and high-quality customer benefits system. By strengthening external cooperation and full-process digitalisation, the Bank deepened coordinated marketing and ecosystem development. The Bank actively innovated high-quality product and service systems that better matched customer needs, comprehensively enhancing customer service capabilities.

The Bank deepened the steady wealth management system and optimised the experience of benefits for retail customers. Firstly, the Bank continued to adopt a customer-centric approach in building the steady wealth management system. In terms of wealth management business, the Bank focused on customer needs for steadiness, actively promoting its competitive product of "Assured Wealth Management (安心理財)", whose scale increased by RMB127,965 million, or 68.51%, as compared with the end of the previous year. In terms of fund business, the Bank continued to strengthen the construction of "Minsheng Bedrock (民生磐石)" brand and helped customers seize investment opportunities in the equity market with the allocation of index-based products. In terms of insurance business, the Bank fully introduced commercial pension products to meet customers' needs for diversified elderly care. Secondly, the Bank further upgraded the retail benefits system, continuously enhancing customer service experience. The Bank achieved the full coverage of the "Apex Privileges (非凡禮遇)" in customers with financial assets of RMB1,000 and above, upgraded the "V+ Tasks (V+任務)" system, established special sections for the five key regions, launched distinctive benefits such as private banking lounge and one-click travel, and offered exclusive butler services for Blue Diamond customers.

The Bank optimised business structure and product process to promote the transformation of consumer credit business. Firstly, the Bank strengthened cooperation with high-quality first-hand housing developers and leading second-hand housing intermediary agencies with a particular focus on the second-hand housing mortgage loan business, effectively driving mortgage loan placement. During the Reporting Period, the Bank issued a total of RMB106,223 million mortgage loans, representing an increase of 28.75% as compared with the corresponding period of the previous year. Of which, second-hand housing mortgage loans amounted to RMB50,616 million, representing an increase of 68.62%. Secondly, the Bank optimised the product functions and business processes of Minsheng Easy Loan (民易貸), a personal unsecured consumer loan product, which enhanced customer service experience. As at the end of the Reporting Period, the balance of "Minsheng Easy Loan" reached RMB55,886 million, representing an increase of 20.52% as compared with the end of the previous year.

The Bank strengthened industry synergy and ecosystem development, and optimised credit card products and services. Firstly, the Bank enriched its differentiated product system. Focusing on key products related to scenarios such as retail, shopping mall and supermarket, cultural tourism and travel, the Bank continued to optimise the benefits of products for elderly care, citizen, culture and small business. Secondly, the Bank has built an integrated and smart customer service system. The Bank optimised key links in the workflow of "application, collection, and usage", and continuously enhanced the smart financial service experience. Thirdly, the Bank continued to deepen the development of payment ecosystems. The Bank focused on building the payment brand of "Preferential Minsheng Day (聚惠民生日)", innovated payment discounts and promotions in 7 key daily life-related scenarios, created diversified payment-themed promotional events for different industry-related scenarios, and established preferential brands for both customers and merchants. During the Reporting

Period, the transaction amount of credit card electronic payment[6] reached RMB665,080 million, representing an increase of 3.92% as compared with the corresponding period of the previous year. The number of transactions was 1,463 million, representing an increase of 15.50% as compared with the corresponding period of the previous year.

Physical distribution channels. The Bank has established an effective domestic distribution network that covered all provinces in the Chinese mainland with a focus on the Yangtze River Delta, the Pearl River Delta, the Bohai Economic Rim and other regions. As at the end of the Reporting Period, the sales network of the Bank covered 139 cities in the Chinese mainland, including 146 branch-level institutions (including 41 tier-1 branches (excluding the Hong Kong Branch and the London Branch) and 105 tier-2 branches (including remote sub-branches)) and 2,439 business outlets of sub-branches, including 1,258 general sub-branches (including business departments), 1,039 community sub-branches, and 142 small business sub-branches.

Feature 3: Partnering with Sam's Club of Walmart to Create a "Finance + Retail" Cross-Industry Collaboration

In order to offer consumers better and more personalised products and services, the Bank has partnered with Sam's Club of Walmart, one of the Fortune 500 companies, based on the shared value of "customer first". This innovative collaboration helped the Bank effectively expand its service scope and provide consumers with higher-quality shopping experience by integrating the high-quality resources of the two parties.

The Bank offered customers with "24/7 and all-scenario" exclusive benefits to create an ultimate payment experience with higher-quality services. The Bank continued to optimise key service processes in the "application, collection, and usage", enabled functions such as simultaneous application for both debit card and credit card and combined delivery, and provided professional support and companionship for customers. The Bank also established a Sam's Club-themed community sub-branch. On 12 December 2024, the Beijing Xingguang Community Sub-Branch of China Minsheng Bank (Sam's Club in Daxing District) officially opened, offering not only financial services but also convenient government services, aiming to enhance the quality of cross-industry comprehensive services. The one-stop, efficient and convenient service model of "retail + finance" effectively facilitated the interaction and conversion of high-quality members of the two parties.

Looking ahead, the Bank will continue to expand business in consumption channels, innovate services, and strive to build a high-quality retail financial ecosystem, thereby providing customers with more convenient, more professional, and higher-quality comprehensive services.

[6] Credit card electronic payment includes fast payment, mobile payment, gateway payment and Daily Life APP (全民生活 APP) payment.

(4) Risk management

The Bank continued to upgrade the digital and intelligent risk control system for consumer credit. Firstly, the Bank promoted the full coverage of the anti-fraud system for retail loans in all products and scenarios in the consumer credit sector, further optimised risk control strategies and advanced differentiated approvals based on layered and classified customers. Secondly, the Bank has built a centralised management platform at the Head Office to advance the centralised operation of pre-loan review, in-loan approval, and post-loan early-warning and collection, significantly improving management quality and efficiency.

As at the end of the Reporting Period, total NPLs of retail banking business (credit card inclusive) amounted to RMB31,822 million, representing an increase of RMB4,967 million as compared with the end of the previous year. The NPL ratio of retail banking business was 1.80%, representing an increase of 0.28 percentage points as compared with the end of the previous year. Total special-mentioned retail (credit card inclusive) loans amounted to RMB19,366 million, and the special-mentioned loan ratio was 1.09%. Total NPLs of credit card business amounted to RMB15,664 million, representing an increase of RMB1,133 million as compared with the end of the previous year. The NPL ratio of credit card business was 3.28%, representing an increase of 0.30 percentage points as compared with the end of the previous year. The NPL ratio of mortgage loans was 0.96%, representing an increase of 0.29 percentage points as compared with the end of the previous year. The NPL ratio of non-mortgage consumer loans was 0.95%, representing a decrease of 0.07 percentage points as compared with the end of the previous year.

3. Treasury business

(1) Strategic measures

The Bank has consistently adhered to the core philosophy of "customer-centric" and closely focused on the strategic deployment of reform and transformation, aiming to promote the high-quality development of various financial markets businesses. Firstly, the Bank continuously deepened the comprehensive management of strategic financial institution customers, focused on "adjusting structure and controlling costs" of interbank liability business, and comprehensively implemented the integrated marketing coordination, so as to promote the steady development of financial institutions business. Secondly, the Bank adhered to the two-wheel driving strategy of "investment trading + product marketing" as its core, focused on the three core areas of fixed income, foreign exchange and precious metals, and continuously enhanced market research and business revenue-generating capabilities. Thirdly, the Bank steadily advanced the reshaping strategy for custody services, focused on core customer groups and distinctive brand businesses, promoted the co-creation and integration of business and technology, comprehensively enhanced service capabilities, and strengthened risk, compliance and internal control management, so as to build a distinctive custody bank of the industry.

(2) Customer groups

The Bank earnestly implemented the philosophy of "comprehensive management of strategic financial institution customers", continuously deepened layered and classified management, strengthened technology empowerment, refined risk management, and worked to improve the comprehensive services for financial institution customers. Firstly, the Bank optimised the development model for strategic financial institution customers by establishing a "three-in-one" marketing and service system that integrated customers, products, and channels. This approach emphasised key products and comprehensive services and enhanced the value contribution of financial institution customers. Secondly, the Bank practised the "One Minsheng" concept by strengthening coordination between the financial institution customer group and corporate banking, retail banking, and subsidiaries. By focusing on the marketing of key customers and deepening interbank ecosystem management, the Bank steadily improved the quality and effectiveness of integrated development.

(3) Businesses and products

The Bank continuously optimised the structure of treasury business and realised steady operation of assets and liabilities. Firstly, the Bank optimised the structure of interbank liabilities, increased the issuance of interbank negotiable certificate of deposits (IBNCD), and enhanced the stability of interbank liabilities. Secondly, the Bank strengthened liability cost management, refined policies for interbank demand products, expanded low-cost funding sources, implemented self-discipline requirements, and facilitated the decline in interbank liability cost. Thirdly, the Bank effectively seized market opportunities and steadily advanced the placements of financial institution assets.

In terms of fixed-income business, the Bank continued to build integrated Minsheng fixed-income brand covering investment, trading, sales, and agency business. Firstly, the Bank proactively supported the development of the real economy by increasing allocations to government bonds, local government bonds, and policy financial bonds, and focused on participating in investments in unsecured bonds and asset-backed securitisation products in areas such as sci-tech finance, green finance, inclusive finance and digital finance, so as to enhance the quality and efficiency of serving the real economy. Secondly, the Bank improved the market-oriented, specialised and standardised management of fixed-income business. The Bank enhanced portfolio profitability by strengthening macro trend analysis, appropriately arranging asset maturity terms and continuously optimising the bond portfolio structure. As at the end of the Reporting Period, total bond assets of the Bank amounted to RMB2.04 trillion, of which, the bond assets denominated in RMB amounted to RMB1.92 trillion and those denominated in foreign currencies amounted to USD16,504 million.

In terms of foreign exchange business, the Bank adhered to serving the real economy, consistently advocated the philosophy of exchange rate risk neutral and provided high-quality risk hedging services to customers. Firstly, the Bank actively responded to changes in market demand, optimised and upgraded the foreign exchange agency service model and improved customer service efficiency by introducing digital tools and technologies and reshaping business processes. Secondly, the Bank actively promoted foreign exchange market-making business to meet the demands of small- and medium-sized financial institutions for settlement and sales, trading and risk hedging of foreign exchanges with high-quality services. During the Reporting Period, the trading volume of derivatives in the domestic interbank foreign exchange market amounted to USD1,688,894 million, and the Bank ranked among the top in the comprehensive ranking of market-makers in the interbank foreign exchange market.

In terms of precious metals business, the Bank continued to build the brand of "Minsheng Gold (民生金)", offering customers a diverse range of products and services, including physical gold, stocking, investment, financing and risk hedging. Firstly, the Bank applied digital approaches to promote product upgrading and channel innovation, bringing higher-quality service experience for retail customers. Secondly, starting from corporate customers' demands, the Bank provided gold leasing, price risk hedging, and agency trading, agency sales of precious metals products to effectively support the development of the real economy. Thirdly, the Bank proactively fulfilled its responsibilities of a market-maker and prudently conducted proprietary trading within the risk limits. During the Reporting Period, the trading volume of gold of the Bank amounted to 2,405.66 tons with the trading amount reaching RMB1,349,498 million. The trading volume of silver amounted to 718.84 tons with the trading amount reaching RMB4,959 million.

In terms of structured products, the Bank always upheld the philosophy of balancing innovation with service, and worked hard to optimise and expand product system. The Bank strove to enrich the offering of structured deposit products, conducted in-depth research on market trends and customer needs, refined the design of the underlying assets, option structures and maturity terms, and created a series of structured deposit products meeting the investment preferences of various customers. In the meantime, the Bank actively gave play to the leading role of financial innovation, and continuously introduced distinctive green finance products. Cooperating with the Shanghai Clearing House, the Bank carefully developed the "Shanghai Clearing House China Minsheng Bank Green Bond Select Index" and successfully launched the first structured deposit product linked to the green bond index in the market, injecting fresh vitality into the green bond market.

In terms of asset custody business, the Bank focused on its strategic goal of reshaping custody business, proactively seized market opportunities, vigorously expanded key customer groups and key products of the industry, effectively enhanced the quality and efficiency of services and the supporting capabilities of technologies, and tightened comprehensive risk compliance management and control, thereby achieving the high-quality development of asset custody business of the whole bank. As at the end of the Reporting Period, total assets under the custody of the Bank amounted to RMB12.26 trillion, of which, total public funds under the custody of the Bank amounted to RMB1,328,062 million, representing an increase of 14.42% as compared with the end of the previous year.

In terms of pension business, the Bank highlighted the strategic arrangement of pension services, implemented the plan of action for pension services, continued to boost its capability in annuity services, deepened the coordinated marketing mechanism for customer groups within the Bank, and improved the value-added service system of pension business. The Bank held the annuity promotion activity of "Minsheng Intelligent Elderly Care (愛民生慧養老)", which enhanced the brand influence and promoted the sustainable and steady development of pension business. As at the end of the Reporting Period, the size of corporate annuity under custody amounted to RMB63,136 million, representing an increase of 14.98% as compared with the end of the previous year.

(4) Risk management

The Bank continuously optimised the centralised and unified management model of credit granting to the financial institution customer group, and reinforced risk prevention responsibilities of the first line of defense. During the Reporting Period, the Bank further fulfilled the primary responsibilities for the operation of credit granting to the financial institution customer group, and adopted antecedent risk management of the financial institution customer group. The Bank enhanced unified management effectiveness in credit granting to financial institution customers, standardised access management of financial institution partners, and reinforced post-loan management and risk early-warning of financial institution customers by focusing on such areas as strengthening institutional improvement, optimising management mechanisms, firmly holding on to critical links and enhancing duty performance capabilities, thus realising effective risk control and promoting continuous and healthy development of financial institutions business.

According to the risk preferences and business plans of the Board of Directors, the Bank set market risk limits and business authorisations for 2024, strengthened the management of interest rate, exchange rate and commodity risks, and improved the risk monitoring and reporting mechanisms. Comprehensively considering the macro-economy, credit policy, and the credit status of entities, the Bank optimised the approval process, and enhanced the Bank's capabilities in the risk evaluation and early-warning of unsecured bond issuers. The Bank strengthened the re-inspections of assets concerning key regions, industries and enterprises, strictly controlled credit risk, and perfected the unified bond management system. Meanwhile, following the principle of being prudent and steady, the Bank balanced the risks and returns of bond investments, optimised bond portfolios denominated in RMB and foreign currencies, and ensured reasonable proportions of high-liquidity assets such as government bonds and policy financial bonds. During the Reporting Period, the credit qualifications of the proprietary bond investments remained excellent.

4. *Business of branches outside the Chinese mainland*

During the Reporting Period, the branches outside the Chinese mainland of the Bank fully leveraged their roles as the platforms for businesses outside the Chinese mainland under the coordination mechanism of "One Minsheng", continuously enhanced cross-border synergy and coordination, carried out in-depth management of the strategic client group of the Head Office and the branches, resolutely developed distinctive businesses, focused on building differentiated competitive advantages, and enhanced capabilities in providing comprehensive cross-border financial services in an all-around manner. The businesses outside the Chinese mainland of the Bank achieved high-quality and steady development.

(1) Hong Kong Branch

Adhering to the philosophy of customer first to strengthen cross-border coordination and seek for more businesses with the strategic client group. The Hong Kong Branch took Hong Kong SAR as the base, focused on the Greater Bay Area, built cross-border financial service brand, and provided customers with professional and integrated cross-border financial solutions. During the Reporting Period, the Hong Kong Branch implemented 42 significant synergy projects of strategic clients, and the credit assets in cross-border cooperation reached RMB24,839 million, representing an increase of 57.60% as compared with the end of the previous year. The Hong Kong Branch deepened layered customer group management and comprehensive development and improved customer service capabilities in an all-around manner. As at the end of the Reporting Period, total credit assets of corporate strategic clients amounted to HKD63,166 million, representing an increase of 40.89% as compared with the end of the previous year. The AUM of the private banking and wealth management customer groups amounted to HKD34,029 million, representing an increase of 11.59% as compared with the end of the previous year.

Adhering to the philosophy of considerate services to develop distinctive business and build core advantages. The Hong Kong Branch explored business opportunities in distinctive business fields and achieved good development in businesses such as asset custody, foreign exchange trading, green finance and wealth management. In terms of asset custody, the Branch has built the brand of a distinctive and premier custody bank by relying on the custody centre outside the Chinese mainland (Hong Kong). As at the end of the Reporting Period, the assets under custody amounted to HKD150,655 million, taking the lead among comparable Chinese joint-stock banks in Hong Kong SAR. In terms of agency trading, the Branch continuously enriched product functions, and achieved sound growth in agency business. In terms of green finance, the Branch deepened the construction of green finance system and pushed forward the green and low-carbon transformation of asset structure. As at the end of the Reporting Period, the size of assets of businesses linked to green and sustainable development amounted to HKD20,144 million, representing an increase of 32.95% as compared with the end of the previous year. During the Reporting Period, the Branch was awarded the honour and certificate of appreciation in the "ESG Achievement Programme 2024 (ESG 表彰計劃 2024)" by the Hong Kong Economic Journal, as well as the three green finance awards of the "Hong Kong Green and Sustainable Finance Awards for 2024 (香港綠色和可持續金融大獎 2024)" by the Hong Kong Quality Assurance Agency. In terms of wealth management, the Branch strove to build the private banking and wealth management platform and constantly enhanced its capabilities in providing comprehensive cross-border financial services. During the Reporting Period, the Branch maintained a leading position in overseas insurance and Cross-Border Wealth Management Connect (跨境理財通) business among comparable Chinese joint-stock banks in Hong Kong SAR and won the Gold Award of the "Best Private Banking-International Services" ("最佳私人銀行－國際服務"金獎) by the Asian Private Banker again.

Adhering to the philosophy of making steady progress for long-term development to implement comprehensive risk management and compliant and steady operation. The Hong Kong Branch comprehensively implemented the philosophy of compliant operation, continued to improve the overall risk management system, and insisted on paying equal attention to business development and risk constraint, in a bid to effectively ensure steady operation. During the Reporting Period, the Branch continued to strengthen credit risk management, optimised and adjusted the credit asset portfolio, increased the proportion of high-quality credit entities, and strengthened the management of customer concentration and industry limit, thereby enhancing risk resistance capabilities. In addition, it proactively responded to changes in the financial markets, adopted a forward-looking liquidity risk management strategy, and continued to optimise the type, maturity term and currency structure of liabilities to effectively reduce the concentration of liability sources. During the Reporting Period, the Hong Kong Branch kept all its liquidity indicators at a sound and steady level.

As at the end of the Reporting Period, total assets of the Hong Kong Branch amounted to HKD211,864 million, representing an increase of 17.51% as compared with the end of the previous year. During the Reporting Period, the net income amounted to HKD2,649 million, representing an increase of 1.85% as compared with the corresponding period of the previous year.

(2) London Branch

The London Branch was authorised to carry out operation officially in August 2024. During the Reporting Period, the Branch followed the guiding principle of steady, prudent and compliant operation, focused on the three key positionings and development goals of serving as an international platform for Chinese enterprises to go out, an overseas window to broaden global perspectives, and a platform to cultivate talents with international mindsets, strengthened strategy execution, and proactively promoted business development. On the one hand, the Branch closely followed the overseas expansion of Chinese enterprises, fully explored opportunities for synergy between domestic and international businesses, and proactively expanded loan businesses including M&A syndicated loans, privatisation and revolving syndicated loans, as well as general corporate financing syndicated loans. On the other hand, leveraging on the advantages of London in geographic location and expertise, the Branch strove to enhance capabilities in cross-border comprehensive services and cross-time zone trading, and actively strengthened the cross-border synergy of financial markets business.

As at the end of the Reporting Period, total assets of the Branch amounted to USD103.6 million, and total liabilities amounted to USD106 million. During the Reporting Period, the Branch recorded an interest income of USD2,352.9 thousand, and the fee income amounted to USD28,000.

5. *Major equity investments and management of consolidated financial statements*

As at the end of the Reporting Period, the Bank had long-term equity investments of RMB13,244 million. For details, please refer to the notes to the financial statements.

(1) Minsheng Financial Leasing

Minsheng Financial Leasing, one of the first five financial leasing companies with banking background approved by the former CBRC, was established in April 2008 with a registered capital of RMB5,095 million. 54.96% of equity interest of Minsheng Financial Leasing was held by the Bank. The main business scope of Minsheng Financial Leasing includes financial leasing and equipment inclusive leasing of vehicles, vessels, commercial aircraft, business jets and large equipment.

During the Reporting Period, Minsheng Financial Leasing proactively responded to changes in the internal and external business environments, remained steadfast in its strategic orientation and the business positioning of "returning to the origins of leasing", earnestly implemented the work deployments on serving the "five major sectors" of finance, sped up reform and transformation, worked hard to stabilise scale and increase revenue, and strove to enhance risk control capabilities. As a result, key operation and management indicators maintained steady development trend. As at the end of the Reporting Period, total assets of Minsheng Financial Leasing amounted to RMB182,479 million, and its net assets amounted to RMB24,083 million. During the Reporting Period, the disbursement of leasing business amounted to RMB70,296 million. In new disbursements, the retail and inclusive finance businesses accounted for 66.11%.

During the Reporting Period, Minsheng Financial Leasing was honoured with several awards, including the "Annual Green Finance Benchmark Enterprise (年度綠色金融標桿企業)" in the "2024 Responsible China ESG Innovation Cases Collection (2024 責任中國 ESG 創新案例徵集)" hosted by Southern Metropolis Daily (《南方都市報》), and the "Most Influential Financial Leasing Company (最具影響力金融租賃公司)" in the China Financial Leasing – "Tengfei Award" (中國融資租賃"騰飛獎"). The case of "China's First Cross-Border New Energy Equipment Financial Leasing along the Belt and Road" was awarded the "Excellent Innovation Case (優秀創新案例)" in the National Financial Leasing Innovation Cases Competition (全國融資租賃創新案例大賽) by China Dongjiang Leasing Industry (Talents) Alliance (中國東疆租賃產業人才聯盟). Its inclusive finance series short video titled "Hand in Hand" won the "Gold Award for Creative Short Videos of the Year (年度創意短視頻金獎)" at the 4th "Leading Marketing Awards (金勢獎)" selection. Additionally, Minsheng Financial Leasing won the "Innovative Enterprise Award (創新企業獎)" in China Auto Industry and Finance Pilot Award (中國汽車產業與金融領航獎) at the China Auto Industry and Finance Summit (中國汽車產業與金融峰會).

(2) Minsheng Royal Fund

Minsheng Royal Fund is a Sino-foreign fund management joint venture established in November 2008 under the approval of the CSRC, with a registered capital of RMB300 million. 63.33% of equity interest of Minsheng Royal Fund was held by the Bank. Minsheng Royal Fund mainly engages in fund management, fund sales, specific customer asset management and other businesses approved by the CSRC. The performance of mid- to long-term investments of Minsheng Royal Fund was outstanding. It has won the Golden Bull Awards (金牛獎) for 24 times in total, and has been fully recognised by investors and the industry.

As at the end of the Reporting Period, Minsheng Royal Fund had total assets of RMB2,526 million. Its net assets amounted to RMB1,917 million. The AUM of Minsheng Royal Fund amounted to RMB185,578 million, representing an increase of 9.05% as compared with the end of the previous year.

(3) CMBC International

CMBC International is a wholly-owned subsidiary of the Bank established on 11 February 2015 in Hong Kong under the approval of the former CBRC, with a registered capital of HKD4,207 million. The principal business of CMBC International includes sponsorship of listing in Hong Kong, financial advisory, underwriting and issuance of bonds, asset management and wealth management, stock brokerage, direct investment and structured financing. CMBC International is an important and strategic platform for the comprehensive development and international expansion of the Bank.

As at the end of the Reporting Period, CMBC International had total assets and total liabilities of HKD20,704 million and HKD17,361 million, respectively. Its net assets amounted to HKD3,343 million, and total equity attributable to holders of equity shares of the Bank amounted to HKD2,761 million.

(4) Minsheng rural banks

Minsheng rural banks represent the rural banks set by the Bank as the main initiating bank. As at the end of the Reporting Period, the Bank had 29 rural banks with 81 business outlets. Total assets of rural banks amounted to RMB42,328 million, representing an increase of RMB49 million as compared with the end of the previous year. The balance of all deposits amounted to RMB36,415 million, representing an increase of RMB234 million as compared with the end of the previous year. The balance of all loans amounted to RMB25,689 million, representing a decrease of RMB529 million as compared with the end of the previous year. During the Reporting Period, the Bank earnestly fulfilled its responsibility as the initiating bank, strengthened corporate governance and internal control management, continued to propel rural banks to adhere to the positioning of supporting agriculture, rural areas and farmers, and small business, solidly served rural revitalisation and inclusive finance, expanded businesses in the county market, served "agriculture, rural areas and farmers", proactively fulfilled social responsibilities, and explored and optimised rural bank management models, maintained sound and steady operation, constantly improved the management and development quality, and achieved sound social and business benefits.

(5) CMBC Wealth Management

CMBC Wealth Management is a wealth management company established on 24 June 2022 under the approval of the former CBIRC. With a registered capital of RMB5 billion, CMBC Wealth Management is a wholly-owned subsidiary of the Bank. Its main businesses include issuance and investment management of publicly offered wealth management products, issuance and investment management of private equity wealth management products, wealth management advisory and consultancy services, and other businesses approved by the former CBIRC.

During the Reporting Period, CMBC Wealth Management proactively implemented the decisions and deployments of the CPC Central Committee, served the strategy of the parent bank, and remained focused on its origin of "acting in trust and managing wealth on behalf of customers", continuously contributing to the goal of common prosperity. CMBC Wealth Management acted in line with the fundamental purpose of serving the real economy, and supported the development of the real economy via investment in assets including bonds, project creditor's rights and equity. CMBC Wealth Management deepened the development of capital market business to serve the financing demands of listed companies and their shareholders. It remained customer-centric, proactively practised inclusive finance and continuously enriched its product system. Based on full coverage of mainstream product types, CMBC Wealth Management launched the strategy-based products such as "Global Select (全球精選)", "Gold Enhancement (黃金增強)", and "Mu Biao Ying (目標盈)", offering investors more diversified choices. It improved the convenience of product subscriptions and the efficiency of redemption funds transferred to accounts, and enhanced the holding experience of investors. CMBC Wealth Management proactively explored digital finance, and developed the digital investment and research platform, in a bid to facilitate more efficient and more intelligent investment and research decision-making. It developed a management system covering the full life cycle of products to empower product quality management. It upgraded the comprehensive risk management system and enhanced risk monitoring effectiveness. It accelerated the development of agency sales channels and expanded customer service coverage. During the Reporting Period, additional 28 agency sales institutions were added. As at the end of the Reporting Period, the agency sales volume of products of CMBC Wealth Management by financial institutions other than the parent bank increased by 137.02% as compared with the end of the previous year, and the number of corporate wealth management customers increased by 28.48% as compared with the end of the previous year. As the entrusted manager, CMBC Wealth Management vigorously promoted the disposal of existing wealth management business of the Bank, and achieved the early clearance of existing non-net-value products.

During the Reporting Period, CMBC Wealth Management has won many awards of the industry. It was awarded the "Golden Bull Excellence Award for Bank Wealth Management Company (銀行理財公司金牛優勝獎)" in the Fifth Wealth Management Golden Bull Awards Selection for the Banking Industry organised by China Securities Journal. The "Daily Profit Increase Cash Management Wealth Management Product (天天增利現金管理理財產品)" of CMBC Wealth Management won the "Tianji Award for Gold Quality Bank Wealth Management Products (金質銀行理財產品天璣獎)" in 2024 by Securities Times. In the 2024 "Shanghai Securities Golden Wealth Management" Digital Trophy Awards ("上證金理財"數字獎杯評選) organised by Shanghai Securities News, the "Daily Profit Increase Cash Management Wealth Management Product for Institutional Investors (天天增利現金管理機構款理財產品)" won the award of "Cash Management Product of the Year (年度現金管理類產品獎)", and its fixed income investment team and FOF and equity investment team both received the award of "Investment Management Team of the Year (年度投資管理團隊獎)". Additionally, CMBC Wealth Management won the award of "Excellent Asset Management Company of the Year (年度優秀資管公司)" in the 18th Golden Cicada Awards (金蟬獎) organised by China Times (華夏時報). During the Reporting Period, the net profits of CMBC Wealth Management amounted to RMB1,020 million. As at the end of the Reporting Period, total assets of CMBC Wealth Management amounted to RMB8,527 million, and the net assets amounted to RMB8,209 million. The scale of products under management amounted to RMB1,015,666 million, representing an increase of 16.95% as compared with the end of the previous year.

(6) Consolidated management

The Bank carried out consolidated management of the Group in strict accordance with regulatory requirements, further strengthened the Head Office's professional management support for subsidiaries, enhanced counter-cyclical risk response capability, and promoted the Group's sound and high-quality development. Firstly, the Bank adhered to the strategic positionings of subsidiaries, and supervised the subsidiaries to focus on their core businesses, deeply integrate into the management systems of customers, products and operation of the parent bank, and work together with the parent bank to enhance customer service and support, so as to strengthen the Group's overall development resilience and risk resistance capabilities. Secondly, the Bank strengthened the coordinated guidance on consolidated risk management, tightened the monitoring of risks of subsidiaries, improved the unified credit management system, promoted the coordination of liquidity risk management at the Group level, and enhanced internal control and compliance management. Thirdly, the Bank studied and developed strategies for subsidiaries to implement high-quality development, and promoted business growth and management improvements among subsidiaries.

6. Consolidated structured entities

The structured entities in which the Group issued, managed and invested mainly consisted of wealth management products, asset-backed securities, funds, trust plans and asset management plans, of which, the amount of assets of consolidated structured entities of the Group was RMB85,628 million as at the end of the Reporting Period. For details, please refer to Note 7 "Interests in Structured Entities" to the Financial Statements.

XII. Risk Management

During the Reporting Period, the Bank implemented the risk preference of "maintaining stability and prudence, staying active and comprehensive, optimising structure and improving quality", and pursued the objectives of "seeking progress while maintaining stability, optimising structure, and achieving sequential improvement". Efforts were continuously made to refine the integrated risk management system across the Group, fostering reform and transformation and high-quality development of the Bank.

(I) Comprehensive risk management

Comprehensive risk management refers to that the Board of Directors, Board of Supervisors, Senior Management and the three lines of defense of risk management of the Bank perform their own duties respectively, and effectively control all risks in all fields and dimensions and at all levels, thus providing rational guarantee for the realisation of all goals of operation and management.

During the Reporting Period, the Bank, from a Group perspective, continued to enhance the construction of a comprehensive, proactive, refined, smart, integrated and group-based risk management system and mechanism, and various risks remained under control. The Bank optimised the risk governance mechanism, strengthened the coordination of integrated risk control, and established a decision-making supervision mechanism for the Risk Management and Internal Control Commission. The Bank placed emphasis on setting risk management standards and issued the comprehensive risk management evaluation standards, the comprehensive risk management handbook, the industry financial standard values handbook, and the guidelines for developing a comprehensive risk management system of the London Branch. The Bank reinforced the guiding role of risk preferences, revised and issued the administrative measures on risk preferences, the risk limit management system, and the portfolio limit management plan. The Bank also improved the risk preference reporting mechanism and conducted comprehensive risk management evaluation to ensure the effective transmission of the risk preferences of the Board. The Bank advanced the implementation of the Capital Rules, including initiating the preparations for the implementation of advanced capital measurement approach, promoting the application of measurement results of advanced approach, enhancing the accuracy of the measurement of the first pillar, conducting assessments of the second pillar, and establishing the information disclosure system of the third pillar. The Bank strengthened the enterprise-level digital and intelligent risk control system, and has successfully launched over 30 sub-projects of the phase-II smart risk control project, including the Minsheng Benefits risk control base, the digital and intelligent post-loan management platform, the smart approval and due diligence, and the digital and intelligent collection system, empowering business growth and risk management. Additionally, the Bank implemented effective risk data aggregation and risk reporting capability development, and carried out comprehensive risk management reporting, stress testing, and recovery and disposal planning of the Group to meet the additional regulatory requirements for systemically important banks.

(II) Credit risk management

Credit risk is the risk that a borrower or a counterparty fails to make repayments in a timely manner in full amount for whatever reasons. To control risks and support the steady development of businesses, the Bank established a credit risk management and control mechanism with risk management strategies, credit policies, portfolio management, risk measurement tools and supporting IT system as platform. The mechanism covered the full process of risk management including pre-lending investigation, in-lending review and post-loan management, and credit and non-credit businesses.

During the Reporting Period, the Bank advanced the adjustment and optimisation of credit structure. It increased credit support for strategic sectors such as the manufacturing industry, strategic emerging industries, MSMEs, green finance, and rural revitalisation, thereby enhancing the capability of finance in serving the real economy. Adhering to the customer-centric philosophy, the Bank adopted differentiated strategies across industries, regions, products, and customers with balance among scale, cost and quality, and realised classified management and differentiated credit asset distribution, effectively controlling concentration risks and driving continuous optimisation of the credit structure. The Bank refined the credit approval mechanism, promoted the development of key sectors, focused on the SME customer group, optimised approval models and the supply chain business approval coordination mechanism, and facilitated the expansion of industry and regional coverage of SME Credit Plan and its re-examination and optimisation. The Bank implemented the real estate financing coordination mechanism to provide precise support for reasonable project financing needs. The Bank strengthened post-loan management capabilities, improved the three-tier post-lending and post-investment management mechanism for legal person customers covering execution, management, and supervision, and consolidated the primary responsibilities across the three lines of defense. The Bank upgraded the risk control system, and completed the renovation and operation of relevant systems according to the Capital Rules. The Bank accelerated the construction of a digital and intelligent post-loan management platform for legal person customers and established a smart risk monitoring system driven by "big data + model" with differentiated risk monitoring systems for large and medium enterprises and MSMEs. The Bank also strengthened the collection and disposal of non-performing assets, optimised and adjusted the asset preservation management model, and reinforced the management framework.

(III) Large-amount exposure

Large-amount exposure refers to the credit risk exposure of a commercial bank exceeding 2.5% of its net tier-1 capital (including various kinds of credit risk exposures arising in the banking book and the trading book) to a single customer or a group of related party customers. The Bank proactively established and improved the management mechanism for large-amount exposures, improved management rules, optimised management systems, clarified large-amount exposure management limits in annual risk preference, and orderly implemented the measurement, monitoring and reporting of large-amount exposures, thus ensuring the compliance and effectiveness of management.

As at the end of the Reporting Period, except for customers exempted by the regulators, the non-peer single customers, non-peer group customers, peer single customers, and peer group customers of the Bank meeting large-amount exposure standards all satisfied the regulatory requirements.

(IV) Market risk management

Market risk refers to the risk of adverse changes in market prices (interest rates, exchange rates, stock prices and commodity prices), inflicting losses in on- and off-balance sheet businesses of commercial banks.

During the Reporting Period, taking compliance requirements as the bottom line, the Bank proactively responded to changes in the external environment and market fluctuations, and kept both the occupation of market risk capital and the trading book profit and loss stable within the scope of risk preferences. The Bank continuously deepened the risk management mechanism for trading businesses and bond investments at the group level, and improved the institutional system of market risk management. The Bank effectively transmitted the Group's risk preference, and optimised the market risk limit index system including loss stop, exposure and sensitivity. The Bank optimised trading strategies, refined limit monitoring, further improved the four-in-one market risk monitoring system including product control, measurement monitoring, capital management and performance management, and achieved the full-process monitoring of each trading desk. The Bank continued to conduct product access management and supported the development of front office business. The Bank solidly advanced the implementation of the Capital Rules, consolidated the data foundation of the capital measurement system, and strengthened the review and verification mechanism of capital measurement results. Additionally, the Bank optimised the intelligence level of market risk reports, and made the market risk reports more real-time, visualised and dynamically interactive.

(V) Operational risk management

Operational risk refers to the risk of loss due to flawed internal procedures, personnel and IT system or external events, including legal risk but excluding strategic risk and reputation risk. The major loss events of operational risk of the Bank comprise internal and external fraud, events related to the employment system and the safety of working places, events related to customers, products and operation, damages of tangible assets, events related to IT system and management of execution, transfer and processes. The Bank proactively guarded against and responded to various operational risks through full identification, continuous monitoring, and examination and evaluation, and controlled the loss ratio of operational risks within the risk limit set by the Board.

During the Reporting Period, the Bank launched the activity of the "Year of Strengthening Operational Risk Governance" to comprehensively improve the operational risk management effectiveness. The Bank refined the operational risk management system and implemented the standardised approach for operational risk in accordance with the Capital Rules. The Bank optimised operational risk management tools and conducted the re-examination of the list of managed targets and key risk indicators. The Bank regularly conducted operational risk identification and assessment, indicator monitoring and loss data governance and continuously iterated and upgraded system functions. The Bank improved the management mechanism for outsourcing risks, and dynamically updated the scope of outsourcing activities, the outsourcing risk assessment guidelines and the access standards for outsourcing service suppliers. Additionally, the Bank optimised the business continuity management system, and achieved the goal of full coverage of emergency drills for key businesses in three years.

(VI) Liquidity risk management

Liquidity risk refers to the risk that a commercial bank is unable to promptly obtain funds at reasonable cost to repay maturing liabilities, discharge other payment obligations and meet other funding needs in the course of normal operations. The Bank established a scientific and complete liquidity risk governance framework, set up a clear and efficient system for division of duties regarding liquidity risk management, formulated effective management rules, processes, strategies and policies for liquidity risks, and developed and optimised advanced risk management tools, thus constantly improving its capabilities in identifying, measuring, monitoring, controlling and reporting liquidity risks.

During the Reporting Period, the Bank strictly safeguarded the bottom line of liquidity risks, adhered to prudent liquidity risk preference, closely monitored the changes in domestic and international macro economic, monetary and regulatory policies, market liquidity and price level, and proactively judged and predicted future trends. The Bank strengthened monitoring and active management around core risk factors, and improved refined management. The regulatory indicators of liquidity risks remained sound and met the standards, and the daytime liquidity risks stayed safe and controllable. The Bank optimised the Group's consolidated management system for liquidity risks, and further reinforced the overall management of liquidity risks of subsidiaries, thereby promoting the coordinated elevation of the Group's consolidated management of liquidity risks. The Bank strengthened the monitoring and management of limits and indicators of liquidity risks and improved the risk monitoring and limit management system based on the risk factors such as asset-liability maturity mismatch, liability structure stability, high-quality liquidity assets, cash flow gap distribution, and customer and industry concentration degree. The Bank optimised the asset-liability structure, actively expanded liability sources and channels to diversify the liability sources, reinforced the management of size and maturity of interbank liabilities, and promoted the flexible application of high-quality current assets. The Bank carried out high-frequency early-warning management of liquidity risks, continuously improved the stress testing scenario and parameter system, and used technology platforms to increase the frequency and efficiency of stress testing. The Bank regularly conducted emergency drills for liquidity and improved its capabilities in risk identification and emergency response. In accordance with the third pillar information disclosure requirements of the Capital Rules, the Bank strengthened the liquidity risk data governance at both legal person and consolidated Group levels, intensified efforts to advance the development of the asset-liability risk management system and enhanced the automation of data measurement.

(VII) Country risk management

Country risk refers to the risk of debtor in a certain country or region failing or unwilling to repay debts to the financial institutions in the banking industry, or the financial institutions in the banking industry suffering from commercial losses in a country or region or incurring other losses due to economic, political and social changes and incidents in such country or region.

In strict accordance with the relevant regulatory requirements and in line with the principles of steadiness and prudence, the Bank established a country risk management framework aligned with its strategic objectives, risk preferences, and the size and complexity of country risk exposures. The Bank optimised and improved the management systems and mechanisms, integrated various management tools such as risk rating, limit management, exposure monitoring, and stress testing to identify, measure, assess, monitor, report, control and mitigate country risks, and guided businesses towards low-risk countries or regions. During the Reporting Period, no country risk exposure of the Bank exceeded the limit. The country risk exposures of the Bank were mainly distributed in countries and regions with "low risks" and "relatively low risks". The Bank continued to enhance its capabilities in preventing and controlling country risks, which were under control in general.

(VIII) Management of interest rate risk in banking book

Interest rate risk in banking book refers to the adverse changes in the level of interest rate, maturity structure and other factors which lead to loss on the economic value and overall revenue of banking book. It can be primarily classified into gap risk, benchmark risk and option risk.

During the Reporting Period, the Bank continuously optimised and improved the governance and management system of interest rate risk in banking book, dynamically adjusted the asset-liability structure and the maturity term management strategy, strictly managed and controlled the mismatch level of asset and liability repricing, and leveraged the technology platform to enhance the frequency of risk indicators monitoring and the level of automatic measurement, in a bid to ensure the steady operation of regulatory indicators and internal management indicators of interest rate risk in banking book. The Bank improved the Group's consolidated management system of interest rate risk in banking book, effectively strengthening the coordinated management of interest rate risk in banking book of the Group and supervising and guiding subsidiaries to improve their risk management. The Bank constantly enhanced the identification, measurement, monitoring and control system for interest rate risk in banking book, comprehensively adopted repricing gap analysis, duration analysis, sensitivity analysis, stress test and other methods to analyse and monitor risks, closely followed changes in internal and external market environment as well as internal business structure, enhanced capabilities in forward-looking judgment and risk event analysis, and adjusted asset-liability maturity structure and business management strategies in a dynamic manner, so as to ensure the steady operation of indicators of interest rate risk in banking book. The Bank optimised the limit system, appraisal and supervision and early-warning and reminder of interest rate risk in banking book, practised strict and effective management in terms of repricing gap, maturity mismatch, investment account arrangements, duration, and valuation fluctuation, so as to ensure that all risk factors were kept at a prudent and healthy level. The Bank enhanced the early-warning management of interest rate risk in banking book, constantly optimised and perfected scenario and parameter setting for stress tests, used systematic tools to elevate the frequency of stress tests, and strengthened its capability in risk identification and emergency response. The Bank upgraded the functions of the asset-liability risk management system, optimised management models and database, increased the automatic measurement and monitoring frequency of indicators of interest rate risk in banking book, and further enhanced its capabilities in risk data analysis, early-warning and mining.

(IX) Reputation risk management

Reputation risk refers to the risk that stakeholders, the public, media and other parties negatively evaluate banking institutions due to the institutional behaviours, behaviours of practitioners or external events, etc., which then undermines the brand value, goes against normal operation, and even affects market stability and social stability. The Bank regards effective reputation risk management as one of the important means and necessary measures to safeguard normal business development, create a harmonious public opinion environment, safeguard its sound image in the industry and fulfill responsibilities of corporate citizens.

During the Reporting Period, the Bank optimised mechanisms and processes, improved response strategies, accumulated reputation capital, continuously improved the foresight, timeliness and effectiveness of reputation risk management, and effectively maintained the market image and brand reputation of the Bank.

(X) IT risk management

IT risk refers to the operational, legal and reputation risk and other risks due to natural factors, human factors, technical flaws and management defects in relation to the IT application in the commercial banks.

During the Reporting Period, the Bank comprehensively promoted digital transformation and development, and continued to perfect the IT risk management system and enhance IT risk management. The Bank launched the activity of the "Year of Enhancing IT Operational Risk Governance", refined the IT risk management system, deepened the self-inspection mechanism of risks in key areas, strengthened source-tracking and rectifications on the problems identified, and further enhanced the IT risk management. The Bank optimised the disaster recovery system, realised the full coverage of intra-city and remote disaster tolerance for critical information systems and key IT infrastructure, continuously carried out stress testing for system continuity, adopted on-load switching drill mode, kept close to practical situation and significantly lowered the impact of drills on customer services. The Bank improved the emergency response coordination system for information system events, conducted drills of coordination between regular businesses and technologies, further clarified the post responsibilities within the emergency response system, familiarised operational skills and enhanced system operation resilience. The Bank promoted the construction of security protection system, implemented the requirements for data and cyber security management stipulated by the State and industrial regulatory authorities, iteratively enhanced data classification and grading mechanism and process, launched drills of cyber attack and defense and ransomware handling, and reinforced the protection against cyberattacks and achieved excellent results in national attack and defense drills. The Bank improved the IT outsourcing risk management mechanism, strengthened IT outsourcing risk assessments in third-party data collaboration, and continuously enhanced the Bank's ability to identify and control technology outsourcing risks.

(XI) Legal risk management

Legal risk refers to the risk that the Bank may assume criminal, administrative and civil legal liabilities because its operation and management behaviours fail to abide by laws, administrative regulations, regulatory provisions, contractual agreements, or fails to properly exercise its rights or properly fulfill its obligations. The Bank has put in place a relatively perfect legal risk management system, providing guarantee for the law-based and compliant operation of the Bank.

During the Reporting Period, the Bank advanced the law-abiding governance, and focused on enhancing the quality and effectiveness of law-based operation and management. The Bank reinforced the foundation for legal risk management, and emphasised pre-event legal risk prevention. The Bank made solid efforts to implement key initiatives, including turning laws and regulations into internal rules, satisfying requirements on legal bottom lines, guiding legal risk early-warning, assessing legal risk and promoting education on the rule-of-law culture, further enhancing the Bank's capability in law-abiding operation and management. The Bank strengthened legal review and supervision, and strictly controlled and managed in-event legal risks. The Bank strictly enforced legal reviews, supported major innovative businesses and organised the issuance of legal risk guidelines, further reinforcing the legal risk defense line across the entire business process. The Bank optimised litigation management and enhanced post-event legal risk resolution. The Bank made solid efforts to resolve existing cases, deepened source-tracing and governance of litigation cases, and effectively prevented and controlled the risk of new cases, thereby continuously improving the litigation risk prevention and resolution capabilities. The Bank consolidated the long-term mechanism for preventing and combating gang-related crimes. It carried out regular governance to eradicate gang-related crimes in key areas, and rigorously enforced risk prevention and control measures around the system and mechanism construction, risk assessment and screening and the rectification and improvement of problems in the field of gang-related crime eradication, thereby maintaining a tough stance against gang-related crimes.

(XII) Compliance risk management

Compliance risk refers to the potential for a financial institution or its employees to face criminal, administrative, or civil legal liability, financial loss, reputation loss, or other adverse consequences due to violations of compliance regulations in operation and management activities of the financial institution or duty performance behaviours of its employees.

During the Reporting Period, the Bank actively adapted to the new financial regulatory landscape, strengthened basic management, deepened behavioural rectification, and effectively built a robust "firewall" for internal control and compliance. The Bank proactively implemented regulatory policies, continuously enhanced the transmission of regulatory policies, effectively concluded the three-year regulatory rating improvement initiative, and further strengthened compliant operation and management. Taking strengthening the source-tracing and rectifications of problems as the starting point, the Bank established a virtuous cycle of inspection, rectification, evaluation and enhancement. The Bank constantly optimised the management system, comprehensively strengthened the standardisation of duty performance framework, continuously updated the duty performance guidelines on internal control and compliance at all levels, and reinforced unified and comprehensive internal control and compliance management. The Bank carried out process compliance reviews to support risk control in business operation. It continuously deepened behavioural governance, and effectively strengthened the regular monitoring and management of employees' behaviours. The Bank further improved the case management system, and established a full-process case handling mechanism to enhance case risk response and resolution capabilities. The

Bank strengthened case risk warnings and alerts and efficiently conducted compliance inspections. It also significantly improved problem identification capabilities through the comprehensive application of digital and intelligent inspection models. The Bank intensified the empowerment of digital and intelligent technologies, constantly enhanced digital capabilities in compliance inspection, and promoted the visual modelling functions of the digital compliance inspection platform. Additionally, the Bank kept optimising system functions related to policy management, related party transaction management and problem management, in order to comprehensively improve the intelligent level of compliance management.

(XIII) Money laundering risk management

Money laundering risk refers to the risk that the Bank may be utilised by "money laundering activity" during business development and operating management. The Bank has established a relatively perfect system for managing money laundering risk, and constantly improved the management mechanism, providing guarantee for steady and compliant operation.

During the Reporting Period, the Bank further improved the "group-based" money laundering risk management system, adhered to the basic principle of "taking risk first", and continuously strengthened the quality and effectiveness of money laundering risk management. The Bank standardised the group-wide anti-money laundering (AML) institutional systems, and conducted AML compliance inspections for the new overseas branch prior to the commencement of its operation. The Bank optimised the model of customer AML due diligence, carried out centralised pilot operation of the new model, and continuously reduced primary-level burdens and enhanced the management efficiency of the whole bank. The Bank reinforced the effectiveness of money laundering risk assessments, and improved the prevention and control system for sanction risk facing institutions. The Bank continued to improve the compliance and internal control management system for sanctions, optimised risk prevention and control strategies, and strictly implemented prevention and control according to sanction lists. The Bank reinforced money laundering risk monitoring and management and deepened money laundering risk research and application to safeguard national security, financial order, and customers' interests. The Bank accelerated the smart transformation of AML processes, expanded the data sources for smart analysis graphs, and enhanced the visualisation of full-dimensional customer information collection to improve frontline risk identification efficiency. Additionally, the Bank enriched the rules for suspicious transaction monitoring models and developed a digital AML ecosystem.

XIII. Prospects

In 2025, the economic fundamentals are expected to stabilise, and there are opportunities for commercial banks to improve their scale, cost and risk. Firstly, China will implement more proactive and effective macro policies, which will help stabilise expectations, stimulate vitality, facilitate the positive momentum in economic recovery, and boost effective credit demand. Secondly, with the downward trend of the risk-free benchmark interest rate, banks will simultaneously strengthen the control of liability costs, and the downward pressure on interest margin is expected to mitigate. Thirdly, a new round of large-scale implicit debt replacements and the policies that support the stabilisation and recovery of the real estate market will be conducive to ensure stable asset quality.

The Bank will thoroughly implement the spirit of the Central Economic Work Conference, adhere to the main theme of "seeking progress while maintaining stability and promoting stability through progress", continuously optimise and adjust the asset-liability structure, build and consolidate differentiated competitive advantages, comprehensively prevent risks and strengthen compliance, and strive to achieve the coordination and unity of development quality, size, speed, efficiency and safety.

Firstly, the Bank will improve the overall quality and effectiveness of customer service. Adhering to the philosophy of customer first and considerate services, the Bank will continue to optimise the end-to-end process of products, services and channels, create value for customers with high-quality products and services and high-standard process management, and grow together with customers.

Secondly, the Bank will constantly consolidate differentiated competitive advantages. Taking refined management of customer service as the core, the Bank will focus on segmented markets based on the specific needs and preferences of different customer groups to create exclusive brand image and value proposition. Based on system support capabilities, the Bank will build efficient internal management mechanism. Driven by digital transformation, the Bank will constantly improve the quality and effectiveness of intelligent financial services, create a "finance + life" ecosystem and enhance brand stickiness.

Thirdly, the Bank will optimise and adjust the asset-liability structure. On the asset side, the Bank will focus on the direction of high-quality development, solidly dive into the "five major sectors" of sci-tech finance, green finance, inclusive finance, pension finance and digital finance, accurately support key areas and weak links of the real economy such as the "implementation of major national strategies and the establishment of security capacity in key areas", and the "large-scale renewal of equipment and the trade-in of consumer goods", and maintain a reasonable credit growth at a balanced pace. On the liability side, the Bank will, with cost control as the starting point, work hard to control the cost ratio of interest-bearing liabilities and optimise the liability structure.

Fourthly, the Bank will continue to strengthen risk and internal control management. Adhering to systematic thinking and problem-orientation, the Bank will steadily advance the implementation of advanced capital measurement approach, actively study and judge risks, enhance digital risk control and strengthen risk prevention and control in key areas. The Bank will enhance the quality and effectiveness of risk and internal control with professional and refined management, and provide a solid guarantee for steady and sustainable development.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

I. Ordinary Shares

(I) Changes in ordinary shares

	31 December 2024		Changes over the Reporting Period	31 December 2023	
	Number of shares (share)	Percentage (%)	Number of shares (share)	Number of shares (share)	Percentage (%)
I. Shares subject to restriction on sales	**–**	**–**	–	–	–
II. Shares not subject to restriction on sales	**43,782,418,502**	**100.00**	–	43,782,418,502	100.00
1. Ordinary shares in RMB	**35,462,123,213**	**81.00**	–	35,462,123,213	81.00
2. Domestic listed foreign invested shares	**–**	**–**	–	–	–
3. Offshore listed foreign invested shares	**8,320,295,289**	**19.00**	–	8,320,295,289	19.00
4. Others	**–**	**–**	–	–	–
III. Total number of ordinary shares	**43,782,418,502**	**100.00**	–	43,782,418,502	100.00

(II) Shares subject to restriction on sales and restrictions

During the Reporting Period, no shareholder of the Bank held shares subject to restriction on sales.

II. Sufficiency of Public Float

According to the public information available to the Bank and to the knowledge of the Directors, the Directors confirm that the Bank has maintained sufficient public float as stipulated under the Hong Kong Listing Rules during the Reporting Period and as at the disclosure date of this Report.

III. Issuance and Listing of Securities

During the Reporting Period, the Bank did not issue new ordinary shares, there were no changes in the total number and structure of the ordinary shares, and the Bank had no employee shares.

According to the 32nd meeting of the 8th session of the Board in 2023 and the resolutions approved at the 2022 Annual General Meeting, and pursuant to the approvals by the former CBIRC and the PBOC, the Bank issued the tier-2 capital bonds with an amount of RMB30,000 million for a term of 5+5 years with fixed coupon rate of 2.50% in the domestic market in April 2024. All proceeds from the issuance of the bond will be used to replenish the Bank's tier-2 capital.

According to the 32nd meeting of the 8th session of the Board in 2023 and the resolutions approved at the 2022 Annual General Meeting, and pursuant to the approvals by the former CBIRC and the PBOC, the Bank issued the undated capital bonds with amounts of RMB30,000 million and RMB10,000 million with fixed coupon rates of 2.35% and 2.73% in the domestic market in August and October 2024, respectively. All proceeds from the issuance of the bonds will be used to replenish the Bank's other tier-1 capital.

For details of other outstanding bonds of the Bank, please refer to Note 4 "Notes to the Consolidated Financial Statements" to the Financial Statements.

IV. Shareholders

(I) Total number of holders of ordinary shares and shareholdings of the top 10 shareholders

As at the end of the Reporting Period, the total number of holders of ordinary shares of the Bank was 342,636, of which 325,385 were holders of A shares and 17,251 were holders of H shares. As at the end of the month prior to the disclosure date of the Annual Report (28 February 2025), the total number of holders of ordinary shares of the Bank was 331,937, of which 314,784 were holders of A shares and 17,153 were holders of H shares. There was no holder of preference shares whose voting rights had been restored.

Particulars of shareholding of the top 10 holders of ordinary shares (excluding shares lent for refinancing)

Name of shareholder	Type of shareholder	Shareholding percentage (%)	Number of shares held as at the end of the Reporting Period (share)	Changes over the Reporting Period (share)	Class of shares	Shares pledged/marked/frozen	
						Status	Number (share)
HKSCC Nominees Limited	Other	18.93	8,286,587,186	1,212,394	H Shares		Unknown
Dajia Life Insurance Co., Ltd. – Universal Product	Domestic legal person	10.30	4,508,984,567	–	A Shares		Nil
Dajia Life Insurance Co., Ltd. – Traditional Product	Domestic legal person	6.49	2,843,300,122	–	A Shares		Nil
Shenzhen Liye Group Co., Ltd.	Domestic non-state-owned legal person	4.49	1,966,999,113	492,709,250	A Shares	Pledged	1,445,000,000
Tongfang Guoxin Investment Holding Co., Ltd.	Domestic legal person	4.31	1,888,530,701	–	A Shares	Pledged	1,850,802,321
New Hope Liuhe Investment Co., Ltd.	Domestic non-state-owned legal person	4.18	1,828,327,362	–	A Shares		Nil
Shanghai Giant Lifetech Co., Ltd.	Domestic non-state-owned legal person	3.15	1,379,679,587	–	A Shares	Pledged	1,379,678,400
China Shipowners Mutual Assurance Association	Domestic non-state-owned legal person	3.02	1,324,284,453	–	A Shares		Nil
Orient Group Incorporation	Domestic non-state-owned legal person	2.92	1,280,117,123	–	A Shares	Pledged Frozen Marked	1,272,649,488 117,028,711 1,163,088,412
HKSCC Limited	Other	2.51	1,098,653,592	319,186,970	A Shares		Nil

Name of shareholder	Type of shareholder	Shareholding percentage (%)	Number of shares held as at the end of the Reporting Period (share)	Changes over the Reporting Period (share)	Class of shares	Shares pledged/ marked/frozen Status	Number (share)
Statement on the special accounts for repurchase of top 10 shareholders					Uninvolved		
Statement on entrusting, being entrusted with and waiving the voting rights of the aforesaid shareholders					Uninvolved		
Statement on the related relationship or concerted actions among the aforesaid shareholders				1. Dajia Life Insurance Co., Ltd. – Universal Product and Dajia Life Insurance Co., Ltd. – Traditional Product have the same legal person; HKSCC Nominees Limited is a wholly-owned subsidiary of HKSCC Limited; 2. Save as mentioned above, the Bank is not aware of any related relationship or concerted action among the above shareholders.			
Statement on margin trading, short selling and refinancing engaged by the top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to restriction on sales				1. The margin account of Shenzhen Liye Group Co., Ltd. holds 313,808,367 shares of the Bank, representing 0.72% of the total share capital of the Bank. Save as mentioned above, the Bank is not aware of any margin trading and short selling engaged by the above other shareholders; 2. Except for the unknown information of HKSCC Nominees Limited, according to the record of opening/ending shares lent for refinancing in 2024 by the shareholders with shareholding of 5% or more, the top 10 holders of ordinary shares and the top 10 holders of circulating shares not subject to restriction on sales of the Bank provided by China Securities Finance Corporation Limited, there was no refinancing engaged by the top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to restriction on sales of the Bank.			

Notes:

1. The number of shares held by holders of A shares and the number of shares held by holders of H shares in the above table were recorded in accordance with the registers of shareholders of the Bank provided by China Securities Depository and Clearing Corporation Limited (Shanghai Branch) and Computershare Hong Kong Investor Services Limited, respectively.

2. No shareholder of the Bank held shares subject to restriction on sales.

3. Total number of the shares held by HKSCC Nominees Limited acting as an agent represents the total amount of H shares of the Bank held by all institutional and individual investors that registered in the account of such investors as at the end of the Reporting Period; total number of the shares held by HKSCC Limited represents the total amount of A shares (SSE-listed securities through Shanghai-Hong Kong Stock Connect) it held as a nominee holder designated by and on behalf of Hong Kong and overseas investors as at the end of the Reporting Period.

4. Shares held and pledged by Tongfang Guoxin Investment Holding Co., Ltd. included 1,850,802,321 shares transferred to "Tongfang Guoxin Investment Holding Co., Ltd. – special account for pledge of convertible corporate bonds non-publicly issued to professional investors (同方國信投資控股有限公司－面向專業投資者非公開發行可交換公司債券質押專戶)" (five tranches in total) due to issuing bonds.

(II) *Substantial shareholders' and other persons' interests or short positions in the shares and underlying shares of the Bank under Hong Kong laws and regulations*

As at 31 December 2024, substantial shareholders and other persons (other than the Directors, Supervisors and chief executives of the Bank as defined in the Hong Kong Listing Rules) had the following interests or short positions in the shares of the Bank as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO and as the Bank is aware of:

Name of substantial shareholder	Class of shares	Long/short position	Capacity	Number of shares (share)	Notes	Percentage of the relevant shares in issue (%)	Percentage of all the issued ordinary shares (%)
Dajia Life Insurance Co., Ltd.	A	Long position	Beneficial owner	7,352,284,689	1	20.73	16.79
	H	Long position	Beneficial owner	457,930,200	1	5.50	1.05
Dajia Insurance Group Co., Ltd.	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	7,352,284,689	1	20.73	16.79
	H	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	457,930,200	1	5.50	1.05
New Hope Liuhe Investment Co., Ltd.	A	Long position	Beneficial owner	1,828,327,362*	2	5.16	4.18

Name of substantial shareholder	Class of shares	Long/short position	Capacity	Number of shares (share)	Notes	Percentage of the relevant shares in issue (%)	Percentage of all the issued ordinary shares (%)
New Hope Liuhe Co., Ltd.	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	1,828,327,362*	2	5.16	4.18
New Hope Group Co., Ltd.	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	1,930,715,189*	3 and 5	5.44	4.41
New Hope Holdings Group Co., Ltd.	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	1,930,715,189*	2 and 5	5.44	4.41
LIU Chang	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	1,930,715,189*	3 and 5	5.44	4.41
LI Wei	A	Long position	Interest held by the corporation(s) controlled by the spouse of this substantial shareholder	1,930,715,189*	4 and 5	5.44	4.41
Alpha Frontier Limited	H	Long position	Beneficial owner	713,501,653	6 and 7	8.58	1.63
Shanghai Cibi Business Information Consulting Co., Ltd.	H	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	713,501,653	6 and 7	8.58	1.63
Giant Investment Co., Ltd.	H	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	713,501,653	6 and 7	8.58	1.63

* In accordance with the SFO, the changes in the interests did not result in a percentage subject to disclosure obligation. Relevant changes were not reported in the disclosure forms completed by the above-mentioned substantial shareholders.

Notes:

1. Dajia Insurance Group Co., Ltd. was deemed to have interests in the 7,352,284,689 A shares and 457,930,200 H shares of the Bank as it held 99.98% of the issued share capital of Dajia Life Insurance Co., Ltd.

   The interests that Dajia Insurance Group Co., Ltd. and Dajia Life Insurance Co., Ltd. held in the 7,352,284,689 A shares and 457,930,200 H shares, as set out in the above table, were the same block of shares.

2. According to the SFO, New Hope Holdings Group Co., Ltd. was deemed to have interests in the 102,387,827 A shares held by South Hope Industrial Co., Ltd. and in the 1,828,327,362 A shares held by New Hope Liuhe Investment Co., Ltd. through direct and indirect control over several enterprises. As Mr. LIU Yonghao (a Non-Executive Director of the Bank) had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the 1,930,715,189 A shares held by New Hope Holdings Group Co., Ltd.

3. According to the SFO, New Hope Group Co., Ltd. was deemed to have interests in the 102,387,827 A shares held by South Hope Industrial Co., Ltd. and in the 1,828,327,362 A shares held by New Hope Liuhe Investment Co., Ltd. through direct and indirect control over several enterprises. Ms. LIU Chang held equity interest of New Hope Group Co., Ltd., Ms. LIU was deemed to have interests in the 1,930,715,189 A shares of the Bank in which New Hope Group Co., Ltd. had interests. Ms. LIU Chang is the daughter of Mr. LIU Yonghao (a Non-Executive Director of the Bank).

4. Ms. LI Wei is the spouse of Mr. LIU Yonghao (a Non-Executive Director of the Bank). According to the SFO, Ms. LI was deemed to have interests in the 1,930,715,189 A shares of the Bank in which Mr. LIU Yonghao had interests (Mr. LIU Yonghao's interests in shares are disclosed in this Annual Report in the section headed "Interests of the Directors, Supervisors and chief executives in the securities of the Bank or its associated corporations under Hong Kong laws and regulations").

5. The interests that New Hope Holdings Group Co., Ltd., New Hope Group Co., Ltd., Ms. LI Wei and Ms. LIU Chang held in the 1,930,715,189 A shares, as set out in the above table, were the same block of shares.

6. According to the SFO, Giant Investment Co., Ltd. was deemed to have interests in the 713,501,653 H shares held by Alpha Frontier Limited through direct and indirect control over Shanghai Cibi Business Information Consulting Co., Ltd. (上海賜比商務信息諮詢有限公司) and Alpha Frontier Limited. As Mr. SHI Yuzhu (a Non-Executive Director of the Bank) held 97.86% of the issued share capital of Giant Investment Co., Ltd., he was also deemed to have interests in the 713,501,653 H shares of the Bank held by Alpha Frontier Limited (Mr. SHI Yuzhu's interests in shares are disclosed in this Annual Report in the section headed "Interests of the Directors, Supervisors and chief executives in the securities of the Bank or its associated corporations under Hong Kong laws and regulations").

7. The interests that Giant Investment Co., Ltd., Shanghai Cibi Business Information Consulting Co., Ltd. and Alpha Frontier Limited held in the 713,501,653 H shares, as set out in the above table, were the same block of shares.

Save as disclosed above and in the section headed "Interests of the Directors, Supervisors and chief executives in the securities of the Bank or its associated corporations under Hong Kong laws and regulations", the Bank is not aware of any other person having any interests or short positions in the shares and underlying shares of the Bank as at the end of the Reporting Period as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO.

(III) Controlling shareholder and ultimate controller

The Bank does not have any controlling shareholder or ultimate controller. According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》), the largest shareholder and its ultimate controller shall comply with corporate governance regulations by referring to the requirements for controlling shareholder and ultimate controller. As at the end of the Reporting Period, the top 10 single shareholders of the Bank held an aggregate of 42.30% of the Bank's shares. Dajia Life Insurance Co., Ltd. – Universal Product is the single largest shareholder that held 10.30% of the total shares of the Bank. There was no shareholder who could control more than half of the voting rights of the Board or at the shareholders' meeting in accordance with the shareholding percentage, the Articles of Association or any agreements.

(IV) Corporate shareholders with 10% or more equity in the Bank

As at the end of the Reporting Period, Dajia Life Insurance Co., Ltd. held more than 10% of the total shares of the Bank.

Name of corporate shareholder	Person-in-charge or legal representative	Date of incorporation	Registered capital	Principal business or management activities
Dajia Life Insurance Co., Ltd.	HE Xiaofeng	23 June 2010	RMB30.79 billion	Various life insurance businesses such as life insurance, health insurance and accidental injury insurance, reinsurance of the above insurance businesses, insurance fund application business permitted under the PRC laws and regulations, and other businesses approved by the former CIRC.

(V) Substantial shareholders as at the end of the Reporting Period

1. *Substantial shareholders with aggregate shareholding of 5% or more of the Bank were as follows:*

   (1) Dajia Life Insurance Co., Ltd.: It was incorporated on 23 June 2010; its registered capital was RMB30,790 million; its unified social credit code is 91110000556828452N; its legal representative is HE Xiaofeng; its controlling shareholder is Dajia Insurance Group Co., Ltd.; the controlling shareholder, the ultimate controller and the ultimate beneficiary of Dajia Insurance Group Co., Ltd. is China Insurance Security Fund Co., Ltd.; it has no party acting in concert; its principal business includes: various life insurance businesses such as life insurance, health insurance and accidental injury insurance, reinsurance of the above insurance businesses, insurance fund application business permitted under the PRC laws and regulations, and other businesses approved by the former CIRC. As at the end of the Reporting Period, the shares of the Bank held by Dajia Life Insurance Co., Ltd. had not been pledged.

(2) New Hope Liuhe Investment Co., Ltd.: It was incorporated on 25 November 2002; its registered capital was RMB576,555,600; its unified social credit code is 91540091744936899C; its legal representative is WANG Pusong; its controlling shareholder is New Hope Liuhe Co., Ltd.; its ultimate controller is LIU Yonghao; its ultimate beneficiary is LIU Yonghao; its parties acting in concert are South Hope Industrial Co., Ltd. and New Hope Chemical Investment Co., Ltd.; its principal business includes: venture capital investment (with no engagement in guarantee and real estate business; with no participation in the initiation or management of public or private securities investment funds, or investment in financial derivatives); investment management (excluding financial and brokerage business. Private products or the right to proceeds from private products shall not be raised from, sold, or transferred to non-qualified investors). (Entities that operate the above businesses shall not raise funds, take public deposits, or issue loans in a public manner; shall not publicly traded securities investment products or financial derivatives; and shall not operate financial products, wealth management products and related derivative business); financial advisory (excluding businesses of finance companies); wealth management consultancy, and corporate reorganisation consultancy; market research (excluding state secrets and personal privacy); credit investigation, technology development and transfer, and technology consultancy services (businesses subject to approvals according to laws shall be carried out upon approvals of relevant authorities.). As at the end of the Reporting Period, the shares of the Bank held by New Hope Liuhe Investment Co., Ltd. had not been pledged.

South Hope Industrial Co., Ltd.: It was incorporated on 17 November 2011; its registered capital was RMB1,034,313,725; its unified social credit code is 9154009158575152X0; its legal representative is LI Jianxiong; its controlling shareholder is New Hope Group Co., Ltd.; its ultimate controller is LIU Yonghao; its ultimate beneficiary is LIU Yonghao; its parties acting in concert are New Hope Liuhe Investment Co., Ltd. and New Hope Chemical Investment Co., Ltd.; its principal business includes: research and development of feeds, wholesale and retail, electronic products, hardware and electrical appliances, daily sundry goods, knitwears and textiles, office equipment (excluding colour copier), building materials (excluding hazardous chemicals and wood materials), agricultural by-products and special products (excluding products specified by the State), chemical products (excluding hazardous chemicals), mechanical equipment, investment and consultancy services (excluding intermediary services). As at the end of the Reporting Period, the shares of the Bank held by South Hope Industrial Co., Ltd. had not been pledged.

New Hope Chemical Investment Co., Ltd.: It was incorporated on 6 September 2006; its registered capital was RMB2,718,021,791; its unified social credit code is 91510100792171384J; its legal representative is SHAO Jun; its controlling shareholder is New Hope Investment Group Co., Ltd.; its ultimate controller is LIU Yonghao; its ultimate beneficiary is LIU Yonghao; its parties acting in concert are New Hope Liuhe Investment Co., Ltd. and South Hope Industrial Co., Ltd.; its principal business includes: research, development, and sales of chemical products (excluding hazardous products); project investment and provision of technical consultancy and after-sales services (excluding finance, securities, and futures) (with no engagement in illegal fund-raising or taking public funds); sales of PVC, fertilisers, packaging materials, agricultural and sideline products, mineral products, chemical raw materials (excluding hazardous materials), feed-grade calcium hydrophosphate, mechanical equipment, steel, building materials, metal materials, environmental protection materials and equipment, rubber products, plastic products, electromechanical products, auxiliary construction materials (excluding paint), hardware and electrical appliances, light textiles, textile raw materials, metal materials (excluding precious and rare metals), household electrical appliances, paper and paper products, and pre-packaged food; import and export of goods and technology. (Businesses subject to approvals according to laws shall be carried out upon approvals of relevant authorities.) As at the end of the Reporting Period, the shares of the Bank held by New Hope Chemical Investment Co., Ltd. had not been pledged.

2. *In accordance with the Interim Measures on Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》) under the order of the former CBRC (2018 No. 1), other substantial shareholders of the Bank were as follows:*

(1) Shanghai Giant Lifetech Co., Ltd.: It was incorporated on 12 July 1999; its registered capital was RMB245,400,640; its unified social credit code is 913101041346255243; its legal representative is WEI Wei; its controlling shareholder is Giant Investment Co., Ltd.; its ultimate controller is SHI Yuzhu; its ultimate beneficiary is SHI Yuzhu; its parties acting in concert are Alpha Frontier Limited and Liberal Rise Limited; its principal business includes: production and sales of food (through its subsidiaries), sales of cosmetics, cleaning products, healthcare equipment and kitchenware, technology development, consultancy services and transfer in healthcare food aspect, wholesale of non-physical goods; prepackaged food (excluding cooked or braised and refrigerated or frozen food), investment management, asset management, investment consultancy, business information consultancy and business management consultancy. As at the end of the Reporting Period, Shanghai Giant Lifetech Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 1,379,678,400 ordinary shares, representing 3.15% of the total share capital of the Bank.

Alpha Frontier Limited: It was incorporated on 24 June 2016; its registered capital was USD17.519 thousand; its controlling shareholder is Shanghai Cibi Business Information Consulting Co., Ltd.; its ultimate controller is SHI Yuzhu; its ultimate beneficiaries are SHI Yuzhu and SHI Jing; its parties acting in concert are Shanghai Giant Lifetech Co., Ltd. and Liberal Rise Limited; its principal business includes: investment holding. As at the end of the Reporting Period, Alpha Frontier Limited had pledged 38.54% of the shares of the Bank it held, being 275,000,000 ordinary shares, representing 0.63% of the total share capital of the Bank.

Liberal Rise Limited: It was incorporated on 9 January 2018; its registered capital was USD50.0 thousand; its controlling shareholder is Abhaya Limited; its ultimate controller is SHI Jing; its ultimate beneficiary is SHI Jing; its parties acting in concert are Shanghai Giant Lifetech Co., Ltd. and Alpha Frontier Limited; its principal business includes: investment holding. As at the end of the Reporting Period, the shares of the Bank held by Liberal Rise Limited had not been pledged.

(2) Tongfang Guoxin Investment Holding Co., Ltd.: It was incorporated on 23 May 2007; its registered capital was RMB2,574,162,500; its unified social credit code is 91500000660887401L; its legal representative is LIU Qinqin; its largest shareholder is Tongfang Innovation Investment (Shenzhen) Co., Ltd., a wholly-owned subsidiary of Tongfang Co., Ltd., a subsidiary controlled by China Baoyuan Investment Co., Ltd.; it has no controlling shareholder; it has no ultimate controller; its ultimate beneficiary is Tongfang Guoxin Investment Holding Co., Ltd.; its party acting in concert is Chongqing International Trust Inc; its business includes: investments with its own funds (excluding financial businesses such as taking public deposits or taking public deposits in any form, extending loans or securities and futures); consultancy services in relation to investment information and policies for its related party companies; transportation facilities maintenance; engineering management services, standardisation services, planning and design management, corporate headquarters management, corporate management, management services of commercial complex, international project contracting and property management. As at the end of the Reporting Period, Tongfang Guoxin Investment Holding Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 1,850,802,321 ordinary shares (all being held by "Tongfang Guoxin Investment Holding Co., Ltd. – special account for pledge of convertible corporate bonds non-publicly issued to professional investors"), representing 4.23% of the total share capital of the Bank.

Chongqing International Trust Inc: It was incorporated on 22 October 1984; its registered capital was RMB15,000 million; its unified social credit code is 91500000202805720T; its legal representative is WENG Zhenjie; its controlling shareholder is Tongfang Guoxin Investment Holding Co., Ltd; it has no ultimate controller; its ultimate beneficiary is Chongqing International Trust Inc; its party acting in concert is Tongfang Guoxin Investment Holding Co., Ltd.; its principal business includes: funds trust; chattel trust; real estate trust; negotiable securities trust; other properties or property rights trusts; investment fund business as a promoter of investment fund or fund management companies; providing asset reorganisation, mergers and acquisitions, project financing, corporate wealth management, financial advisory and other services of enterprises; securities underwriting business approved by the relevant authorities of the State Council; intermediary business, consultancy, credit investigation; safe custody and safe deposits box business; use of inherent properties as balance with banks and other financial institutions, placements with banks and other financial institutions, loans, leasing and investment; providing collateral for others with inherent properties; interbank lending, and other businesses permitted under the laws and regulations or approved by the former CBIRC. The above business scope includes businesses denominated in RMB and foreign currencies. As at the end of the Reporting Period, the shares of the Bank held by Chongqing International Trust Inc had not been pledged.

(3) China Shipowners Mutual Assurance Association: It was incorporated on 1 January 1984; its registered capital was RMB100,000; its unified social credit code is 51100000500010993L; its legal representative is SONG Chunfeng; it has no controlling shareholder; it has no ultimate controller; it has no ultimate beneficiary; it has no party acting in concert; its principal business includes: marine mutual assurance, business training, marine information exchange, international cooperation and consultancy service. As at the end of the Reporting Period, the shares of the Bank held by China Shipowners Mutual Assurance Association had not been pledged.

(4) Orient Group Incorporation: It was incorporated on 16 August 1989; its registered capital was RMB3,658,744,935; its unified social credit code is 91230199126965908A; its legal representative is SUN Mingtao; its controlling shareholder is Orient Group Co., Ltd.; its ultimate controller is ZHANG Hongwei; its ultimate beneficiary is ZHANG Hongwei; its party acting in concert is Orient Group Co., Ltd.; its principal business includes: permitted items: food production (through its subsidiaries); grain processing and food production (through its subsidiaries); bean product manufacturing (through its subsidiaries); operation of crop seeds (through its subsidiaries); employment agency activities. General items: grain procurement; import and export of goods; import and export of technologies; international project contracting; property management; sales of light building materials; sales of building materials; sales of construction machines; sales of furniture; wholesale of hardware products; sales of sanitary wares; sales of metal materials; technology research and development of new materials; sales of grain; plantation of grain (through its subsidiaries); corporate headquarters management; primary processing of edible agricultural products (through its subsidiaries). As at the end of the Reporting Period, Orient Group Incorporation had pledged over 50% of the shares of the Bank it held, being 1,272,649,488 ordinary shares, representing 2.91% of the total share capital of the Bank.

Orient Group Co., Ltd.: It was incorporated on 26 August 2003; its registered capital was RMB1,000 million; its unified social credit code is 911100007541964840; its legal representative is ZHANG Xianfeng; its controlling shareholder is Mingze Orient Investment Co., Ltd. (名澤東方投資有限公司); its ultimate controller is ZHANG Hongwei; its ultimate beneficiary is ZHANG Hongwei; its party acting in concert is Orient Group Incorporation; its principal business includes: engaging in investment activities with self-owned funds; information system integration services; domestic trade agency; import and export agency; import and export of technologies; property management; coal sales; wholesale of hardware products, etc. As at the end of the Reporting Period, Orient Group Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 15,344,100 ordinary shares, representing 0.04% of the total share capital of the Bank.

Since 15 March 2025, Orient Group Incorporation and Orient Group Co., Ltd. have no longer been substantial shareholders of the Bank.

(5) Good First Group Co., Ltd.: It was incorporated on 2 May 1995; its registered capital was RMB133 million; its unified social credit code is 91310000612260305J; its legal representative is WU Di; its controlling shareholder is WONG Hei; its ultimate controller is WONG Hei; its ultimate beneficiary is WONG Hei; its parties acting in concert are Tibet Heng Xun Corporate Management Co., Ltd. and Tibet Fuju Enterprise Management Co., Ltd.; its principal business includes: investment activities with self-owned funds; engineering and technology research and experimental development; technology promotion and application services; technology promotion services; sales of construction materials; sales of chemical products (excluding chemical products subject to licensing); sales of knitwears and textiles; sales of knitwears and textiles and raw materials; wholesale and retail of hardware products; retail of metal materials; domestic trade agency; supply chain management services; sales of non-metallic minerals and products; manufacturing of communication devices; manufacturing of electronic components; manufacturing of other electronic devices; manufacturing of special electronic materials; manufacturing of special electronic equipment; wholesale and retail of sporting goods and equipment; sales of digital cultural and creative technology equipment; sales of building decoration materials; sales of mechanical equipment; sales of electronic products; trade brokerage and agency (excluding auctions); trade brokerage; sales of software; information technology consulting services; manufacturing of general parts; manufacturing of other general instruments; manufacturing of electrical equipment; manufacturing of special equipment for electrical machinery; manufacturing of electrical instruments and meters. (Except for businesses subject to approval according to the law, it shall independently carry out business activities according to the business license in compliance with laws). As at the end of the Reporting Period, Good First Group Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 133,200,000 ordinary shares, representing 0.30% of the total share capital of the Bank.

Tibet Heng Xun Corporate Management Co., Ltd.: It was incorporated on 26 December 2014, its registered capital was RMB10 million; its unified social credit code is 91540195321324233N; its legal representative is CHEN Jianjun; its controlling shareholder is Xiamen Gaoxiao Electronic Information Technology Co., Ltd. (廈門高校電子信息技術有限公司); its ultimate controller is ZHANG Jianhua; its ultimate beneficiary is ZHANG Jianhua; its parties acting in concert are Good First Group Co., Ltd. and Tibet Fuju Enterprise Management Co., Ltd.; its principal business includes: service of corporate image, marketing and brand planning; exhibition and display services; market research (other than those that involve state secrets and personal privacy); retail of building materials and ancillary materials, and sales of feeds and raw materials, chemical fertilisers, rubber products, chemical raw materials (other than hazardous chemical products and precursor chemicals), and metal materials. As at the end of the Reporting Period, Tibet Heng Xun Corporate Management Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 80,500,000 ordinary shares, representing 0.18% of the total share capital of the Bank.

Tibet Fuju Enterprise Management Co., Ltd.: It was incorporated on 3 May 2016, its registered capital was RMB300 million; its unified social credit code is 91540195MA6T1A2K32; its legal representative is CHEN Jianjun; its controlling shareholder is Xiamen Gaoxiao Electronic Information Technology Co., Ltd.; its ultimate controller is ZHANG Jianhua; its ultimate beneficiary is ZHANG Jianhua; its parties acting in concert are Good First Group Co., Ltd. and Tibet Heng Xun Corporate Management Co., Ltd.; its principal business includes: enterprise management; enterprise management consulting; corporate image planning; marketing planning; conference and exhibition services; market research (excluding foreign-related research). As at the end of the Reporting Period, Tibet Fuju Enterprise Management Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 52,900,000 ordinary shares, representing 0.12% of the total share capital of the Bank.

(VI) Pledge and freezing of ordinary shares

As at the end of the Reporting Period, according to the A Share Register, 117,358,807 shares of the Bank were under judicial freezing and 1,227,710,378 shares were under judicial marking. According to Article 72 of the Articles of Association, the voting rights in the shareholders' meetings of the substantial shareholders who pledged 50% or more of the shares of the Bank they held, as well as the voting rights in the Board meetings of the directors they appointed, have been restricted.

CHAPTER 5 INFORMATION ON PREFERENCE SHARES

I. Issuance and Listing of Preference Shares in the Past Three Years

As at the end of the Reporting Period, the Bank did not issue preference shares in the past three years.

II. Number of Holders of Preference Shares and Particulars of Shareholding

As at the end of the Reporting Period, the number of holders of domestic preference shares (or nominees) of the Bank was 56. As at the end of the month prior to the disclosure date of this Annual Report (28 February 2025), the number of holders (or nominees) of domestic preference shares of the Bank was 54.

As at the end of the Reporting Period, particulars of shareholding of the top 10 holders (or nominees) of domestic preference shares of the Bank are set out as follows (the data below was based on the registered holders of preference shares as at 31 December 2024):

Name of shareholder	Type of shareholder	Class of shares	Changes over the Reporting Period (share)	Shareholding percentage (%)	Total number of shares held (share)	Number of shares held subject to restriction on sales	Number of shares pledged or frozen
Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – General Insurance Product	Other	Domestic preference share	–	7.00	14,000,000	–	Nil
China Resources SZITIC Trust Co., Ltd. – CR Trust • Rui An No. 6 Collective Fund Trust Plan	Other	Domestic preference share	–	6.00	12,000,000	–	Nil
China Life Insurance Company Limited – Traditional – General Insurance Product – 005L – CT001SH	Other	Domestic preference share	–	5.00	10,000,000	–	Nil
Ping An Property & Casualty Insurance Company of China, Ltd. – Self-Owned Funds	Other	Domestic preference share	–	5.00	10,000,000	–	Nil
Taiping Life Insurance Co., Ltd. – Traditional – General Insurance Product – 022L – CT001SH	Other	Domestic preference share	–	5.00	10,000,000	–	Nil
Guotai Junan Securities Asset Management – Futong • Rixin H14001 RMB Wealth Management Product – Guojun Asset Management 0638 Targeted Asset Management Contract	Other	Domestic preference share	–	5.00	10,000,000	–	Nil

Name of shareholder	Type of shareholder	Class of shares	Changes over the Reporting Period (share)	Shareholding percentage (%)	Total number of shares held (share)	Number of shares held subject to restriction on sales	Number of shares pledged or frozen
Hwabao Trust Co., Ltd. – Hwabao Trust – Multi-Strategy Youying No. 2 Securities Investment Collective Fund Trust Plan	Other	Domestic preference share	9,380,000	4.69	9,380,000	–	Nil
Everbright Securities Asset Management – Bohai Bank – EBSAM Xinyou No. 23 Collective Asset Management Plan	Other	Domestic preference share	–	4.16	8,310,000	–	Nil
China Credit Trust Co., Ltd. – China Credit Trust – Baofu No. 11 Collective Fund Trust Plan	Other	Domestic preference share	7,332,000	3.67	7,332,000	–	Nil
Everbright Securities Asset Management – Bohai Bank – EBSAM Xinyou No. 24 Collective Asset Management Plan	Other	Domestic preference share	3,350,000	3.53	7,050,000	–	Nil

Notes:

1. The number of shares held by the holders of domestic preference shares was recorded in accordance with the register of holders of domestic preference shares of the Bank.

2. "Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – General Insurance Product" and "Ping An Property & Casualty Insurance Company of China, Ltd. – Self-Owned Funds" have a related relationship. "Everbright Securities Asset Management – Bohai Bank – EBSAM Xinyou No. 23 Collective Asset Management Plan" and "Everbright Securities Asset Management – Bohai Bank – EBSAM Xinyou No. 24 Collective Asset Management Plan" have a related relationship. Save as disclosed above, the Bank does not know if there is any related relationship or concerted action among the above holders of domestic preference shares or among the above holders of domestic preference shares and the top 10 holders of ordinary shares.

3. "Shareholding percentage" refers to the number of shares held by the holders of domestic preference shares as a percentage of the total number of domestic preference shares of the Bank.

III. Distribution of Dividends of Preference Shares

1. Domestic preference shares

Pursuant to the resolution and authorisation passed at the First Extraordinary General Meeting for 2016, the First A Share Class Meeting for 2016 and the First H Share Class Meeting for 2016, and the relevant resolutions on extending the validity period and authorisation period in 2017-2019, the dividends distribution plan for the domestic preference shares of the Bank was considered and approved at the third meeting of the 9th session of the Board on 29 August 2024. According to the relevant terms of domestic preference shares and calculated at the coupon rate of 4.38%, a cash dividend of RMB4.38 (tax inclusive) per domestic preference share shall be distributed. On the basis of the 200 million domestic preference shares issued, the Bank distributed dividends of RMB876 million (tax inclusive) in total on 18 October 2024 to holders of domestic preference shares whose names appeared on the register on the record date.

2. Distribution of dividends of preference shares in the past three years

(Unit: RMB million, except for percentage)

	2024		2023		2022	
	Coupon rate	**Amount of dividends distributed**	Coupon rate	Amount of dividends distributed	Coupon rate	Amount of dividends distributed
Domestic preference shares	**4.38%**	**876**	4.38%	876	4.38%	876

Note: Amount of dividends distributed included tax.

For details of the distribution of dividends of the preference shares, please refer to the announcements of the Bank published on the website of the SSE and the website of the Bank.

IV. Repurchase or Conversion of Preference Shares

During the Reporting Period, no preference shares of the Bank have been repurchased or converted.

On 29 August 2024, the Board of Directors of Bank considered and approved the Proposal on Not Exercising the Redemption Right and Re-determining the Coupon Rate of Domestic Preference Shares of China Minsheng Banking Corp., Ltd. (《中國民生銀行股份有限公司關於不行使境內優先股贖回權並重新確定票面股息率的議案》), pursuant to which, the Board agreed to re-determine the coupon rate of the domestic preference shares according to the terms of the issuance. On 18 October 2024, the Bank re-determined the coupon rate at 3.17% in the second coupon rate adjustment period. The dividends should be paid once a year.

V. Recovery of Voting Rights of Preference Shares

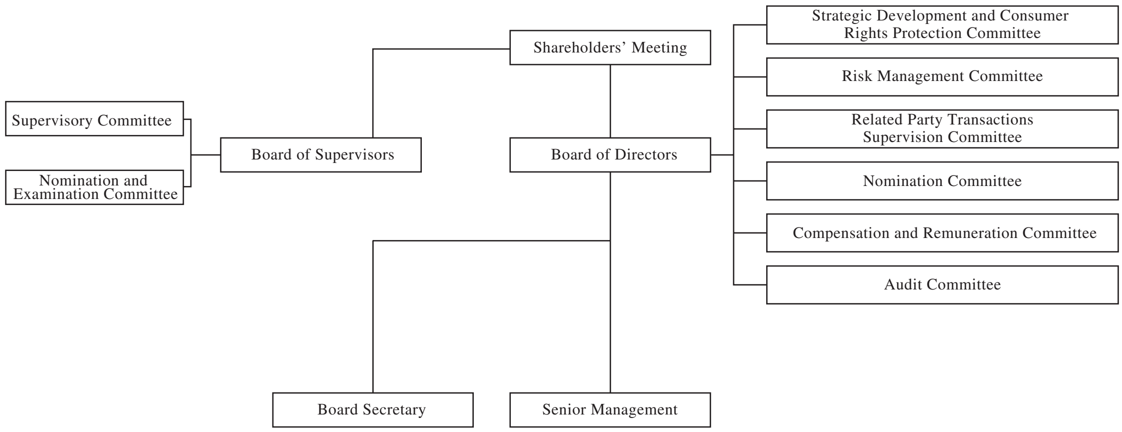
During the Reporting Period, no voting rights of preference shares of the Bank have been restored.

VI. Accounting Policies for Preference Shares and the Underlying Reasons

According to the rules promulgated by the Ministry of Finance, such as the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments (《企業會計準則第 37 號－金融工具列報》), there was no need for the issued and existing domestic preference shares of the Bank to be settled through delivery of cash or other financial assets or exchange of financial assets or financial liabilities. In the future, the Bank will have no obligation to deliver a variable quantity of its equity instruments. Therefore, the domestic preference shares are accounted as other equity instruments.

CHAPTER 6 CORPORATE GOVERNANCE

I. Corporate Governance Structure



II. Corporate Governance Overview

The Bank strictly complied with laws and regulations and regulatory requirements, and stuck to the unity between strengthening the Party's leadership and improving corporate governance. The Bank actively explored pathways to high-quality corporate governance, continuously refined corporate governance systems and operational mechanisms, and completed the change of terms of office of the Board of Directors and the Board of Supervisors in a smooth and orderly manner. The shareholders' meeting, the Board of Directors, the Board of Supervisors, and the Senior Management maintained clear responsibilities and efficient operations, and performed their duties diligently and efficiently according to laws and regulations, contributing to the continuous improvement of corporate governance.

In accordance with the new Company Law and the latest requirements of laws and regulations, the Bank conducted comprehensive review and systematic analysis of its corporate governance framework. It amended the Articles of Association, the Rules of Procedure for the Shareholders' Meeting (《股東會議事規則》), and the Rules of Procedure for the Board of Directors (《董事會議事規則》), which had been submitted to and then approved by the shareholders' meeting. The Bank actively advanced the approval process for the Articles of Association. The Bank formulated the Administrative Measures on Board Authorisation (《董事會授權管理辦法》) and the Administrative Measures on the Appointment of Directors and Senior Management (《董事和高級管理人員任職管理辦法》), and revised the terms of reference for the special committees of the Board, further standardising the requirements for duty performance and rules of procedures.

The Board of Directors of the Bank continued to perfect mechanisms for pre-meeting communication, supervision and implementation, and special research, and strengthened the professional support of its special committees. The Board conducted special researches on digital and intelligent risk control, development strategies and reform outcomes, corporate culture and philosophies, produced research reports and implemented relevant deployments, giving full play to the role of the Board in strategy guidance and risk prevention and control. The Bank also continuously improved mechanisms for communications with investors and diversified communication channels and approaches, effectively enhancing recognition in the capital market. Furthermore, the Board continued to refine mechanisms for Independent Directors in information guarantee, special reports, and suggestion implementation, and efficiently organised meetings involving Independent Directors, giving full play to the role of Independent Directors.

During the Reporting Period, the corporate governance of the Bank had been in line with the requirements of laws, administrative regulations as well as the provisions of regulatory authorities regarding governance of listed companies.

III. Powers of the Shareholders' Meeting

The shareholders' meeting is the organ of authority of the Bank, and exercises the following functions and powers in accordance with the laws: to decide on the Bank's operating policies and investment plans; to elect and replace Directors and Supervisors who are not employee representatives and decide on matters concerning the remuneration of relevant Directors and Supervisors; to consider and approve the annual financial budget and final accounts, profit distribution plans and plans for recovery of losses; to make resolutions regarding the increase or reduction of the Bank's registered capital, acquisition of the Bank's shares, issuance of preference shares, issuance of bonds, listing, merger, division and revision of the Articles of Association, and to consider other matters that shall be decided by the shareholders' meeting in accordance with laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authority of the place where the Bank was listed or the provisions in the Articles of Association. The above-mentioned functions and powers of the shareholders' meeting shall not be exercised by the Board of Directors or other institutions and individuals through authorisation.

IV. Shareholders' Meetings

During the Reporting Period, the Bank held two shareholders' meetings and considered and approved 23 proposals and received briefings on three special reports. Details are as follows: On 26 June and 25 October 2024, the 2023 Annual General Meeting and the First Extraordinary General Meeting for 2024 of the Bank were held respectively, at which the shareholders attended and voted on-site and online. The announcements on the resolutions of the above meetings were published on the website of the Bank, the website of the SSE and the HKEXnews website of the SEHK on 26 June and 25 October 2024, respectively, and on China Securities Journal, Shanghai Securities News and Securities Times on 27 June and 26 October 2024, respectively.

V. Directors, Supervisors and Senior Management

(I) Basic information

Name	Gender	Year of birth	Position	Term of office	Shares held at the beginning of the Reporting Period (share)	Shares held at the end of the Reporting Period (share)	Aggregate remuneration during the Reporting Period (before tax, RMB ten thousand)	Any remuneration received from related parties
GAO Yingxin	M	1962	Chairman & Executive Director	July 2020 – 2027 election	500,000	500,000	334.63	No
LIU Yonghao	M	1951	Vice Chairman & Non-Executive Director	June 2009 – 2027 election	–	–	99.50	Yes
WANG Xiaoyong	M	1970	Vice Chairman & Executive Director	August 2024 – 2027 election	–	–	183.05	No
			President	April 2024 – 2027 election				
SHI Yuzhu	M	1962	Non-Executive Director	March 2017 – 2027 election	–	–	87.50	No
SONG Chunfeng	M	1969	Non-Executive Director	March 2017 – 2027 election	–	–	–	Yes
ZHAO Peng	M	1973	Non-Executive Director	June 2021 – 2027 election	–	–	59.00	Yes
LIANG Xinjie	M	1977	Non-Executive Director	January 2025 – 2027 election	–	–	–	Yes
QU Xinjiu	M	1964	Independent Director	March 2021 – 2027 election	–	–	88.50	No
WEN Qiuju	F	1965	Independent Director	August 2023 – 2027 election	–	–	99.00	No

Name	Gender	Year of birth	Position	Term of office	Shares held at the beginning of the Reporting Period (share)	Shares held at the end of the Reporting Period (share)	Aggregate remuneration during the Reporting Period (before tax, RMB ten thousand)	Any remuneration received from related parties
SONG Huanzheng	M	1968	Independent Director	August 2023 – 2027 election	–	–	98.50	No
YEUNG Chi Wai, Jason	M	1955	Independent Director	October 2023 – 2027 election	–	–	97.50	No
CHENG Fengchao	M	1959	Independent Director	February 2024 – 2027 election	–	–	77.50	No
LIU Hanxing	M	1973	Independent Director	March 2024 – 2027 election	–	–	74.25	No
ZHANG Juntong	M	1974	Executive Director	August 2024 – 2027 election	350,000	350,000	286.21	No
			Executive Vice President	May 2024 – 2027 election				
			Former Chairman of the Board of Supervisors & Former Employee Supervisor	February 2017 – March 2024				
WENG Zhenjie	M	1962	Vice Chairman of the Board of Supervisors & Shareholder Supervisor	June 2024 – 2027 election	–	–	92.80	Yes
WU Di	M	1965	Shareholder Supervisor	June 2024 – 2027 election	–	–	86.50	Yes
			Former Non-Executive Director	March 2013 – June 2024				

Name	Gender	Year of birth	Position	Term of office	Shares held at the beginning of the Reporting Period (share)	Shares held at the end of the Reporting Period (share)	Aggregate remuneration during the Reporting Period (before tax, RMB ten thousand)	Any remuneration received from related parties
LU Zhongnan	M	1955	External Supervisor	June 2024 – 2027 election	–	–	82.50	No
LI Yu	M	1974	External Supervisor	June 2024 – 2027 election	–	–	81.50	No
LONG Ping	M	1971	Employee Supervisor	June 2024 – 2027 election	–	–	156.19	
MAO Bin	M	1969	Employee Supervisor	December 2024 – 2027 election	–	–	15.33	No
SHI Jie	M	1965	Executive Vice President	January 2017 – 2027 election	350,000	350,000	248.41	No
LI Bin	F	1967	Executive Vice President	January 2017 – 2027 election	350,000	350,000	248.41	No
			Board Secretary	February 2024 – 2027 election				
LIN Yunshan	M	1970	Executive Vice President	January 2017 – 2027 election	350,000	350,000	248.41	No
HUANG Hongri	M	1972	Executive Vice President	May 2024 – 2027 election	–	–	128.46	No
ZHANG Bin	M	1967	Chief Information Officer	November 2021 – 2027 election	–	–	203.25	No
GONG Zhijian	M	1967	Business Director	May 2024 – 2027 election	–	–	216.85	No
			Former Employee Supervisor	November 2021 – May 2024				

Name	Gender	Year of birth	Position	Term of office	Shares held at the beginning of the Reporting Period (share)	Shares held at the end of the Reporting Period (share)	Aggregate remuneration during the Reporting Period (before tax, RMB ten thousand)	Any remuneration received from related parties
Resigned Directors, Supervisors and Senior Management								
ZHANG Hongwei	M	1954	Former Vice Chairman & Former Non-Executive Director	January 2001 – March 2025	–	–	67.50	Yes
LU Zhiqiang	M	1951	Former Vice Chairman & Former Non-Executive Director	November 2006 – June 2024	–	–	47.50	Yes
ZHENG Wanchun	M	1964	Former Vice Chairman	December 2020 – March 2024	430,000	145,000	83.15	No
			Former Executive Director	March 2016 – March 2024				
			Former President	January 2016 – March 2024				
YANG Xiaoling	M	1958	Former Non-Executive Director	March 2021 – June 2024	–	–	39.00	No
XIE Zhichun	M	1958	Former Independent Director	March 2017 – March 2024	–	–	28.50	No
PENG Xuefeng	M	1962	Former Independent Director	March 2017 – February 2024	–	–	16.50	No
YUAN Guijun	M	1963	Former Executive Director	March 2021 – March 2024	150,000	–	71.29	No
			Former Executive Vice President	December 2020 – March 2024				
YANG Yu	M	1964	Former Vice Chairman of the Board of Supervisors & Former Employee Supervisor	November 2021 – October 2024	–	–	204.50	No
WANG Yugui	M	1951	Former External Supervisor	February 2017 – March 2024	–	–	18.50	No

Name	Gender	Year of birth	Position	Term of office	Shares held at the beginning of the Reporting Period (share)	Shares held at the end of the Reporting Period (share)	Aggregate remuneration during the Reporting Period (before tax, RMB ten thousand)	Any remuneration received from related parties
ZHAO Fugao	M	1955	Former External Supervisor	June 2019 – June 2024	–	10,000	–	No
ZHANG Liqing	M	1963	Former External Supervisor	October 2020 – June 2024	–	–	40.00	No
BAI Dan	F	1963	Former Board Secretary	August 2018 – February 2024	360,000	360,000	38.35	No

Notes:

1. According to the regulations of the CSRC, the commencement date of the terms of office of re-elected Directors, Supervisors and Senior Management in the above table shall be the date of their first appointment and qualification approval.

2. On 26 June 2024, the 2023 Annual General Meeting of the Bank elected the 9th session of the Board of Directors, whose Directors were nominated by the 8th session of the Board of Directors of the Bank.

3. On 26 June 2024, the 2023 Annual General Meeting of the Bank elected the Shareholder Supervisors and External Supervisors of the 9th session of the Board of Supervisors, and such Shareholder Supervisors and External Supervisors were nominated by the 8th session of the Board of Supervisors of the Bank.

4. During the Reporting Period, the changes in the shares of the Bank held by the persons in the above table complied with relevant regulatory provisions.

5. During the Reporting Period, the total pre-tax remuneration of incumbent and resigned Directors, Supervisors and Senior Management was RMB40,485,400. The total pre-tax remuneration of the incumbent Executive Directors, Employee Supervisors and Senior Management is still under confirmation and further disclosure regarding such unconfirmed part will be made by the Bank in due course.

6. During the Reporting Period, Mr. SONG Chunfeng and Mr. ZHAO Fugao did not receive remunerations.

7. Since September 2024, Mr. ZHAO Peng has stopped receiving the remuneration as a Director, and Mr. ZHANG Hongwei hasn't received the remuneration as a Director.

8. The CSRC Heilongjiang Office imposed an administrative regulatory measure by issuing an warning letter to Mr. ZHANG Hongwei in December 2024. The Shanghai Stock Exchange circulated a notice of criticism to Mr. ZHANG Hongwei in January 2025.

(II) Appointment and resignation of Directors, Supervisors and Senior Management

Directors

1. On 9 June 2023, Mr. CHENG Fengchao and Mr. LIU Hanxing were elected as Independent Directors of the Bank at the 2022 Annual General Meeting, and the qualification of Mr. CHENG Fengchao was approved by the NFRA in February 2024. Mr. PENG Xuefeng ceased to serve as an Independent Director of the Bank due to the expiration of his term of office. The qualification of Mr. LIU Hanxing was approved by the NFRA in March 2024. Mr. XIE Zhichun ceased to serve as an Independent Director of the Bank due to the expiration of his term of office.

2. On 12 March 2024, Mr. ZHENG Wanchun resigned from the positions of a Vice Chairman, an Executive Director and President of the Bank, as well as a member of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee of the Board due to retirement upon reaching the prescribed age.

3. On 12 March 2024, Mr. YUAN Guijun resigned from the positions of an Executive Director and an Executive Vice President of the Bank, as well as a member of the Risk Management Committee and the Related Party Transactions Supervision Committee of the Board due to retirement upon reaching the prescribed age.

4. On 6 June 2024, the 9th extraordinary meeting of the 8th session of the Board of Directors of the Bank considered and approved the Proposal on Nominating the Candidates for Non-Executive Directors and Executive Directors of the 9th Session of the Board of Directors of the Bank (《關於提名本行第九屆董事會非執行董事、執行董事候選人的議案》) and the Proposal on Nominating the Candidates for Independent Directors of the 9th Session of the Board of Directors of the Bank (《關於提名本行第九屆董事會獨立董事候選人的議案》). On 26 June 2024, the 2023 Annual General Meeting of the Bank elected the 9th session of the Board of Directors, which consists of 16 members including seven Non-Executive Directors (Mr. ZHANG Hongwei, Mr. LIU Yonghao, Mr. SHI Yuzhu, Mr. SONG Chunfeng, Mr. ZHAO Peng, Mr. LIANG Xinjie and Mr. LIN Li), six Independent Directors (Mr. QU Xinjiu, Ms. WEN Qiuju, Mr. SONG Huanzheng, Mr. YEUNG Chi Wai, Jason, Mr. CHENG Fengchao and Mr. LIU Hanxing), and three Executive Directors (Mr. GAO Yingxin, Mr. WANG Xiaoyong and Mr. ZHANG Juntong). Mr. LU Zhiqiang, Mr. WU Di and Mr. YANG Xiaoling ceased to serve as Directors of the Bank. The qualifications of Mr. WANG Xiaoyong and Mr. ZHANG Juntong as Directors were approved by the NFRA in August 2024. The qualification of Mr. LIANG Xinjie as a Director was approved by the NFRA in January 2025. As at the date of disclosure of this Report, the qualification of Mr. LIN Li as a Director is subject to the approval of the NFRA.

5. On 26 June 2024, the first meeting of the 9th session of the Board of Directors of the Bank considered and approved the Proposal on Electing Chairman and Vice Chairmen of the 9th Session of the Board of Directors of China Minsheng Bank (《關於選舉中國民生銀行第九屆董事會董事長、副董事長的議案》), electing Mr. GAO Yingxin as Chairman and Mr. ZHANG Hongwei, Mr. LIU Yonghao and Mr. WANG Xiaoyong as Vice Chairmen. The qualification of Mr. WANG Xiaoyong as a Vice Chairman was approved by the NFRA in August 2024.

6. On 15 March 2025, due to personal health reasons, Mr. ZHANG Hongwei resigned from the positions of a Vice Chairman and a Non-Executive Director of the Bank, as well as a member of the Strategic Development and Consumer Rights Protection Committee and the Nomination Committee of the Board.

Supervisors

1. On 12 March 2024, Mr. ZHANG Juntong ceased to serve as Chairman of the Board of Supervisors and an Employee Supervisor of the Bank, as well as a member of the special committees of the Board of Supervisors due to work adjustment.

2. On 12 March 2024, Mr. WANG Yugui resigned from the positions of an External Supervisor of the Bank and a member of the special committees of the Board of Supervisors due to the expiration of his term of office for a cumulative period of six years.

3. On 27 May 2024, due to his new role as Business Director of the Bank, Mr. GONG Zhijian ceased to perform his duties as an Employee Supervisor and a member of the special committees of the Board of Supervisors.

4. On 7 June 2024, the Employee Representative Congress of the Bank by-elected Mr. LONG Ping as an Employee Supervisor of the 8th session of the Board of Supervisors of the Bank. On 12 June 2024, the 5th extraordinary meeting of the 8th session of the Board of Supervisors of the Bank elected Mr. LONG Ping as a member of the Supervisory Committee of the 8th session of the Board of Supervisors of the Bank.

5. On 25 June 2024, the Employee Representative Congress of the Bank elected Mr. YANG Yu and Mr. LONG Ping as Employee Supervisors of the 9th session of the Board of Supervisors of the Bank.

6. On 6 June 2024, the 4th extraordinary meeting of the 8th session of the Board of Supervisors of the Bank considered and approved the Proposal on Nominating the Candidates for Shareholder Supervisors and External Supervisors of the 9th Session of the Board of Supervisors of the Bank (《關於提名本行第九屆監事會股東監事候選人、外部監事候選人的議案》). On 26 June 2024, the 2023 Annual General Meeting of the Bank elected Mr. WENG Zhenjie and Mr. WU Di as Shareholder Supervisors of the 9th session of the Board of Supervisors of the Bank, and elected Mr. LU Zhongnan and Mr. LI Yu as External Supervisors of the 9th session of the Board of Supervisors of the Bank. Mr. ZHAO Fugao and Mr. ZHANG Liqing ceased to serve as External Supervisors of the Bank, and Mr. LU Zhongnan and Mr. LI Yu ceased to serve as Shareholder Supervisors of the Bank.

7. On 26 June 2024, the 1st meeting of the 9th session of the Board of Supervisors of the Bank considered and approved the Proposal on Electing Vice Chairmen of the 9th Session of the Board of Supervisors of the Bank (《關於選舉本行第九屆監事會副主席的議案》), electing Mr. YANG Yu as a Vice Chairman of the Board of Supervisors and Convener of the Board of Supervisors, and electing Mr. WENG Zhenjie as a Vice Chairman of the Board of Supervisors.

8. In August 2024, Mr. YANG Yu creased to serve as President of the Beijing Branch of the Bank. On 11 October 2024, Mr. YANG Yu resigned from the positions of a Vice Chairman, an Employee Supervisor, and a member of the Supervisory Committee and the Nomination and Examination Committee of the 9th session of the Board of Supervisors of the Bank due to retirement upon reaching the prescribed age.

9. On 17 December 2024, the Employee Representative Congress of the Bank by-elected Mr. MAO Bin as an Employee Supervisor of the 9th session of the Board of Supervisors of the Bank.

Senior Management

1. On 22 February 2024, the qualification of Ms. LI Bin was approved by the NFRA, and she officially assumed the position of Board Secretary of the Bank. Ms. BAI Dan ceased to perform her duties as Board Secretary.

2. On 12 March 2024, the 6th extraordinary meeting of the 8th session of the Board of Directors of the Bank decided to appoint Mr. WANG Xiaoyong as President of the Bank. The Board designated Mr. WANG Xiaoyong to perform the duties of President of the Bank on an acting basis from 12 March 2024. His qualification was approved by the NFRA in April 2024.

3. On 12 March 2024, the 6th extraordinary meeting of the 8th session of the Board of Directors of the Bank decided to appoint Mr. ZHANG Juntong as an Executive Vice President of the Bank. His qualification was approved by the NFRA in May 2024.

4. On 12 March 2024, the 6th extraordinary meeting of the 8th session of the Board of Directors of the Bank decided to appoint Mr. HUANG Hongri as an Executive Vice President of the Bank. His qualification was approved by the NFRA in May 2024.

5. On 23 April 2024, the 7th extraordinary meeting of the 8th session of the Board of Directors of the Bank appointed Mr. GONG Zhijian as Business Director of the Bank. His qualification was approved by the NFRA in May 2024. Mr. GONG Zhijian ceased to perform his duties as an Employee Supervisor, Chairman of the Supervisory Committee and a member of the Nomination and Examination Committee of the 8th session of the Board of Supervisors of the Bank from 27 May 2024.

(III) Positions held by incumbent Directors and Supervisors in shareholders' companies

Name	Name of the shareholder's company	Position	Term of office
LIU Yonghao	New Hope Group Co., Ltd.	Chairman of the board of directors	January 1997 – Present
SONG Chunfeng	China Shipowners Mutual Assurance Association	General manager	March 2016 – Present
ZHAO Peng	Dajia Insurance Group Co., Ltd.	Assistant general manager and board secretary	September 2020 – Present
WENG Zhenjie	Chongqing International Trust Inc	Chairman of the board of directors	November 2014 – Present
WU Di	Good First Group Co., Ltd.	Chairman of the board of directors and president	January 2003 – Present

(IV) Performance evaluation and incentive mechanism and remuneration system for Directors, Supervisors and the Senior Management

The Bank rigorously implemented regulatory policies in the performance evaluation of the Senior Management, insisted on compliance as the guidance for business development, and promoted the performance culture focusing on the long-term and steady development. Simultaneously, focusing on long-term strategic objectives, the Bank set strategic transformation and execution indicators, and guided the Senior Management in implementing the Bank's overall strategic deployments.

The policy for remuneration of the Senior Management of the Bank was: To reflect strategies and guiding principles of human resources management under the premise of supporting the development strategy and achieving operating targets of the Bank, advocate value creation and encourage the Senior Management to advance the high-quality development of the whole bank; to formulate remuneration plans for the Senior Management with reasonable structure and market competitiveness, determine remunerations of the Senior Management in line with their duties, capabilities and contributions to operating results, and establish an incentive and restraint mechanism for the Senior Management.

The Senior Management's performance-based remuneration is closely linked to the attainment of key performance indicators and the annual evaluation results of the Senior Management as individuals. In accordance with the requirements of the regulatory guidelines, the Bank established a deferred payment mechanism for the performance-based remuneration of the Senior Management.

To objectively reflect the labour, risks and responsibilities undertaken by the Directors and Supervisors of the Bank, and to effectively encourage the Directors and Supervisors to actively participate in decision-making and management, the Bank paid remuneration to all Directors and Supervisors in accordance with the Rules for Remuneration of Directors and Supervisors of China Minsheng Banking Corp., Ltd. (《中國民生銀行股份有限公司董事、監事薪酬制度》). The remuneration of Directors comprises four parts, including annual fee, allowances for special committees, meeting fees and research fees. The remuneration of Supervisors comprises three parts, including annual fee, allowances for special committees and meeting fees. During the Reporting Period, all Directors of the Bank abstained from the discussion of their remuneration by the Board of Directors. The Compensation and Remuneration Committee considered the remunerations of Directors and Senior Management, and all Directors showed consent.

In accordance with regulatory requirements, the Articles of Association and rules of the Bank, the Board of Supervisors performed comprehensive evaluations on the performance of the Directors, Supervisors and Senior Management. Through attending meetings of the Board of Directors and its special committees as non-voting delegates and reviewing daily performance records, the Board of Supervisors supervised the legitimacy and compliance of meeting contents, discussion mechanism and procedures, and fully observed the issuance of opinions and suggestions by Directors and Supervisors. Through multiple ways such as receiving reports, conducting researches, investigations and inspections, and carrying out enquiries and interviews, the Board of Supervisors supervised key matters and observed the performance of Directors and Supervisors in related fields. Through filling in the statistical forms of duty performance assessment, the Board of Supervisors organised self-evaluation and cross-evaluation to assess the annual performance of Directors and Supervisors. Through considering and reviewing various reports, the Board of Supervisors observed the business philosophy, operating results, risk management, internal control and compliance, and the implementation of regulatory opinions and the progress and effectiveness of rectifications of the Senior Management. Through attending meetings as non-voting delegates, reviewing the annual work reports and rating the leadership capabilities, the Board of Supervisors gained a comprehensive understanding of the fulfillment of duty of loyalty, duty of diligence, compliance performance, and performance results, etc. Based on the information obtained through the above-mentioned ways and channels, the Board of Supervisors made objective and fair comprehensive evaluation on the performance of Directors, Supervisors and Senior Management, and finally formed the annual performance evaluations, and reported them to the shareholders' meeting and the regulatory authorities.

(V) Main work experience of incumbent Directors, Supervisors and Senior Management

Directors

Executive Directors

Mr. GAO Yingxin, born in 1962, is Chairman and an Executive Director of the Bank. Mr. GAO is concurrently the chairman of CMBC International. Before joining the Bank, he was a vice chairman of the board and the chief executive of BOC Hong Kong (Holdings) Limited and Bank of China (Hong Kong) Limited from January 2018 to May 2020, an executive director of Bank of China Limited (BOC) from December 2016 to January 2018, an executive vice president of BOC from February 2015 to January 2018, an executive director and a deputy chief executive of BOC Hong Kong (Holdings) Limited and Bank of China (Hong Kong) Limited from February 2005 to February 2015, the president and chief operating officer of BOC International Holdings Limited from July 2004 to February 2005, the general manager of the corporate banking department of BOC head office from June 1999 to July 2004, and a deputy general manager of the credit department and a deputy general manager of the corporate banking department of BOC head office from September 1996 to June 1999. Mr. GAO was a member of the 13th CPPCC National Committee. Mr. GAO obtained his Master's Degree in Engineering from East China University of Science and Technology in 1986 and is a senior economist.

Mr. WANG Xiaoyong, born in 1970, is a Vice Chairman, an Executive Director and President of the Bank. Before joining the Bank, from September 2016 to February 2024, Mr. WANG had successively served as the president of the Chongqing branch, the general manager of the channel and operation management department, and the president of the Sichuan branch of China Construction Bank. From June 2006 to September 2016, he had successively served as an assistant general manager of the risk monitoring and control department, a deputy general manager of the credit management department, a vice president of the Shandong branch and a vice president of the Gansu branch of China Construction Bank. From April 1996 to June 2006, he had successively worked at the audit department, the office of the risk and internal control management committee and the risk management department of China Construction Bank. Mr. WANG graduated from Beijing Normal University with a Bachelor's Degree in 1991. Mr. WANG obtained his Master's Degree in Accounting from the Central University of Finance and Economics in 1996, and his Ph.D. Degree in Management Science and Engineering from Tianjin University in 2013. He is currently a senior economist.

Mr. ZHANG Juntong, born in 1974, is an Executive Director and an Executive Vice President of the Bank. Mr. ZHANG served as Chairman of the Board of Supervisors and an Employee Supervisor of the Bank, and Chairman of the Supervisory Committee and a member of the Nomination and Examination Committee of the Board of Supervisors from February 2017 to March 2024. Mr. ZHANG graduated from Peking University with a Bachelor's Degree in 1997, and obtained his Master's Degree in World Economy from Peking University in 2000.

Non-Executive Directors

Mr. LIU Yonghao, born in 1951, is a Vice Chairman and a Non-Executive Director of the Bank. Mr. LIU is currently the chairman and president of New Hope Group Co., Ltd., a member of the 14th CPPCC National Committee, the chairman of the General Association of Sichuan Entrepreneurs, a vice president of China Association for Public Companies and one of the promoters of China Guangcai Programme. Mr. LIU was also a vice chairman of the 7th and 8th sessions of ACFIC, a member of the 8th, 9th, 10th and 11th CPPCC National Committee, a standing committee member of the 9th and 10th CPPCC National Committee, a vice chairman of the Committee for Economic Affairs of the 10th and 11th CPPCC National Committee, a deputy to the 12th National People's Congress (NPC), a member of the 13th CPPCC National Committee, a vice chairman of China Society for Promotion of the Guangcai Programme, and a director of New Hope Liuhe Co., Ltd..

Mr. SHI Yuzhu, born in 1962, is a Non-Executive Director of the Bank. Mr. SHI is the chairman of Giant Network Group Co., Ltd. (formerly known as "Chongqing New Century Cruise Co., Ltd."), Giant Interactive Group Inc. (formerly known as "Shanghai ZhengTu Interactive Group Inc.") and Giant Charity Foundation. Mr. SHI was previously a director of Shanghai ZhengTu Interactive Group Inc. from 2006 to 2018, and a vice chairman of China Minsheng Investment Group Corp., Ltd. from 2014 to 2018. Mr. SHI obtained his Bachelor's Degree in Mathematics from Zhejiang University in 1984 and graduated from the postgraduate programme of software science department from Shenzhen University in 1990.

Mr. SONG Chunfeng, born in 1969, is a Non-Executive Director of the Bank. Mr. SONG is the general manager of China Shipowners Mutual Assurance Association, a vice president of China Shipowners' Association, a vice chairman of Quanzhou Jinjiang COSCO Development Co., Ltd., an executive director of China P&I Management Co., Ltd., a director of China P&I Services (Hong Kong) Limited, an executive director of Shanghai Haixing Asset Management Limited, a director of CPI Services (UK) Limited, and a supervisor of Haitong Securities Co., Ltd. Mr. SONG was a managing director of COSCO (Hong Kong) Insurance Brokers Limited, the chairman and general manager of Shenzhen COSCO Insurance Brokers Limited, a manager of the commerce office under the transportation department of COSCO/China COSCO Holdings Co., Ltd., and a principal staff member, a deputy division director, and the division director of the commerce division under the transportation department of COSCO. Mr. SONG obtained his Ph.D. Degree in Law from Peking University in 2006 and is a senior economist.

Mr. ZHAO Peng, born in 1973, is a Non-Executive Director of the Bank. Mr. ZHAO is currently an assistant general manager and board secretary of Dajia Insurance Group Co., Ltd. Mr. ZHAO served as a director of Dajia Life Insurance Co., Ltd., a member of the team designated by the former CBIRC to take over Anbang Insurance Group, a deputy division director then division director of the development and reform department of the former CIRC, an executive member of Rizhao Commercial Bank, a director of Beijing Tong Ren Tang Co., Ltd., a vice chairman of Financial Street Holdings Co., Ltd., and a director of Sino-Ocean Group Holding Limited. Mr. ZHAO obtained his Ph.D. Degree in Economic Law from China University of Political Science and Law in 2014. He has the qualification for an economist.

Mr. LIANG Xinjie, born in 1977, is a Non-Executive Director of the Bank. Mr. LIANG is a director and the general manager of Dajia Property & Casualty Insurance Co., Ltd. Mr. LIANG was previously an assistant general manager then a deputy general manager of Dajia Property & Casualty Insurance Co., Ltd., the general manager of the vehicle insurance department of Dinghe Property Insurance Co., Ltd., and the general manager of the underwriting department and a deputy general manager of the vehicle insurance department of China United Property Insurance Co., Ltd. Mr. LIANG obtained the degree of Master of Finance from Southwestern University of Finance and Economics in 2006.

Independent Non-Executive Directors

Mr. QU Xinjiu, born in 1964, is an Independent Non-Executive Director of the Bank. He is currently a professor of China University of Political Science and Law and a part-time lawyer of Beijing Fada Law Firm. Mr. QU served previously as a deputy dean and dean of the School of Criminal Justice of China University of Political Science and Law, the director of the Institute of Criminal Law of the School of Criminal Justice of China University of Political Science and Law, and served concurrently as a deputy director of the investigation supervision department of the Supreme People's Procuratorate of the People's Republic of China, a deputy procurator-general of People's Procuratorate of Fengtai District of Beijing Municipality, and a part-time lawyer of Beijing Dadi Law Firm. Mr. QU obtained his Ph.D. Degree in Procedural Law from China University of Political Science and Law in 2001. Mr. QU has the qualifications for university teachers and lawyers.

Mr. QU has many years of experience in legal practice and can promote the diversification of composition of the Board. He provides the Board valuable advice on system development and compliant operation.

Ms. WEN Qiuju, born in 1965, is an Independent Non-Executive Director of the Bank. Ms. WEN currently serves as a managing partner of Da Hua Certified Public Accountants LLP and the chairman of Da Hua International Management Consulting (Beijing) Co., Ltd. (大華國際管理諮詢(北京)有限公司). Ms. WEN obtained a Master's Degree in Western Accounting from Dongbei University of Finance and Economics in 1989. She is a certified public accountant and a certified public valuer.

As an accounting professional, Ms. WEN has extensive experience in accounting, auditing and management consulting and can further contribute to the gender diversity of the composition of the Board. She provides valuable advice to the Board from the perspective of professional accounting and auditing.

Mr. SONG Huanzheng, born in 1968, is an Independent Non-Executive Director of the Bank. Mr. SONG currently serves as the director and senior partner of Beijing S&P Law Firm, a consultant expert for Civil Administrative Cases of the Supreme People's Procuratorate, a member of the lawyer team of the China National Committee of the International Chamber of Commerce (ICC), a standing council member of the Chinese Civil Procedural Law Association of the China Law Society, a member of the Expert Committee for China Association of Trade in Services, a standing council member of the Corporate Governance Research Branch of the China Behaviour Law Association, an expert of the think tank of the China Academy of Management Science, a member of the Capital Market and Securities Legal Affairs Professional Committee, and the M&A and Reorganisation Legal Professional Committee of the Beijing Lawyers Association, an external director of a municipal state-owned enterprise under the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (Beijing SASAC) (appointed to Beijing State-owned Assets Management Co., Ltd.), an arbitrator and a member of the Expert Advisory Committee of the Chongqing Arbitration Commission, a part-time professor of the School of Law and the director of the Legal Practice Research Centre of Xiangtan University. Mr. SONG was the chief lawyer of China Real Estate Development Group, a standing council member of Chinese Society of International Economic Law and an external director of a municipal state-owned enterprise under the Beijing SASAC (appointed to the Beijing Enterprises Group Company Limited). Mr. SONG obtained a Master's Degree in Economic Law from Southwest University of Political Science & Law in 1993. He is qualified as a lawyer.

Mr. SONG has extensive experience in corporate law, financial law, securities law and bankruptcy law, with nearly 30 years of experience as a practicing lawyer. He can diversify the composition of the Board, and provide valuable advice to the Board on corporate governance, internal control and compliance.

Mr. YEUNG Chi Wai, Jason, born in 1955, Chinese (Hong Kong) nationality, is an Independent Non-Executive Director of the Bank. Mr. YEUNG currently serves as the group chief compliance and risk management officer of Fung Holdings (1937) Limited, and an independent non-executive director of China Telecom Corporation Limited. Mr. YEUNG served as an independent non-executive director of Bank of Communications Co., Ltd. and AviChina Industry & Technology Company Limited; a deputy chief executive (personal banking business) of Bank of China (Hong Kong) Limited, the board secretary of Bank of China (Hong Kong) Limited, the board secretary of Bank of China Limited; a director and legal counsel of China Everbright Limited and China Everbright International Ltd.; a lawyer and partner of Woo Kwan Lee & Lo; a member of the Hong Kong Hospital Authority Board; a director of The Hong Kong Mortgage Corporation Limited and the Financial Dispute Resolution Centre; a member of the Insurance Advisory Committee of HKSAR Government. He also worked in the Hong Kong Government and the Hong Kong Securities and Futures Commission. Mr. YEUNG obtained his Master's Degree in Business Administration from the Business School of the University of Western Ontario, Canada in 2001. Mr. YEUNG is qualified as a lawyer.

Mr. YEUNG has extensive experience in finance, legal and regulatory compliance and can diversify the composition of the Board. He provides valuable advice to the Board on corporate governance, bank management and other aspects.

Mr. CHENG Fengchao, born in 1959, is an Independent Non-Executive Director of the Bank. Mr. CHENG serves as the chairman of the Research Society for Finance and Industry (a social organisation), an independent non-executive director of PICC Property and Casualty Company Limited and Sinochem International Corporation, a member of the Academic Advisory Committee of the China Association for Public Companies, and a doctoral supervisor of Hunan University. Mr. CHENG was previously an equity director of Industrial and Commercial Bank of China Limited and Agricultural Bank of China Limited, a supervisor of China Everbright Group, an external supervisor of Everbright Securities Company Limited, an external supervisor of China Huarong Asset Management Co., Ltd. (currently known as "China CITIC Financial Asset Management Co., Ltd."), an independent non-executive director of Minerals Capital Company Limited, Beijing GeoEnviron Engineering & Technology, Inc., Lihuayi Weiyuan Chemical Co., Ltd. and Tongfang Co., Ltd., the legal representative of Beijing Mingjia Zhibo Enterprise Management Consulting Co., Ltd. (北京名嘉智博企業管理諮詢有限公司), the general manager of the development research department, appraisal management department, etc. of China Great Wall Asset Management Company (currently known as "China Great Wall Asset Management Co., Ltd."), and a vice chairman and the secretary general of the Hebei Institute of Certified Public Accountants. Mr. CHENG obtained his Ph.D. Degree in Management Science and Engineering from Business School of Hunan University in 2004. He is a financial science researcher, a senior accountant, a certified public accountant, and a certified public valuer.

Mr. CHENG has extensive experience in accounting, audit, appraisal, banking and securities business and can diversify the composition of the Board. He provides valuable advice to the Board on corporate governance and professional accounting.

Mr. LIU Hanxing, born in 1973, is an Independent Non-Executive Director of the Bank. Mr. LIU is now the general manager of Mingzhe Maosheng (Hainan) Investment Co., Ltd. He previously served as the director of the general office, asset allocation & research department and equity management department of the National Council for Social Security Fund of the People's Republic of China, an non-executive director of Bank of Communications Co., Ltd., a vice president of Beijing branch of Bank of Communications Co., Ltd., a deputy division director of the non-bank department and a deputy division director of the information centre of the former China Banking Regulatory Commission, and a principal staff member of the general office of the People's Bank of China. Mr. LIU obtained his Ph.D. Degree in Management Science and Engineering from the Graduate School of the Chinese Academy of Sciences in 2012. He holds the qualification of intermediate financial economist.

Mr. LIU specialises in asset allocation and equity investment with extensive experience in corporate governance and banking practice. He provides valuable advice to the Board on corporate governance and bank management.

Supervisors

Mr. WENG Zhenjie, born in 1962, is a Vice Chairman of the Board of Supervisors and a Shareholder Supervisor of the Bank. Mr. WENG is the chairman of Chongqing International Trust Inc. and GuoDu Securities Co., Ltd. He also serves as a director of China Trust Protection Fund Co., Ltd., and China Trust Registration Corporation Limited. Mr. WENG worked as the chairman and chief executive officer of Chongqing International Trust Inc., the chairman of Yimin Asset Management Co., Ltd., Southwest Securities Co., Ltd. and Chongqing Three Gorges Bank Co., Ltd., a director of Hefei Science & Technology Rural Commercial Bank Company Limited, a vice chairman of the Chongqing Municipal Committee of CNDCA, a member of the 9th Central Economic Committee of CNDCA, a deputy officer of the 10th and 11th Central Financial Committee of CNDCA, a deputy to the third and fourth Chongqing Municipal People's Congress and a standing committee member of the standing committee of the third and fourth Chongqing Municipal People's Congress, a standing member of the 5th CPPCC Chongqing Municipal Committee, a deputy general manager of Beijing Centergate Technologies (Holding) Co., Ltd., and an instructor of the Chinese People's Liberation Army Institute of Telecommunication Engineering. Mr. WENG obtained his Master's Degree in Engineering in 1986. He is a senior economist, an expert with special allowances of the State Council and has been granted the honorary title of National Model Worker.

Mr. WU Di, born in 1965, is a Shareholder Supervisor of the Bank. Mr. WU is the chairman and president of Good First Group Co., Ltd., a director of Hangzhou United Rural Commercial Bank, and the chairman and an executive director of Datang Group Holdings Limited. Mr. WU is also a deputy to the Fujian Provincial People's Congress, a member of the CPPCC Xiamen Municipal Committee, and a council member of Jimei University. Mr. WU obtained his Ph.D. Degree in Economics from Renmin University of China and now serves as a council member of the Education Foundation and a guest professor of Renmin University of China. Mr. WU is a senior economist.

Mr. LU Zhongnan, born in 1955, is an External Supervisor of the Bank. Mr. LU is currently an independent director of Yantai Bank Co., Ltd. and Harbin Bank Financial Leasing Co., Ltd. (哈銀金融租賃有限責任公司). He was previously an independent director of Qilu Bank Co., Ltd. Mr. LU graduated from the postgraduate course for advanced studies in economic management from Heilongjiang Provincial Academy of Social Sciences. He is currently a senior economist.

Mr. LI Yu, born in 1974, is an External Supervisor of the Bank. Mr. LI is a vice chairman of Shanghai Innovation Investment Limited (上海創新投資有限公司) and the CEO of Ranger-Duree Healthcare Management Group Co., Ltd. Mr. LI was previously the executive president of Shandong Yatai Zhonghui Group Co., Ltd. (山東亞太中慧集團) and a vice president of Pacific Alliance Group. Mr. LI obtained his Master's Degree in Economics (majoring in Finance) from the School of Finance of Renmin University of China.

Mr. LONG Ping, born in 1971, is an Employee Supervisor and General Manager of the Audit Department of the Bank. Mr. LONG joined the Bank in 1997 and successively served as Division Director of the Operation Management Division of the Accounting and Settlement Department, Assistant General Manager of the Accounting and Settlement Department, Assistant General Manager, a Deputy General Manager, a Deputy General Manager (in charge) and then General Manager of the Operation Management Department, and General Manager of the Audit Department of the Head Office. He previously served as a foreign exchange accountant at the Shenzhen branch of the Industrial and Commercial Bank of China from July 1992 to September 1997. Mr. LONG graduated from the School of Economics and Management at Beijing Jiaotong University and obtained his MBA Degree.

Mr. MAO Bin, born in 1969, is as an Employee Supervisor and General Manager of the IT Department of the Bank. Mr. MAO joined the Bank in 2006 and successively served as Division Director of the Application System Development Division of the Development Centre, Division Director of the Trading Business Centre of the Planning and Demand Department (a tier-2 department), and then Division Director of the Application Development Centre III of the Software Development Department (a tier-2 department) of the Technology Development Department, and a Deputy General Manager, a Deputy General Manager (in charge), and then General Manager of the IT Department. Mr. MAO served as a deputy division director of the technology division of the PBOC Zigong branch and a deputy general manager of the computer centre of Huaxi Securities Co., Ltd. Mr. MAO graduated from Wuhan University with a Bachelor's Degree in Computer Application.

Senior Management

Mr. WANG Xiaoyong is a Vice Chairman and President of the Bank. Please refer to his biography in "Directors – Executive Directors".

Mr. ZHANG Juntong is an Executive Director and an Executive Vice President of the Bank. Please refer to his biography in "Directors – Executive Directors".

Mr. SHI Jie, born in 1965, is an Executive Vice President of the Bank. Mr. SHI joined the Bank in 1998 and served as General Manager of Planning and Finance Department of Shijiazhuang Sub-Branch of the Bank. He successively served as General Manager of the Business Department of Shijiazhuang Branch since March 2001, Deputy Division Director (in charge) of the Risk Management Department of Head Office of the Bank since July 2001, an Assistant General Manager and a Deputy General Manager of the Credit Assessment Department of Head Office since February 2004, Head of the Preparatory Team and President of Changchun Branch since June 2008, General Manager of the Credit Assessment Department of Head Office since August 2009 and an Assistant President of the Bank since 2012. Prior to joining the Bank, Mr. SHI served as a section chief of the finance division of Hebei University of Economics and Business from 1995 to 1998 and worked in Taihang Industrial Co., Ltd. of Hebei Institute of Finance and Economics from 1992 to 1995. Mr. SHI obtained his Master's Degree in Management from Tianjin Institute of Finance and Economics.

Ms. LI Bin, born in 1967, is an Executive Vice President and Board Secretary of the Bank. Ms. LI joined the Bank in 1995 and served as Division Director (in charge) of the Capital Division of the International Business Department of the Bank. She served as a Deputy General Manager of the Financial Institutions Department since October 2000, General Manager of the Derivatives Products Department since May 2007, President of the Financial Markets Department since May 2009 and an Assistant President of the Bank since 2012. Prior to joining the Bank, Ms. LI worked in the international department of the Beijing branch of Agricultural Bank of China from August 1990 to July 1995. Ms. LI obtained her Ph.D. Degree in Finance from the School of Finance of Renmin University of China.

Mr. LIN Yunshan, born in 1970, is an Executive Vice President of the Bank and the chairman of the board of supervisors of China UnionPay Co., Ltd. Mr. LIN joined the Bank in 2001, and successively served as Division Director of the Bills Business Division of the Corporate Business Department from 2002 to 2003, an Assistant General Manager of the Corporate Business Department from 2003 to 2005, a Vice President of Shenzhen Branch from 2005 to 2007, Director of the Office of Corporate Banking Management Committee and then General Manager of the Corporate Banking Department from 2007 to 2012, and an Assistant President of the Bank since 2012. Prior to joining the Bank, Mr. LIN worked for the PBOC as a deputy principal staff member and a principal staff member of the payment and settlement division of the accounting department from 1993 to 1998, a principal staff member of the payment system division of the payment technology department from 1998 to 1999 and a principal staff member of the CCB supervisory division of the supervisory department I from 1999 to 2001. Mr. LIN obtained his Master's Degree in Economics from Renmin University of China.

Mr. HUANG Hongri, born in 1972, is an Executive Vice President and concurrently Chairman of Minsheng Financial Leasing. In China Minsheng Bank, Mr. HUANG used to serve as Division Director of the Information and Planning Centre of the Corporate Banking Department, the Marketing Director of the Energy Finance SBU, President of the Nanning Branch, General Manager of the Corporate Banking Department, General Manager of the Corporate Business Strategic Planning Department of the Corporate and Investment Banking SBU, President of the Guangzhou Branch, General Manager of the Credit Management Department and General Manager of the Credit Approval Department. Mr. HUANG obtained his Master's Degree in International Finance from Hunan University. He is currently an economist.

Mr. ZHANG Bin, born in 1967, is Chief Information Officer of the Bank. Prior to joining the Bank, Mr. ZHANG served as the chief information officer of Ping An Bank from 2018 to 2021, a member of the preparatory team, a vice president and chief information officer, and an executive director of Zhongyuan Bank from 2014 to 2017, an assistant general manager, a deputy general manager (in charge), the general manager, and the technical director of the IT department of the head office of CITIC Bank from 2005 to 2014, an engineer, a manager, an assistant general manager, and a deputy general manager of the IT department of the Beijing branch of China Merchants Bank from 1996 to 2005, and an engineer of the technology section of No.1 Radio Factory in Huainan City of Anhui Province from 1989 to 1993. Mr. ZHANG obtained his Master's Degree in Software Engineering from the Institute of Software of the Chinese Academy of Sciences and EMBA Degree from China Europe International Business School.

Mr. GONG Zhijian, born in 1967, is Business Director of the Bank. Mr. GONG joined the Bank in 2001 and successively served as General Manager of the Human Resources Department of Shenzhen Branch, Division Director of the Human Resources Management Division, Division Director of the Remuneration and Compensation Management Division, an Assistant General Manager then a Deputy General Manager of the Human Resources Department of the Head Office, a Deputy General Manager (in charge) and then General Manager of the Development Planning Department of the Head Office, President of Chengdu Branch, General Manager of the Human Resources Department of the Head Office, and an Employee Supervisor of the Bank. Prior to joining the Bank, Mr. GONG successively served as a teaching assistant of the lecturers' group and an officer of the corporate communications department of the publicity department of the CPC Yiyang Municipal Committee of Hunan Province, a deputy section chief of the social development planning section of Yiyang Municipal Commission of Planning of Hunan Province and the general manager of the personnel and education department of Zhuhai City Commercial Bank of Guangdong Province from July 1991 to February 2001. Mr. GONG obtained his Ph.D. Degree in Business Administration from Wuhan University.

Company Secretary

Ms. CHEUNG Yuet Fan is a director of corporate services of Tricor Services Limited (a member of Vistra Group). Ms. CHEUNG has over 30 years of experience in the corporate secretarial field. Ms. CHEUNG is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. CHEUNG obtained a Bachelor of Arts Degree in Accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong).

On March 28 2025, the Board of the Bank appointed Mr. WANG Honggang as Company Secretary. From the date of the appointment of Mr. WANG Honggang as Company Secretary of the Bank, Ms. CHEUNG Yuet Fan ceased to serve as Company Secretary.

Mr. WANG Honggang is a fellow of both The Chartered Governance Institute (CGI) and The Hong Kong Chartered Governance Institute (HKCGI), a Chartered Secretary, and a Chartered Governance Professional. Mr. WANG is a postdoctoral researcher at Peking University, and is General Manager of the Office of the Board of the Bank. Mr. WANG has assumed the position of Representative of Securities Affairs of the Bank since 2012.

(VI) Changes in information of Directors and Supervisors

1. Mr. LIU Yonghao, a Vice Chairman of the Bank, ceased to serve as a director of New Hope Liuhe Co., Ltd.

2. Mr. ZHAO Peng, a Non-Executive Director of the Bank, ceased to serve as a vice chairman of Financial Street Holdings Co., Ltd. and a director of Sino-Ocean Group Holding Limited.

3. Mr. CHENG Fengchao, an Independent Non-Executive Director of the Bank, ceased to serve as an external supervisor of Everbright Securities Company Limited.

(VII) Service contracts of Directors and Supervisors

The Bank has not entered into and does not intend to enter into any service contracts with its Directors or Supervisors in respect of their services as Directors or Supervisors (excluding the service contracts which will expire within one year or are terminable by the Bank within one year without payment of compensation, other than statutory compensation).

(VIII) Directors' interests in competing business

Mr. LIU Yonghao, a Non-Executive Director of the Bank, is a director of Sichuan Xinwang Bank Co., Ltd. ("Sichuan Xinwang Bank") and holds 30% equity interest of Sichuan Xinwang Bank through New Hope Group Co., Ltd., which is controlled by him. To the best knowledge of the Bank, Sichuan Xinwang Bank was established on 28 December 2016 upon the approval by China's banking regulatory authorities and is an internet-based bank with scope of business including taking deposits from the general public, granting loans, handling domestic and foreign settlements; handling the acceptance and discounting of negotiable instruments; issuing financial bonds; engaging in the business of bank cards; buying and selling foreign exchange and acting as an agent for the purchase and sale of foreign exchange; engaging in interbank lending; providing letter of credit services and guaranty; acting as an agent for the receipt and payment of money and acting as an insurance agent. As at 31 December 2024, the unaudited total assets, net assets, net assets per share, deposits and loans of Sichuan Xinwang Bank were RMB103,629 million, RMB7,953 million, RMB2.65, RMB58,999 million and RMB77,394 million, respectively. Therefore, Sichuan Xinwang Bank is very different from the Bank in terms of operation mode and operation scale. Mr. LIU Yonghao is just one of the directors of Sichuan Xinwang Bank and not the chairman of the board of directors of Sichuan Xinwang Bank. In addition, in accordance with the Articles of Association, Mr. LIU Yonghao shall abstain from voting on the proposals in relation to Sichuan Xinwang Bank. As such, the interest of Mr. LIU Yonghao in Sichuan Xinwang Bank is not in conflict with his duties as a Director of the Bank.

Save as disclosed above, none of other Directors of the Bank holds any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Bank.

(IX) Interests of the Directors, Supervisors and chief executives in the securities of the Bank or its associated corporations under Hong Kong laws and regulations

1. As at 31 December 2024, the following Directors of the Bank had the following interests or short positions in the shares of the Bank as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO and as the Bank is aware of:

Name	Position	Class of shares	Long/short position	Capacity	Number of shares (share)	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of all the issued ordinary shares (%)
GAO Yingxin	Executive Director	A	Long position	Beneficial owner	200,000		0.0006	0.0005
		H	Long position	Beneficial owner	300,000		0.0036	0.0007
ZHANG Juntong	Executive Director	A	Long position	Beneficial owner	150,000		0.0004	0.0003
		H	Long position	Beneficial owner	200,000		0.0024	0.0005
LIU Yonghao	Non-Executive Director	A	Long position	Interest held by his controlled corporation(s)	1,930,715,189	1	5.44	4.41
		H	Long position	Interest held by his controlled corporation(s)	370,789,500	2	4.46	0.85
SHI Yuzhu	Non-Executive Director	A	Long position	Interest held by his controlled corporation(s)	1,379,679,587	3	3.89	3.15
		H	Long position	Interest held by his controlled corporation(s)	713,501,653	4	8.58	1.63
ZHANG Hongwei	Non-Executive Director	A	Long position	Interest held by his controlled corporation(s)	1,295,461,223	5	3.65	2.96

Notes:

1. The 1,930,715,189 A shares comprised 102,387,827 A shares held by South Hope Industrial Co., Ltd. and 1,828,327,362 A shares held by New Hope Liuhe Investment Co., Ltd. According to the SFO, New Hope Holdings Group Co., Ltd. was deemed to be interested in the 102,387,827 A shares held by South Hope Industrial Co., Ltd. and 1,828,327,362 A shares held by New Hope Liuhe Investment Co., Ltd. through direct and indirect control over several enterprises. As Mr. LIU Yonghao had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the 1,930,715,189 A shares as mentioned above.

   Such interests held by Mr. LIU Yonghao and the interests held by New Hope Holdings Group Co., Ltd., New Hope Group Co., Ltd., Ms. LI Wei and Ms. LIU Chang, the details of which are disclosed in the section headed "Substantial shareholders' and other persons' interests or short positions in the shares and underlying shares of the Bank under Hong Kong laws and regulations" in this Annual Report, were the same block of shares.

2. The 370,789,500 H shares comprised 302,789,500 H shares held by South Hope Industrial Co., Ltd. and 68,000,000 H shares held by New Hope Chemical Investment Co., Ltd. According to the SFO, New Hope Holdings Group Co., Ltd. was deemed to be interested in the 302,789,500 H shares held by South Hope Industrial Co., Ltd. and 68,000,000 H shares held by New Hope Chemical Investment Co., Ltd. through direct and indirect control over several enterprises. As Mr. LIU Yonghao had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the 370,789,500 H shares as mentioned above.

3. The 1,379,679,587 A shares were held by Shanghai Giant Lifetech Co., Ltd. According to the SFO, Giant Investment Co., Ltd. had control over Shanghai Giant Lifetech Co., Ltd. As Mr. SHI Yuzhu held 97.86% of the issued share capital of Giant Investment Co., Ltd., he was deemed to be interested in the 1,379,679,587 A shares as mentioned above.

4. The 713,501,653 H shares were held by Alpha Frontier Limited. According to the SFO, Shanghai Cibi Business Information Consulting Co., Ltd. had control over Alpha Frontier Limited. Giant Investment Co., Ltd. (see note 3 above) was deemed to be interested in the 713,501,653 H shares held by Alpha Frontier Limited through its control over Shanghai Cibi Business Information Consulting Co., Ltd.

5. The 1,295,461,223 A shares comprised 1,280,117,123 A shares held by Orient Group Incorporation and 15,344,100 A shares held by Orient Group Co., Ltd.. Mingze Orient Investment Co., Ltd. had direct and indirect control over Orient Group Incorporation and Orient Group Co., Ltd. Mr. ZHANG Hongwei was deemed to be interested in the 1,295,461,223 A shares as mentioned above through wholly-owning Mingze Orient Investment Co., Ltd. On 15 March 2025, Mr. ZHANG Hongwei resigned from the position of a Non-Executive Director of the Bank due to personal health reasons.

2. As at 31 December 2024, the following Director of the Bank had the following interests in Pengzhou Minsheng Rural Bank Co., Ltd. (a subsidiary of the Bank):

Name	Position	Long/short position	Capacity	Contribution to the registered capital	Note	Percentage of the total registered capital (%)
LIU Yonghao	Non-Executive Director	Long position	Interest held by his controlled corporation(s)	RMB2,000,000	1	3.64

Note:

1. New Hope Group Co., Ltd. is interested in RMB2 million of the registered capital of Pengzhou Minsheng Rural Bank Co., Ltd. New Hope Holdings Group Co., Ltd. was deemed to be interested in the equity interest held by New Hope Group Co., Ltd. in Pengzhou Minsheng Rural Bank Co., Ltd. through direct control over New Hope Group Co., Ltd. As Mr. LIU Yonghao had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the equity interest held by New Hope Group Co., Ltd. in Pengzhou Minsheng Rural Bank Co., Ltd. according to the SFO.

3. As at 31 December 2024, the following Director of the Bank had the following interests in Shanghai Songjiang Minsheng Rural Bank Co., Ltd. (a subsidiary of the Bank):

Name	Position	Long/short position	Capacity	Contribution to the registered capital	Note	Percentage of the total registered capital (%)
SHI Yuzhu	Non-Executive Director	Long position	Interest held by his controlled corporation(s)	RMB24,000,000	1	10

Note:

1. Shanghai Giant Lifetech Co., Ltd. is interested in RMB24 million of the registered capital of Shanghai Songjiang Minsheng Rural Bank Co., Ltd. Mr. SHI Yuzhu held 97.86% of the issued share capital of Giant Investment Co., Ltd., which had control over Shanghai Giant Lifetech Co., Ltd. Mr. SHI Yuzhu was deemed to be interested in the equity interest held by Shanghai Giant Lifetech Co., Ltd. in Shanghai Songjiang Minsheng Rural Bank Co., Ltd. according to the SFO.

4. As at 31 December 2024, the following Directors of the Bank had the following interests in Tibet Linzhi Minsheng Rural Bank Co., Ltd. (a subsidiary of the Bank):

Name	Position	Long/short position	Capacity	Contribution to the registered capital	Note	Percentage of the total registered capital (%)
SHI Yuzhu	Non-Executive Director	Long position	Interest held by his controlled corporation(s)	RMB2,500,000	1	2.83
LIU Yonghao	Non-Executive Director	Long position	Interest held by his controlled corporation(s)	RMB1,500,000	2	1.7

Notes:

1. Shanghai Giant Lifetech Co., Ltd. is interested in RMB2.5 million of the registered capital of Tibet Linzhi Minsheng Rural Bank Co., Ltd. Mr. SHI Yuzhu held 97.86% of the issued share capital of Giant Investment Co., Ltd., which had control over Shanghai Giant Lifetech Co., Ltd. Mr. SHI Yuzhu was deemed to be interested in the equity interest held by Shanghai Giant Lifetech Co., Ltd. in Tibet Linzhi Minsheng Rural Bank Co., Ltd. according to the SFO.

2. South Hope Industrial Co., Ltd. is interested in RMB1.5 million of the registered capital of Tibet Linzhi Minsheng Rural Bank Co., Ltd. New Hope Holdings Group Co., Ltd. was deemed to be interested in the equity interest held by South Hope Industrial Co., Ltd. in Tibet Linzhi Minsheng Rural Bank Co., Ltd. through direct and indirect control over New Hope Group Co., Ltd. and South Hope Industrial Co., Ltd. As Mr. LIU Yonghao had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the equity interest held by South Hope Industrial Co., Ltd. in Tibet Linzhi Minsheng Rural Bank Co., Ltd. according to the SFO.

Save as disclosed above, as far as the Bank is aware, as at the end of the Reporting Period, none of other Directors, Supervisors or chief executives held or was deemed to hold any interests and/or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in the SFO), which were recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Bank and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code set out in Appendix C3 to the Hong Kong Listing Rules, nor had any Directors, Supervisors or chief executives been granted such rights.

(X) Contractual rights and interests and service contracts of Directors and Supervisors

During the Reporting Period, Directors and Supervisors of the Bank and entities connected with a Director or Supervisor of the Bank had no material interest in the significant contracts that the Bank or any of its subsidiaries entered into. None of the Directors and Supervisors of the Bank has entered into any service contract with the Bank which is not terminable by the Bank within one year without payment of compensation (excluding statutory compensation).

(XI) Financial, business and family relationships among Directors, Supervisors and Senior Management

The Bank has made enquiries to confirm that, among the members of the Board and the Board of Supervisors, Mr. ZHAO Peng, a Non-Executive Director of the Bank, is an assistant general manager and the board secretary of Dajia Insurance Group Co., Ltd., Mr. LIANG Xinjie, a Non-Executive Director of the Bank, is a director and the general manager of Dajia Property & Casualty Insurance Co., Ltd., and Dajia Property & Casualty Insurance Co., Ltd. is a wholly-owned subsidiary of Dajia Insurance Group Co., Ltd. Save as disclosed above, there is no relationship between the members of the Board and the Board of Supervisors (including financial, business, family or other material or relevant relationships).

VI. Board of Directors

The Board of Directors is responsible to the shareholders' meeting and is the decision-making body of the Bank, and its functions and powers are exercised collectively by the Board of Directors.

(I) Composition of the Board of Directors and its performance

As at the disclosure date of this Report, the Board of the Bank had 14 Directors, of which five were Non-Executive Directors, three were Executive Directors and six were Independent Non-Executive Directors. All Non-Executive Directors held key positions in large renowned enterprises and were experienced in management, finance and accounting, while the Executive Directors had been engaged in banking operation and management for a long time with extensive professional experiences. The six Independent Non-Executive Directors were renowned experts in economics, finance, accounting and law respectively. One of them was from Hong Kong SAR and was familiar with the IFRS Accounting Standards and regulations of the Hong Kong capital market and equipped with extensive banking management experience. The number of Independent Non-Executive Directors of the Bank exceeded one-third of the total number of Board members, meeting the relevant regulatory requirements.

For the details and changes of the Board members, please refer to the section headed "V. Directors, Supervisors and Senior Management" in "Chapter 6 Corporate Governance".

The Board had reviewed the implementation and effectiveness of the diversity policy of the Bank, and included one female director and one director with Chinese (Hong Kong SAR) nationality into the Board. The structure of the Board embodies qualities including professionalism, independence and diversity, which helps ensure that the Board can make decision in a rational manner.

The Bank considers diversified composition of the Board is beneficial to enhance the operating quality of the Bank. Therefore, the Bank formulated the Policy of Board Diversity (《董事會成員多元化政策》) in August 2013, specifying that the Bank should take various factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and term of office, into consideration in determining the members of the Board for more diversified Board composition. The final candidates shall be elected based on his/her value and contributions to the Board. The Nomination Committee shall supervise the implementation of the Policy of Board Diversity, and shall analyse and assess the structure, composition and diversity of members of the Board based on the requirements for diversified composition of the Board and make suggestions to the Board annually.

(II) Duties of the Board of Directors

In accordance with the Articles of Association of the Bank, the Board of Directors mainly exercises the following functions and powers: to convene shareholders' meetings and implement the resolutions of shareholders' meetings; to decide on the Bank's operating plans, investment plans and internal management units setting; to formulate development strategies of the Bank and supervise the implementation; to formulate annual financial budget, final accounts and profit distribution plans; to appoint or remove senior executives and decide on matters relating to their remuneration, rewards and punishments; to formulate the Bank's basic management system; to take charge of the Bank's information disclosure; to review work reports of the President of the Bank and examine the President's performance; and to execute other duties and powers authorised by laws and regulations, department rules or the Articles of Association of the Bank. The Board of Directors shall continuously examine and update various corporate governance policies and systems such as the Articles of Association of the Bank in accordance with the laws and regulations applicable to the Bank, department rules, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Hong Kong Listing Rules, and ensure that the Bank complies with the policies and systems.

(III) Responsibilities of corporate governance of the Board of Directors

The corporate governance of the Bank is vested in the Board. The duties include: (1) to develop and review the corporate governance policy and practice of the Bank; (2) to review and monitor the training and continuous professional development of Directors and Senior Management; (3) to review and monitor the policies and practices in compliance with legal and regulatory requirements of the Bank; (4) to formulate, review and monitor the code of conduct for employees and Directors; and (5) to review the compliance of the Bank with the provisions of the Corporate Governance Code (《企業管治守則》) and disclosure in the Corporate Governance section in the Annual Report.

During the Reporting Period, through review and confirmation, the duty performance of the Board of the Bank abided by the provisions as set out in Appendix C1 to the Hong Kong Listing Rules.

(IV) Attendance of the Directors at meetings in 2024

			Attendance in person/Number of meetings					
			Special Committees of the Board					
Director	Shareholders' Meeting	Meeting of Board of Directors	Strategic Development and Consumer Rights Protection Committee	Nomination Committee	Compensation and Remuneration Committee	Risk Management Committee	Audit Committee	Related Party Transactions Supervision Committee
Executive Directors								
GAO Yingxin	2/2	20/20	15/15	10/10	6/6			
WANG Xiaoyong	1/1	8/8	7/7			5/5		
ZHANG Juntong	1/1	8/8				5/5		
Non-Executive Directors								
LIU Yonghao	2/2	20/20	15/15	10/10				
SHI Yuzhu	2/2	20/20	15/15	10/10				
SONG Chunfeng	2/2	20/20				12/12	12/12	4/4
ZHAO Peng	2/2	20/20	7/7	3/3		12/12		
Independent Non-Executive Directors								
QU Xinjiu	2/2	20/20		10/10			12/12	5/5
WEN Qiuju	2/2	20/20		10/10	6/6	6/6	12/12	5/5
SONG Huanzheng	2/2	20/20	15/15	10/10	6/6	12/12		5/5
YEUNG Chi Wai, Jason	2/2	20/20	15/15	10/10	6/6			1/1
CHENG Fengchao	2/2	19/19		10/10	4/4	5/6	11/11	5/5
LIU Hanxing	2/2	16/16		8/8	4/4	9/9	10/10	1/1
Resigned Directors								
ZHANG Hongwei	2/2	20/20	15/15	10/10				
LU Zhiqiang	1/1	10/10		7/7				
ZHENG Wanchun		2/2	3/3			2/2		
WU Di	1/1	10/10			4/4	6/6		4/4
YANG Xiaoling	1/1	10/10			4/4			
XIE Zhichun		4/4		2/2	2/2	3/3		
PENG Xuefeng		1/1			2/2		1/1	
YUAN Guijun		2/2				2/2		1/1

Notes:

1. Mr. CHENG Fengchao entrusted Mr. LIU Hanxing to attend the 6th meeting of the Risk Management Committee of the 9th session of the Board in 2024.

2. For the changes in the special committees of the Board, please refer to the section headed "VII. Special Committees of the Board of Directors" in "Chapter 6 Corporate Governance".

3. According to the Working Rules for Involvement of Independent Directors in the Preparation of Annual Report (《獨立董事年報工作制度》) of the Bank, Independent Non-Executive Directors shall be invited to attend the meetings of the Audit Committee of the Board to consider issues related to annual report. Mr. XIE Zhichun attended one meeting of the Audit Committee as a non-voting delegate and Mr. SONG Huanzheng and Mr. YEUNG Chi Wai, Jason, attended three meetings of the Audit Committee as non-voting delegates.

4. In order to give full play to the responsibility of Independent Non-Executive Directors to provide independent and impartial opinions on related party transactions, Independent Non-Executive Directors Mr. YEUNG Chi Wai, Jason, and Mr. LIU Hanxing were invited to attend one meeting of the Related Party Transactions Supervision Committee of the Board as non-voting delegates.

(V) Board meetings and resolutions

During the Reporting Period, the Board of Directors of the Bank convened a total of 20 meetings, considered 113 proposals, and received briefings on 93 matters. These meetings included 11 on-site meetings and 9 meetings of mail-voting.

Meeting	Date	Publication	Date of disclosure
44th meeting of the 8th session of the Board	31 January 2024	Shanghai Securities News, China Securities Journal, Securities Times	1 February 2024
45th meeting of the 8th session of the Board	27 February 2024	Shanghai Securities News, China Securities Journal, Securities Times	28 February 2024
46th meeting of the 8th session of the Board	12 March 2024	Shanghai Securities News, China Securities Journal, Securities Times	13 March 2024
6th extraordinary meeting of the 8th session of the Board	12 March 2024	Shanghai Securities News, China Securities Journal, Securities Times	13 March 2024
47th meeting of the 8th session of the Board	28 March 2024	Shanghai Securities News, China Securities Journal, Securities Times	29 March 2024
7th extraordinary meeting of the 8th session of the Board	23 April 2024	Shanghai Securities News, China Securities Journal, Securities Times	24 April 2024
48th meeting of the 8th session of the Board	29 April 2024	Shanghai Securities News, China Securities Journal, Securities Times	30 April 2024
49th meeting of the 8th session of the Board	29 May 2024	Shanghai Securities News, China Securities Journal, Securities Times	30 May 2024

Meeting	Date	Publication	Date of disclosure
8th extraordinary meeting of the 8th session of the Board	31 May 2024	Shanghai Securities News, China Securities Journal, Securities Times	1 June 2024
9th extraordinary meeting of the 8th session of the Board	6 June 2024	Shanghai Securities News, China Securities Journal, Securities Times	7 June 2024
1st meeting of the 9th session of the Board	26 June 2024	Shanghai Securities News, China Securities Journal, Securities Times	27 June 2024
2nd meeting of the 9th session of the Board	15 August 2024	Shanghai Securities News, China Securities Journal, Securities Times	16 August 2024
3rd meeting of the 9th session of the Board	29 August 2024	Shanghai Securities News, China Securities Journal, Securities Times	30 August 2024
4th meeting of the 9th session of the Board	20 September 2024	Shanghai Securities News, China Securities Journal, Securities Times	21 September 2024
5th meeting of the 9th session of the Board	27 September 2024	Shanghai Securities News, China Securities Journal, Securities Times	28 September 2024
1st extraordinary meeting of the 9th session of the Board	21 October 2024	Shanghai Securities News, China Securities Journal, Securities Times	22 October 2024
6th meeting of the 9th session of the Board	30 October 2024	Shanghai Securities News, China Securities Journal, Securities Times	31 October 2024
2nd extraordinary meeting of the 9th session of the Board	18 November 2024	Shanghai Securities News, China Securities Journal, Securities Times	19 November 2024
7th meeting of the 9th session of the Board	16 December 2024	Shanghai Securities News, China Securities Journal, Securities Times	17 December 2024
8th meeting of the 9th session of the Board	27 December 2024	Shanghai Securities News, China Securities Journal, Securities Times	28 December 2024

Notes:

1. The "on-site meetings" refer to meetings held on-site, or through telephone and video that ensure timely communication and discussion among participants.

2. The "meetings of mail-voting" refer to meetings where proposals are separately delivered or circulated for consideration to make resolutions.

(VI) Independence and performance of Independent Non-Executive Directors

The qualifications, number, and proportion of the Independent Non-Executive Directors of the Bank meet regulatory provisions. None of the Independent Non-Executive Directors have any business or financial interests in the Bank and its subsidiaries; nor do they assume any management roles of the Bank. The Board of the Bank has received the annual report from each Independent Non-Executive Director upon self-inspection of his or her independence in accordance with the Measures for the Administration of Independent Directors of Listed Companies released by the CSRC and Article 3.13 of the Hong Kong Listing Rules. Based on the performance of Independent Non-Executive Directors and the report on self-inspection of independence, the Board believed that the Independent Non-Executive Directors complied with the laws, administrative regulations and relevant requirements of regulatory authorities regarding independence.

During the Reporting Period, the Independent Non-Executive Directors of the Bank performed their duties faithfully, diligently and independently. They attended shareholders' meetings, and the meetings of the Board and its special committees on time, reviewed various proposals, and provided independent and objective opinions and suggestions. They also expressed independent opinions on matters such as related party transactions, nomination and remuneration of Directors and Senior Management, and appointment of accounting firms. They attended one chairman-independent directors special meeting, five independent director special meetings, and three briefings on performance, engaging in thorough communications on related party transactions, business development, and the duty performance of Independent Non-Executive Directors. The Independent Non-Executive Directors actively participated in special research and investigations and field visits to business outlets, performed duty on-site at the Bank and implemented on-duty policy, received special briefings from professional departments, and provided constructive opinions and suggestions.

During the Reporting Period, the Bank continuously strengthened the guarantee for the duty performance of Independent Non-Executive Directors, actively cooperated with and assisted them in performing their duties, and provided them with necessary working conditions and personnel support for their performance of duties. The Bank sent various meeting notices of the Board and the special committees of the Board and materials required for duty performance to the Independent Non-Executive Directors in a timely manner to ensure that they had the same right to information as other Directors. The Bank attached great importance to the relevant opinions and suggestions of Independent Non-Executive Directors, adopted such opinions and suggestions according to actual conditions, and organised the implementation efficiently. The Senior Management and relevant departments communicated smoothly with the Independent Non-Executive Directors, actively cooperated with their exercise of powers, and have never refused, hindered nor concealed relevant information or interfered with their independent exercise of powers. The Bank maintained liability insurance for the Independent Non-Executive Directors and provided them with appropriate allowances.

During the Reporting Period, none of the Independent Non-Executive Directors has raised objections to the proposals of the Board of Directors and its special committees. For details of the performance of the Independent Non-Executive Directors, please refer to the 2024 Work Report of Independent Directors disclosed on the same day as this Annual Report.

(VII) Chairman of the Board of Directors and President

The roles and duties of Chairman of the Board of Directors and President of the Bank are performed by different persons with clearly defined responsibilities in line with the Hong Kong Listing Rules.

Mr. GAO Yingxin served as Chairman of the Board of Directors of the Bank. He was responsible for leading the Board and acting as Chairman of the Board meetings, and ensuring that all Directors were well informed of the issues to be discussed during the Board meetings. He was also responsible for managing the operation of the Board and ensuring that the Board discussed all major and relevant issues in a timely and constructive manner. To achieve this, Chairman of the Board collaborated with the relevant Senior Management to ensure that the Directors receive appropriate, complete and reliable information for their consideration and review.

Mr. WANG Xiaoyong served as President of the Bank. He was responsible for the business operation of the Bank, the implementation of strategies and business plans of the Bank, and the daily operation and management of the Bank.

(VIII) Securities transactions by Directors, Supervisors and relevant employees

The Bank has adopted its own code of conduct of the Directors and the Supervisors regarding transactions in securities, on terms no less exacting than the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules. The Bank has made specific enquiries to all Directors and Supervisors who have confirmed that they have complied with the above-mentioned code during the Reporting Period. The Bank also formulated the guidelines for dealings in securities of the Bank by employees, which are no more lenient than the Model Code. The Bank is not aware of any non-compliance with these guidelines by the relevant employees.

(IX) Responsibility statement of Directors regarding preparation of financial statements

All Directors of the Bank had acknowledged their responsibilities for the preparation of the financial statements of the Bank for the year ended 31 December 2024.

VII. Special Committees of the Board of Directors

As at the end of the Reporting Period, the Board of Directors of the Bank had the following six special committees: the Strategic Development and Consumer Rights Protection Committee, the Nomination Committee, the Compensation and Remuneration Committee, the Risk Management Committee, the Audit Committee, and the Related Party Transactions Supervision Committee. Except for the Strategic Development and Consumer Rights Protection Committee, all other special committees have an Independent Non-Executive Director as chairman. As at the disclosure date of this Report, Independent Non-Executive Directors accounted for more than 50% of members in the Nomination Committee, the Compensation and Remuneration Committee, the Audit Committee, and the Related Party Transactions Supervision Committee.

As at the disclosure date of this Report, the composition of special committees of the Board of Directors of the Bank was as follows:

Special Committee	Members
Strategic Development and Consumer Rights Protection Committee	GAO Yingxin (chairman), LIU Yonghao, WANG Xiaoyong, SHI Yuzhu, SONG Huanzheng, YEUNG Chi Wai, Jason
Nomination Committee	QU Xinjiu (chairman), GAO Yingxin, LIU Yonghao, SHI Yuzhu, ZHAO Peng, WEN Qiuju, SONG Huanzheng, YEUNG Chi Wai, Jason, CHENG Fengchao, LIU Hanxing
Compensation and Remuneration Committee	YEUNG Chi Wai, Jason (chairman), GAO Yingxin, LIANG Xinjie, WEN Qiuju, SONG Huanzheng, CHENG Fengchao, LIU Hanxing
Risk Management Committee	LIU Hanxing (chairman), WANG Xiaoyong, SONG Chunfeng, ZHAO Peng, SONG Huanzheng, CHENG Fengchao, ZHANG Juntong
Audit Committee	WEN Qiuju (chairman), SONG Chunfeng, LIANG Xinjie, QU Xinjiu, CHENG Fengchao, LIU Hanxing
Related Party Transactions Supervision Committee	SONG Huanzheng (chairman), QU Xinjiu, WEN Qiuju, YEUNG Chi Wai, Jason, CHENG Fengchao, LIU Hanxing

Notes:

1. In February 2024, Mr. CHENG Fengchao was appointed as a member of the Nomination Committee, the Compensation and Remuneration Committee, the Audit Committee, and the Related Party Transactions Supervision Committee of the Board. Mr. PENG Xuefeng ceased to serve as a member of special committees of the Board due to the expiration of his term of office. In March 2024, Mr. LIU Hanxing was appointed as Chairman of the Risk Management Committee of the Board, as well as a member of the Nomination Committee, the Compensation and Remuneration Committee, and the Audit Committee of the Board. Mr. XIE Zhichun ceased to serve as a member of special committees of the Board due to the expiration of his term of office.

2. In March 2024, due to retirement upon reaching the prescribed age, Mr. ZHENG Wanchun resigned from the positions of a member of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee of the Board; Mr. YUAN Guijun resigned from the positions of a member of the Risk Management Committee and the Related Party Transactions Supervision Committee of the Board.

3. In June 2024, Mr. SONG Chunfeng ceased to serve as a member of the Related Party Transactions Supervision Committee of the Board. Mr. ZHAO Peng was appointed as a member of the Nomination Committee of the Board, and ceased to serve as a member of the Strategic Development and Consumer Rights Protection Committee of the Board. Ms. WEN Qiuju ceased to serve as a member of the Risk Management Committee of the Board. Mr. YEUNG Chi Wai, Jason, was appointed as a member of the Related Party Transactions Supervision Committee of the Board. Mr. CHENG Fengchao was appointed as a member of the Risk Management Committee of the Board. Mr. LIU Hanxin was appointed as a member of the Related Party Transactions Supervision Committee of the Board. Mr. LU Zhiqiang, Mr. WU Di and Mr. YANG Xiaoling ceased to serve as a member of special committees of the Board.

4. In August 2024, Mr. WANG Xiaoyong was appointed as a member of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee of the Board. Mr. ZHANG Juntong was appointed as a member of the Risk Management Committee of the Board.

5. In January 2025, Mr. LIANG Xinjie was appointed as a member of the Compensation and Remuneration Committee and the Audit Committee of the Board.

6. In March 2025, due to personal health reasons, Mr. ZHANG Hongwei resigned from the positions of a member of the Strategic Development and Consumer Rights Protection Committee and the Nomination Committee of the Board.

(I) Strategic Development and Consumer Rights Protection Committee

1. Main duties

Studying and considering mid- to long-term development strategic planning, supervising and evaluating the implementation of the strategies; studying and considering the development and strategic planning, basic management system, and the annual business plan of the inclusive finance business; studying and considering the strategies, policies and goals, work plans and reports regarding consumer rights protection; considering the performance of social responsibilities in respect of the economy, environmental protection and public welfare; studying and considering major events related to data governance; studying and formulating relevant systems for external investments, proposing suggestions and plans for material investment decisions of the Bank; managing the consolidated financial statements of the Group, including the Bank and its subsidiaries; studying and formulating relevant systems for external merger and acquisition, studying strategies for merger and acquisition and proposing implementation plans.

2. Duty performance

During the Reporting Period, the Strategic Development and Consumer Rights Protection Committee convened a total of 15 meetings on 15 January, 27 February, 4 March, 28 March, 15 April, 20 May, 31 May, 6 August, 29 August, 4 September, 16 October, 21 October, 4 December, 16 December, and 27 December, respectively, and considered 35 proposals on work reports and plans such as annual final accounts and business plan, profit distribution, inclusive finance, consumer rights protection, data governance, capital management, ESG and social responsibility, and on system revision. The Committee received briefings on 17 reports covering mid- to long-term strategy, IT planning, evaluation report on data strategy execution, and consolidated management report. In accordance with regulatory rules, the Articles of Association of the Bank and other provisions, the Committee continuously refined institutional system, improved duty performance mechanism and enhanced decision-making efficiency. The Committee studied and considered business plans and special business planning, regularly evaluated the implementation of mid- to long-term strategies and IT plans, and advanced the steady progress of key reform initiatives. The Committee studied and considered reports on inclusive finance, consumer rights protection, green finance, and data governance, studied and transmitted regulatory inspection notices and documents on consumer rights protection, and followed problem rectifications. The Committee regularly considered work reports on social responsibility and ESG, and promoted the Bank to implement national policies and regulatory requirements and proactively fulfill its social responsibilities.

(II) Nomination Committee

1. Main duties

Studying and formulating standards and procedures of selection and appointment of Directors and Senior Management of the Head Office and making suggestions to the Board of Directors regarding the candidates for Directors and Senior Management of the Head Office; examining the qualifications of candidates for Independent Non-Executive Directors, and annually examining the independence and performance of Independent Non-Executive Directors; formulating work procedures for adding members of Directors and Senior Management of the Head Office under special circumstances and carrying out the nomination for adding members when appropriate; annually analysing and evaluating the structure, number and diversity of the Board of Directors, and making suggestions to the Board of Directors.

2. Nomination procedures and process by the Nomination Committee

The procedures for nominating Directors of the Bank are as follows: (1) Within the number of Board members stipulated in the Articles of Association and according to the number of candidates to be selected and appointed, the Nomination Committee of the Board proposes the list of candidates for Directors based on opinions of shareholders extensively collected; shareholders individually or jointly holding 3% or more of shares carrying voting rights of the Bank also have the right to nominate candidates for Directors to the Board; shareholders individually or jointly holding 1% or more of shares carrying voting rights of the Bank, the Nomination Committee of the Board and the Board of Supervisors have the right to nominate candidates for Independent Non-Executive Directors; (2) The Nomination Committee of the Board conducts preliminary examination of the qualifications of the candidates, and submits the list of qualified candidates to the Board for consideration; (3) Upon the approval by the Board, the Nomination Committee of the Board submits the list of candidates for Directors in written to the shareholders' meeting; (4) The candidates will be voted at the shareholders' meeting one by one; (5) In case of temporary addition of members of Directors, the Nomination Committee of the Board or eligible shareholders propose the candidates to the Board. The list of candidates considered and approved by the Board shall be submitted to the shareholders' meeting for election or replacement; (6) The number of candidates for Directors nominated by a shareholder and its related party shall not exceed one third of the total number of Board members in principle, unless otherwise specified by the state.

3. Duty performance

During the Reporting Period, the Nomination Committee convened a total of ten meetings on 27 February, 12 March, 23 April, 20 May, 28 May, 6 June, 25 June, 26 June, 31 July, and 2 September, respectively, and considered 26 proposals. The Committee conscientiously performed its duties in accordance with the Terms of Reference of the Nomination Committee of the Board (《董事會提名委員會工作細則》) and the Annual Work Plan of the Nomination Committee of the Board (《董事會提名委員會工作計劃》). The Committee completed the legal procedures for the change of the term of office of the Board in a law-based and compliant manner, examined the independence and duty performance of Independent Non-Executive Directors in their annual work, and conducted preliminary examination of the qualifications of candidates for Senior Management of the Head Office planned to be appointed and re-appointed. The Committee reviewed and approved the candidates for the person in charge of the Asset & Liability and Financial Management Department of the Head Office and branch presidents to be appointed, and chairmen of subsidiaries to be recommended. The Committee analysed and evaluated the structure, number and diversity of the Board, and revised the working rules of the Committee. In addition, the Committee implemented the "double-secretary system" management in the nomination committees of the boards of directors of subsidiaries, leading to higher work effectiveness and more scientific management of the Committee.

(III) Compensation and Remuneration Committee

As at the disclosure date of this Report, the Compensation and Remuneration Committee of the 9th session of the Board had a total of seven members, more than 50% of whom are Independent Non-Executive Directors. There is no Senior Management among the members. The Chairman of the Committee is YEUNG Chi Wai, Jason, an Independent Non-Executive Director, and members include GAO Yingxin, LIANG Xinjie, WEN Qiuju, SONG Huanzheng, CHENG Fengchao and LIU Hanxing.

1. Main duties

Studying and formulating remuneration policies and systems and due diligence evaluation systems of the Directors and Senior Management of the Head Office, making suggestions to the Board, and carrying out regular evaluations; studying and formulating performance evaluation standards and plans as well as resignation policy of the Directors and Senior Management of the Head Office; studying and determining the classes of positions and remuneration of Senior Management of the Head Office; determining the remuneration and incentive and restraint plans for the Directors and Senior Management of the Head Office, including non-pecuniary benefits, pension and compensations (including compensation for loss of office or appointment or removal from office or appointment which is not due to misconduct or termination of office or appointment); examining and approving compensation arrangements for Directors and Senior Management in respect of their loss or termination of office or appointment, or dismissal or removal due to misconduct; studying and formulating incentive share option scheme of the Bank and its subsidiaries, and employee share ownership scheme, making suggestions to the Board on whether the conditions for the incentive grantee's obtainment and exercise of equities are met, and shareholding plan arrangements for the Directors and Senior Management in the subsidiary to be split; reviewing and/or approving matters related to share plan stated in the Hong Kong Listing Rules; reviewing the material remuneration system of the Bank and making suggestions to the Board.

2. Duty performance

During the Reporting Period, the Compensation and Remuneration Committee convened a total of six meetings on 16 January, 1 February, 20 March, 29 April, 22 July, and 17 October, respectively, considered 16 proposals, and received briefings on five reports. The Committee actively conducted various work regarding remuneration and evaluation of Senior Management. The Committee considered remunerations for Directors and Senior Management for 2023, studied and determined the classes of positions and the remuneration of Senior Management of the Head Office, and reviewed the execution of recourse and recovery of the performance-based remunerations of the whole bank in 2023. The Committee studied and formulated the administrative measures on remunerations of the Bank, formulated the measures on duty performance evaluation of Directors, optimised performance evaluation indicators and schemes of Senior Management, and conducted duty performance evaluation of Directors and Senior Management in 2023. The Committee also received briefings on remuneration-related matters including the report on remunerations of concurrent directors and supervisors dispatched to subsidiaries from the Bank as well as executive directors and employee supervisors of subsidiaries, and the report on the renewal of liability insurance for Directors, Supervisors, and Senior Management for 2023-2024.

(IV) Risk Management Committee

1. *Main duties*

Studying the macro-economic situation, regulations, policies and systems issued by regulatory authorities, formulating risk preferences and risk management strategies, examining various major risk management policies, and ensuring the establishment of risk limit; reviewing important systems and procedures, key matters and plans regarding risk management, continuously improving the risk management structure and process, and supervising the Senior Management to effectively identify, measure, monitor, control and address various risks in a timely manner; staying updated on management of various types of risks, receiving briefings on and considering the reports on comprehensive risk management, reports on various specific risks, risk assessment reports and other reports related to risk management, and putting forward guiding opinions on comprehensive risk management; carrying out risk management investigation and research, assessing and monitoring the soundness and effectiveness of the comprehensive risk management system of the Bank, discovering hidden risks and management loopholes in time, putting forward specific rectification requirements and suggestions, and supervising the Senior Management to conduct comprehensive risk management; supervising and reviewing the handling of major risk events in the Bank's operation and management, examining the handling plans for major risk events, and matters in relation to writing off large-amount bad loans, etc.

2. *Duty performance*

During the Reporting Period, the Risk Management Committee convened a total of 12 meetings on 16 January, 26 February, 13 March, 1 April, 15 May, 14 June, 6 August, 4 September, 13 September, 5 November, 4 December, and 11 December, respectively, considered 57 proposals, and received briefings on 37 reports. The Committee adhered to the risk preferences of "being prudent and cautious, proactive and comprehensive, optimising structure, and improving quality". By strengthening risk preference management, and improving risk management framework, the Committee continuously solidified the bottom line of risk and compliance, and ensured a dynamic balance between development and risk. In terms of execution, the Committee gave full play to the professional functions of the Board in risk management, continuously monitored various special risk management and changes in risks, enhanced risk governance, advanced institutional reforms and process improvements as well as other key risk management initiatives in an in-depth manner, and constantly followed the development of the digital and intelligent risk control system. In terms of management, the Committee improved the risk management and governance mechanism of the Board, and effectively supervised the transmission of risk preference of the Board. The Committee conducted the comprehensive risk management evaluation of the Board, and built the standard system for risk management evaluation. The Committee laid emphasis on primary-level inspections and researches, systematically examined the development and implementation of the risk management system of the Group, and formed a closed-loop management of "evaluation-rectification-improvement-review".

(V) Audit Committee

As at the disclosure date of this Report, the Audit Committee of the Board had four Independent Non-Executive Directors and two Non-Executive Directors. All the four Independent Non-Executive Directors are experts in finance, law and management, of whom the Chairman Ms. WEN Qiuju is a certified public accountant with extensive experience in accountancy and audit. Two Non-Executive Directors are the key persons in charge of renowned companies in China and have extensive experience in management and sufficient professional knowledge in finance, accounting and law. The Audit Committee is well-structured with sufficient specialty and independence, which ensures the Audit Committee to perform its supervisory duty effectively.

1. Main duties

Supervising and assessing the work of external auditors, making suggestions on the appointment or replacement of external auditors and reviewing the remuneration and terms of engagement of external auditors; supervising the financial and accounting policies and practices of the Bank, reviewing regular financial reports to be disclosed by the Bank, and giving opinions on the truthfulness, completeness and accuracy of the information to be disclosed in such financial reports; supervising, evaluating, and guiding internal auditing; supervising and guiding the establishment of the internal control system of the Bank and organising the self-evaluation of the internal control of the Bank; coordinating the communications among the management, the internal auditors and external auditors, supervising the Senior Management to rectify problems identified during the internal audit, reviewing proposals provided to the management by the external auditors, and assisting the Senior Management to respond; reviewing and supervising irregularities whistle-blown by employees of the Bank in financial reports, internal control or other fields to ensure that whistle-blown matters are handled fairly and independently and that appropriate actions are taken.

2. Duty performance

During the Reporting Period, the Audit Committee convened a total of 12 meetings on 12 January, 5 March, 14 March, 22 April, 15 May, 28 May, 26 July, 15 August, 27 August, 20 September, 21 October and 11 November, respectively, considered 33 proposals, and received briefings on 13 reports. The Committee continuously supervised the construction of the internal control mechanism of the Bank, considered internal control evaluation plans and reports, and promoted the improvement of the internal control mechanism. The Committee supervised and guided internal audit, considered annual internal audit plans, regularly received briefings on reports on internal audit and special audits, guided internal audit, and urged the management to strengthen problem rectification. The Committee organised and completed the change of appointment of external auditors and proposed suggestions on audit expenses. The Committee reviewed external audit plans, supervised the procedures of external audit, and urged the external auditors to exercise due diligence. In addition, the Committee received briefings on the audit results of the financial reports and management suggestions on internal control of the Bank from external auditors, coordinated the Senior Management to make the response, and promoted the communication among the Senior Management, internal auditors and external auditors.

3. Reviewing regular reports

The Audit Committee of the Bank has reviewed and confirmed the 2024 annual financial reports and the internal control audit report as well as the 2024 annual results announcement for the year ended 31 December 2024.

(VI) Related Party Transactions Supervision Committee

1. Main duties

Managing related party transactions of the Bank and controlling related risks, and formulating basic management system for related party transactions; identifying related parties of the Bank and reporting to the Board and the Board of Supervisors; defining related party transactions of the Bank in accordance with laws, regulations, and the Articles of Association; reviewing and filing related party transactions of the Bank in accordance with the commercial principles of justness and fairness with a focus on the compliance, fairness, and necessity of transactions. The material related party transactions of the Bank shall be examined and approved by the Related Party Transactions Supervision Committee and submitted to the Board for approval; if such material related party transactions shall be submitted to the shareholders' meeting for consideration in accordance with laws, administrative regulations, rules, and relevant provisions of the securities regulatory authorities of the place where the Bank's stocks are listed, it shall also obtain the approval of the shareholders' meeting; examining the information disclosure of material related party transactions of the Bank; taking the lead in the data governance of related party transactions, and considering material matters related to data governance of related party transactions; handling other matters as prescribed by laws, administrative regulations, rules, and provisions of securities regulatory authorities where the Bank's stocks are listed, and matters as authorised by the Board of Directors.

2. Duty performance

During the Reporting Period, the Related Party Transactions Supervision Committee convened a total of five meetings on 27 February, 13 March, 2 April, 15 May, and 24 September, respectively, considered seven proposals, and received briefings on three reports. The Committee adhered to the Administrative Measures on Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》) and the requirements of the State Council for the reform of the independent director system in the management and risk control of related party transactions of the Bank. The Committee considered/reviewed the revision of the Administrative Measures on Related Party Transactions (《關聯交易管理辦法》), Terms of Reference of the Related Party Transactions Supervision Committee of the Board (《董事會關聯交易控制委員會工作細則》), and Implementation Rules for Related Party Transactions Management (《關聯交易管理實施細則》) to strengthen the institutional system and management mechanism for related party transactions. The Committee continuously enhanced the completeness and effectiveness of the related parties list, conducted screening and dynamic daily management of potential related parties, and promoted the online management of related parties. The Committee gave play to the professional expertise of its members, and provided opinions and suggestions on the risk control of related party transactions and their impact on capital occupation. The Committee supervised and deepened the function application and data governance of the related party transaction system and strengthened daily management practices, and standardised approval, filing, and disclosure processes for related party transactions. The Committee also received briefings on annual and interim reports on transactions within the Group, issued guiding opinions for internal transactions, and provided effective guidance for the internal transaction management of the Bank.

VIII. Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank. It exercises corresponding functions and powers according to the Company Law of the People's Republic of China (《中華人民共和國公司法》) and other laws and regulations, regulatory provisions and the Articles of Association, so as to promote the compliant operation and steady development of the Bank, protect the interests of the Bank and investors, and be responsible for the shareholders' meeting.

(I) Composition of the Board of Supervisors and its performance

As at the disclosure date of this Report, the Board of Supervisors of the Bank had a total of six members, including two Shareholder Supervisors, two External Supervisors, and two Employee Supervisors. The two Shareholder Supervisors had extensive management experience and sufficient knowledge in finance and accounting. The two External Supervisors were all experts in finance and management. The two Employee Supervisors had been working at the Bank for years, possessing extensive professional experience.

The Board of Supervisors of the Bank is well-structured with high degree of specialty and independence, which can ensure that it brings its supervisory functions into full play.

(II) Duties of the Board of Supervisors

In accordance with the Articles of Association, the Board of Supervisors of the Bank mainly exercises the following functions and powers: to review regular reports of the Bank prepared by the Board and propose written opinions; to examine financial status of the Bank and (if necessary), engage other accounting firms to conduct independent auditing on financial status in the name of the Bank; to oversee the law-abidance and compliance of Directors and Senior Management of the Bank in performing their duties; to make proposals to remove any Director and/or member of Senior Management if he/she breaches any applicable laws, administrative regulations, the Articles of Association or resolutions of shareholders' meetings; to supervise the establishment of sound operating philosophies, values and principles, as well as the formulation of development strategies that are in line with the Bank's situation by the Board; to evaluate the scientificity, rationality and soundness of the Bank's development strategy; to supervise and inspect the Bank's operation decisions, risk management and internal control, and supervise and urge rectifications; to supervise the procedures for the selection and appointment of Directors; to supervise the implementation of the remuneration management system and the scientificity and rationality of the remuneration schemes for Senior Management; to supervise the duty performance and responsibility fulfillment of the Board, the Senior Management, and their members; to make departure audit on Directors and Senior Management if needed; to express opinions on the engagement of accounting firms by the Bank; to guide and supervise internal audit; to propose to convene extraordinary shareholders' meetings and extraordinary board meetings; to file lawsuits against Director and Senior Management according to the Company Law of the People's Republic of China (《中華人民共和國公司法》); to investigate irregularities in the operations of the Company; and to exercise other rights prescribed by the laws, regulations, regulatory rules, and Articles of Association or authorised by the shareholders' meeting.

(III) Meetings of the Board of Supervisors and contents of resolutions

During the Reporting Period, the Board of Supervisors of the Bank convened a total of 15 meetings, and considered and approved 42 proposals regarding regular reports of the Bank, the work report of the Board of Supervisors, the report on duty performance evaluation, the profit distribution plan, and the report on internal control evaluation. The Board of Supervisors reviewed 80 reports including the annual report on risk management of key fields, the data governance report, the work report on consumer rights protection, the capital management report, and the report on related party transactions. During the Reporting Period, the Board of Supervisors of the Bank raised no objections regarding supervised matters.

Meeting	Date	Publication	Date of disclosure
19th meeting of the 8th session of the Board of Supervisors	12 March 2024	Shanghai Securities News, China Securities Journal, Securities Times	13 March 2024
2nd extraordinary meeting of the 8th session of the Board of Supervisors	12 March 2024	Shanghai Securities News, China Securities Journal, Securities Times	13 March 2024
20th meeting of the 8th session of the Board of Supervisors	28 March 2024	Shanghai Securities News, China Securities Journal, Securities Times	29 March 2024
21st meeting of the 8th session of the Board of Supervisors	29 April 2024	Shanghai Securities News, China Securities Journal, Securities Times	30 April 2024
22nd meeting of the 8th session of the Board of Supervisors	10 May 2024	Shanghai Securities News, China Securities Journal, Securities Times	11 May 2024
3rd extraordinary meeting of the 8th session of the Board of Supervisors	31 May 2024	Shanghai Securities News, China Securities Journal, Securities Times	1 June 2024
4th extraordinary meeting of the 8th session of the Board of Supervisors	6 June 2024	Shanghai Securities News, China Securities Journal, Securities Times	7 June 2024
5th extraordinary meeting of the 8th session of the Board of Supervisors	12 June 2024	Shanghai Securities News, China Securities Journal, Securities Times	13 June 2024
1st meeting of the 9th session of the Board of Supervisors	26 June 2024	Shanghai Securities News, China Securities Journal, Securities Times	27 June 2024
2nd meeting of the 9th session of the Board of Supervisors	15 August 2024	Shanghai Securities News, China Securities Journal, Securities Times	16 August 2024
3rd meeting of the 9th session of the Board of Supervisors	29 August 2024	Shanghai Securities News, China Securities Journal, Securities Times	30 August 2024
4th meeting of the 9th session of the Board of Supervisors	20 September 2024	Shanghai Securities News, China Securities Journal, Securities Times	21 September 2024

Meeting	Date	Publication	Date of disclosure
1st extraordinary meeting of the 9th session of the Board of Supervisors	27 September 2024	Shanghai Securities News, China Securities Journal, Securities Times	28 September 2024
5th meeting of the 9th session of the Board of Supervisors	30 October 2024	Shanghai Securities News, China Securities Journal, Securities Times	31 October 2024
2nd extraordinary meeting of the 9th session of the Board of Supervisors	18 December 2024	Shanghai Securities News, China Securities Journal, Securities Times	19 December 2024

(IV) Attendance of the Supervisors of the Bank at the meetings in 2024

			Special committees of the Board of Supervisors	
Supervisor	**Meeting of Board of Supervisors**	**Shareholders' Meeting**	**Nomination and Examination Committee**	**Supervisory Committee**
	Attendance in person/Number of meetings			
WENG Zhenjie	7/7	1/1	2/2	4/4
WU Di	7/7	1/1	2/2	4/4
LU Zhongnan	15/15	2/2	4/4	7/7
LI Yu	15/15	2/2	4/4	7/7
LONG Ping	8/8	2/2	–	5/5
MAO Bin	1/1	–	1/1	–
Resigned Supervisors				
ZHANG Juntong	–	–	–	–
YANG Yu	13/13	1/1	1/1	6/6
WANG Yugui	–	–	–	–
ZHAO Fugao	8/8	–	2/2	3/3
ZHANG Liqing	8/8	–	2/2	–
GONG Zhijian	5/5	–	1/1	2/2

Notes:

1. In June 2024, Mr. YANG Yu was appointed as a member of the Nomination and Examination Committee of the Board of Supervisors of the Bank.

2. In June 2024, Mr. WENG Zhenjie was appointed as a Vice Chairman and a Shareholder Supervisor of the Bank, and a member of the Nomination and Examination Committee and the Supervisory Committee of the Board of Supervisors of the Bank.

3. In June 2024, Mr. WU Di was appointed as a Shareholder Supervisor of the Bank, and a member of the Nomination and Examination Committee and the Supervisory Committee of the Board of Supervisors of the Bank.

4. In June 2024, Mr. LU Zhongnan was appointed as an External Supervisor of the Bank, and Chairman of the Nomination and Examination Committee of the Board of Supervisors of the Bank.

5. In June 2024, Mr. LI Yu was appointed as an External Supervisor of the Bank, and Chairman of the Supervisory Committee of the Board of Supervisors of the Bank.

6. In December 2024, Mr. MAO Bin was appointed as a member of the Nomination and Examination Committee of the Board of Supervisors of the Bank.

(V) Duty performance of External Supervisors

During the Reporting Period, the External Supervisors diligently and faithfully performed their duties. They proactively attended meetings of the Board of Supervisors and its special committees, attended important meetings of the Board and the Senior Management as non-voting delegates, participated in supervisory researches on operating units, gained in-depth understanding of business management and reform progress of the Bank, and proposed independent and objective supervisory opinions and suggestions, giving full play to the supervisory role of External Supervisors. All these efforts were aimed to safeguard the legitimate rights and interests of all shareholders and stakeholders and promote the high-quality development of the Bank.

(VI) Operation of the special committees of the Board of Supervisors

1. Nomination and Examination Committee

(1) Composition and main duties

As at the disclosure date of this Report, the Nomination and Examination Committee of the 9th session of the Board of Supervisors had five members, with LU Zhongnan as the chairman and WENG Zhenjie, WU Di, LI Yu and MAO Bin as members.

The major duties of the Nomination and Examination Committee of the Board of Supervisors include: Making suggestions to the Board of Supervisors on the size and composition of the Board of Supervisors according to the operation and management status, asset size and equity structure of the Bank; reviewing standards and procedures for the selection and appointment of Supervisors and making suggestions to the Board of Supervisors; extensively searching for suitable candidates for Supervisors; carrying out examination on qualification and conditions of the candidates for Supervisors nominated by shareholders; assessing and evaluating the performance of Directors, Supervisors and Senior Management during the year; studying and formulating remuneration policy and plan of Supervisors and submitting them to the shareholders' meeting for approval after being considered by the Board of Supervisors; supervising procedures for the selection and appointment of Directors; supervising the implementation of remuneration management system of the whole bank and supervising if the remuneration plan of Senior Management is scientific and reasonable; organising departure audit on Directors and Senior Management when necessary; and performing other duties authorised by the Board of Supervisors.

(2) Duty performance

During the Reporting Period, the Nomination and Examination Committee of the Board of Supervisors continuously improved the performance supervision and evaluation system with daily performance supervision as the basis and annual performance evaluation as the mainstay. The Committee convened a total of four meetings, and considered and reviewed 12 proposals. The Committee continued to strengthen the connection between the performance supervision and evaluation of the Board of Supervisors and the requirements of regulatory authorities, consolidated the institutional foundation for performance evaluation, strengthened the application of performance evaluation results, and promoted corporate governance entities to exercise rights and fulfill responsibilities in accordance with laws and regulations. Meanwhile, the Committee urged the whole bank to strengthen risk and compliance-oriented performance evaluation, improved the mechanism of deferred payment and recourse and recovery of remunerations, established and perfected an incentive and restraint mechanism that balanced risks and returns, laid equal emphasis on long-term and short-term development, and reflected the strategic orientation and the principle of sustainable development.

2. Supervisory Committee

(1) Composition and main duties

As at the disclosure date of this Report, the Supervisory Committee of the Board of Supervisors of the Bank had five members, with LI Yu as the chairman and WENG Zhenjie, WU Di, LU Zhongnan, and LONG Ping as members.

The major duties of the Supervisory Committee of the Board of Supervisors include: Formulating proposals on the examination and supervision on the financial activities of the Bank; formulating proposals on the examination and supervision of the development strategies, operation decisions, risk management and internal control of the Bank; evaluating the compliance and implementation of significant decisions of the Company; organising visits, researches, and investigations on operating units of the Bank and supervising the rectification of relevant deficiencies; organising and implementing special investigations on specific projects as required by the regulatory authorities and submitting investigation reports in a timely manner; and performing other duties authorised by the Board of Supervisors.

(2) Duty performance

During the Reporting Period, the Supervisory Committee of the Board of Supervisors, based on the supervisory duties conferred by regulatory laws, regulations and the Articles of Association, focused on key supervision areas, explored characteristic supervision models, and continuously improved the quality and effectiveness of supervision. The Committee convened a total of seven meetings, considered and reviewed 29 proposals, and achieved all-round coverage of supervision on key areas such as strategy execution, operation and management, internal control and compliance, and risk management. On the basis of routine supervision, it strengthened in-depth and substantive supervision and research, improved the capability to discover, analyse and study problems, put forward supervisory opinions, and promote problem rectification, and constantly improved the closed-loop work system of supervision. It formulated two reports on business analysis of other financial institutions and the supervision on the Bank's operation indicators, sent out supervisory notices to the Board and the management team, and formulated summaries of supervision work based on the rectifications of problems, including the management of interest rate risk of the banking book, liquidity risk management, stress testing management and the management of expected credit loss approach, thus effectively promoting the transformation of supervision outcomes to the corporate governance effectiveness.

IX. Senior Management

As at the date of disclosure of this Report, the Senior Management of the Bank had eight members, including President WANG Xiaoyong, Executive Vice President ZHANG Juntong, Executive Vice President SHI Jie, Executive Vice President & Board Secretary LI Bin, Executive Vice President LIN Yunshan, Executive Vice President HUANG Hongri, Chief Information Officer ZHANG Bin, and Business Director GONG Zhijian.

The Senior Management of the Bank is responsible to the Board of Directors and is subject to the supervision of the Board of Supervisors, carries out business management activities in accordance with the Articles of Association and authorisation of the Board of Directors, implements the resolutions of the shareholders' meeting and the Board of Directors, and reports the operation and management of the Bank in a timely, accurate and complete manner in line with requirements of the Board of Directors and the Board of Supervisors. The business management activities conducted by the Senior Management within the scope of their power in accordance with the law shall be free from improper interference by shareholders and the Board of Directors. The major duties of President of the Bank include: Taking charge of the routine operation and management of the Bank and reporting to the Board of Directors; organising the implementation of resolutions of the Board of Directors, annual operation plans and investment schemes of the Bank; and formulating schemes on the setting of internal management departments and business outlets, basic management systems and specific rules and regulations of the Bank.

X. Employees

As at the end of the Reporting Period, the Group had 63,490 employees, of which 60,665 were employees of the Bank and 2,825 were employees of the subsidiaries of the Bank. Divided by work nature, 6,229 employees were categorised as employees in management posts and 54,436 employees as employees in professional posts[7]. The Bank had 26,147 male employees and 34,518 female employees, accounting for 43.10% and 56.90%, respectively. 13,407 employees had graduate degree or above, accounting for 22.1%, 44,735 employees had bachelor's degree, accounting for 73.7%, and 2,523 employees had college degree or below, accounting for 4.2%. 1,301 employees of the Bank had retired. As at the end of the Reporting Period, the number of employees of Minsheng Financial Leasing, Minsheng Royal Fund, CMBC International, CMBC Wealth Management and Minsheng rural banks were 326, 280, 146, 267 and 1,806, respectively.

7 Professional posts include posts concerning product research and development, risk management, IT and operation support, etc.

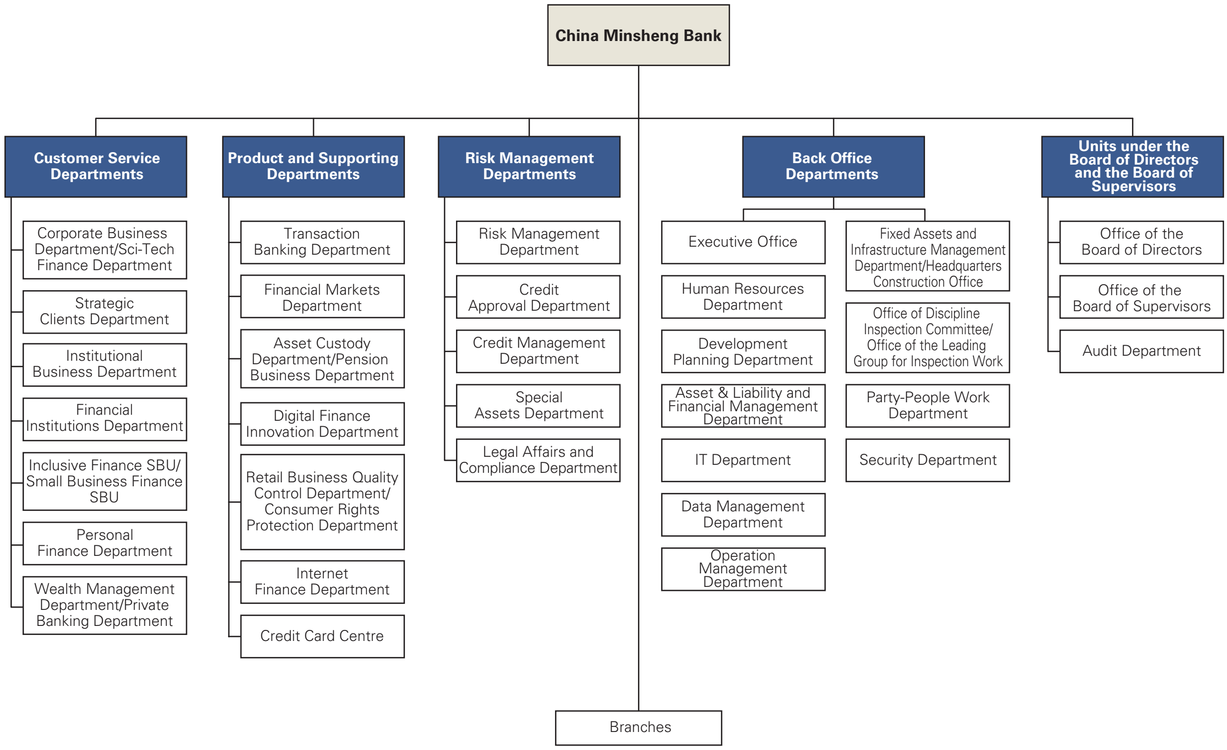
The guiding principles of human resources and remuneration policies of the Bank are: Focusing on business development strategies and mid- to long-term development goals, the Bank strives to establish high-quality strategic talent teams with adequate members and reasonable structure. Centring on value creation and key businesses, the Bank puts emphasis on improving the internal income distribution structure and constantly optimise the remuneration and incentive mechanism with value creation as the core, establish a remuneration mechanism that remuneration and incentives match with risks, and strengthen the restraining role of remuneration and incentive policies in risk management and control, so as to continuously push forward high-quality development.

By centring on value creation, the Bank followed the remuneration management principles of "setting up job positions as needed, setting remuneration according to job positions, changing remuneration when changing job positions, and getting paid according to performance", and put in place the job position-based remuneration management system. The total annual remunerations of employees of the Bank are determined after comprehensively consideration on the total number and structure of employees, development of young employees, risk control, operating results and other factors. The remuneration of employees is composed of basic remuneration, performance-based remuneration and welfare, of which, the performance-based remuneration is pegged to the comprehensive performance of the business unit (department) and themselves, in an aim to enhance operating results orientation and encourage value creation. In terms of evaluation indicators, key performance indicators, such as sustainable development, customer base, risk control, economic efficiency and social responsibility, are set up to align the remuneration with operating results, risk prevention and social responsibilities. The Bank continued to optimise income distribution structure, increase the competitiveness of remunerations of frontline employees and young talents, so as to cultivate a professional backbone force for the sustainable and high-quality development of the Bank.

In order to improve the incentive and restraint mechanism for performance-based remuneration, give full play to its guiding role in corporate governance and risk management and control, strike a balance between current and long-term development as well as benefits and risks, and prevent radical operation behaviours and violations of laws and regulations, the Bank sets up the mechanism for deferred payment, recourse and recovery of performance-based remuneration regarding the Senior Management, employees in key posts and employees in posts having significant impact on risks. During the Reporting Period, according to the requirements of the relevant regulations, the Board of Directors reviewed the report on the recourse and recovery of performance-based remuneration of the Bank, including the construction of the recourse and recovery of performance-based remuneration mechanism of the Bank, and the implementation of the recourse and recovery of performance-based remuneration in the case of violations of laws, regulations and disciplines, occurrence of abnormal risk exposure, or major risk incidents, etc.

During the Reporting Period, the Bank conducted training initiatives in an integrated approach with the focus on organisational development, talent development, and learning and growth. The Bank advanced the learning map system, optimised training operation modes, and worked to build a value-based and quality and effectiveness-oriented professional training system. The Bank iterated and upgraded the learning maps of professional sequences, implemented the learning maps of the management sequences, and established general competence modules. The Bank focused on strategic priorities, key business areas, and critical personnel, and developed flagship programmes of the whole bank featuring rich contents and good experience. The Bank launched key training programmes such as the high-quality management capacity enhancement and cultivation project, "The Voice of Reform (改革 V 動力)", "Morning Knowledge Supply (晨光充電站)" and "Minsheng Voice (全民生音)", and rolled out "Strategy Execution Lecture (戰略執行大講堂)" to strengthen the publicity and guidance of strategic priorities. The Bank established a digital learning system, released the training platform of "New Learning Studio (新學吧)", organised "Minsheng Trainer Programme (薈師紀)", and continued to advance the systematic empowerment and cultivation of the internal trainers of the whole bank, so as to provide all-round and professional empowerment and support for enhancing the capabilities of the organisation and employees, and facilitate the long-term development of the Bank.

XI. Setting of Departments of the Bank



XII. Business Network

As at the end of the Reporting Period, the Bank had 41 tier-1 branches and 105 tier-2 branches (including remote sub-branches) in the Chinese mainland, as well as two tier-1 branches outside the Chinese mainland. The total number of branch-level business outlets was 148.

During the Reporting Period, the London Branch has been authorised to carry out business, and the Bank didn't establish new tier-2 branches.

Major branches of the Bank as at the end of the Reporting Period are shown as follows:

Name of branch	Number of outlets	Headcount	Total assets (in RMB million, excluding deferred income tax assets)	Address
Head Office	1	13,021	3,399,096	No.2 Fuxingmennei Avenue, Xicheng District, Beijing
Beijing Branch	172	4,324	1,008,808	Unit 02 on 1/F & 3/F-12/F, Tower B, Zhaotai International Centre, No. 10 Chaoyangmen Nan Avenue, Chaoyang District, Beijing
Shanghai Branch	97	2,832	570,456	No.100 Pudong Nan Road, Pudong New Area, Shanghai
Guangzhou Branch	109	2,838	357,412	Minsheng Tower, No. 68 Liede Avenue, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province
Shenzhen Branch	60	2,026	294,078	Minsheng Finance Tower, Haitian Road, Futian District, Shenzhen, Guangdong Province
Wuhan Branch	84	1,610	95,483	China Minsheng Bank Tower, No. 396 Xinhua Road, Jiangshan District, Wuhan, Hubei Province
Taiyuan Branch	110	1,567	132,630	Block 3, Tower B, Shanxi International Finance Centre, No. 426 Nanzhonghuan Street, Xiaodian District, Taiyuan, Shanxi Province
Shijiazhuang Branch	133	2,071	128,301	Minsheng Bank Tower, No. 197 Yuhua Dong Road, Chang'an District, Shijiazhuang, Hebei Province
Dalian Branch	45	854	85,642	Minsheng International Finance Centre, No. 52 Renmin Dong Road, Zhongshan District, Dalian, Liaoning Province
Nanjing Branch	170	3,481	370,708	Minsheng Bank, Block One, Zijin Finance Centre, No. 399 Jiangdong Zhong Road, Jianye District, Nanjing, Jiangsu Province
Hangzhou Branch	90	2,091	262,215	Block Jinzun, Zunbao Mansion, No. 98 Shimin Street, Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province
Chongqing Branch	101	1,382	134,350	Tongjuyuanjing Building, No. 9 Jianxin Bei Road, Jiangbei District, Chongqing
Xi'an Branch	97	1,430	96,022	Minsheng Bank, Building 5, Taihua Jinmao International, No. 16, Fenghui Nan Road, Gaoxin District, Xi'an, Shaanxi Province
Fuzhou Branch	43	975	63,329	No. 282 Hudong Road, Fuzhou, Fujian Province
Jinan Branch	123	2,046	142,175	Bo'ao Building, No. 12376 Jingshi Road, Yaojia Sub-district, Lixia District, Jinan, Shandong Province

Name of branch	Number of outlets	Headcount	Total assets (in RMB million, excluding deferred income tax assets)	Address
Ningbo Branch	42	756	61,270	No. 815 Juxian Road, Gaoxin District, Ningbo, Zhejiang Province
Chengdu Branch	113	1,647	163,971	No. 535 Jiaozi Avenue, Gaoxin District, Chengdu, Sichuan Province
Tianjin Branch	49	995	97,027	China Minsheng Bank Tower, No. 43 Jianshe Road, Heping District, Tianjin
Kunming Branch	69	962	82,766	No. 11800 Caiyun Bei Road, Kunming, Yunnan Province
Quanzhou Branch	42	662	40,354	No. 110 Binhai Street, Fengze District, Quanzhou, Fujian Province
Suzhou Branch	34	1,129	114,331	Minsheng Finance Tower, Block 23, Times Square, Suzhou Industrial Park, Suzhou, Jiangsu Province
Qingdao Branch	52	962	74,587	No. 190 Hai'er Road, Laoshan District, Qingdao, Shandong Province
Wenzhou Branch	25	625	68,051	Minsheng Bank, Finance Tower, No. 1 Huaijiang Road, Lucheng District, Wenzhou, Zhejiang Province
Xiamen Branch	30	550	39,871	Xiamen Minsheng Bank Tower, No. 50 Hubin Nan Road, Xiamen, Fujian Province
Zhengzhou Branch	105	1,563	138,509	Minsheng Bank Tower, No. 1 CBD Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province
Changsha Branch	41	1,064	78,888	Minsheng Tower, No. 189 Binjiang Road, Yuelu District, Changsha, Hunan Province
Changchun Branch	25	588	22,589	Minsheng Tower, No. 500 Changchun Avenue, Nanguan District, Changchun, Jilin Province
Hefei Branch	72	1,032	90,299	Yinbao Building, Intersection of Wuhu Xi Road and Jinzhai Road, Shushan District, Hefei, Anhui Province
Nanchang Branch	43	678	63,875	No. 545, Huizhan Road, Honggutan New District, Nanchang, Jiangxi Province
Shantou Branch	30	531	33,977	Block 2, Baoneng Times Bay, No. 1 Shangang Road, Shantou, Guangdong Province
Nanning Branch	44	666	70,734	1-3/F, 3M/F, 30-31/F and 36/F, Block C, China Resources Building, No. 136-5 Minzu Avenue, Nanning, Guangxi Zhuang Autonomous Region
Hohhot Branch	24	481	42,628	China Minsheng Bank Tower, Block C, Oriental Junzuo, No. 20 Chilechuan Avenue, Saihan District, Hohhot, Inner Mongolia Autonomous Region
Shenyang Branch	48	542	22,479	No. 65 Nanjing Bei Street, Heping District, Shenyang, Liaoning Province
Hong Kong Branch	1	301	196,057	Flat 3701-02, 3712-16, 37/F and 40/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Guiyang Branch	39	568	53,469	Block 8, Tianyi International Plaza, No. 33 Changling Nan Road, Gaoxin District, Guiyang, Guizhou Province
Haikou Branch	15	231	11,672	Zhonghuan International Plaza, No. 77 Binhai Avenue, Longhua District, Haikou, Hainan Province

Name of branch	Number of outlets	Headcount	Total assets (in RMB million, excluding deferred income tax assets)	Address
Lhasa Branch	5	163	13,260	No.1, 1/F, Block F1, Hailiang Shiji Xincheng Phase 2.1, No. 11 Beijing Avenue, Liuwu New Area, Lhasa, Tibet Autonomous Region
Shanghai Pilot Free Trade Zone Branch	1	123	82,610	40/F, No. 100 Pudong Nan Road, Pudong New Area, Shanghai
Harbin Branch	17	382	24,451	1-6/F, Zone One, Olympic Centre, No. 11 Aijian Road, Daoli District, Harbin, Heilongjiang Province
Lanzhou Branch	12	285	22,428	1-4/F, Gansu Daily Press Plaza, No. 123 Baiyin Road, Chengguan District, Lanzhou, Gansu Province
Urumqi Branch	11	256	23,740	No. 314, Yangzijiang Road, Saybagh District, Urumqi, Xinjiang Autonomous Region
Xining Branch	7	157	8,853	1-4/F, Annex Building of Telecom Industrial Tower, No. 102 Kunlun Zhong Road, Chengzhong District, Xining, Qinghai Province
Yinchuan Branch	10	193	16,095	1-5/F, Block 19, Jinhaimingyue, No. 106 Shanghai Xi Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region
London Branch	1	25	745	23rd Fl 20 Fenchurch Street, London, UK
Inter-region adjustment	–	–	-1,384,444	
Total	2,442	60,665	7,515,847	

Notes:

1. The number of institutions takes into account all types of business outlets, including the Head Office, tier-1 branches, tier-2 branches (including remote sub-branches), business outlets of sub-branches (including business departments), community sub-branches, and small-business sub-branches.

2. The headcount of the Head Office includes the total number of employees in the departments of the Head Office, Credit Card Centre and centralised operation, exclusive of employees of branches. Of which, the headcount of the Credit Card Centre was 8,230.

3. Inter-region adjustment arises from the reconciliation and elimination of inter-region balances.

XIII. Incentive Share Option Scheme, Employee Share Ownership Scheme or Other Employee Incentive Measures and Their Implementations During the Reporting Period

Up to date, the Bank had no incentive share option scheme, employee share ownership scheme or other employee incentive measures.

XIV. Rights of Shareholders

(I) Procedures for convening extraordinary shareholders' meetings

In accordance with the Articles of Association of the Bank, the Bank shall convene an extraordinary shareholders' meeting within two months at the request of the shareholders individually or jointly holding 10% or more of shares of the Bank with voting rights.

Shareholders may request to convene an extraordinary shareholders' meeting by the following procedures:

Shareholders individually or jointly holding no less than 10% of shares of the Bank with voting rights may have the right to request the Board of Directors in writing to convene an extraordinary shareholders' meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, make a written response as to whether or not it will convene the extraordinary shareholders' meeting within ten days upon receipt of the request. If the Board of Directors agrees to convene the extraordinary shareholders' meeting, a notice of convening such meeting shall be issued within five days after the resolution of the Board of Directors is passed. Approval of the relevant shareholders shall be sought if the resolution contained in the notice alters the original request.

If the Board of Directors refuses to convene the extraordinary shareholders' meeting, or fails to respond within ten days upon receipt of the request, shareholders individually or jointly holding 10% or more of shares of the Bank with voting rights in the proposed meeting shall have the right to propose to the Board of Supervisors in writing to convene such extraordinary shareholders' meeting. If the Board of Supervisors agrees thereto, a notice of convening such extraordinary shareholders' meeting shall be issued within five days upon receipt of the proposal. Approval of the relevant shareholders shall be sought if the resolution contained in the notice alters the original request. If the Board of Supervisors fails to give the notice of such shareholders' meeting within the specified period, it shall be deemed to have failed to convene and preside over such meeting and shareholders who individually or jointly hold 10% or more of shares of the Bank with voting rights in the proposed meeting for not less than 90 consecutive days shall have the right to convene and preside over the meeting.

The Board of Directors and the Board Secretary shall provide assistance when necessary for the shareholders' meetings convened by the Board of Supervisors or shareholders. The Board of Directors shall provide the register of shareholders as at the record date. Necessary costs of such general meetings shall be borne by the Bank.

(II) Procedures for putting forward proposals at shareholders' meetings

In accordance with the Company Law, shareholders individually or jointly holding no less than 1% of shares of the Bank may put forward provisional proposals to the Bank and provisional proposals to the Board of Directors in writing ten days prior to the date of the shareholders' meeting. Provisional proposals shall have clear topics and specific matters to be resolved. Within two days upon receipt of the proposal, the Board of Directors shall notify other shareholders and submit the provisional proposal to the shareholders' meeting for consideration.

Shareholders may put forward proposals at shareholders' meeting through the Office of the Board of Directors of the Bank. The contact details are set out in the section headed "XV. Communications with Shareholders".

(III) Convening extraordinary meetings of the Board of Directors

The Bank's Articles of Association stipulates that shareholders representing more than 1/10 of the voting rights may propose to convene an extraordinary meeting of the Board of Directors. The Chairman of the Board of Directors shall convene and preside over the Board meeting within ten days after receipt of the proposal.

(IV) Making enquiries to the Board of Directors

Shareholders have the right to make enquiries about relevant information of the Bank, including the Articles of Association, the status of share capital, audited financial statements, reports of the Board of Directors, reports of the Board of Supervisors, summaries of shareholders' meetings, etc., in accordance with the Articles of Association after they provide the Office of the Board of Directors with written documents certifying the class and number of shares of the Bank held by them and the Bank verifies their identities. The contact details are set out in the section headed "XV. Communications with Shareholders".

XV. Communications with Shareholders

(I) Information disclosure

As a company listed both in Shanghai and Hong Kong, in strict compliance with laws, regulations and regulatory provisions of the SSE and the SEHK, the Bank continued to improve information disclosure system, built compliant and long-term management mechanism, and fulfilled its information disclosure obligations in a law-abiding and compliant manner. During the Reporting Period, the Bank published four regular reports and 89 extraordinary announcements on the SSE. The Bank also published 146 information disclosure documents on the SEHK. The Bank didn't get any punishment on information disclosure from the regulatory authorities. The Bank paid continuous attention to and proactively responded to investors, and demonstrated its latest achievements in supporting and serving the real economy and promoting sustainable development. Investor recognition and positive response from the market increased year by year. The Bank's 2023 Annual Report won the "Golden Award" for Commercial Banks in the International ARC Awards by the LACP.

(II) Investor relations

The Bank formulated the Working Rules for Investor Relations Management of China Minsheng Banking Corp., Ltd. (《中國民生銀行股份有限公司投資者關係管理工作制度》) in compliance with the relevant requirements of domestic and overseas laws, regulations and normative documents and carried out investor relations management through investor relations website, telephone, fax, email, e-interaction platform of the SSE and other channels, and by means of shareholders' meetings, investor briefing, roadshow, analysts' meeting, reception of visits, symposium and others. During the Reporting Period, the Bank efficiently organised investor relations activities and attached great importance to investors' appeals and suggestions. The policy on communication with investors was adequate and effective. In 2024, the Bank once again received the "Investor Relations Award – Excellence Certificate (投資者關係大獎—卓越證書)" from the Hong Kong Investor Relations Association.

1. Shareholders' meetings

The 2023 Annual General Meeting and the First Extraordinary General Meeting for 2024 were held in Beijing in June and October 2024, respectively, which were attended by 305 shareholders and authorised proxies in person and 3,554 shareholders and authorised proxies via online voting, setting a new record for attendance. All Directors, Supervisors and Board Secretary attended the meetings, and all members of the Senior Management attended the meetings as non-voting delegates. Following the meeting, Chairman, President and the key members of the Senior Management had in-depth communications with participating minority shareholders.

2. Performance briefing

In March 2024, the 2023 performance briefing was held in Beijing by the means of online and offline. It was live streamed on Weixin, the mobile banking App and the online banking platform via "Minsheng Video Podcast Room (民生播客廳)". In September and November 2024, the interim and the third quarter performance briefings were held by the means of teleconferences, respectively. Chairman, President, Independent Directors, key members of the Senior Management, and heads of relevant departments attended the above briefings, respectively.

3. Adequate communications with institutional investors and capital market

During the Reporting Period, the Bank invited analysts from leading securities companies and institutional investors inside and outside the Chinese mainland to attend the performance briefings, and maintained continuous and efficient communications with the capital market by attending strategy meetings of securities companies, receiving special researches and organising symposiums. In 2024, the Bank organised and participated in more than 80 events and received over 500 visits of investors and analysts.

4. Convenience for small- and medium-sized investors

The Bank consistently provided convenience for small and medium-sized investors to participate in investor relations activities and exercise the rights of shareholders, and timely responded to their demands. Throughout the year, the Bank answered nearly 500 calls to the investors' hotline, handled over 100 consulting letters, and responded to the questions on the e-interaction platform of the SSE in a timely manner. The Bank launched the bilingual investor relations website in both Chinese and English, through which small and medium-sized investors could inquire and download visualised financial data, flexibly search announcements and circulars, subscribe to reminders of investor relations activities and make appointments for online and offline communications. The website also provided a special column of "Q&A for Investors" to take up the questions of common concern raised by small and medium-sized investors. The investor relations website of the Bank was awarded the "Best Investor Relations Website (最佳投資者關係網站)" in Greater China by the IR Magazine, an international authoritative journal.

Investors may inquire the Bank's relevant information or contact the investor relations team by the following ways:

Address: China Minsheng Bank Building, No. 2 Fuxingmennei Avenue, Xicheng District, Beijing, China

Postal code: 100031

Investor relations website: ir.cmbc.com.cn

Hotline for investors: 86-10-58560975, 86-10-58560824

Facsimile: 86-10-58560720

Email: cmbc@cmbc.com.cn

XVI. Amendments to Articles of Association in 2024

The Bank implemented regulatory requirements and amended its Articles of Association in accordance with laws and regulations including the Company Law (《公司法》) and the Securities Law (《證券法》), as well as regulatory provisions such as the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》), the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), the Measures on the Management of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), and the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies (2023 Revision) (《上市公司監管指引第 3 號－上市公司現金分紅(2023 年修訂)》). The Proposal on Amending the Articles of Association of China Minsheng Banking Corp., Ltd. (《關於修訂〈中國民生銀行股份有限公司章程〉的議案》) was approved at the First Extraordinary General Meeting for 2024 of the Bank on 25 October 2024. The amended Articles of Association is subject to the approval by the NFRA before taking effect.

XVII. Continuous Professional Development Training of Directors

During the Reporting Period, every Director of the Bank abided by their obligations and duties as Directors and kept abreast of the business operation and development of the Bank. The Bank encouraged the Directors to take part in continuous professional development through various forms. All Directors participated in multiple specialised training sessions organised by the Listed Companies Association of Beijing. Independent Non-Executive Directors attended independent directors subsequent training sessions conducted by the SSE and proactively participated in the special training programmes or seminars organised by the Bank with topics covering macroeconomic policies, anti-money laundering, green finance (ESG), and consumer rights protection. They also reviewed special reports on regulatory policies, capital management and data governance, so as to deepen their understanding and judgment of new situation and new policies and gain comprehensive insights into the Bank's business development, as well as to enhance the knowledge and skills required for their duty performance.

Directors CHENG Fengchao and LIU Hanxing, Vice Chairman WANG Xiaoyong and Director ZHANG Juntong, and Director LIANG Xinjie participated in pre-appointment training on the materials related to laws and regulations and corporate governance of both Hong Kong and the Chinese mainland on 23 August 2023, 27 May 2024, and 5 July 2024, respectively. They confirmed their understanding of their responsibilities as Directors of the Bank. All the aforementioned Directors obtained legal advice from the legal adviser as to Hong Kong laws of the Bank, ensuring a clear understanding of the requirements under the Hong Kong Listing Rules that are applicable to them as directors and the possible consequences of making a false declaration or giving false information to the SEHK.

XVIII. Training of Company Secretary

During the financial year ended 31 December 2024, Ms. CHEUNG Yuet Fan, the then Company Secretary, has undertaken not less than 15 hours of relevant professional training programmes organised by the SEHK and other professional institutions.

XIX. Contact with Company Secretary

During the Reporting Period, Ms. CHEUNG Yuet Fan was Company Secretary of the Bank. Mr. WANG Honggang, the Representative of Securities Affairs of the Bank, has served as the primary contact person of the Bank.

XX. Compliance with the Corporate Governance Code Set Out in Appendix C1 to the Hong Kong Listing Rules

During the Reporting Period, the Bank has fully complied with the code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules and has complied with most of the recommended best practices contained therein.

XXI. Risk Management of the Board of Directors

The Board of Directors is responsible for the establishment and improvement of effective risk management and internal control system, and supervises and evaluates the construction of internal control and risk management system as well as the risk status of the Bank (including the examination of the effectiveness). The system aims to provide reasonable (rather than absolute) assurance that there will not be material misrepresentation or loss, and to manage (rather than eliminate) the risk of failure to achieve business objectives. During the Reporting Period, the Board of Directors examined the adequacy and effectiveness of the risk management and internal control of the whole bank through its Risk Management Committee and Audit Committee. The Board of Directors is of the view that the Bank's risk management and internal control are adequate and effective. For details of the Bank's risk management, please refer to the section headed "XII. Risk Management" in "Chapter 3 Management Discussion and Analysis" of this Report.

By focusing on improving risk management duty performance, the Board of Directors of the Bank established and continuously improved the list of duty performance for the Board of Directors and special committees, and strengthened lawful and compliant duty performance according to regulatory provisions such as the Guidelines on Macroprudential Policy (Trial) (《宏觀審慎政策指引(試行)》) issued by the PBOC, the Corporate Governance Guidelines for Banking and Insurance Institutions (《銀行保險機構公司治理準則》) issued by the former CBIRC, and the Guidelines for Comprehensive Risk Management of Banking Financial Institutions (《銀行業金融機構全面風險管理指引》) as well as internal management needs of the Bank. It consolidated management foundation, improved institutional system, and optimised the risk management duties and powers, rules of procedure and working procedures of the Board of Directors and special committees, hence continuously improving refined management. It considered the annual statement of risk preference and reports on risk strategies and implementation, paid attention to the key areas including risk management system optimisation, risk preference strategy formulation, system and procedure improvement, system and tool improvement, as well as digital and intelligent risk control, continuously improved the mechanism for identification, measurement, assessment, monitoring, reporting, control and mitigation of various risks, and supervised the Senior Management to carry out comprehensive risk management, in a bid to achieve more proactive, scientific and forward-looking risk management. The Risk Management Committee was set under the Board of Directors, and please refer to the section headed "(IV) Risk Management Committee" of "VII. Special Committees of the Board of Directors" in this Chapter for the details of its duties and duty performance.

Procedures for processing and publishing insider information and internal monitoring measures of the Bank: The Bank has formulated the administrative rules for information disclosure and the administrative rules for insiders. The Board of Directors is responsible for information disclosure and insider information management of the Bank, and the Board Secretary is authorised to organise, coordinate and implement. Persons accountable for major information and insider information reporting, reporting links and disclosure approval procedures of major information and the requirements for confidentiality registration of insiders are clearly prescribed in relevant rules of the Bank. The Bank faithfully and comprehensively recorded the list of all insiders in all links before the information is made public, and files related to the content and time of insider information known to the insiders, and managed and monitored insider information.

XXII. Internal Control and Internal Audit

(I) Internal control evaluation

The Bank has set up a comprehensive corporate governance structure with clear division of responsibilities among the Board of Directors, the Board of Supervisors and the management team, and maintained effective operation of internal control management system. In compliance with the Law of the People's Republic of China on Commercial Banks (《中華人民共和國商業銀行法》), the Guidelines for Internal Control of Commercial Banks (《商業銀行內部控制指引》), the Basic Standard for Corporate Internal Control (《企業內部控制基本規範》) and other laws and regulations and regulatory rules, the Bank has formed a set of rational and comprehensive internal control systems.

Each year, the Board of Directors and the Audit Committee evaluate the effectiveness of internal control, and review the internal control evaluation report. In 2024, there was no material deficiency in internal control related to the financial reports of the Bank, and no material deficiency in internal control related to the non-financial reports was identified. The Bank engaged KPMG Huazhen LLP to conduct audit on internal control. The audit opinions on internal control are consistent with the evaluation conclusion of the Bank on the effectiveness of internal control related to the financial reports, and the disclosure regarding material deficiency in internal control related to non-financial reports in the internal control audit report is consistent with the disclosure in the internal control evaluation report of the Bank. The 2024 Internal Control Evaluation Report of China Minsheng Bank (《中國民生銀行 2024 年度內部控制評價報告》) and the 2024 Internal Control Audit Report of China Minsheng Bank (《中國民生銀行 2024 年度內部控制審計報告》) were published on the website of the SSE, the HKEXnews website of the SEHK, and the website of the Bank.

(II) Internal audit

The Bank has adopted an independent internal audit model with a vertical management structure topped by the Head Office. Internal audit works are reported to the Board of Directors and its Audit Committee with notices given to Senior Management, ensuring the independence and effectiveness of internal audit. The Bank has set up the Audit Department at the Head Office with six regional audit centres in North, East, South, Central, Northeast, and West China. The Audit Department is responsible for performing independent inspection and evaluation of all businesses and management activities of the Bank, supervising the effectiveness of internal control, and conducting the supervision, evaluation, and consulting of internal audit in an independent and objective manner. The Bank has formulated a well-structured internal audit system and continuously revised and improved it. Through the audit project management system, the Bank has strengthened full-process management of audit projects. The Bank has established an integrated audit inspection system combining conventional audit and digital audit. The digital audit system has covered major business areas of the Bank. The Bank constantly enriched functions and perfected inspection models based on inspection needs. Risk-oriented internal audit has been adopted, covering all business lines including corporate banking, retail banking, financial markets, credit card, IT, infrastructure projects, and finance and accounting, as well as all internal control management procedures. The audit scope has also extended to risk management areas including credit risk, market risk, liquidity risk, operational risk, and compliance risk.

During the Reporting Period, in terms of internal audit, the Bank focused on the implementation of national economic and financial policies, remained committed to its core businesses, innovated working ideas and approaches, strengthened coordination mechanisms to enhance supervisory synergy, effectively fulfilled its audit and supervision responsibilities and empowered the business development of the whole bank. Through various forms of audits, including internal control evaluation, special audits, and economic accountability audits, the Bank conducted supervision and inspection of the operation and management and internal control of operating units and subsidiaries under consolidated management. By strengthening synergy between regulator authorities and audit department, and between audit and inspection works, and coordinating efforts with departments related to discipline inspection and compliance, the Bank established an effective supervisory synergy. During the Reporting Period, in accordance with the annual audit plan, the Audit Department efficiently completed the audit tasks for the whole year, covering corporate and personal credit, foreign exchange derivatives, risk management, asset and liability and financial management, information technology, and infrastructure projects. The Bank conducted internal control evaluation audits on 18 operating units and subsidiaries under consolidated management, giving full play to the supervision, evaluation, and consultation role of internal audit. At the same time, the Bank continuously improved the supervision system for rectifying problems identified in the audits, and constantly tracked and urged the audited units to make rectifications of problems identified by adopting multiple measures such as continuous supervision and subsequent audits. All these efforts notably improved the internal control and management of the Bank.

XXIII. Management and Control of Subsidiaries During the Reporting Period

During the Reporting Period, the Bank managed its subsidiaries in strict compliance with regulatory requirements for consolidated management and the strategic deployments of the Bank in group-based management, and organised and promoted the Head Office departments to further strengthen their professional management support for subsidiaries, so as to enhance counter-cyclical risk response capabilities and promote steady and high-quality development of subsidiaries. Firstly, the Bank adhered to strategic positioning, clarified the strategic business of subsidiaries, strengthened process management of strategy execution such as tracking, supervision, and review, and promoted subsidiaries to integrate deeply into customer, product, and operation and management systems of the parent bank, in a bid to realise collaboration with the parent bank in customer service and support. Secondly, the Bank improved corporate governance, optimised the governance system and mechanisms of subsidiaries, clarified the key duties of the shareholders' general meeting, the board of directors, the board of supervisors, and the senior management of subsidiaries, selected and dispatched competent and capable directors and supervisors, and regularly conducted corporate governance evaluation, so as to continuously enhance the corporate governance of subsidiaries. Thirdly, the Bank deepened coordination management, established a leading mechanism for business coordination among subsidiaries, defined the responsibilities of leading departments, optimised and adjusted coordination policies, and created an integrated coordination system within the Group featuring resource sharing and business complementation. Fourthly, the Bank strengthened risk management, clarified the risk preferences, risk management strategies, basic business directions and risk management requirements for subsidiaries at the Group level, reinforced management in key fields including market risk, unified credit, asset and liability, liquidity risk, internal control and compliance and cybersecurity, and prevented cross-border, cross-industry, and cross-institutional risk contagion.

CHAPTER 7 REPORT OF THE BOARD OF DIRECTORS

I. Performance of Main Businesses, Financial Results and Business Development

For details of the main businesses, analysis of key indicators of financial results and business development of the Bank, please refer to "Chapter 2 Summary of Accounting Data and Financial Indicators" and "Chapter 3 Management Discussion and Analysis" of this Report.

II. Environmental Policy of the Bank and Its Performance

The Bank has published the 2024 Environmental, Social and Governance Report in accordance with Rule 13.91 of the Hong Kong Listing Rules and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Hong Kong Listing Rules. Please refer to the website of the SSE, the HKEXnews website of the SEHK and the website of the Bank.

III. Compliance with Relevant Laws and Regulations

The Board of Directors is of the view that during the Reporting Period, the Bank legally operated its business, and its decision-making procedure was in compliance with relevant laws, regulations and the Articles of Association. It is not aware of any breach of laws and regulations and the Articles of Association or any act which would prejudice the interests of the Bank and its shareholders by any existing Directors, Supervisors or Senior Management when performing their duties during the Reporting Period.

IV. Subsequent Event

Save as disclosed above, from the settlement date of the financial year to the date of this Report, the Bank had no material events.

V. Profit and Dividend Distribution

(I) Annual dividend distribution for 2023

The Bank annually distributed dividends to all shareholders according to the profit distribution plan for 2023, which was considered and approved at the 47th meeting of the 8th session of the Board and the 2023 Annual General Meeting. On the basis of the total share capital of the Bank as at the record dates, the Bank distributed a cash dividend for 2023 of RMB0.216 (tax inclusive) to holders of A shares and H shares whose names appeared on the registers as at the record dates for every share being held. The total cash dividends amounted to RMB9,457 million. The cash dividends were denominated and declared in RMB and were paid in RMB or in Hong Kong dollar to holders of equity shares.

The Bank distributed the cash dividends to holders of A shares and investors of Northbound Trading in July 2024 in accordance with relevant provisions, and distributed the cash dividends to holders of H shares and investors of Southbound Trading in August 2024 in accordance with relevant provisions. The implementation of the distribution plan was thus completed. For details, please refer to the announcement of the Bank dated 26 June 2024 published on the HKEXnews website of the SEHK and the announcement dated 3 July 2024 published on the website of the SSE, respectively.

(II) Interim profit distribution for 2024

The Bank distributed interim dividends to all shareholders in accordance with the interim profit distribution plan for 2024, which was considered and approved at the 3rd meeting of the 9th session of the Board and the First Extraordinary General Meeting for 2024. On the basis of the total share capital of the Bank as at the record dates, the Bank distributed interim cash dividends for 2024 of RMB0.13 (tax inclusive) to holders of A shares and H shares whose names appeared on the registers as at the record dates for every share being held. The total cash dividends amounted to RMB5,692 million. The cash dividends were denominated and declared in RMB and were paid in RMB or in Hong Kong dollar to holders of equity shares.

The Bank distributed the cash dividends to holders of A shares and investors of Northbound Trading in November 2024 in accordance with relevant provisions, and distributed the cash dividends to holders of H shares and investors of Southbound Trading in December 2024 in accordance with relevant provisions. The implementation of the distribution plan was thus completed. For details, please refer to the announcement of the Bank dated 25 October 2024 published on the HKEXnews website of the SEHK and the announcement dated 4 November 2024 published on the website of the SSE, respectively.

(III) Annual profit distribution plan for 2024

According to the audited financial statements of the Bank for 2024, net profit of the Bank was RMB30,830 million. Dividends of perpetual bonds and domestic preference shares of RMB4,316 million was paid. The provision of statutory surplus reserve of RMB3,083 million was made based on 10% of the net profit of the Bank in 2024. The provision of general reserve of RMB3,719 million was made based on the difference between 1.5% of the year-end balance of risk assets in 2024 and the general reserve that had been accrued.

According to the Articles of Association of China Minsheng Banking Corp., Ltd. in respect of profit distribution, having considered various factors including the capital adequacy ratio required by the regulatory authorities, its sustainable business development and the interim profit distribution, the Bank proposed to distribute a cash dividend of RMB0.62 (tax inclusive, the same below) to holders of A shares and H shares whose names appear on the registers as at the record dates for every 10 shares being held. Based on the number of shares of the Bank in issue as at the end of 2024, being 43,782 million shares, the total cash dividends to be distributed would be RMB2,714 million. Together with the total amount of interim cash dividends for 2024 that had been distributed, being RMB5,692 million (a cash dividend of RMB1.30 for every 10 shares), the total cash dividends of RMB8,406 million would be distributed in 2024 (a cash dividend of RMB1.92 for every 10 shares), accounting for 30.04% of the net profit of the Group, which was RMB27,980 million, realised in 2024 attributable to holders of ordinary shares of the Bank.

The actual amount of total cash dividends to be paid will be subject to the total number of shares recorded on the register as at the record dates. The cash dividends will be denominated and declared in RMB and be paid in RMB or in Hong Kong dollar to holders of equity shares. The actual amount of dividends to be paid in Hong Kong dollar shall be calculated based on the benchmark exchange rate of RMB against Hong Kong dollar as quoted by the PBOC on the date of the shareholders' meeting.

VI. Dividend Distribution of Ordinary Shares in the Past Three Years

	2024	2023	2022
Dividends to be paid for every 10 shares (tax inclusive, RMB)	**1.92**	2.16	2.14
Number of shares issued on capitalisation of surplus reserve for every 10 shares (share)	**–**	–	–
Cash dividends (tax inclusive, RMB million)	**8,406**	9,457	9,369
Net profit attributable to holders of ordinary shares of the Bank (RMB million)	**27,980**	31,507	31,163
Cash dividends/Net profit attributable to holders of ordinary shares of the Bank (%)	**30.04**	30.02	30.06

Note: The dividends of ordinary shares in 2024 included the interim cash dividends that had been distributed. The annual profit distribution plan for 2024 was subject to the approval of the 2024 Annual General Meeting before implementation.

VII. Formulation and Implementation of Dividend Distribution Policy for Ordinary Shares

According to the provisions in the Articles of Association, the distribution of profits of the Bank emphasises on reasonable investment income to investors. The profit distribution policy shall be sustainable and stable. The Bank shall distribute dividends in profit-making years. The Bank shall take full account of the opinions of the Independent Directors, External Supervisors and public investors in deliberating on its dividend distribution policy. The Board of Directors shall fully consider the Bank's operating performance, capital plan, and sustainable development needs, as well as the opinions of shareholders, Independent Directors, and the Board of Supervisors, when assessing the timing, conditions, and minimum ratio of cash dividends, along with the conditions for adjustments and the relevant decision-making procedures. On the basis of ensuring continuous, stable, and well-balanced returns for all shareholders, the Board of Directors shall formulate the profit distribution plan accordingly. Before the profit distribution policy is considered at the shareholders' meeting, the Bank shall proactively communicate with shareholders through multiple channels, particularly minority shareholders, and fully consider their opinions and requests.

To the extent that the normal working capital requirement is fulfilled, the Bank shall distribute dividends primarily in cash. The profits distributed to holders of ordinary shares in the form of cash dividend for each year shall not be less than ten percent (10%) of the distributable profits attributable to holders of ordinary shares of the Bank of the year. The Bank may distribute interim cash dividends. The upper limit of the interim dividends for the following year, as approved at the annual general meeting, shall not exceed the net profit attributable to holders of ordinary shares in the corresponding period. The Board of Directors may formulate the specific interim dividend distribution plan in accordance with the profit distribution conditions and the resolution of the shareholders' meeting.

In the event that adjustments are required to be made to the Bank's profit distribution policy due to the needs of operation and long-term development of the Bank, the profit distribution policy after adjustment shall not violate the relevant requirements of regulatory authorities of the places where the Bank is listed. Any proposal regarding adjustments to the profit distribution policy shall be subject to the prior review of the Independent Directors and the Board of Supervisors and due consideration of the opinions of minority shareholders and, after consideration by the Board, be proposed to the shareholders' meeting of the Bank for approval. Any proposal regarding the adjustments to the Bank's cash dividend policy shall be approved by more than two-thirds of the votes of the shareholders attending the shareholders' meeting of the Bank. Online voting shall be made available when such proposal is voted at the shareholders' meeting. The voting results of the minority investors shall be disclosed separately.

During the Reporting Period, the formulation and execution of the Bank's profit distribution policy complied with relevant provisions of the Articles of Association and requirements of the resolutions of the shareholders' meeting, which featured clearly specified criteria and proportion of dividend distribution, as well as complete decision-making procedures and mechanisms. The Independent Directors also provided their opinions, fully protecting the legitimate rights and interests of minority investors.

VIII. Taxes and Tax Exemption

The shareholders of the Bank shall pay relevant taxes in accordance with the following provisions as well as tax laws and regulations updated from time to time, enjoy possible tax exemption where appropriate, and shall consult their professional tax and legal advisors regarding specific tax payment matters. All the tax laws and regulations cited below were released prior to 31 December, 2024.

(I) Holders of A shares

In accordance with the Notice on Issues Concerning the Implementation of Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No. 85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) and the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)), if a shareholder holds shares for more than one year, his or her dividends and bonuses shall be temporarily exempt from individual income tax; if the shareholder holds shares for more than one month to one year (inclusive), 50% of his or her dividends and bonuses shall be temporarily included in taxable income; if the shareholder holds shares for within one month (inclusive), all of his or her dividends and bonuses shall be taxable income. A tax rate of 20% applies to all the aforesaid incomes for levying individual income tax. Individual income tax shall be levied on dividends and bonuses of securities investment funds acquired from listed companies also in accordance with the aforesaid provisions.

In accordance with the provisions of Item 2 of Article 26 of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), dividends, bonuses and other equity investment proceeds distributed between qualified resident enterprises shall be tax-free incomes.

In accordance with the provisions of Article 83 of the Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), dividends, bonuses and other equity investment gains generated between qualified resident enterprises as referred to in Item 2 of Article 26 of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) are the returns of investment made directly by one resident enterprise in another resident enterprise. The income from such equity investments as dividends and bonuses, as mentioned in Item 2 of Article 26 of the Enterprise Income Tax Law of the People's Republic of China, shall not include the investment income acquired by continuously holding the listed common share of the resident enterprise for less than 12 months.

In accordance with the provisions of the Enterprise Income Tax Law of the People's Republic of China and the regulations on its implementation, enterprise income tax shall be levied on dividends acquired by shareholders of non-resident enterprises at a reduced rate of 10%.

(II) Holders of H shares

In accordance with the Notice on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document 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)), individual income tax shall be withheld at a rate of 10% on the dividends distributed to offshore individual resident shareholders by a domestic enterprise with no foreign investment issuing shares in Hong Kong. Offshore individual resident shareholders may enjoy relevant tax preference in accordance with the provisions of the tax agreement signed between the home country of their identity and China as well as the tax arrangements between the Chinese Mainland and Hong Kong SAR (Macao SAR). Regarding the matters in connection with distribution of dividends to individual holders of H shares whose names appeared on the register of H-share shareholders on the record date of dividends distribution, the Bank shall withhold and pay individual income tax at the rate of 10%, unless otherwise provided by tax laws and regulations as well as relevant tax agreements.

In accordance with the provisions of the Enterprise Income Tax Law of the People's Republic of China and the regulations on its implementation, the withholding agent shall withhold and pay enterprise income tax at a rate of 10% on the income of a non-resident enterprise acquired from the Chinese mainland. Therefore, any H shares registered in the name of non-individual enterprises, including HKSCC Nominees Limited, other proxies or trustees or other organisations and groups, shall be deemed the shares held by shareholders of non-resident enterprise, and the Bank shall withhold and pay enterprise income tax at a rate of 10% when distributing dividends to the shareholders.

In accordance with the current practice of the Inland Revenue Department, there is no need to pay tax in Hong Kong on the H share dividends distributed by the Bank.

The tax matters regarding Shanghai-Hong Kong Stock Connect (滬港通) shall be undertaken in accordance with the provisions of the Notice on Taxation Policies Concerning the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81 號)》).

The tax matters regarding Shenzhen-Hong Kong Stock Connect (深港通) shall be undertaken in accordance with the provisions of the Notice on Taxation Policies Concerning the Pilot Programme of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127 號)》).

(III) Holders of domestic preference shares

The matters regarding payment of individual income tax on individually acquired dividends from non-publicly issued domestic preference shares shall be undertaken in accordance with relevant tax laws and regulations of China.

The resident enterprise shareholders (including institutional investors) as stipulated by the Enterprise Income Tax Law of the People's Republic of China shall pay tax on their income from cash dividends; the payment of tax by other shareholders on their income from cash dividends shall comply with relevant provisions.

In accordance with the Guiding Opinions of the State Council on Conducting Pilot Program on Preference Shares (Guo Fa [2013] No. 46) (《國務院關於開展優先股試點的指導意見》(國發[2013]46 號)), the dividends, bonuses, and other investment yields that an enterprise acquires by investing in preference shares and that meets conditions as stipulated by the tax laws can be tax-free enterprise incomes.

IX. Substantial Shareholders

For details of substantial shareholders of the Bank, please refer to "Chapter 4 Changes in Share Capital and Information on Shareholders" in this Report.

X. Share Capital and Issuance of Shares and Bonds

For details of share capital and issuance of shares and bonds of the Bank as at 31 December 2024, please refer to "Chapter 4 Changes in Share Capital and Information on Shareholders" and "Chapter 5 Information on Preference Shares" in this Report.

XI. Auditing Opinions Issued by the Accounting Firm

The 2024 annual financial statements of the Bank prepared in accordance with the IFRS Accounting Standards had been audited by KPMG, and the standard and unqualified auditors' report had been issued accordingly.

XII. Pre-Emptive Rights

Pre-emptive rights are not prescribed in the Company Law of the People's Republic of China (《中華人民共和國公司法》) and the Articles of Association, and the Bank is not required by the above provisions to issue new shares to the current shareholders based on the holding proportion of the shareholders. In accordance with Article 29 of the Articles of Association, the Bank may increase its registered capital by public offering of ordinary shares, issuance of ordinary shares to its existing shareholders, distribution of new ordinary shares to its existing shareholders, private placing of ordinary shares, conversion of preference shares to ordinary shares, and any other methods permitted by the applicable laws and administrative regulations. There is no compulsory rule in relation to pre-emptive rights in the Articles of Association.

XIII. Charity and Other Donations

During the Reporting Period, the total amount of charitable donations of the Group was RMB130 million.

XIV. Directors, Supervisors and Senior Management

For details of the name list, profiles, contract arrangements and remunerations of Directors, Supervisors and Senior Management of the Bank, please refer to "Chapter 6 Corporate Governance" in this Report.

The details of retirement benefits provided by the Bank to its employees during the Reporting Period are set out in Note 4.33 "Other Liabilities" to the Financial Statements.

XV. Contracts of Management and Administrative Management

During the Reporting Period, the Bank did not enter into any administrative management contract relating to overall businesses or major businesses of the Bank.

XVI. Indemnity and Insurance of Directors, Supervisors and Senior Management

During the Reporting Period, the Bank has maintained effective liability insurance for the Directors, Supervisors and Senior Management in respect of potential legal proceedings arising from the business operation of the Bank.

XVII. Relationship with Customers and Employees

The Group considers that it is important to maintain good relationship with its customers and strives to provide more efficient and convenient services to customers so as to maximise the value and return. In 2024, there were no significant or material disputes between the Group and its customers.

For details of the relationship between the Bank and its employees, please refer to the 2024 Social Responsibility Report (《2024 年度社會責任報告》) and the 2024 Environmental, Social and Governance Report (《2024 年度環境、社會及管治報告》).

XVIII. Consumer Rights Protection

During the Reporting Period, in terms of consumer rights protection, the Bank closely followed the arrangements of the NFRA regarding the development of a new framework for financial consumer rights protection. The Bank remained firmly committed to and resolutely implemented the political significance and people-centred nature of financial work. The Bank focused on building a comprehensive consumer rights protection system, and took core measures such as refining the management system of consumer rights protection, improving the institutional framework of consumer rights protection, strengthening control in key areas, increasing the proactivity in complaint management, and enhancing the impact of educational publicity activities, so as to accelerate the improvements in the system, professionalism and refinement of consumer rights protection of the whole bank. In terms of improving the consumer rights protection management system, the Bank continued to optimise its governance structure for consumer rights protection and further integrated consumer rights protection management into corporate governance. This year, the Board of Directors and its Strategic Development and Consumer Rights Protection Committee reviewed the annual and interim work reports and plans on consumer rights protection in line with corporate governance standards, conducted in-depth studies on the implementation of regulatory provisions and their internalisation, and strengthened overall planning and guidance for consumer rights protection management. Additionally, they analysed weak points and improvement measures in consumer rights protection management, proposed work requirements and guidance, and urged the Senior Management to effectively fulfil their responsibilities in consumer rights protection management and perfect the management system for consumer rights protection. The Board of Supervisors convened meetings of the Board of Supervisors and the Supervisory Committee to review important reports, including the annual and interim work reports and plans on consumer rights protection and to receive briefings on consumer rights protection efforts and the performance of the Board of Directors and Senior Management in this area. The Board of Supervisors regularly attended meetings of the Board and its Strategic Development and Consumer Rights Protection Committee, and important meetings concerning consumer rights protection of the Senior Management as non-voting delegate, and continued to strengthen the duty performance supervision of the Board of Directors and the Senior Management in consumer rights protection. The Senior Management diligently implemented the work deployments and supervisory requirements from regulatory authorities, the Board of Directors, and the Board of Supervisors, clarified key priorities for the year, and coordinated the implementation of the annual plan. Through the Consumer Rights Protection Committee meetings and president meetings of the Head Office, and special meetings, the Senior Management arranged, guided and supervised the orderly advancement of consumer rights protection work, and continuously embeded financial consumer rights protection into daily operation and management and all business links and procedures. In terms of improving the institutional system for consumer rights protection, this year, the Bank, in alignment with regulatory requirements, continued to strengthen the construction of the three-tier institutional system covering the special rules, the internalised rules and the operational rules for consumer rights protection. The Bank consistently enhanced the full-process and closed-loop management of consumer rights protection review mechanism, and constantly enhanced the risk prevention and control function of antecedent consumer rights protection review. Additionally, the Bank deepened the layered and classified assessment. By refining the precision of assessment indicators, strengthening the management of the assessment process, and ensuring the effective application of assessment results, the Bank effectively guided and promoted the overall improvement in consumer rights protection of the whole bank. In terms of reinforcing control in key areas, in accordance with regulatory requirements and changes in the external market environment, the Bank strengthened the implementation of consumer rights protection requirements with focus on areas such as personal information protection, suitability management, information disclosure, cooperating organisations, and marketing and publicity. The Bank continuously advanced the traceability and optimisation of systems, processes, and institutional frameworks, prevented and mitigated risks in key areas, and effectively safeguarded consumers' legitimate rights, including the right to be informed and the right to make independent choices. In terms of enhancing the impact of education and publicity, the Bank continued to develop a consumer rights protection education and publicity system that balances both centralised and regular initiatives while integrating online and offline channels. The Bank carried out high-quality centralised education and publicity activities such as the "15 March" campaign, the Financial Knowledge Promotion Tour (普及金融知識萬里行), and the Financial Education and Publicity Month. Meanwhile, the Bank continuously promoted thematic regular education initiatives, including the development of the "Consumer Rights Protection Column" and services for key groups, and further enhanced the brand influence of the "Minsheng's Consumer Rights Protection in Action (民生消保在行動)". In line with business needs, job responsibilities, and staff characteristics, the Bank continuously enriched training content, innovated activity forms, conducted multi-channel and diversified, and layered and classified internal staff training, enhanced employees' awareness of consumer rights protection, diligently protected consumer rights, and provided attentive and sincere services for customers.

In terms of complaint management, the Bank enhanced dispute resolution quality and efficiency and improved customer services by refining management mechanisms, strengthening dispute resolution, deepening source-tracing rectification, strengthening the handling of complicated complaints, and optimising and iterating systems. In 2024, the Bank handled a total of 205,344 customer complaints[8]. In terms of business distribution, the complaints were concentrated in credit cards (68.44%), debit cards (16.75%), and loans (6.24%); in terms of geographic distribution, the complaints were mainly concentrated in Beijing (72.29%, including complaints related to the Credit Card Centre), Guangdong (3.36%), and Shenzhen (2.39%). The Bank remained committed to its corporate value of "customer first", reinforced closed-loop complaint handling management, accelerated resolution, and enhanced customer satisfaction in complaint handling, thereby effectively safeguarding the legitimate rights and interests of financial consumers.

8 To more accurately reflect the actual situation of customer complaints, duplicate complaints, as well as complaints related to repayment negotiations, credit report disputes, and the "Campaign Against Illegal Use of Phone and Bank Cards (斷卡行動)", were excluded from the complaint statistics during the Reporting Period.

XIX. Evaluation on the Implementation of Administrative Rules for Information Disclosure by the Board of Directors

During the Reporting Period, the Bank, in strict compliance with the laws and regulations and regulatory requirements concerning information disclosure, proactively performed the obligation of information disclosure, meticulously implemented the administrative rules for information disclosure, and disclosed true, accurate and complete information in a timely and fair manner.

By Order of the Board of Directors
GAO Yingxin
Chairman
28 March 2025

CHAPTER 8 REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors diligently fulfilled its responsibilities and duties as stipulated by laws, regulations, and the Articles of Association, and upheld the comprehensive leadership of the Party over financial affairs. Focusing on key supervisory areas, including strategy execution, operation and management, financial management, risk management, and internal control and compliance, the Board of Supervisors enhanced the operational mechanisms and coordination systems for supervision, innovated and optimised supervision approaches, and improved the overall quality and effectiveness of supervisory activities. The Board of Supervisors consistently reinforced its supervision and evaluation of duty performance of the Board and the Senior Management, enhanced its capability to identify key problems, conduct problem analysis, provide supervisory recommendations, and advance problem rectification. The Board of Supervisors actively leveraged its supervisory role in corporate governance, promoted the continuous enhancement of corporate governance and accelerated the high-quality development of the Bank.

During the Reporting Period, the Supervisors attended shareholders' meetings, and meetings of the Board of Supervisors and its special committees in compliance with laws and regulations. They regularly attended important meetings of the Board and its special committees and the Senior Management as non-voting delegates, diligently performed their supervision duties and improved the quality and effectiveness of deliberation and supervision. During these meetings, the Supervisors thoroughly analysed meeting materials, reinforced in-depth and substantive supervisory researches, gained a comprehensive understanding of the duty performance of the Board and the Senior Management, provided objective and independent opinions and suggestions, exercised their voting rights prudently, and fulfilled supervision duties according to laws and regulations.

Independent Opinions of the Board of Supervisors:

I. Law-abiding Operation of the Company

During the Reporting Period, the Bank maintained law-abiding operation and the decision-making procedures were in compliance with the applicable laws and regulations and the Articles of Association. There was no breach of the applicable laws and regulations and the Articles of Association or any act which would harm the interests of the Bank and its shareholders by any Directors or Senior Management of the Bank in performing their duties.

II. Authenticity of the Financial Statements

The annual financial statements of the Bank have been audited by KPMG Huazhen LLP and KPMG in accordance with the CAS and the ISAs, respectively. Standard and unqualified auditors' reports have been issued accordingly. The financial statements of the Bank for the year truthfully, accurately and completely reflected the Bank's financial position and business performance.

III. Use of Proceeds from Fund-Raising Activities

During the Reporting Period, the use of proceeds from fund-raising activities was consistent with the use of proceeds stated in the prospectus of the Bank.

IV. Acquisition and Disposal of Assets

During the Reporting Period, as far as the Board of Supervisors was aware, there was no acquisition and disposal of assets of the Bank that involved insider transaction, would harm the interests of shareholders or resulted in any loss of assets of the Bank.

V. Related Party Transactions

During the Reporting Period, the management of related party transactions was in compliance with the relevant national laws, regulations and the Articles of Association. There was no act which would harm the interests of the Bank and its shareholders.

VI. Implementation of Resolutions of Shareholders' Meeting

The Board of Supervisors raised no objection to the reports and proposals submitted by the Board of Directors to the shareholders' meeting for consideration and approval in 2024 and supervised the implementation of the resolutions of the shareholders' meeting. The Board of Supervisors is convinced that the Board of Directors implemented the resolutions in real earnest.

VII. Internal Control

The Bank continued to strengthen and improve its internal control. The Board of Supervisors raised no objection to the Evaluation Report on Internal Control for 2024 (《2024 年度內部控制評價報告》) of the Bank. During the Reporting Period, no material deficiencies were found in respect of the completeness, reasonableness and effectiveness of the internal control mechanism and system of the Bank.

VIII. Implementation of Information Disclosure

During the Reporting Period, the Board of Supervisors raised no objection to the implementation of information disclosure of the Bank. The Bank earnestly implemented the administrative rules for information disclosure and performed the obligation of information disclosure. No violation of laws and regulations was found in connection with information disclosure.

By Order of the Board of Supervisors
WENG Zhenjie
Vice Chairman of the Board of Supervisors
28 March 2025

CHAPTER 9 ESG GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In 2024, the Bank gave full play to its own advantages, advanced the establishment of a high-level ESG management system, constantly improved the governance structure, strengthened the practice of philosophy, innovated practice, fully integrated ESG into corporate governance and operation and management, and continuously improved ESG management.

The Bank attached great importance to the common value of all stakeholders, focused on key areas of ESG, continuously improved ESG management, and proactively performed environmental and social responsibilities. For details of the performance of social responsibilities and ESG, please refer to the 2024 Social Responsibility Report (《2024 年度社會責任報告》) and the 2024 Environmental, Social and Governance (ESG) Report (《2024 年度環境、社會及管治(ESG)報告》), as well as the ESG section on the website of the Bank.

I. ESG Governance

The Board of the Bank attached great importance to ESG work, and comprehensively supervised the implementation of ESG policies and plans to ensure the improvement of its sustainable development capability. It guided and supervised the management team to carry out ESG-related works by regularly considering ESG reports and social responsibility reports, discussing ESG matters, and paying attention to the inspection and evaluation results made by the ESG regulatory authorities and external auditing institutions. The Strategic Development and Consumer Rights Protection Committee of the Board took charge of considering issues on the performance of economic, environmental and social responsibilities of the Bank, providing professional opinions and suggestions to the Board, regularly monitoring the execution of policies and plans, supervising the implementation effectiveness, and assisting the Board in supervising the management team to carry out ESG-related works.

The Bank continuously improved the ESG working mechanism to ensure proper management of business-related ESG risks and effective fulfillment of ESG responsibilities. The Bank pushed forward the ESG work from the perspective of strategic planning, and has built a three-level working mechanism including the "decision-making team, management team and implementation team". The Bank set up an ESG leading group with Chairman as the leader and President as the deputy leader, and established an ESG working group composed of relevant departments, which managed, organised and executed ESG works from three aspects, namely overall planning, coordinated promotion and implementation.

During the Reporting Period, the Board considered and approved the 2023 Environmental, Social and Governance (ESG) Report (《2023 年度環境、社會及管治(ESG)報告》) and the 2023 Social Responsibility Report (《2023 年度社會責任報告》), specifying ESG management strategies, risk analysis, important matters and other contents. The Board, on the basis of fully understanding the results and progress of ESG work of the Bank, took the global best practices of other banks as the objectives of ESG work, and worked with the management team to carry out targeted improvements in key areas of ESG, including financing environment impact, consumer rights protection, green finance and business ethics, etc.

The Bank proactively communicated with the stakeholders. By establishing a long-term communication mechanism, it understood the demands of stakeholders in a timely manner and made active responses. The ESG issues to which the stakeholders paid close attention were taken as the direction of actions and reference for information disclosure of the Bank. During the Reporting Period, to have an in-depth and comprehensive understanding of the feedback of internal and external stakeholders on the importance evaluation of ESG topics, the Bank conducted a special questionnaire survey among shareholders, institutional investors, customers, suppliers and employees. It invited the participants to evaluate the importance of ESG topics of the Bank from their own perspectives, and conducted substantial analysis and importance evaluation on the topics on the basis of investigations and researches. These initiatives provided help and guidance for the Bank's ESG management and disclosure.

II. Performance of Environmental Responsibilities

The Bank paid high attention to environmental protection and climate change, and took the initiative to recognise the risks and opportunities brought by the policies related to "carbon peak and carbon neutrality" and green finance. It formulated goals for green finance, resolutely implemented the green development strategy, and constantly improved the green finance system. The philosophy of environmental protection and low carbon was incorporated into the procurement and operation process of the Bank so that the carbon footprint during operation was continuously reduced and the construction of ecological civilisation was further promoted.

The Bank closely followed green development and improved top-level design. During the Reporting Period, the Bank revised and updated multiple ESG-related policies and systems, and established and perfected the mechanisms. In terms of green finance, the Bank implemented the Five-Year Development Plan for Green Finance of China Minsheng Bank (2021-2025) (《中國民生銀行綠色金融五年發展規劃(2021-2025)》) and other work deployments, revised the Administrative Measures on Green Finance of China Minsheng Bank (《中國民生銀行綠色金融管理辦法》), and specified the green finance management system in which "the Board undertakes primary responsibility, the Senior Management is responsible for organising implementation, and multiple departments execute in a coordinated manner". The Bank specified green credit development strategy and annual targets in the Green Finance Credit Policy (《綠色金融信貸政策》), formulated and released the Administrative Measures on Environmental, Social and Governance Risk of Legal Person Customers (Trial) (《法人客戶環境、社會和治理風險管理辦法(試行)》), and regarded customers' ESG risk management as an important part of due diligence, review and approval, fund appropriation and disbursement, post-loan management and other links. The Bank proactively carried out risk management and control, strengthened the management of ESG risks across the whole process of investment and financing, and has built an ESG rating system for legal person customers in a scientific and systematic manner. The Bank independently developed a complete set of ESG rating model tools, embedded them into the system, and promoted the application of such tools across the whole bank.

The Bank deployed green finance products to respond to climate change. The Bank proactively promoted the deployment of green finance to support environment-friendly financing needs. It iterated the sustainable development and green finance product system to satisfy financing demands of green development in all aspects. During the Reporting Period, the Bank focused on segmented scenarios and industries on the basis of the green finance product system of "Minsheng Carbon Peak and Carbon Neutrality", conducted continuous innovations and integrations, rolled out comprehensive financial service solutions for such fields as CCER carbon market, marine economy, forestry industry chain, and new energy vehicle, enhanced innovations in carbon finance products and modes, and vigorously supported the green, low-carbon financing demands. The Bank explored the development of sustainable development products and innovation in carbon finance, and pushed for the execution of multiple innovation businesses, such as loans with interest rates linked to sustainable development performance, green financing project evaluation-linked loans, vehicle carbon footprint-linked loans and Qinghai "E-Carbon Loan". The Bank proactively served the national carbon market, and provided transaction, settlement and other services for member enterprises of the carbon market based on the product of "Market Express (市場通)", so as to facilitate and guarantee the steady operation of the national carbon market. The Bank and the Shanghai Clearing House jointly released the "Shanghai Clearing House Minsheng Bank Green Bond Selection Index (上海清算所民生銀行綠色債券精選指數)"and products linked to the index, providing more convenient green finance investment tools for investors and facilitating the high-quality development of the green bond market. As at the end of the Reporting Period, the amount of energy conservation and emission reduction of green credit of the Bank was equivalent to saving 5,304.0 thousand tons of standard coal, and reducing emissions of 12,213.70 thousand tons of carbon dioxide equivalent, 462.10 thousand tons of chemical oxygen demand, 12.30 thousand tons of ammonia nitrogen, 248.20 thousand tons of sulfur dioxide and 256.50 thousand tons of nitrogen oxide, and saving 10,779.60 thousand tons of water.

The Bank developed green bank to facilitate "carbon peak and carbon neutrality" goals. The Bank implemented the philosophy of resource conservation and environmental protection throughout the whole process and all aspects of business operation to advance green and sustainable development. The Bank put in place a green operation system, conducted centralised operations in an in-depth manner, and comprehensively promoted the intensive, standardised and digitalised level of businesses. While evidently increasing service efficiency, the Bank further practised the green operation philosophy. By proactively developing the intelligent bank and eco-bank, and creating audio guide, remote banking and other intelligent experiences, the Bank achieved the coordinated service model integrating online and offline and on-site and remote manual approaches, and explored and launched multiple inclusive paperless financial products. The Bank continuously upgraded online platform, and innovated online products and services, which reduced paper consumption and transportation. The Bank practised the philosophy of green publicity, and has set up electronic advertising screens in all operating units, business outlets and office areas to reduce the use of paper posters.

The Bank advocated green office and practised the philosophy of environmental protection. The Bank practised the philosophy of green and low-carbon sustainable development, promoted energy conservation, carbon reduction and emission reduction, and practised the philosophy of environmental protection across various dimensions and links such as procurement and office work. The Bank advocated green procurement, strengthened procurement management and supplier management, proactively promoted the implementation of green procurement policies, pushed suppliers to improve their environmental and social risk management, and worked with suppliers to assume social responsibilities. The Bank adhered to green office, strengthened awareness building in terms of institutional system construction and philosophy publicity and implementation, and advocated conservation and recycling in water, electricity, catering, and office supplies. The Bank took multiple measures and vigorously advocated its employees to practise green, environment-friendly, cyclic and sustainable development lifestyle. The Bank deepened the application and practice of the collaborative office platform of "iMinsheng (i 民生)" and successfully held two sessions of "iMinsheng" Innovative Application Competition, and proactively advanced digital, intelligent, online and paperless office operation. The Bank also released the smart product of "Zhiyanwanxiang•AI Document Assistant (智言萬象•AI 文檔助手)". As at the end of 2024, the Bank cumulatively realised online agile management of 1,025 paper-based approval processes, and promoted the transformation of organisational operation mode and upgrading of corporate culture.

III. Performance of Social Responsibilities

The Bank stuck to close integration of its own development with social progress, strove to provide professional, integrated and considerate financial services to create a symbiotic, sharing and win-win ecosystem, and advanced the incorporation of ESG-related philosophy into business development, customer service, rural revitalisation, charity and public welfare.

The Bank provided high-quality services based on the values of "customer first". The Bank upheld the values of "customer first" and attached great importance to customer services. During the Reporting Period, the Bank consistently optimised the layout of outlets, strengthened the deployment of community outlets, and further expanded the coverage of financial service channels to ensure that its financial services benefited more underdeveloped regions. The Bank also improved offline service networks. The Bank continuously enhanced the construction of elderly-friendly and accessible service facilities at outlets, developed mobile Apps suitable for different groups, gave play to the advantages of community grid-based services, and optimised financial and non-financial products and services for special groups. In terms of consumer rights protection, the Bank continuously improved the management mechanism for the marketing and publicity of products and services, and the management mechanism for personal information protection and complaints, so as to protect consumers' legitimate rights and interests and provide high-quality service experience.

The Bank served NSOEs and MSEs by implementing inclusive finance. The Bank fully supported the development of the real economy, gave full play to its advantages in serving NSOEs and MSEs, and provided financial support for the development of the real economy. The Bank enriched the inclusive credit product system, and developed the "Agricultural Loan Express (農貸通)", an online product related to agriculture, rural areas and farmers. The Bank focused on the in-depth management of inclusive finance customer groups, and continued to enhance inclusive financial service capabilities. Based on the three platforms of "Minsheng Small Business App (民生小微 App)", "Ecosystem-based Service Platform for MSMEs (中小微企業生態服務平台)" and "Benefits Mall for MSMEs (中小微企業權益商城)", the Bank established a "three-in-one" internet platform service system, improved the integrated online service capabilities, and met customers' diversified service demands. New breakthroughs were made in new small business models in terms of legal person business, unsecured business and online business. As at the end of the Reporting Period, the balance of small business loans of the Bank amounted to RMB855,102 million, representing an increase of RMB63,886 million as compared with the end of the previous year. Of which, the balance of loans to small business legal persons amounted to RMB227,255 million, representing an increase of RMB72,214 million as compared with the end of the previous year; the balance of small business credit loans amounted to RMB107,955 million, representing an increase of RMB27,028 million as compared with the end of the previous year. 75% of mortgage businesses were applied online, representing an increase of 27 percentage points as compared with the end of the previous year. The cumulative number of users of "Minsheng Small Business App" amounted to 1,143.0 thousand, representing an increase of 221.0 thousand as compared with the beginning of the year.

The Bank facilitated common prosperity by promoting rural revitalisation. The Bank consciously integrated itself into the national strategy to financially support rural revitalisation and facilitate common prosperity. In terms of business support, the Bank continued to increase financial supply and used the "Agricultural Chain Express (農鏈通)" series of business as a carrier to create exclusive business model and product portfolio covering various scenarios across the agricultural industry chain. The Bank made full use of digital technology means, effectively addressed problems such as information asymmetry, low process efficiency, high financing cost, and poor availability in traditional rural financial services, and provided accessible high-quality services for individual farmers. In response to the needs of agricultural product export processing enterprises, the Bank developed an exclusive product solution of "E-Export Finance (出口 e 融)" to solve the financial difficulties of enterprises, effectively improving the efficiency of capital turnover and promoting the development of agricultural product export enterprises. In terms of rural revitalisation and paired assistance, the Bank carried out diversified assistance covering organisation, finance, industry, talent, culture, education, ecosystem and other aspects. Total amount of consumption assistance to the areas lifted out of poverty nationwide was RMB51.16 million, and the balance of loans granted to 832 state-level counties lifted out of poverty nationwide amounted to RMB49,841 million. The Bank continuously promoted economic development in areas lifted out of poverty and improved the quality of life of local residents. The Bank has provided paired assistance to Fengqiu County and Hua County in Henan Province for 23 consecutive years, and cumulatively donated more than RMB261 million free assistance fund and granted more than RMB1,400 million loans to the two counties. The Bank won the highest level of "Good" in the paired assistance assessment on the central unit for many consecutive years. During the Reporting Period, the Bank implemented 83 assistance projects and working mechanisms, provided free assistance fund of RMB37.82 million, introduced free assistance fund of RMB34.31 million, and extended loans of RMB125 million, deepening and promoting the construction of rural revitalisation demonstration sites and the execution of rural financial business modes.

The Bank delivered the warmth of Minsheng through charity and public welfare works. Adhering to the philosophy of sharing development results with the society, the Bank donated RMB130 million funds in 2024, benefiting more than 1.4 million persons. The Bank continued to carry out public welfare practices and supported the "AIDS Prevention and Control Programme" of China Red Ribbon Foundation for 17 consecutive years. The Bank carried out the "Guangcai • Minsheng" Medical Care Programme for Children with Congenital Heart Disease ("光彩•民生"先天性心臟病患兒救治項目) for 12 consecutive years, and financially supported 1,326 children with congenital heart disease with free treatments. The Bank has implemented the "Power of Minsheng's Love – ME Charity Innovation Funding Scheme (我決定民生愛的力量——ME 創新資助計劃)" for ten consecutive years and cumulatively donated more than RMB114 million, funding 245 innovative public welfare projects and directly benefiting more than 374.0 thousand persons, with the projects covering fields including rural revitalisation, community development, educational support, health and well-being, ecological civilisation and other areas. The Bank also focused on biodiversity conservation by supporting multiple public welfare programmes including the "Protection Network for Saving Great Bustard (拯救大鴇保護網絡)" and "ME-New Habitat Plan for Castor Fiber Birulai (ME－蒙新河狸新家園計劃)".

The Bank carried out cultural welfare works and served the society with arts. The Bank has remained committed to cultural welfare for 18 consecutive years. The six public welfare art institutions sponsored and operated by the Bank focused on serving national strategies and the public. During the Reporting Period, the Bank meticulously planned and put on a series of exhibitions including "The Origin of Civilisation: Exploring the Early Chinese Civilisation (文明的源起：早期中華文明探尋大展)", "Animating China: A History of Shanghai Animation Films (繪動世界——上海美術電影的時代記憶與當代回響), "Shanghai: Capital of Photography 1010s-2020s (上海：攝影之都 1010s-2020s), and "Duration (《綿延》)". During the Reporting Period, the public welfare art institutions of the Bank cumulatively served 200 thousand public participants through online and offline platforms, and organised over 180 public education events that attracted 140 thousand participants offline. The Bank has successfully explored a distinctive cultural welfare path to serve the national strategy and the public.

During the Reporting Period, the ESG practices of the Bank were highly recognised by government authorities, authoritative organisations and mainstream media, and have won a range of honours, including one of the first batch of Chinese banks to get the highest level of AAA in the annual ESG rating of MSCI, an international authoritative index institution, "China's 100 ESG Pioneers of Listed Companies (中國 ESG 上市公司先鋒 100)" by CCTV, 2024 Best ESG Practice of Listed Companies by China Association for Public Companies, "List of Comprehensive ESG Performance of Banks (銀行 ESG 綜合表現榜單)" by China Banking and Insurance Media Company Limited, and "2024 Innovative and Excellent Institution of ESG Financial Service (2024 年度 ESG 金融服務創新卓越機構)" by the Chinese Banker magazine. **In terms of environmental responsibilities**, during the Reporting Period, the Bank was granted a series of honours and awards, including the "Advanced Unit in Green Bank Evaluation (綠色銀行評價先進單位)" by the Professional Committee for the Green Credit Business of the China Banking Association, the "Low-carbon Case of 2024 (2024 年度低碳案例)" by the China News Service, and the "Best Financial Institution Award of 2024 (2024 年度最佳金融機構獎)" of the Green Finance Forum of 60. **In terms of social responsibilities**, the Bank won the "Top 10 NSOEs" in the "Social Responsibility Development Index of Chinese Enterprises 2023 (2023 中國企業社會責任發展指數民企十強)" (Top One in the Banking Industry) by Chinese Academy of Social Sciences and the "Whale Bull Award • ESG Carbon Peak and Carbon Neutrality Pioneer (鯨牛獎•ESG 雙碳先鋒)" by the China Social Responsibility 100 Forum. The Social Responsibility Report has been rated "Five-Star (Excellent) (五星級(卓越))" by the Expert Committee for China Corporate Social Responsibility Report Rating for many consecutive years.

CHAPTER 10 MAJOR EVENTS

I. Material Litigation and Arbitration

During the Reporting Period, the Bank had no litigation or arbitration proceeding that had significant impact on its operations. As at 31 December 2024, there were 1,802 pending litigations with disputed amount of over RMB1 million involving the Bank as plaintiff, with an involved amount of approximately RMB65,334 million, and 236 pending litigations involving the Bank as defendant, with an involved amount of approximately RMB4,952 million.

Since January 2023, the Beijing Branch of the Bank has successively filed lawsuits against entities including Wuhan Centre Building Development Investment Co., Ltd., Wuhan CBD Co., Ltd., Oceanwide Holdings Co., Ltd., and China Oceanwide Holdings Group Co., Ltd. over financial lending contract disputes. As at the date of disclosure of this Report, case filing and enforcement notices have been issued for the lawsuit between the Bank and Wuhan Centre Building Development Investment Co., Ltd. and Wuhan CBD Co., Ltd. The 5 lawsuits between the Bank and Oceanwide Holdings Co., Ltd. and China Oceanwide Holdings Group Co., Ltd. have obtained the effective judgments, of which the Bank has won, and the case filing and enforcement notices have been issued, and another 2 lawsuits have obtained first instance judgments, of which the Bank has won.

II. Purchase and Sale of Assets and Mergers and Acquisitions

During the Reporting Period, the Bank had no material purchase and sales of assets and mergers and acquisitions.

III. Material Contracts and Their Performances

The Bank participated in and won the bid for the land use right of Plot Z4 at Core Area of Beijing CBD in East Third Ring Road, Chaoyang District, Beijing. Currently, the installation of mechanical and electrical equipment and interior decoration are under progress.

The Bank participated in and won the bid for the land use right of Plot G at the Strait Financial Business District on the south of Aofeng Road and the east of Aofeng Side Road in Taijiang District, Fuzhou. This project has been completed and has passed the five-party completion inspection. Currently, it is undergoing government acceptance and filing.

Regarding the Shunyi Headquarters Phase II Cloud Computing Data Centre Project in Beijing, the construction has been basically completed.

IV. Major Guarantees

During the Reporting Period, no major guarantees of the Bank were required to be disclosed except for the financial guarantees provided within the business scope approved by the PBOC.

Specific Explanation and Independent Opinions of the Independent Directors Regarding External Guarantees of China Minsheng Banking Corp., Ltd.

In accordance with the Regulatory Guidelines for Listed Companies No. 8 – Regulatory Requirements for Fund Transactions and External Guarantees of Listed Companies (《上市公司監管指引第 8 號——上市公司資金往來、對外擔保的監管要求》) and relevant rules of the SSE, the Independent Directors of China Minsheng Banking Corp., Ltd. carried out an investigation on the external guarantees of the Bank in 2024 on an impartial, fair and objective basis. Specific explanation and independent opinions are issued as below:

After verification, the external guarantee business carried out by the Bank in 2024 mainly involved issuance of letters of guarantee. It is a regular banking business within the business scope of the Bank approved by relevant regulatory authorities. The Bank attached great importance to the compliance and risk management of guarantee business. Based on risk characteristics of this business, the Bank has formulated and strictly implemented relevant operating process and approval procedures. As at 31 December 2024, the balance of letters of guarantee issued by the Bank amounted to RMB135,217 million. Such business was normally operated.

During the Reporting Period, no material illegal guarantee was found in the Bank.

Independent Directors
QU Xinjiu, WEN Qiuju, SONG Huanzheng,
YEUNG Chi Wai, Jason, CHENG Fengchao, LIU Hanxing
28 March 2025

V. Commitments by the Bank and Its Relevant Entities

According to the relevant rules of the CSRC, the Bank considered and approved the Proposal on Impacts on Dilution of Current Returns of the Non-public Issuance of Preference Shares and the Relevant Remedial Measures of China Minsheng Banking Corp., Ltd. (《關於中國民生銀行股份有限公司非公開發行優先股攤薄即期回報及填補措施的議案》) at the First Extraordinary General Meeting for 2016 on 1 February 2016, in which remedial measures on the dilution of current returns that might arise from the non-public issuance of preference shares were formulated. These measures included strengthening capital management and optimising resources allocation, promoting the transformation of business model and management mechanism, enhancing comprehensive management and refined management, improving comprehensive risk management, and further increasing its corporate value. At the same time, the Directors and the Senior Management of the Bank also made commitments to effectively execute the remedial measures on current returns. During the Reporting Period, the Bank and the Directors and the Senior Management of the Bank did not violate any of the aforesaid commitments.

VI. Appointment and Termination of Appointment of Accounting Firms

Upon the approval by the 2023 Annual General Meeting of the Bank, the Bank appointed PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors for 2024. Upon the approval by the First Extraordinary General Meeting for 2024 of the Bank and based on the principle of prudence, the Bank terminated the appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers. The above-mentioned accounting firms ceased to provide relevant professional services after the review of the interim financial reports of the Bank for 2024. Meanwhile, the Bank appointed KPMG Huazhen LLP as the domestic auditing firm and the external auditor for internal control auditing of the Bank for 2024, and appointed KPMG as the international auditing firm of the Bank for 2024.

In 2024, the Bank paid a total of RMB4.13 million to PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers for their audit services, including review of the interim financial reports (domestic and international) and agreed procedures for the first quarterly financial reports. The Bank paid a total of RMB5.68 million to KPMG Huazhen LLP and KPMG for their audit services including the auditing of the annual financial reports (domestic and international), agreed procedures for the third quarterly financial reports, and internal control auditing, of which, the service fee for internal control auditing was of RMB1.00 million. At the same time, the total service fee for non-audit business paid to KPMG and its member firms in 2024 was RMB3.28 million. KPMG Huazhen LLP and KPMG confirmed that such non-audit business did not compromise their audit independence.

In 2024, KPMG Huazhen LLP and KPMG provided audit services to the Bank for the first year. SHI Jian, ZHANG Luyang and LEUNG Tat Ming, the signing accountants, provided services for the Bank for the first year. Save as disclosed above, the Bank has not changed accounting firms in the past three years.

VII. Material Related Party Transactions

During the Reporting Period, there is no related party that controls the Bank, and the related-party transactions of the Bank were mainly loans to related parties. All loans to related parties were provided in compliance with relevant laws and regulations and were in accordance with the loan conditions and the approval procedures of the Bank. The loans did not have any adverse impacts on the operating results and financial position of the Bank. For other related-party transactions of the Group, please refer to Note 9 "Related Parties" to the Financial Statements.

In accordance with the rules 14A.49 and 14A.71 under Chapter 14A of the Hong Kong Listing Rules, the related party transactions and the continuing related party transactions of the Bank during the Reporting Period were as follows:

Continuing related party transactions between the Bank and Dajia Life Insurance Co., Ltd. for agency sales of financial products

1. Details of the transactions

On 31 July 2023, the 38th meeting of the 8th session of the Board of the Bank considered and approved the Proposal on Entering into Supplementary Agreement on Business Cooperation Framework for Agency Sales of Financial Products between the Bank and Dajia Life Insurance Co., Ltd. (《關於本行與大家人壽保險股份有限公司簽署金融產品代理銷售業務合作框架補充協議的議案》). Within the limit of related party transactions of the Group approved by the shareholders' meeting, the Bank entered into a supplementary agreement on business cooperation framework for agency sales of financial products with Dajia Life Insurance Co., Ltd., adjusting the annual cap of the service fees for 2023 for the agency sales business of financial products from RMB350 million to RMB700 million with a term from 1 January 2023 to 31 December 2023; adding the annual cap of the service fees for 2024 at RMB1,200 million with a term from 1 January 2024 to 31 December 2024; adding the cap of the service fees for 2025 at RMB1,000 million with a term from 1 January 2025 to 8 June 2025. During the Reporting Period, the actual service fees incurred were RMB151 million.

The cooperation between the Bank and Dajia Life Insurance Co., Ltd. was beneficial for both parties to achieve sharing of resources and mutual complementing of advantages which in turn can further increase the Bank's incomes from its retail banking intermediary business. Entering into the business cooperation framework agreement and supplementary agreement can simplify the disclosure procedure and reduce compliance cost of the Bank.

As at the date of the agreement, Dajia Life Insurance Co., Ltd. held approximately 17.84% equity interests of the Bank, and was therefore a substantial shareholder of the Bank. Thus, Dajia Life Insurance Co., Ltd. constituted a related party of the Bank and the transactions between the Group and Dajia Life Insurance Co., Ltd. constituted continuing related party transactions under the Hong Kong Listing Rules. As the highest applicable percentage ratio for the annual cap of the service fees receivable from Dajia Life Insurance Co., Ltd. under the business cooperation framework agreement for agency sales of financial products exceeded 0.1% but was less than 5%, the transactions constituted non-exempted continuing related party transactions of the Bank, and were subject to the requirements on reporting and announcement but were exempted from the requirement for independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. For details, please refer to the related party transaction announcements of the Bank dated 31 January 2023 and 31 July 2023 on the HKEXnews website of the SEHK and the website of the Bank.

2. Opinions of the Independent Directors

The Independent Non-Executive Directors of the Bank have reviewed the continuing related-party transactions regarding the business cooperation with Dajia Life Insurance Co., Ltd. for agency sale services of financial products, and confirmed that the transactions were:

(1) entered into the agreement in the day-to-day business of the Bank;

(2) based on general or more favourable business terms; and

(3) based on the provisions of agreement governing the relevant transactions, which were fair and reasonable, and were in accordance with the overall interests of the Bank's shareholders.

3. Opinions of the auditors

Pursuant to rule 14A.56 of the Hong Kong Listing Rules, the Board engaged KPMG, the international auditor of the Bank, to perform relevant procedures on the continuing related-party transactions regarding the business cooperation with Dajia Life Insurance Co., Ltd. for agency sales of financial products according to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the Practice Note 740 "Auditor's Letter on Continuing Related Party Transaction under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that the auditor has reported the results of its procedures to the Board. Regarding the disclosed continuing related party transactions, nothing below has come to the attention of the auditor that:

(1) the continuing related party transactions have not been approved by the Board of the Bank;

(2) for the related party transactions involving the provision of goods or services by the Group, the pricing of the related party transactions was, in all material aspects, not in accordance with the pricing policies of the Group;

(3) the related party transactions were not carried out, in all material aspects, in accordance with the terms set out in the relevant agreements governing the related party transactions;

(4) the aggregate amount of the continuing related party transactions exceeded the annual caps in the announcements on continuing related party transactions of the Bank dated 31 January 2023 and 31 July 2023 on the HKEXnews website of the SEHK and the website of the Bank.

VIII. Repurchase, Sale or Redemption of Shares

Save as disclosed in this Annual Report, during the 12 months ended 31 December 2024, the Group had neither sold any securities of the Bank nor repurchased or redeemed any listed share of the Bank (including sale of treasury shares).

IX. Administrative Penalties Imposed on the Bank and Directors, Supervisors, Senior Management and Controlling Shareholders of the Bank

During the Reporting Period, the Bank was not subject to any investigation by the competent authorities according to law due to suspected crime, nor was any of its Directors, Supervisors or Senior Management subject to mandatory measures according to law due to suspected crime; neither the Bank nor any of its Directors, Supervisors or Senior Management was subject to criminal penalty, nor was any of them subject to investigation or administrative penalty by the CSRC due to suspected violation of laws and regulations, or subject to material administrative penalty by other competent authorities; none of the Directors, Supervisors or Senior Management of the Bank was detained by discipline inspection and supervision authorities due to severe violation of disciplines and laws or duty-related crimes, which then affected their performance of duties; none of the Directors, Supervisors or Senior Management of the Bank was subject to mandatory measures imposed by other competent authorities due to suspected violation of laws and regulations, which then affected their performance of duties.

X. Integrity of the Bank, Controlling Shareholders and Ultimate Controllers

The Bank does not have any controlling shareholder or ultimate controller. Dajia Life Insurance Co., Ltd. is the largest shareholder. During the Reporting Period, the Bank, the largest shareholder and its ultimate controller did not have any effective court ruling which was not implemented or any overdue debt in large amounts.

XI. Non-Operating Fund Occupation by Controlling Shareholders and Other Related Parties

The Bank does not have any controlling shareholder. Dajia Life Insurance Co., Ltd. is the largest shareholder. The Bank does not have any condition of non-operating fund occupation by the largest shareholder and its ultimate controller and other related parties.

XII. External Guarantees

During the Reporting Period, the Bank did not enter into any guarantee contracts in violation of the external guarantee procedures prescribed by laws, administrative regulations and the CSRC.

FINANCIAL REPORTS

I. Independent Auditor's Report

II. Financial Statements for the Year 2024 (Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, and Consolidated Statement of Cash Flows)

III. Notes to the Consolidated Financial Statements for the Year 2024

IV. Unaudited Supplementary Financial Information for the Year 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of China Minsheng Banking Corp., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China Minsheng Banking Corp., Ltd. (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("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 ethical responsibilities in accordance with these requirements and 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of expected credit loss allowance for loans and advances to customers and financial investments at amortised cost

Refer to Note 2.10, Note 3.2, Note 4.17 and Note 4.18 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, total loans and advances to customers in the Group's consolidated balance sheet was RMB4,488,440 million, and the allowance for expected credit losses (ECLs) was RMB93,129 million. Total financial investments at amortised cost subject to the ECL assessment was RMB1,492,246 million, and allowance for ECLs was RMB11,448 million. The Group uses an expected credit loss ("ECL") model to measure the loss allowance for loans and advances to customers and financial in accordance with IFRS 9, Financial instruments. The determination of loss allowances using the ECL model is subject to a number of key parameters and assumptions, including the credit risk staging, probability of default, loss given default, exposures at default, discount rate, adjustments for forward-looking information and other adjustment factors. Extensive management judgment is involved in the selection of those parameters and the application of the assumptions.	Our audit procedures to assess ECL allowance for loans and advances to customers and financial investments at amortised cost included the following: • with the assistance of KPMG's IT specialists, understanding and assessing the design, implementation and operating effectiveness of key internal controls over the credit approval, recording and monitoring, the credit risk staging, ECL model update and the measurement of ECL allowance for loans and advances to customers and financial investments at amortised cost. • with the assistance of KPMG's financial risk management specialists, assessing the appropriateness of the ECL model used by management for determining the loss allowances and the key parameters and assumptions in the model, which included credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information, other management adjustments and assessing the appropriateness of related key management judgment.

Key Audit Matters (continued)

Measurement of expected credit loss allowance for loans and advances to customers and financial investments at amortised cost (continued)

Refer to Note 2.10, Note 3.2, Note 4.17 and Note 4.18 to the consolidated financial statements.

The key audit matter

The determination of the loss allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The ECL allowance for corporate loans and financial investments at amortised cost considers the historical losses, internal and external credit grading and adjustment factors. The ECL allowance for personal loans and advances takes into consideration historical overdue data, the historical loss experience for personal loans and adjustment factors.

How the matter was addressed in our audit

- assessing key parameters involving judgment by seeking evidence from external sources and comparing to The Group's internal records including historical loss experience and type of collateral. As part of these procedures, we inquired the reasons for management's revisions to estimates and input parameters compared with prior period and considered the consistency of judgment.

- comparing the macroeconomic forward-looking information in the models with market information to assess whether they were aligned with market and economic development.

- assessing the completeness and accuracy of data used for the key parameters in the ECL model. For key internal data, we compared the total balance of the loan and financial investment list used by management to assess the ECL allowances with the general ledger to check the completeness of the data. We also selected samples to compare information of individual loan and advance to customers and financial investment with the underlying agreements and other documentation to check the accuracy of the data. In addition, we checked the accuracy of key external data used by management by comparing them with public sources.

Key Audit Matters (continued)

Measurement of expected credit loss allowance for loans and advances to customers and financial investments at amortised cost (continued)

Refer to Note 2.10, Note 3.2, Note 4.17 and Note 4.18 to the consolidated financial statements.

The key audit matter

Management also exercises judgment in determining the quantum of loss given default based on a range of factors. These factors include the financial situation of the borrower, the guarantee type, the seniority of the claim, the recoverable amount of any collaterals, and repayment sources of the borrower. Management refers to valuation reports issued by qualified third party valuers and considers the impact of various factors including the market price, location, status and use when assessing the value of collaterals. The enforceability, timing and means of realisation of the collateral can also have an impact on the recoverable amount of collateral.

How the matter was addressed in our audit

- for key parameters used in the ECL model which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved KPMG's IT specialists to assess the logics and compilation of the loans and advances' overdue information on a sample basis.

- evaluating the reasonableness of management's assessment on whether the credit risk of loans and advances to customers and financial investments has, or has not, increased significantly since initial recognition and whether the mentioned financial instruments are credit-impaired. We assessed the staging of corporate loans and advances and financial investments at amortised cost by industry sectors and used a risk-based approach to select samples in industries which are more vulnerable to the current economic situation and samples which met specific risk criteria. We checked overdue information, made enquiries of the client managers about the borrowers' business operations, inspected borrowers' financial information and researched about borrowers' businesses to check the credit risk of the borrower and the reasonableness of the risk stage.

Key Audit Matters (continued)

Measurement of expected credit loss allowance for loans and advances to customers and financial investments at amortised cost (continued)

Refer to Note 2.10, Note 3.2, Note 4.17 and Note 4.18 to the consolidated financial statements.

The key audit matter

We identified the measurement of ECL allowance of loans and advances to customers and financial investments at amortised cost as a key audit matter because of the inherent uncertainty and management judgment involved, and its significance to the financial results and capital of The Group.

How the matter was addressed in our audit

- evaluating the reasonableness of loss given default for credit-impaired corporate loans and advances and financial investments at amortised cost on a sample basis, through inquiries, exercise of professional judgment and independent queries, including inspecting the financial situation of the borrower, the guarantee type, the seniority of the claim, the recoverable amount of collateral, and repayment sources of the borrower; considering the timing and means of realisation of collaterals; assessing management's valuation of collaterals based on the nature, condition, use and market price; and evaluating the consistency of the application of key assumptions by management and comparing it with our data sources.

- assessing the accuracy of the Group's calculation on the ECL allowance for loans and advances to customers and financial investments at amortised cost on a sample basis.

- assessing the reasonableness of the disclosures in the financial statements in relation to the ECL allowance for loans and advances to customers and financial investments at amortised cost against applicable accounting standards.

Key Audit Matters (continued)

Consolidation of structured entities

Refer to Note 2.4(1), Note 3.5 and Note 7 to the consolidated financial statements.

The key audit matter

Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities.

The Group may acquire an ownership interest in a structured entity through initiating, managing or holding investments. These structured entities mainly include wealth management products, assets-backed securities, funds, trust investment plans and assets management plans.

In determining whether the Group should consolidate a structured entity, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.

How the matter was addressed in our audit

Our audit procedures to assess the consolidation of structured entities included the following:

- making enquiries of management and inspecting relevant documents used by management relating to the judgment process over whether a structured entity is consolidated or not to assess whether the Group has an appropriate process in this regard;
- performing the following audit procedures on the structured entities on a sample basis:
  - inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of establishment of the structured entity and the involvement that the Group has with the structured entities and to assess management's judgment over whether the Group has the ability to exercise power over the structured entities;

Key Audit Matters (continued)

Consolidation of structured entities (continued)

Refer to Note 2.4(1), Note 3.5 and Note 7 to the consolidated financial statements.

The key audit matter

We identified consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgment exercised by management in the qualitative assessment of the terms and for the nature of each entity.

How the matter was addressed in our audit

- – inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns, to assess management's judgment as to the exposure, or rights, to variable returns from the Group's involvement in such entity;
- – inspecting management's analysis of the structured entity, including qualitative analysis and calculation of the magnitude and variability associated with the Group's economic interests in the structured entity, to assess management's judgment over the Group's ability to affect its own returns from the structured entity;
- – assessing management's judgment over whether the structured entities should be consolidated or not.

- assessing the reasonableness of the disclosures in the financial statements related to consolidation of structured entities against prevailing accounting standards.

Key Audit Matters (continued)

Measurement of financial instruments' fair value

Refer to Note 2.10, Note 3.3 and Note 4.18 to the consolidated financial statements.

The key audit matter

Financial instruments carried at fair value account for a significant part of the Group's assets/liabilities. The fair value adjustments of financial instruments may impact either the profit or loss and other comprehensive income.

The valuation of the Group's financial instruments, held at fair value, is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data, in particular for level 1 and level 2 financial instruments in the fair value hierarchy, the valuation models for which use quoted market prices and observable inputs, respectively.Where one or more significant unobservable inputs, such as credit risk, liquidity and discount rate, are involved in the valuation models, as in the case of fair value measurements that are classified as level 3 in the fair value hierarchy, extensive management judgments are involved.

We identified the measurement of financial instruments' fair value as a key audit matter because of assets and liabilities measured at fair value are material to the Group and the degree of complexity involved in the valuation techniques and the degree of judgment exercised by management in determining the inputs used in the valuation models.

How the matter was addressed in our audit

Our audit procedures to assess the measurement of financial instruments' fair value included the following:

- assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the model building, model validation, independent valuation and front office and back office reconciliations for financial instruments;

- assessing the level 1 fair value of financial instruments, on a sample basis, by comparing the fair value applied by the Group with publicly available market data;

- with the assistance of our financial risk management specialists, assessing the fair value of level 2 and level 3 financial instruments, on a sample basis, by evaluating the appropriateness of the Group's valuation models, evaluating the reasonableness of the inputs and the appropriateness of the application used by the Group; or obtaining inputs independently, and comparing our valuation results with that of the Group;

- assessing the reasonableness of the disclosures in the financial statements in relation to fair value of financial instruments against applicable accounting standards.

Other Information

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

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

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

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

In preparing the consolidated financial statements, the directors 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

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 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Tat Ming.

KPMG
Certified Public Accountants

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

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	Year ended 31 December 2024	2023
Interest income		**251,086**	267,126
Interest expense		**(152,396)**	(164,695)
Net interest income	1	**98,690**	102,431
Fee and commission income		**22,094**	25,476
Fee and commission expense		**(3,849)**	(6,240)
Net fee and commission income	2	**18,245**	19,236
Net trading gain	3	**3,554**	4,748
Net gain from investment securities	4	**10,019**	8,529
Including: disposals of financial assets measured at amortised cost		**1,867**	1,795
Net other operating income	5	**2,615**	2,447
Operating expenses	6	**(53,098)**	(52,807)
Credit impairment losses	7	**(45,474)**	(45,707)
Other impairment losses	8	**(466)**	(1,519)
Profit before income tax		**34,085**	37,358
Income tax expense	10	**(1,363)**	(1,372)
Net profit		**32,722**	35,986
Net profit attributable to:			
Equity holders of the Bank		**32,296**	35,823
Non-controlling interests		**426**	163
Earnings per share (expressed in RMB Yuan)			
Basic and diluted earnings per share	11	**0.64**	0.72

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	Year ended 31 December 2024	2023
Net profit		**32,722**	35,986
Other comprehensive income of the year, net of tax	41	**5,251**	2,732
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments designated as measured at fair value through other comprehensive income		**128**	549
Items that may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income			
Changes in fair value		**4,646**	2,043
Allowance for impairment losses		**383**	(48)
Effective hedging portion of gains or losses arising from cash flow hedging instruments		**5**	(18)
Exchange difference on translating foreign operations		**89**	206
Total comprehensive income of the year		**37,973**	38,718
Total comprehensive income attributable to:			
Equity holders of the Bank		**37,461**	38,365
Non-controlling interests		**512**	353

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	**31 December 2024**	31 December 2023
ASSETS			
Cash and balances with central bank	12	**285,449**	390,367
Balances with banks and other financial institutions	13	**117,731**	129,678
Precious metals		**31,136**	28,285
Placements with banks and other financial institutions	14	**186,456**	172,778
Derivative financial assets	15	**30,283**	24,797
Financial assets held under resale agreements	16	**76,958**	35,773
Loans and advances to customers	17	**4,396,036**	4,323,908
Financial investments:	18		
– Financial assets at fair value through profit or loss		**377,457**	320,547
– Financial assets measured at amortised cost		**1,480,798**	1,531,024
– Financial assets at fair value through other comprehensive income		**540,447**	420,571
Long-term receivables	19	**112,382**	119,434
Property and equipment	20	**59,347**	60,490
Right-of-use assets	21(1)	**12,650**	13,279
Deferred income tax assets	22	**58,149**	54,592
Other assets	24	**49,690**	49,442
Total assets		**7,814,969**	7,674,965
LIABILITIES			
Borrowings from central bank		**261,108**	326,454
Deposits and placements from banks and other financial institutions	26	**1,073,706**	1,242,059
Financial liabilities at fair value through profit or loss	27	**43,228**	35,827
Borrowings from banks and other financial institutions	28	**111,993**	115,715
Derivative financial liabilities	15	**34,073**	29,276
Financial assets sold under repurchase agreements	29	**248,124**	191,133
Deposits from customers	30	**4,332,681**	4,353,281
Lease liabilities	21(2)	**9,078**	9,560
Provisions	31	**1,730**	1,787
Debt securities issued	32	**941,025**	675,826
Current income tax liabilities		**4,548**	1,392
Deferred income tax liabilities	22	**243**	214
Other liabilities	33	**96,864**	54,640
Total liabilities		**7,158,401**	7,037,164

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2024
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	**31 December 2024**	31 December 2023
EQUITY			
Share capital	34	**43,782**	43,782
Other equity instrument		**95,000**	95,000
Including: Preference shares	35	**20,000**	20,000
Perpetual bonds	36	**75,000**	75,000
Reserves			
Capital reserve	34	**58,087**	58,111
Surplus reserve	38	**61,888**	58,805
General reserve	38	**99,279**	95,237
Other reserves	41	**7,192**	2,022
Retained earnings	38	**277,631**	271,645
Total equity attributable to equity holders of the Bank		**642,859**	624,602
Non-controlling interests	39	**13,709**	13,199
Total equity		**656,568**	637,801
Total liabilities and equity		**7,814,969**	7,674,965

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

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

Gao Yingxin
Chairman

Wang Xiaoyong
President

Wen Qiuju
Director

(Company Seal)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Bank										Non-controlling interests	Total equity
			Reserves									
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total		
Note 4	34	35&36	34	38	38	41	41	41	38		39	
At 31 December 2023	43,782	95,000	58,111	58,805	95,237	1,507	532	(17)	271,645	624,602	13,199	637,801
(I) Net profit	-	-	-	-	-	-	-	-	32,296	32,296	426	32,722
(II) Other comprehensive income, net of tax	-	-	-	-	-	5,090	70	5	-	5,165	86	5,251
Total comprehensive income	-	-	-	-	-	5,090	70	5	32,296	37,461	512	37,973
(III) Profit distribution												
1. Appropriation to surplus reserve	-	-	-	3,083	-	-	-	-	(3,083)	-	-	-
2. Appropriation to general reserve	-	-	-	-	4,042	-	-	-	(4,042)	-	-	-
3. Cash dividends	-	-	-	-	-	-	-	-	(16,032)	(16,032)	(14)	(16,046)
4. Perpetual bond interest	-	-	-	-	-	-	-	-	(3,440)	(3,440)	-	(3,440)
(IV) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	-	-	-	-	-	5	-	-	(5)	-	-	-
(V) Others												
1. Subsidiaries shares repurchased	-	-	-	-	-	-	-	-	(2)	(2)	(1)	(3)
2. Equity transaction with minority shareholders	-	-	(15)	-	-	-	-	-	-	(15)	-	(15)
3. Equity reclassification of equity transactions with minority shareholders	-	-	(5)	-	-	-	-	-	300	295	13	308
4. Others	-	-	(4)	-	-	-	-	-	(6)	(10)	-	(10)
At 31 December 2024	43,782	95,000	58,087	61,888	99,279	6,602	602	(12)	277,631	642,859	13,709	656,568

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Bank											
			Reserves									
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note 4	34	35&36	34	38	38	41	41	41	38		39	
At 31 December 2022	43,782	95,000	58,111	55,276	90,494	(1,079)	466	1	257,877	599,928	12,886	612,814
(I) Net profit	–	–	–	–	–	–	–	–	35,823	35,823	163	35,986
(II) Other comprehensive income, net of tax	–	–	–	–	–	2,494	66	(18)	–	2,542	190	2,732
Total comprehensive income	–	–	–	–	–	2,494	66	(18)	35,823	38,365	353	38,718
(III) Profit distribution												
1. Appropriation to surplus reserve	–	–	–	3,529	–	–	–	–	(3,529)	–	–	–
2. Appropriation to general reserve	–	–	–	–	4,743	–	–	–	(4,743)	–	–	–
3. Cash dividends	–	–	–	–	–	–	–	–	(10,245)	(10,245)	(37)	(10,282)
4. Perpetual bond interest	–	–	–	–	–	–	–	–	(3,440)	(3,440)	–	(3,440)
(IV) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	–	–	–	–	–	92	–	–	(92)	–	–	–
(V) Others												
1. Subsidiaries shares repurchased	–	–	–	–	–	–	–	–	(6)	(6)	(3)	(9)
At 31 December 2023	43,782	95,000	58,111	58,805	95,237	1,507	532	(17)	271,645	624,602	13,199	637,801

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024
(Expressed in millions of Renminbi, unless otherwise stated)

	Year ended 31 December	
	2024	2023
Cash flows from operating activities:		
Profit before income tax	**34,085**	37,358
Adjustments for:		
– Credit impairment losses	**45,474**	45,707
– Other impairment losses	**466**	1,519
– Depreciation and amortisation	**8,710**	8,314
– Gains on disposal of property and equipment of property and equipment	**(366)**	(51)
– Losses from changes in fair value	**1,353**	2,726
– Net gains on disposal of investment securities	**(7,858)**	(9,061)
– Interest expense on debt securities issued	**19,452**	16,795
– Interest expense on lease liabilities	**317**	330
– Interest income from financial investments	**(56,891)**	(59,155)
Subtotal	**44,742**	44,482
Changes in operating assets:		
Net decrease in balances with central bank, banks and other financial institutions	**45,869**	10,022
Net decrease in placements with banks and other financial institutions	**5,049**	15,731
Net increase in financial assets held under resale agreements	**(41,213)**	(32,747)
Net increase in loans and advances to customers	**(107,796)**	(283,409)
Net increase in financial assets held for trading purposes	**(21,597)**	(21,737)
Net increase in other operating assets	**(1,866)**	(24,680)
Subtotal	**(121,554)**	(336,820)
Changes in operating liabilities:		
Net (decrease)/increase in borrowings from central bank	**(64,396)**	180,427
Net increase in deposits from customers	**(33,908)**	289,476
Net decrease in deposits and placements from banks and other financial institutions	**(166,508)**	(237,078)
Net increase in financial assets sold under repurchase agreements	**56,858**	87,001
Income tax paid	**(3,314)**	(4,604)
Net increase in other operating liabilities	**56,442**	50,792
Subtotal	**(154,826)**	366,014
Net cash generated from operating activities	**(231,638)**	73,676

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2024
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	Year ended 31 December 2024	2023
Cash flows from investing activities:			
Proceeds from sale and redemption of investments and investment income		**1,664,192**	1,437,468
Proceeds from disposal of property and equipment, intangible assets and other long-term assets		**6,210**	2,159
Cash payment for investments		**(1,703,501)**	(1,389,186)
Cash paid for acquisition of non-controlling interests shares in subsidiaries		**(15)**	–
Cash payment for purchase of property and equipment, intangible assets and other long-term assets		**(9,707)**	(8,677)
Net cash generated from investing activities		**(42,821)**	41,764
Cash flows from financing activities:			
Capital injection by holders of other equity instruments		**40,000**	–
Proceeds from issue of debt securities		**1,383,818**	1,021,482
Payments for redemption of other equity instruments		**(40,000)**	–
Repayment of debt securities issued		**(1,127,757)**	(992,773)
Subsidiaries shares repurchased		**(3)**	(9)
Dividends paid and interest paid on debt securities issued		**(27,252)**	(28,729)
Interest paid on perpetual bonds		**(3,440)**	(3,440)
Cash payment in other financing activities		**(3,506)**	(3,791)
Net cash generated from financing activities		**221,860**	(7,260)
Effect of exchange rate changes on cash and cash equivalents		**253**	851
Net (decrease)/increase in cash and cash equivalents		**(52,346)**	109,031
Cash and cash equivalents at 1 January		**237,336**	128,305
Cash and cash equivalents at 31 December	42	**184,990**	237,336

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

NOTES TO THE FINANCIAL STATEMENTS
(Expressed in millions of Renminbi, unless otherwise stated unless otherwise indicated)

1 GENERAL INFORMATION

China Minsheng Banking Corp., Ltd. (the "Bank") is a national joint-stock commercial bank established in the People's Republic of China (the "PRC") on 7 February 1996 with the approval of the State Council of the PRC and the People's Bank of China ("PBOC").

The Bank obtained the financial service certificate No. B0009H111000001 as approved by the China Banking and Insurance Regulatory Commission (The former "CBIRC") (In 2023, the regulator was renamed as the National Financial Regulation Administration, The "NFRA"); and the business license as approved by the Beijing Administration for Industry and Commerce; the unified social credit code is No. 91110000100018988F.

The Bank's A Shares and H Shares are listed in the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, the stock codes are 600016 and 01988, respectively.

In these consolidated financial statements for the year ended 31 December 2024, China mainland refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and Taiwan. Abroad of China refers to Hong Kong, Macau, Taiwan and other countries. Overseas refers to areas of other countries and regions, outside mainland China, Hong Kong, Macau, and Taiwan.

The Bank and its subsidiaries (collectively the "Group") mainly provide corporate and personal banking, treasury business, financial leasing, fund and asset management, investment banking and other financial services in the PRC.

As at 31 December 2024, the Bank had 43 tier-one branches and 33 subsidiaries (including 29 rural banks and 4 affiliated institutions).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap.622) for this financial year and the comparative period.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of consideration given in exchange for assets and that is received (or in some circumstances the amount expected to be paid) with respect to liabilities.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Standards and amendments effective in 2024 relevant to and adopted by the Group

In current period, the Group has adopted the following IFRS Accounting Standards and amendments issued by the IASB.

Amendments to IAS 1	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Amendments to IAS 1: Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

Amendments to IFRS 16: 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 adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Standards and amendments relevant to the Group that are not yet effective in current year and have not been adopted before their effective dates by the Group

In current year, the Group has not adopted the following new or amended standards issued by the IASB and the IFRS Interpretations Committee ("IFRIC"), that have been issued but are not yet effective.

Standards/Amendments		Effective date
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments as originally issued had an effective date of annual periods beginning on or after 1 January 2016. Now the effective date has been deferred indefinitely, but early application is permitted.
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 7 and IFRS 9	Classification and Measurement of Financial Instruments	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

These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

Amendments to lAS 21: Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability. Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. 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)

2.3 Standards and amendments relevant to the Group that are not yet effective in current year and have not been adopted before their effective dates by the Group (continued)

Amendments to IFRS 7 and IFRS 9: Classification and Measurement of Financial Instruments

The amendments include requirements on: (i) classification of financial assets with environmental, social or governance ("ESG") targets and similar features; (ii) settlement of financial liabilities through electronic payment systems; and (iii) disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1, and aim to enhance the comparability and transparency of information about an entity's financial performance through the following three aspects: (i) a more structured statement of profit or loss; (ii) enhanced disclosure requirements on management-defined performance measures; (iii) enhanced requirements on aggregation and disaggregation of information. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

IFRS 19: Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows subsidiaries that does not have public accountability and has a parent that produces consolidated accounts under IFRS Accounting Standards can reduce their disclosures. 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)

2.4 Consolidation

(1) Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiaries as well as structured entities controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date of acquisition or up to the date on which control ceases, respectively.

Adjustments are made to the financial statements of subsidiaries, where appropriate, to consistently reflect the accounting policies of the Group.

All intra-group transactions, balances and unrealized gains on transactions are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests of consolidated subsidiaries are presented separately from the controlling party's equity therein.

The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Further, total comprehensive income of a subsidiary is attributed, based on the proportion of their respective holdings, to the equity holders of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost, less impairment losses, if any.

(2) 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 interests issued by the Group. Acquisition related costs are recognised in the consolidated statement of profit or loss as incurred.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Consolidation (continued)

(2) Business combinations (continued)

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.

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.

(3) 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 recognised directly in the consolidated statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Consolidation (continued)

(4) Investment in associate

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 equals 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 recognising 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.

2.5 Interest income and expenses

Interest income and expenses of financial instruments are calculated using the effective interest method and included in the current profit and loss.

For specific accounting policies related to the interest income of financial assets and the interest expense of financial liabilities, please refer to the Note 2.10(4) Subsequent measurement of financial instruments.

2.6 Fee and commission income

Fee and commission income is recognised when the Group fulfils its performance obligation, either over time or at a point in time when a customer obtains control of the service.

For the performance obligations satisfied at a point in time, the Group recognises revenue when control is passed to the customer at a certain point in time, including insurance agency fee, merchant acquiring service fee, settlement and clearing services and bond underwriting fee, etc. For the performance obligations satisfied over time, the Group recognises revenue according to the progress toward satisfaction of the obligation over the time, including consultancy and advisory fee and custodial fee, etc.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Foreign currency translations

The functional currency of the Domestic Operations is Chinese Renminbi ("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 period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured 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 recognised in the consolidated statement of profit or loss in the period in which they arise, except for the following:

(1) Exchange differences arising on a monetary item that forms part of the Bank's net investment in the Overseas Operations;

(2) Changes in the fair value of monetary assets denominated in foreign currency classified as financial investments at fair value through other comprehensive income are analyzed between translation differences resulting from changes in the amortised cost of the monetary assets and other changes in the carrying amount. Translation differences related to changes in the amortised cost are recognised in the consolidated statement of profit or loss, and other changes in the carrying amount are recognised in other comprehensive income.

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 period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's Overseas Operations are translated into the presentation currency of the Group at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at exchange rates at the date of the transactions, or a rate that approximates the exchange rates of the date of the transaction. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the foreign currency translation reserve and non-controlling interests, as appropriate. The accumulated foreign currency translation reserve related to the Overseas Operations will be reclassified from equity to the consolidated statement of profit or loss on disposal of all or part of the Overseas Operations.

2.8 Income tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax also arises from unused tax losses and unused tax credits. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Income tax (continued)

At the end of each reporting period, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled according to the requirements of tax laws. The Group also considers the possibility of realisation and the settlement of deferred tax assets and deferred tax liabilities in the calculation.

Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Otherwise, the balances of deferred tax assets and deferred tax liabilities, and movements therein, are presented separately from each other and are not offset.

Current income tax and movements in deferred tax balances are recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

2.9 Employee benefits

(1) Short-term employee benefits

In the reporting period in which an employee has rendered services, the Group recognises the short-term employee benefits payable for those services as a liability with a corresponding increase in the expenses in the consolidated statement of profit or loss, including salaries, bonuses, allowance, staff welfare, medical insurance, employment injury insurance, maternity insurance, housing funds as well as labour union fee and staff and workers' education fee.

(2) Post-employment benefits-defined contribution plans

The Group's post-employment benefits are primarily the payments for basic pension fund and unemployment insurance related to government mandated social welfare programs, as well as the annuity scheme established. The contribution amounts to the basic pension plan and unemployment insurance program are calculated based on the benchmarks and ratios stipulated by the state. In accordance with relevant annuity policies of the state, the Bank and some subsidiaries have also established supplementary defined contribution retirement plans, or annuity plans, for their qualified employees.

Contributions to the post-employment benefits plans are recognised in the consolidated statement of profit or loss for the period in which the related payment obligation is incurred.

2.10 Financial instruments

(1) Initial recognition, classification and measurement of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

For purchases or sales of financial assets in a regular way, the related assets and liabilities are recognised or sold assets are derecognised at the trade date, along with the recognition of gains or losses on disposal and the receivables due from the buyer. The trade date is the date on which the Group commits to purchase or sell the financial asset.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

(1) Initial recognition, classification and measurement of financial instruments (continued)

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

(a) Financial assets

Financial assets are classified in the following measurement categories based on the Group's business model for managing the asset and the cash flow characteristics of the assets:

Amortised cost ("AC");

Fair value through other comprehensive income ("FVOCI"); or

Fair value through profit or loss ("FVPL").

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic leading risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic leading arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The classification requirements for debt instruments and equity instruments are described as below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds etc. Classification and measurement of debt instruments depend on the Group's business models for managing the financial asset and the cash flow characteristics of the financial asset.

2.10 Financial instruments (continued)

(1) Initial recognition, classification and measurement of financial instruments (continued)

(a) Financial assets (continued)

Debt instruments (continued)

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- AC: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding, and that are not designated at FVPL, are measured at amortised cost.

- FVOCI: Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the assets; and the contractual terms give rise on specified dates to cash flows that are SPPI, and that are not designated at FVPL, are measured at FVOCI.

- FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

The Group may also irrevocably designate financial assets at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

(b) Financial liabilities

The Group's financial liabilities are classified into financial liabilities at amortised cost and financial liabilities carried at FVPL on initial recognition. Financial liabilities at FVPL is applied to derivative financial liabilities, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

2.10 Financial instruments (continued)

(1) Initial recognition, classification and measurement of financial instruments (continued)

(b) Financial liabilities (continued)

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

- It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

- The financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expenses incurred on the financial liability; In applying the continued involvement approach of accounting for the measurement of the transferred liability, please refer to the Note 2.10(7) Derecognition of financial assets.

(2) Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

(3) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

2.10 Financial instruments (continued)

(3) Determination of fair value (continued)

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of recent transaction prices in an orderly transaction, fair value of other financial instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants. When measuring the asset or liability at fair value, the Group shall use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, select inputs that are consistent with the characteristics of the asset or liability that market participants would take into account in a transaction for the asset or liability. These valuation techniques include the use of observable and/or unobservable inputs, and observable inputs are preferred.

(4) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

(a) Amortised cost

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; (iii) for financial assets, adjusted for any loss allowance.

Interest income and interest expenses from these financial assets and liability is included in "interest income" and "interest expenses" respectively using the effective interest rate method.

Effective interest method is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest income or interest expense in profit or loss over the relevant period. Effective interest rate is that exactly discounts estimated future cash flows through the expected life of a financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability. When calculating effective interest rate, the Group estimates the expected cash flows by considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "Interest income", except for:

- POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortised cost. Credit-adjusted effective interest rate is that exactly discounts the estimated future cash flows through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset;

- Financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

2.10 Financial instruments (continued)

(4) Subsequent measurement of financial instruments (continued)

(b) Fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Equity instruments

The equity instrument investments that are not held for trading are designated as FVOCI. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as investment income when the Group's right to receive payments is established.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value and a gain or loss on a financial assets that is measured at fair value should be recognised in profit or loss.

(d) Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL are measured at fair value with all gains or losses recognised in the profit or loss of the current period, except for financial liabilities designated as at fair value through profit or loss, where gains or losses on the financial liabilities are treated as follows:

- changes in fair value of such financial liabilities due to changes in the Group's own credit risk are recognised in other comprehensive income; and

- other changes in fair value of such financial liabilities are recognised in profit or loss of the current period. If the accounting of changes in the credit risk of the financial liabilities in accordance with the above paragraph will create or enlarge accounting mismatches in profit or loss, the Group recognises all gains or losses on such financial liabilities (including amounts arising from changes in its own credit risk) in the profit or loss of the current period.

When the liabilities designated as at fair value through profit or loss is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to retained earnings.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

(5) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and exposures arising from some loan commitments and financial guarantee contracts.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, which are all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures ECL of a financial instrument reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) The time value of money; and

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For financial instruments whose impairment losses are measured using the ECL models, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.

Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2. The description of how the Group determines when a significant increase in credit risk has occurred is disclosed in Note 10.2(1).

Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. The definition of credit-impaired financial assets is disclosed in Note 10.2(1).

Financial instruments in Stage 1 have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months ("12m ECL"). Financial instruments in Stage 2 or Stage 3 have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments ("Lifetime ECL"). The description of inputs, assumptions and estimation techniques used in measuring the ECL is disclosed in Note 10.2(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.

2.10 Financial instruments (continued)

(5) Impairment of financial instruments (continued)

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.

(6) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms.

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).

(7) Derecognition of financial assets

Financial asset is derecognised when one of the following conditions is met: (i) the Group's contractual rights to the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or (iii) 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.

The financial asset has been transferred, if the Group neither transfers nor retains substantially all the risks and rewards of the asset, and retains control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset, whereby the related liabilities is recognised accordingly.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and, where applicable, the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statement of profit or loss.

2.10 Financial instruments (continued)

(8) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is removed when the obligation specified in the contract is discharged or cancelled or expires in whole or in part. An exchange between the Group and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

(9) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met:

(i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and

(ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of direct issuance expenses.

(10) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of the reporting period. The resulting gain or loss is recognised in the consolidated statement of profit or loss.

(11) Embedded derivative financial instruments

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

(a) Their economic characteristics and risks are not closely related to those of the host contract;

(b) A separate instrument with the same terms would meet the definition of a derivative; and

(c) The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the consolidated statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

2.10 Financial instruments (continued)

(12) Hedge accounting

The Group uses cash flow hedge accounting and fair value hedge accounting. The Group documents, at inception, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The Group assesses the hedge effectiveness both at hedge inception and on an ongoing basis.

(a) Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction that could ultimately affect the profit or loss.

The effective portion of changes in the fair value of hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity in the "other comprehensive income". The ineffective portion is recognised immediately in the profit or loss. Amounts accumulated in equity are reclassified to the profit or loss in the same periods when the hedged item affects the profit or loss.

When a hedging instrument expires or is sold, or the hedge designation is revoked or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss on the hedging instrument existing in equity at that time remains in equity and is reclassified to the profit or loss when the forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss existing in other comprehensive income is immediately transferred to the profit or loss.

(b) Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

The changes in fair value of hedging instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with the changes in fair value of the hedged item attributable to the hedged risk. The net difference is recognised as ineffectiveness in the profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. If the hedged item is de-recognised, the unamortised carrying value adjustment is recognised immediately in the profit or loss.

2.10 Financial instruments (continued)

(13) Offsetting financial assets and financial liabilities

When the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable, and the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position. Besides, financial assets and liabilities shall be settled respectively but not offset each other. The legally enforceable right of set-off must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(14) Financial assets held under repurchase agreement, financial assets sold under resale agreements and securities lending

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognised. They continue to be recorded as investments classified as financial assets before sale or loan. The corresponding liability is included in financial assets sold under repurchase agreements. The items which are not derecognised are disclosed in Note 6.3 Contingent Liabilities and Commitments – Collateral.

Consideration paid for financial assets held under agreements to resell are recorded as Financial assets held under resale agreements, the related financial assets accepted is not recognised in the consolidated statement of financial position (Note 6.3 Contingent Liabilities and Commitments – Collateral).

The difference between the purchase and sale price is recognised as interest expense or income over the term of the agreements using the effective interest method.

Securities lending transactions are generally secured, with collateral taking the form of securities or cash. Securities lent to counterparties by the Group are recorded in the consolidated financial statements. Securities borrowed from counterparties by the Group are not recognised in the consolidated financial statements of the Group. Cash collateral received or advanced is recognised as a liability or an asset in the consolidated financial statements.

2.11 Precious metals

Precious metals comprise gold, silver and other precious metals.

Precious metals that are related to the Group's trading activities are initially recognised at fair value, with changes in fair value arising from re-measurement recognised directly in the consolidated statement of profit or loss in the period in which they arise.

2.12 Property and equipment

Property and equipment including buildings held for use in the supply of services, or for administrative purpose (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. When the costs attributable to the land use rights cannot be reliably measured and separated from that of the building at inception, the costs are included in the cost of buildings and recorded in property and equipment.

Subsequent expenditure incurred for the property and equipment (other than construction in progress) is included in the cost of the property and equipment (other than construction in progress) if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured, and the carrying amount of the replaced part is derecognised. Other subsequent expenditure is recognised in the consolidated statement of profit or loss in the period in which they are incurred.

2.12 Property and equipment (continued)

Depreciation is recognised as a component of operating expenses in the consolidated statement of profit or loss so as to recognise the consumption of the economic value of property and equipment (other than construction in progress), less their estimated residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation rates are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

	Estimated useful lives	**Estimated net residual value**	**Annual depreciation rates**
Buildings	5 – 30 years	5%	3.17% – 19.00%
Operating equipment	3 – 20 years	5%	4.75% – 31.67%
Scientific and technological equipment	3 – 10 years	5%	9.50% – 31.67%
Transportation facility	5 years	5%	19.00%
Other fixed assets	5 – 30 years	5%	3.17% – 19.00%

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.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other operating income or operating expenses in the consolidated statement of profit or loss. The accounting policies of impairment of property and equipment are included in Note 2.19 Impairment of tangible and intangible assets other than goodwill.

2.13 Land use rights

Land use rights are classified in right-of-use assets and amortised over a straight-line basis over their authorized useful lives.

2.14 Foreclosed assets

Foreclosed financial assets are initially recognised at fair value, and foreclosed non-financial assets are initially measured at the fair value of the waived creditors' rights and other costs such as taxes directly attributable to the assets. At the end of each reporting period, foreclosed non-financial assets are measured at the lower of their carrying amount and fair value less costs to sell. When the fair value less costs to sell is lower than a foreclosed non-financial asset's carrying amount, an impairment loss is recognised in the consolidated statement of profit or loss.

When a foreclosed asset is disposed, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

When a foreclosed asset needs to be transferred for own use, it is transferred at its carrying amount including the impairment allowance at the transition day.

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 managed as newly acquired property and equipment.

2.15 Investment property

Investment property is property held to earn rental income or for capital appreciation, or both.

Investment property is initially measured at its acquisition cost. Subsequent expenditure incurred for the investment property is included in the cost of the investment property if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured reliably. Other subsequent expenditure is recognised in the consolidated statement of profit or loss in the period in which they are incurred.

Investment properties are measured using the cost model. Depreciation and amortisation is recognised the same way as property and equipment and land use rights.

The accounting policies of impairment of investment property are included in Note 2.19 Impairment of tangible and intangible assets other than goodwill.

Where an impairment loss subsequently reverses, the carrying amount of the investment property is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognised. A reversal of an impairment loss is recognised in the consolidated statement of profit or loss.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal, net of the carrying amount and related expenses, in the consolidated statement of profit or loss.

2.16 Leases

Lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

(1) Lessee

The Group recognised the right-of-use assets at the commencement date, and recognised the lease liabilities at the present value of the outstanding lease payments. Lease payments include fixed payments, the amounts expected to be payable by the Group if the Group is reasonably certain to exercises a purchase option or an option to terminate the lease.

The right-of-use assets of the Group include buildings, land use rights, office equipment and others. The right-of-use assets of the Group are measured at costs, which include the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, any initial direct costs and less any lease incentives received. If the Group could reasonably determine the ownership of the leased asset when the lease term expires, the right-of-use assets are depreciated over the asset's remaining useful life. Otherwise, the right-of-use assets are depreciated over the shorter period of the asset's useful life and the lease term on a straight-line basis. When the recoverable costs of right-of-use assets are lower than the carrying amount, the value of right-of-use assets will be decreased down to the recoverable costs.

Short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss instead of the right-of-use asset or lease liabilities. Short-term leases are leases with a lease term of 12 months or less. Leases of low value assets are the underlying assets are of low value when new.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.16 Leases (continued)

(2) Lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

The Group recognises lease payments from operating leases as income on a straight-line basis when the Group lease out owned buildings, machineries and equipment as well as motor vehicles.

(b) Finance leases

At the commencement date, the Group recognises finance lease receivables with the finance lease asset derecognised. The finance lease receivables are recorded as long-term receivables in the consolidated statement of financial position.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, unrestricted balances held with central banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

2.18 Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives which generally range from 5 to 20 years.

Intangible assets with indefinite useful lives are not amortised, but are subject to annual impairment assessment.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss.

2.19 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

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 the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognised. A reversal of an impairment loss is recognised in the consolidated statement of profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Dividend/Interest distribution

Dividend distribution to the Bank's ordinary equity holders is recognised as a liability in the Group's and the Bank's financial statements in the period in which the dividends are approved by the ordinary equity holders in the annual general meeting of the Bank.

As authorized by the ordinary equity holders in the annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares or interests on perpetual bonds. Preference shares dividend or perpetual bonds interest distribution is recognised as a liability in the Group's and the Bank's financial statements in the period in which the dividends or interests are approved by the Board of Directors of the Bank.

2.21 Provisions

Provisions are recognised 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.

2.22 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 recognised 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 recognised as assets and liabilities of the Group.

2.23 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 amortisation of guarantee fees, and the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to 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.

2.23 Financial guarantee contracts and loan commitments (continued)

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.

2.24 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 recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised, but disclosed, unless the possibility of an outflow of resources embodying economic benefits is probable. The Group's contingent liabilities are disclosed in Note 6 Contingent liabilities and commitments.

2.25 Operating segments

The Group determines its operating segments on the basis of its internal organisational structure, management requirements and internal reporting practices.

An operating segment is a component of the Group that meets all the following requirements: (i) it engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group; (ii) its operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (iii) separate financial information is available. The operating segments that meet the specified criteria have been aggregated, and the operating segment that meets quantitative thresholds have been reported separately.

2.26 Preference shares and perpetual bonds

Preference shares issued by the Group contain no contractual obligation to deliver cash or another financial asset; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group. Preference shares issued are non-derivative instruments that will be settled in the Group's own equity instruments, but includes no contractual obligation for the Group to deliver a variable number of its own equity instruments. The Group classifies preference shares issued as an equity instrument. Fees, commissions and other transaction costs of preference shares issuance are deducted from equity.

Perpetual bonds issued by the Group contain no contractual obligation to deliver cash or another financial asset; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group. Perpetual bonds issued include no terms and arrangements that the bonds must or will alternatively be settled in the Group's own equity instruments. The Group classifies perpetual bonds issued as an equity instrument. Fees, commissions and other transaction costs of perpetual bonds issuance are deducted from equity.

2.27 Materiality

Financial Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Group assesses whether the financial information is material depending on the nature and magnitude, or both, considering entity-specific situation. When considering the nature of the information, the Group considers whether the nature of such information is related to normal operating activity, whether it has significant impact on the Group's financial position, operating results, and cash flows. When considering the magnitude of the information, the Group considers the proportion of such information of total assets, total liabilities, total equity, total operating income, total operating expenses, profit after tax, total other comprehensive income, and respective financial statement line items.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions that affect the carrying amounts of assets and liabilities. The estimates and related assumptions are based on historical experience and other relevant factors including reasonable expectations for future events.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as appropriate.

The following are the critical judgments and key estimates management has made in the process of applying the Group's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

3.1 Classification of financial assets

The critical judgments the Group has made in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: Whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interests only included time value of money, credit risk, other basic borrowing risks, and considerations for costs and profits. For example, whether the amount paid in advance reflect only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

3.2 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI and for exposures arising from some loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (the possibility of default of customers and expected losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 10.2 Credit risk.

3.3 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, foreign currency rates and implied option volatilities, 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.

3.4 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 judgment 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.

3.5 Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgment on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

3.6 Derecognition of financial assets

In its normal course of business, the Group transfers its financial assets through various types of transactions including regular way sales and transfers, securitization, financial assets sold under repurchase agreements, securities lending etc. The Group applies significant judgment in assessing whether it has transferred these financial assets which qualify for a full or partial derecognition.

Where the Group enters into structured transactions by which it transfers financial assets to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following derecognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets are transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the derecognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualifies for the "pass through" of those cash flows to independent third parties.

- the extent to which the associated risks and rewards of ownership of the financial assets are transferred. Significant judgment is applied in the Group's estimation with regard to the cash flows before and after the transfers and other factors that affect the outcomes of Group's assessment on the extent that risks and rewards are transferred.

- where the Group has neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether it has relinquished its controls over these financial assets by assessing whether the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, and if the Group has continuing involvement in these transferred financial assets. Where the Group has not retained control, it derecognises these financial assets and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer. Otherwise the Group continues to recognise these financial assets to the extent of its continuing involvement in the financial asset.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Net interest income

	Year ended 31 December	
	2024	2023
Interest income arising from:		
Loans and advances to customers	**174,559**	186,571
Including: Corporate loans and advances	**91,736**	94,860
Personal loans and advances	**79,212**	86,975
Discounted bills	**3,611**	4,736
Financial investments	**56,891**	59,155
Including: Financial assets measured at amortised cost	**44,647**	46,598
Financial assets at fair value through other comprehensive income	**12,244**	12,557
Long-term receivables	**6,947**	6,992
Placements with banks and other financial institutions	**6,032**	6,541
Balances with central bank	**4,253**	4,886
Financial assets held under resale agreements	**1,099**	1,620
Balances with banks and other financial institutions	**1,305**	1,361
Subtotal	**251,086**	267,126
Interest expense arising from:		
Deposits from customers	**(88,873)**	(98,301)
Deposits and placements from banks and other financial institutions	**(28,353)**	(36,623)
Debt securities issued	**(19,452)**	(16,795)
Borrowings from central bank	**(7,333)**	(5,195)
Borrowings from banks and other financial institutions and others	**(4,643)**	(4,486)
Financial assets sold under repurchase agreements	**(3,425)**	(2,965)
Lease liabilities	**(317)**	(330)
Subtotal	**(152,396)**	(164,695)
Net interest income	**98,690**	102,431
Of which:		
Interest income from impaired loans and advances to customers	**1,169**	1,517

4.2 Net fee and commission income

	Year ended 31 December	
	2024	2023
Fee and commission income from		
Bank card services	**10,337**	11,029
Agency services	**4,147**	5,888
Custodian and other fiduciary services	**3,715**	4,855
Settlement services	**1,980**	1,968
Credit commitments	**1,027**	1,085
Others	**888**	651
Subtotal	**22,094**	25,476
Fee and commission expense	**(3,849)**	(6,240)
Net fee and commission income	**18,245**	19,236

4.3 Net trading gain

	Year ended 31 December	
	2024	2023
Net gains from interest rate products	**3,779**	3,284
Net losses from foreign-exchange and foreign exchange products	**(530)**	(131)
Others	**305**	1,595
Total	**3,554**	4,748

4.4 Net gain from investment securities

	Year ended 31 December	
	2024	2023
Financial assets at fair value through profit or loss	**4,224**	4,452
Financial assets at fair value through other comprehensive income	**2,995**	1,942
Financial assets measured at amortised cost	**1,867**	1,795
Others	**933**	340
Total	**10,019**	8,529

4.5 Net other operating income

	Year ended 31 December	
	2024	2023
Operating leases income	**4,080**	4,043
Government subsidies	**458**	718
Operating leases costs	**(2,719)**	(2,593)
Others	**796**	279
Total	**2,615**	2,447

4.6 Operating expenses

	Year ended 31 December	
	2024	2023
Staff costs, including directors' emoluments		
– Salaries, bonuses, allowances and subsidies payables	**28,250**	29,372
– Post-employment benefits-defined contribution plan	**3,065**	2,804
Depreciation and amortisation	**6,844**	6,346
Short-term lease expenses, low-value lease expenses and property management expenses	**976**	1,035
Tax and surcharges		
– Urban Maintenance Construction Tax	**793**	846
– Educational fee surcharge	**352**	382
– Other	**635**	745
Office expenses, business expenses and others	**12,183**	11,277
Total	**53,098**	52,807

4.7 Credit impairment losses

	Year ended 31 December	
	2024	2023
Loans and advances to customers	**39,006**	39,816
Financial assets measured at amortised cost	**4,465**	3,843
Financial assets at fair value through other comprehensive income	**374**	420
Long-term receivables	**1,098**	1,184
Others	**531**	444
Total	**45,474**	45,707

4.8 Other impairment losses

	Year ended 31 December	
	2024	2023
Foreclosed assets	**391**	1,090
Others	**75**	429
Total	**466**	1,519

4.9 Directors and supervisors' emoluments

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows:

For the year ended 31 December 2024 (in thousands of RMB)

	Year ended 31 December 2024			
	Basic salaries, allowances and other benefits	**Contributions to pension schemes**	**Discretionary bonus**	**Total**
Gao Yingxin(i)	3,234	112	–	3,346
Liu Yonghao	995	–	–	995
Wang Xiaoyong(i)(ii)(v)	1,787	44	–	1,831
Shi Yuzhu	875	–	–	875
Song Chunfeng(iii)	–	–	–	–
Zhao Peng(iv)	590	–	–	590
Liang Xinjie(v)	–	–	–	–
Qu Xinjiu	885	–	–	885
Win Qiuju	990	–	–	990
Song Huanzheng	985	–	–	985
Yang Zhiwei	975	–	–	975
Cheng Fengchao(v)	775	–	–	775
Liu Hanxing(v)	743	–	–	743
Zhang Juntong(v)	2,750	112	–	2,862
Weng Zhenjie(i)(ii)	928	–	–	928
Wu Di	865	–	–	865
Lu Zhongnan	825	–	–	825
Li Yu	815	–	–	815
Long Ping(v)	1,499	63	–	1,562
Mao Bin	148	5	–	153
Gong Zhijian(v)	2,057	112	–	2,169
Zhang Hongwei(ii)(v)	675	–	–	675
Lu Zhiqiang	475	–	–	475
Zheng Wanchun(v)	810	22	–	832
Yang Xiaoling	390	–	–	390
Xie Zhichun(v)	285	–	–	285
Peng Xuefeng(v)	165	–	–	165
Yuan Guijun(v)	691	22	–	713
Yang Yu	1,971	74	–	2,045
Wang Yugui(v)	185	–	–	185
Zhao Fugao	–	–	–	–
Zhang Liqing	400	–	–	400

4.9 Directors and supervisors' emoluments (continued)

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows: (continued)

(i) The Bank defers part of the performance remuneration of the Executive Directors, the Chairman and the Vice-Chairman of the Supervisory Board, which is not included in the above disclosure. Refer to Note 9 for deferred payment matters.

(ii) The emoluments before tax of the Executive Directors, the Chairman and the Vice-Chairman who serve on a full-time basis are pending approval by the Board of Directors. The Bank will make further disclosure upon approval. The amount of the emoluments not accrued is not expected to have significant impacts on the Group's 2024 financial statements.

(iii) During the Reporting Period, Mr. Song Chunfeng has not received remuneration as a Director, and Mr. Zhao Fugao has not received remuneration as a Supervisor.

(iv) Since September 2024, Mr. Zhao Peng has ceased to receive remuneration as a Director, and Mr. Zhang Hongwei has not received remuneration as a Director.

(v) On 9 June 2023, Mr. Cheng Fengchao was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in February 2024. Mr. Peng Xuefeng ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 9 June 2023, Mr. Liu Hanxing was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in March 2024. Mr. Xie Zhichun ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 12 March 2024, Mr. Zheng Wanchun resigned from the positions of Vice Chairman, Executive Director, President of the Bank, as well as a member of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee of the Board due to retirement upon reaching the prescribed age.

On 12 March 2024, Mr. Yuan Guijun resigned from the positions of Executive Director, Executive Vice President of the Bank, as well as a member of the Risk Management Committee and the Related Party Transactions Supervision Committee of the Board due to retirement upon reaching the prescribed age.

On 12 March 2024, Mr. Zhang Juntong resigned from the positions of Chairman of the Board of Supervisors, Employee Supervisor of the Bank, as well as a member of the special committees of the Board of Supervisors due to work adjustment.

On 12 March 2024, Mr. Wang Yugui resigned from the positions of External Supervisor of the Bank and a member of the special committees of the Board of Supervisors due to the expiration of his term of office for a cumulative period of six years.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.9 Directors and supervisors' emoluments (continued)

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows: (continued)

On 27 May 2024, Mr. Gong Zhijian ceased to serve as an Employee Supervisor and a member of the special committees of the Board of Supervisors due to his appointment as Business Director of the Bank.

On 7 June 2024, Mr. Long Ping was elected as an Employee Supervisor of the Eighth Board of Supervisors of the Bank. On 12 June 2024, Mr. Long Ping was elected as a member of the Supervisory Committee of the Board of Supervisors.

On 26 June 2024, the Bank's 2023 Annual General Meeting elected the Ninth Board of Directors, which consists of 16 Directors, including seven Non-Executive Directors: Mr. Zhang Hongwei, Mr. Liu Yonghao, Mr. Shi Yuzhu, Mr. Song Chunfeng, Mr. Zhao Peng, Mr. Liang Xinjie, and Mr. Lin Li; six Independent Directors: Mr. Qu Xinjiu, Ms. Wen Qiuju, Mr. Song Huanzheng, Mr. Yang Zhiwei, Mr. Cheng Fengchao, and Mr. Liu Hanxing; and three Executive Directors: Mr. Gao Yingxin, Mr. Wang Xiaoyong, and Mr. Zhang Juntong. Mr. Lu Zhiqiang, Mr. Wu Di, and Mr. Yang Xiaoling ceased to serve as Directors of the Bank. In August 2024, the qualification of Mr. Wang Xiaoyong and Mr. Zhang Juntong as Directors was approved by the NFRA.

On 26 June 2024, Mr. Gao Yingxin was elected as Chairman of the Board, and Mr. Zhang Hongwei, Mr. Liu Yonghao, and Mr. Wang Xiaoyong were elected as Vice Chairmen of the Board. In August 2024, the qualification of Mr. Wang Xiaoyong as Vice Chairman was approved by the NFRA.

On 26 June 2024, Mr. Yang Yu was elected as Vice Chairman of the Supervisory Board and Convener of the Supervisory Board, and Mr. Weng Zhenjie was elected as Vice Chairman of the Supervisory Board.

On 11 October 2024, Mr. Yang Yu resigned from the positions of Vice Chairman of the Ninth Supervisory Board, Employee Supervisor of the Bank, and member of the Supervisory Committee and Nomination and Evaluation Committee of the Board of Supervisors due to retirement upon reaching the prescribed age.

On January 2025, the qualification of Mr. Liang Xinjie as a Director was approved by the NFRA.

On 15 March 2025, Mr. Zhang Hongwei resigned from the positions of Vice Chairman, Non-Executive Director of the Bank, as well as a member of the Strategic Development and Consumer Rights Protection Committee and the Nomination Committee of the Board due to personal health reasons.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.9 Directors and supervisors' emoluments (continued)

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows: (continued)

For the year ended 31 December 2023 (in thousands of RMB)

	Year ended 31 December 2023			
	Basic salaries, allowances and other benefits	Contributions to pension schemes	Discretionary bonus	Total
Gao Yingxin(i)(ii)	3,619	116	2,142	5,877
Zhang Hongwei	935	–	–	935
Lu Zhiqiang	933	–	–	933
Liu Yonghao	935	–	–	935
Zheng Wanchun(iv)	3,210	116	1,970	5,296
Shi Yuzhu	815	–	–	815
Wu Di	155	–	–	155
Song Chunfeng(iii)	–	–	–	–
Weng Zhenjie	885	–	–	885
Yang Xiaoling	735	–	–	735
Zhao Peng	855	–	–	855
Xie Zhichun(iv)	960	–	–	960
Peng Xuefeng(iv)	915	–	–	915
Qu Xinjiu	925	–	–	925
Wen Qiuju(iv)	355	–	–	355
Song Huanzheng(iv)	245	–	–	245
Yeung Chi Wai(iv)	143	–	–	143
Yuan Guijun(iv)	2,956	116	1,586	4,658
Zhang Juntong(iv)	2,954	116	1,370	4,440
Yang Yu(i)(ii)	2,359	116	1,066	3,541
Lu Zhongnan	790	–	–	790
Li Yu	795	–	–	795
Wang Yugui(iv)	785	–	–	785
Zhao Fugao(iii)	–	–	–	–
Zhang Liqing	735	–	–	735
Gong Zhijian	1,977	116	959	3,052
Liu Jipeng(iv)	810	–	–	810
Li Hancheng(iv)	818	–	–	818
Liu Ningyu(iv)	770	–	–	770

(i) The Bank defers part of the performance remuneration of the Executive Directors, the Chairman the Vice-chairman of the Supervisory Board, which is not included in the above disclosure. Refer to Note 9 for deferred payment matters.

(ii) The total pre-tax remuneration of the executive director, chairman of the Board of Supervisors and vice-chairman of the Board of Supervisors on full salary of the Bank has been approved by the Compensation and Appraisal Committee of the Board of Directors. The bank has made a supplementary disclosure in the Supplementary Announcement of China Minsheng Banking Corporation Limited in 2023. The relevant compensation amounts have been restated.

(iii) During the Reporting Period, Mr. Song Chunfeng has not received remuneration as a Director, and Mr. Zhao Fugao has not received remuneration as a Supervisor.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.9 Directors and supervisors' emoluments (continued)

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows: (continued)

(iv) On 9 June 2023, Ms. Wen Qiuju was elected as an Independent Non-Executive Director of the Bank, and her qualification was approved by the NFRA in August 2023. Mr. Liu Ningyu ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 9 June 2023, Mr. Song Huanzheng was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in August 2023. Mr. Li Hancheng ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 9 June 2023, Mr. Yang Zhiwei was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in October 2023. Mr. Liu Jipeng ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 9 June 2023, Mr. Cheng Fengchao was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in February 2024. Mr. Peng Xuefeng ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 9 June 2023, Mr. Liu Hanxing was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in March 2024. Mr. Xie Zhichun ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 12 March 2024, Mr. Zheng Wanchun resigned from the positions of Vice Chairman, Executive Director, and President of the Bank, as well as a member of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee of the Board due to retirement upon reaching the prescribed age.

On 12 March 2024, Mr. Yuan Guijun resigned from the positions of Executive Director, Executive Vice President of the Bank, as well as a member of the Risk Management Committee and the Related Party Transactions Supervision Committee of the Board due to retirement upon reaching the prescribed age.

On 12 March 2024, Mr. Zhang Juntong resigned from the positions of Chairman of the Supervisory Board, Employee Supervisor of the Bank, as well as a member of the special committees of the Supervisory Board due to work adjustment.

On 12 March 2024, Mr. Wang Yugui resigned from the positions of External Supervisor of the Bank and a member of the special committees of the Supervisory Board due to the expiration of his term of office for a cumulative period of six years.

4.9 Directors and supervisors' emoluments (continued)

(2) None of the five individuals with the highest emoluments for the year ended 31 December 2024 were directors or supervisors of the Bank (2023: None of the five individuals with the highest emoluments were directors or supervisors of the Bank). The aggregate of the emoluments in respect of the five individuals during the year was as follows (in thousands of RMB):

	Year ended 31 December	
	2024	2023
Basic salaries, allowances and benefits	**18,138**	12,831
Contributions to pension schemes	**209**	349
Discretionary bonus	**12,568**	20,590
Total	**30,915**	33,770

The number of the five highest paid individuals whose emoluments fell within the following bands is set out below:

	Year ended 31 December	
	2024	2023
From RMB5,000,001 to RMB7,000,000	**4**	3
From RMB7,000,001 to RMB9,000,000	**1**	2

The Group had not paid any emoluments to the directors or supervisors or any of the five highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

4.10 Income tax expense

	Year ended 31 December	
	2024	2023
Current income tax for the year	**6,471**	956
Deferred income tax (Note 4.22)	**(5,108)**	416
Total	**1,363**	1,372

Reconciliation between income tax expense and accounting profit of the Group is listed as follows:

		Year ended 31 December	
		2024	2023
Profit before income tax		**34,085**	37,358
Income tax at the tax rate of 25%		**8,521**	9,340
Effect of non-taxable income	(a)	**(9,460)**	(10,095)
Effect of non-deductible expenses	(b)	**2,869**	2,601
Effect of interest expense on perpetual debt		**(860)**	(860)
Settlement variance and others		**293**	386
Income tax expense		**1,363**	1,372

(a) The non-taxable income mainly represents interest income arising from PRC government bonds and municipal bonds, as well as dividends arising from fund investments, which are exempted from income tax.

(b) It mainly includes tax effects of losses written-off that are not deductible before tax, as well as business entertainment expenses and deposit insurance premiums in excess of their respective pre-tax deductible limits.

OECD Pillar Two model rules

In December 2021, the OECD published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (the "Pillar Two").

Pillar II regulations of some jurisdictions of the Group members have come into force on January 1, 2024. The Group has made an assessment for relevant jurisdictions, and as of December 31, 2024, the Group is not involved in supplementary tax. At the same time, the Group adopted the revision of IAS 12 – Income tax issued in May 2023 to exempt the recognition and disclosure of deferred income tax assets and liabilities related to Pillar II income tax. The Group will continue to pay attention to the development of laws and regulations in relevant jurisdictions and assess their potential impact.

4.11 Earnings per share

	Year ended 31 December	
	2024	2023
Profit for the year attributable to equity holders of the Bank	**32,296**	35,823
Less: profit for the year attributable to other equity instrument holders of the Bank	**(4,316)**	(4,316)
Net profit attributable to ordinary equity holders of the Bank	**27,980**	31,507
Weighted average number of ordinary shares in issue (in millions)	**43,782**	43,782
Basic/diluted earnings per share (in RMB Yuan)	**0.64**	0.72

4.12 Cash and balances with central bank

	31 December 2024	31 December 2023
Cash	**5,260**	7,002
Balances with central bank		
Mandatory reserve deposits	**241,643**	291,972
Surplus reserve deposits	**37,561**	90,705
Fiscal deposits and others	**864**	556
Subtotal	**280,068**	383,233
Interest accrued	**121**	132
Total	**285,449**	390,367

The Group places mandatory reserve deposits in accordance with the relevant provisions of PBOC or local regulators. The mandatory reserve deposits are not available for use in the Group's daily business.

As at 31 December 2024 the mandatory reserve deposits rate applicable to domestic branches of the Bank for RMB deposits is 6.0% (31 December 2023: 7.0%) and the reserve rate for foreign currency deposits is 4.0% (31 December 2023: 4.0%). The amount of mandatory reserve deposits of the subsidiaries and overseas branches of the Group are determined by local jurisdiction.

Surplus reserve deposits maintained with the PBOC is for the purposes of clearing interbank transactions.

4.13 Balances with banks and other financial institutions

	31 December 2024	31 December 2023
China mainland		
– Banks	**82,973**	103,176
– Other financial institutions	**7,624**	5,136
Subtotal	**90,597**	108,312
Overseas		
– Banks	**25,766**	19,795
– Other financial institutions	**1,260**	1,452
Subtotal	**27,026**	21,247
Interest accrued	**110**	123
Less: allowance for impairment losses	**(2)**	(4)
Total	**117,731**	129,678

For the years ended 31 December 2024 and 2023, there was no transfer of the movements in carrying amount of book value and the impairment loss allowances of balances with banks and other financial institutions between stages.

4.14 Placements with banks and other financial institutions

	31 December 2024	31 December 2023
China mainland		
– Banks	**5,534**	8,302
– Other financial institutions	**122,702**	142,298
Subtotal	**128,236**	150,600
Overseas		
– Banks	**55,732**	19,429
– Other financial institutions	**3,506**	3,866
Subtotal	**59,238**	23,295
Interest accrued	**467**	396
Less: allowance for impairment losses	**(1,485)**	(1,513)
Total	**186,456**	172,778

4.14 Placements with banks and other financial institutions (continued)

Movements in allowance for impairment losses of placements with banks and other financial institutions

	Year ended 31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(537)**	**–**	**(976)**	**(1,513)**
Net reversal/(charge)	**250**	**–**	**(217)**	**33**
Others	**(5)**	**–**	**–**	**(5)**
Balance as at 31 December 2024	**(292)**	**–**	**(1,193)**	**(1,485)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(585)	–	(1,277)	(1,862)
Net reversal/(charge)	48	–	(271)	(223)
Write-offs and transfer out	–	–	572	572
Balance as at 31 December 2023	(537)	–	(976)	(1,513)

4.15 Derivatives

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments mainly including forwards, swaps and options.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

(1) The notional amount and fair value of unexpired derivative financial instruments held by the Group are set out in the following tables:

	31 December 2024		
	Notional amount	**Fair value**	
		Assets	**Liabilities**
Foreign exchange derivatives	**3,259,181**	**26,568**	**(25,530)**
Interest rate derivatives	**2,417,938**	**1,844**	**(687)**
Precious metal derivatives	**74,984**	**1,839**	**(7,856)**
Others	**1,941**	**32**	**–**
Total		**30,283**	**(34,073)**

4.15 Derivatives (continued)

(1) The notional amount and fair value of unexpired derivative financial instruments held by the Group are set out in the following tables: ***(continued)***

	31 December 2023		
	Notional amount	Fair value Assets	Fair value Liabilities
Foreign exchange derivatives	2,554,436	22,130	(22,011)
Interest rate derivatives	1,916,448	1,733	(676)
Precious metal derivatives	70,252	908	(6,585)
Others	1,352	26	(4)
Total		24,797	(29,276)

(2) ***Hedges***

		31 December 2024		
		Notional amount	**Fair value Assets**	**Fair value Liabilities**
Cash flow hedges				
– Currency swap contracts	(a)	**17,517**	**24**	**(235)**
Fair value hedges				
– Interest rate swap contracts	(b)	**59,147**	**379**	**(127)**
Total			**403**	**(362)**

		31 December 2023		
		Notional amount	Fair value Assets	Fair value Liabilities
Cash flow hedges				
– Currency swap contracts	(a)	14,378	148	(136)
Fair value hedges				
– Interest Rate swap contracts	(b)	64,261	968	(84)
Total			1,116	(220)

(a) The Group uses foreign exchange swaps to hedge against cash flow fluctuations arising from its exposures to foreign exchange risks. The hedged items include foreign bond investments of the Group, loans and advances denominated in foreign currencies, and foreign currency lending to other banks and financial institutions. For the years ended 31 December 2024 and 2023, the accumulative profits or losses recognised in other comprehensive income arising from fair value changes of cash flow hedging instruments were insignificant.

(b) The Group uses interest rate swaps to hedge against changes in fair value of fixed rate bonds. For the years ended 31 December 2024 and 2023, the fair value changes of hedging instruments and the net gains or losses arising from the hedged risk relating to the hedged items, which were the ineffective part of fair value hedging recognised in fair value changes, were insignificant.

4.16 Financial assets held under resale agreements

Financial assets held under resale agreements are listed as follows according to collateral:

	31 December 2024	31 December 2023
Bonds	**76,538**	35,325
Others	**435**	435
Subtotal	**76,973**	35,760
Interest accrued	**32**	39
Less: allowance for impairment losses	**(47)**	(26)
Total	**76,958**	35,773

For the years ended 31 December 2024 and 2023, there were no transfer of book value and the allowance for impairment losses of financial assets held under resale agreements between stages.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.17 Loans and advances to customers

		31 December 2024	31 December 2023
Measured at amortised cost:			
Corporate loans and advances			
– Corporate loans		**2,447,412**	2,337,357
Personal loans and advances			
– Micro lending	(1)	**643,014**	651,788
– Residential mortgage		**559,218**	546,300
– Credit cards		**477,247**	487,973
– Others		**91,080**	81,461
Gross balance		**1,770,559**	1,767,522
Less: allowance for impairment losses		**(92,404)**	(96,793)
Subtotal		**4,125,567**	4,008,086
Measured at fair value through other comprehensive income:			
Corporate loans and advances			
– Corporate loans		**13,500**	2,419
– Discounted bills		**219,009**	277,579
Subtotal		**232,509**	279,998
Interest accrued		**37,960**	35,824
Total		**4,396,036**	4,323,908

(1) Micro lending is a loan product offered to the micro enterprise owners and proprietors.

(1) Loans and advances to customers (excluding interest accrued) analysed by types of collateral

	31 December 2024		31 December 2023	
	Amount	**(%)**	Amount	(%)
Unsecured loans	**1,351,269**	**30.36**	1,249,400	28.50
Guaranteed loans	**838,572**	**18.84**	774,541	17.66
Loans secured by				
– Tangible assets other than monetary assets	**1,759,337**	**39.53**	1,757,179	40.07
– Monetary assets	**501,302**	**11.27**	603,757	13.77
Total	**4,450,480**	**100.00**	4,384,877	100.00

4.17 Loans and advances to customers (continued)

(2) Overdue loans (excluding interest accrued) analysed by overdue period

	31 December 2024				
	Less than 3 months	**3 months to 1 year**	**1 to 3 years**	**More than 3 years**	**Total**
Unsecured loans	**11,596**	**10,840**	**6,652**	**1,971**	**31,059**
Guaranteed loans	**3,230**	**4,922**	**5,109**	**1,043**	**14,304**
Loans secured by					
– Tangible assets other than monetary assets	**10,021**	**12,815**	**17,478**	**2,156**	**42,470**
– Monetary assets	**2,719**	**1,214**	**689**	**504**	**5,126**
Total	**27,566**	**29,791**	**29,928**	**5,674**	**92,959**
% of total loans and advances to customers	**0.62**	**0.67**	**0.67**	**0.13**	**2.09**

	31 December 2023				
	Less than 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured loans	15,008	12,647	3,638	1,729	33,022
Guaranteed loans	4,494	2,373	4,844	753	12,464
Loans secured by					
– Tangible assets other than monetary assets	7,774	17,064	13,571	1,639	40,048
– Monetary assets	577	270	418	1,105	2,370
Total	27,853	32,354	22,471	5,226	87,904
% of total loans and advances to customers	0.63	0.74	0.51	0.12	2.00

Overdue loans represent loans of which the principal or interest are overdue for 1 day or more.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.17 Loans and advances to customers (continued)

(3) Movements in allowance for impairment losses

(a) Movements in allowance for impairment losses of loans and advances to customers measured at amortised cost are as follows:

	Year ended 31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(26,033)**	**(25,422)**	**(45,338)**	**(96,793)**
Transfer:				
to stage 1	**(2,620)**	**2,334**	**286**	**–**
to stage 2	**639**	**(829)**	**190**	**–**
to stage 3	**343**	**4,071**	**(4,414)**	**–**
Net charge	**1,308**	**(3,177)**	**(37,109)**	**(38,978)**
Write-offs and transfer out	**–**	**–**	**51,183**	**51,183**
Recoveries of amounts previously written off	**–**	**–**	**(8,844)**	**(8,844)**
Others	**(6)**	**(2)**	**1,036**	**1,028**
Balance as at 31 December 2024	**(26,369)**	**(23,025)**	**(43,010)**	**(92,404)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(23,379)	(33,602)	(40,658)	(97,639)
Transfer:				
to stage 1	(3,066)	2,597	469	–
to stage 2	554	(721)	167	–
to stage 3	429	8,901	(9,330)	–
Net charge	(556)	(2,574)	(36,619)	(39,749)
Write-offs and transfer out	–	–	48,161	48,161
Recoveries of amounts previously written off	–	–	(9,343)	(9,343)
Others	(15)	(23)	1,815	1,777
Balance as at 31 December 2023	(26,033)	(25,422)	(45,338)	(96,793)

4.17 Loans and advances to customers (continued)

(3) Movements in allowance for impairment losses (continued)

(b) Movements in allowance for impairment losses of loans and advances to customers at fair value through other comprehensive income are as follows:

	Year ended 31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(199)**	**(2)**	**(450)**	**(651)**
Net (charge)/reversal	**(75)**	**1**	**46**	**(28)**
Recoveries of amounts previously written off	**–**	**–**	**(46)**	**(46)**
Balance as at 31 December 2024	**(274)**	**(1)**	**(450)**	**(725)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(361)	(10)	(858)	(1,229)
Net reversal/(charge)	162	8	(237)	(67)
Write-offs and transfer out	–	–	645	645
Balance as at 31 December 2023	(199)	(2)	(450)	(651)

4.18 Financial investments

		31 December 2024	31 December 2023
Financial assets at fair value through profit or loss	(1)	**377,457**	320,547
Financial assets measured at amortised cost	(2)	**1,480,798**	1,531,024
Financial assets at fair value through other comprehensive income	(3)	**540,447**	420,571
Total		**2,398,702**	2,272,142

4.18 Financial investments (continued)

(1) Financial assets at fair value through profit or loss

		31 December 2024	31 December 2023
Held for trading purpose			
Debt securities			
Government		**14,782**	7,999
Policy banks		**51,789**	35,215
Banks and non-bank financial institutions		**49,428**	37,429
Corporates		**32,841**	50,859
Subtotal		**148,840**	131,502
Equity investments		**1,655**	1,931
Investment funds	(a)	**2,314**	–
Subtotal		**152,809**	133,433
Other financial assets at fair value through profit or loss			
Debt securities			
Corporates		**10,678**	3,207
Banks and non-bank financial institutions		**16,693**	11,382
Equity investments		**15,581**	17,706
Investment funds	(a)	**159,584**	131,557
Trust and asset management plans	(b)	**18,254**	17,185
Others		**3,858**	6,077
Subtotal		**224,648**	187,114
Total		**377,457**	320,547
Listed		**175,678**	142,246
– Of which: listed in Hong Kong		**5,642**	3,910
Unlisted		**201,779**	178,301
Total		**377,457**	320,547

Debt securities traded in China Domestic Interbank Bond Market are classified as listed bonds.

(a) As at 31 December 2024 and 31 December 2023, the underlying investment funds primarily include public bond funds and public money market funds.

(b) As at 31 December 2024 and 31 December 2023, the underlying assets of trust and asset management plans primarily include bonds and others (Note 10.2 (7)).

4.18 Financial investments (continued)

(2) Financial assets measured at amortised cost

		31 December 2024	31 December 2023
Debt securities			
Government		**1,155,464**	1,123,735
Policy banks		**73,798**	102,354
Banking and non-banking financial institutions		**65,452**	56,251
Corporates		**134,681**	190,416
Subtotal		**1,429,395**	1,472,756
Trust and asset management plans	(a)	**32,210**	34,670
Debt financing plans		**8,525**	9,935
Others		**2,973**	4,034
Interest accrued		**19,143**	19,839
Less: allowance for impairment losses		**(11,448)**	(10,210)
Total		**1,480,798**	1,531,024
Listed		**1,411,178**	1,460,835
– Of which: listed in Hong Kong		**8,632**	10,602
Unlisted		**61,925**	60,560
Interest accrued		**19,143**	19,839
Less: allowance for impairment losses	(b)	**(11,448)**	(10,210)
Total		**1,480,798**	1,531,024

(a) As at 31 December 2024 and 31 December 2023, the underlying assets of trust and asset management plans primarily are credit assets (Note 10.2(7)).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.18 Financial investments (continued)

(2) Financial assets measured at amortised cost (continued)

(b) Movements in allowance for impairment losses

	Year ended 31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(2,016)**	**(340)**	**(7,854)**	**(10,210)**
Transfer				
to stage 2	**53**	**(330)**	**277**	**–**
to stage 3	**10**	**557**	**(567)**	**–**
Net reversal/(charge)	**514**	**(288)**	**(4,691)**	**(4,465)**
Write-offs and transfer out	**–**	**–**	**2,665**	**2,665**
Recoveries of amounts previously written off	**–**	**–**	**(201)**	**(201)**
Others	**(28)**	**–**	**791**	**763**
Balance as at 31 December 2024	**(1,467)**	**(401)**	**(9,580)**	**(11,448)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(1,500)	(925)	(8,867)	(11,292)
Transfer				
to stage 3	15	485	(500)	–
Net (charge)/reversal	(569)	100	(3,374)	(3,843)
Write-offs and transfer out	–	–	3,981	3,981
Recoveries of amounts previously written off	–	–	(104)	(104)
Others	38	–	1,010	1,048
Balance as at 31 December 2023	(2,016)	(340)	(7,854)	(10,210)

4.18 Financial investments (continued)

(3) Financial assets at fair value through other comprehensive income

	31 December 2024	31 December 2023
Debt securities		
Government	**191,141**	138,080
Policy banks	**33,808**	5,757
Banks and non-bank financial institutions	**173,067**	141,893
Corporates	**129,421**	121,943
Subtotal	**527,437**	407,673
Equity investments	**7,512**	8,471
Interest accrued	**5,498**	4,427
Total	**540,447**	420,571
Listed	**515,730**	389,848
– Of which: listed in Hong Kong	**23,713**	28,183
Unlisted	**19,219**	26,296
Interest accrued	**5,498**	4,427
Total	**540,447**	420,571

The Group designates certain non-trading equity investments as financial assets at fair value through other comprehensive income. For the year ended 31 December 2024, dividend income of RMB47 million (for the year ended 31 December 2023: RMB47 million) recognised for such equity investments was included in the profit or loss. The amount transferred from other comprehensive income to retained earnings on disposal of such equity instruments was RMB5 million for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB92 million).

4.18 Financial investments (continued)

(3) Financial assets at fair value through other comprehensive income (continued)

A. Fair value

	31 December 2024	31 December 2023
Debt securities		
Cost	**530,931**	414,890
Cumulative amount of change in fair value that is accrued to other comprehensive income	**2,004**	(2,790)
Fair value	**532,935**	412,100
Equity investment		
Cost	**3,232**	5,407
Cumulative amount of change in fair value that is accrued to other comprehensive income	**4,280**	3,064
Fair value	**7,512**	8,471
Total	**540,447**	420,571

B. Movements in allowance for impairment losses

	Year ended 31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(777)**	**(66)**	**(1,333)**	**(2,176)**
Transfer:				
to stage 2	**3**	**(3)**	**–**	**–**
to stage 3	**–**	**56**	**(56)**	**–**
Net (charge)/reversal	**(219)**	**2**	**(157)**	**(374)**
Write-offs and transfer out	**–**	**–**	**–**	**–**
Others	**101**	**–**	**–**	**101**
Balance as at 31 December 2024	**(892)**	**(11)**	**(1,546)**	**(2,449)**

4.18 Financial investments (continued)

(3) Financial assets at fair value through other comprehensive income (continued)

B. Movements in allowance for impairment losses (continued)

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(749)	(14)	(1,058)	(1,821)
Transfer:				
to stage 2	2	(2)	–	–
Net reversal/(charge)	24	(50)	(394)	(420)
Write-offs and transfer out	–	–	119	119
Others	(54)	–	–	(54)
Balance as at 31 December 2023	(777)	(66)	(1,333)	(2,176)

As at 31 December 2024, the financial assets at fair value through other comprehensive income included credit-impaired financial assets of which carrying amount was RMB1,214 million (31 December 2023: RMB885 million), with allowance for impairment losses of RMB1,546 million (31 December 2023: RMB1,333 million).

4.19 Long-term receivables

	31 December 2024	31 December 2023
Finance lease receivables	**24,852**	27,634
Sales and leaseback receivables	**104,619**	110,698
Less: unearned finance lease income	**(14,227)**	(16,119)
Present value of minimum finance lease receivables	**115,244**	122,213
Less: allowance for impairment losses	**(2,862)**	(2,779)
Total	**112,382**	119,434

(1) Finance lease receivables are analysed by the remaining terms as follows:

		31 December 2024	31 December 2023
Indefinite	(a)	**8,462**	8,280
Less than 1 year		**55,186**	57,444
1 year to 2 years		**33,758**	37,680
2 years to 3 years		**16,662**	18,107
3 years to 5 years		**7,922**	9,604
More than 5 years		**7,481**	7,217
Total		**129,471**	138,332

(a) The amount represents the balances being impaired or overdue for more than one month.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.19 Long-term receivables (continued)

(2) Movements in allowance for impairment losses of long-term receivables:

	Year ended 31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(707)**	**(436)**	**(1,636)**	**(2,779)**
Transfer:				
to stage 1	**(2)**	**1**	**1**	**–**
to stage 2	**193**	**(196)**	**3**	**–**
to stage 3	**315**	**250**	**(565)**	**–**
Net (charge)/reversal	**(477)**	**(31)**	**(590)**	**(1,098)**
Write-offs and transfer out	**–**	**–**	**1,186**	**1,186**
Recoveries of amounts previously written off	**–**	**–**	**(169)**	**(169)**
Others	**3**	**(1)**	**(4)**	**(2)**
Balance as at 31 December 2024	**(675)**	**(413)**	**(1,774)**	**(2,862)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(642)	(862)	(1,977)	(3,481)
Transfer:				
to stage 1	(19)	9	10	–
to stage 2	5	(7)	2	–
to stage 3	3	352	(355)	–
Net (charge)/reversal	(13)	72	(1,243)	(1,184)
Write-offs and transfer out	–	–	2,039	2,039
Recoveries of amounts previously written off	–	–	(112)	(112)
Others	(41)	–	–	(41)
Balance as at 31 December 2023	(707)	(436)	(1,636)	(2,779)

4.20 Property and equipment

	31 December 2024	31 December 2023
Property and equipment	**59,345**	60,484
Property and equipment to be disposed	**2**	6
Total	**59,347**	60,490

4.20 Property and equipment (continued)

	Buildings	Leasehold improvement	Office equipment and others	Motor vehicles	Operating lease fixed assets	Construction in progress ("CIP")	Total
Original cost							
Balance as at 1 January 2024	23,345	3,921	10,172	470	44,602	7,885	90,395
Increase	232	569	1,116	7	4,047	1,029	7,000
CIP transfers	1,630	–	–	–	–	(1,728)	(98)
Decrease and other movement	(173)	(495)	(608)	(32)	(5,403)	–	(6,711)
Balance as at 31 December 2024	25,034	3,995	10,680	445	43,246	7,186	90,586
Accumulated depreciation							
Balance as at 1 January 2024	(7,195)	(2,629)	(7,316)	(382)	(11,453)	–	(28,975)
Increase	(792)	(570)	(931)	(23)	(1,866)	–	(4,182)
Decrease and other movement	64	468	561	29	1,732	–	2,854
Balance as at 31 December 2024	(7,923)	(2,731)	(7,686)	(376)	(11,587)	–	(30,303)
Impairment losses							
Balance as at 1 January 2024	–	–	–	–	(523)	(413)	(936)
Increase	–	–	(1)	–	(18)	–	(19)
Decrease and other movement	–	–	–	–	23	(6)	17
Balance as at 31 December 2024	–	–	(1)	–	(518)	(419)	(938)
Carrying amount							
Balance as at 1 January 2024	16,150	1,292	2,856	88	32,626	7,472	60,484
Balance as at 31 December 2024	17,111	1,264	2,993	69	31,141	6,767	59,345

4.20 Property and equipment (continued)

	Buildings	Leasehold improvement	Office equipment and others	Motor vehicles	Operating lease fixed assets	Construction in progress ("CIP")	Total
Original cost							
Balance as at 1 January 2023	22,469	4,007	9,301	467	42,488	7,921	86,653
Increase	33	623	1,443	36	3,636	811	6,582
CIP transfers	847	–	–	–	–	(847)	–
Decrease and other movement	(4)	(709)	(572)	(33)	(1,522)	–	(2,840)
Balance as at 31 December 2023	23,345	3,921	10,172	470	44,602	7,885	90,395
Accumulated depreciation							
Balance as at 1 January 2023	(6,456)	(2,775)	(7,027)	(390)	(10,452)	–	(27,100)
Increase	(741)	(596)	(830)	(22)	(1,968)	–	(4,157)
Decrease and other movement	2	742	541	30	967	–	2,282
Balance as at 31 December 2023	(7,195)	(2,629)	(7,316)	(382)	(11,453)	–	(28,975)
Impairment losses							
Balance as at 1 January 2023	–	–	–	–	(594)	(70)	(664)
Increase	–	–	–	–	(41)	(342)	(383)
Decrease and other movement	–	–	–	–	112	(1)	111
Balance as at 31 December 2023	–	–	–	–	(523)	(413)	(936)
Carrying amount							
Balance as at 1 January 2023	16,013	1,232	2,274	77	31,442	7,851	58,889
Balance as at 31 December 2023	16,150	1,292	2,856	88	32,626	7,472	60,484

As at 31 December 2024 and 31 December 2023, the Group did not have any property and equipment which were acquired by means of finance lease or held for sale.

As at 31 December 2024, there were still certain properties and buildings, with a carrying value of RMB306 million (31 December 2023: RMB341 million), in the process of registration for certificates of ownership. The management believes such proceedings would not weaken the Group's rights to these assets nor have any significant impact on the Group's operations.

4.21 Lease contract

(1) Right-of-use assets

	Buildings	Transportation facilities	Office equipment and others	Land use rights	Total
Original cost					
Balance as at 1 January 2024	**19,158**	**–**	**95**	**4,646**	**23,899**
Increase	**2,938**	**3**	**7**	**70**	**3,018**
Decrease	**(3,098)**	**–**	**(12)**	**(28)**	**(3,138)**
Balance as at 31 December 2024	**18,998**	**3**	**90**	**4,688**	**23,779**
Accumulated depreciation/ amortisation					
Balance as at 1 January 2024	**(9,081)**	**–**	**(28)**	**(1,511)**	**(10,620)**
Increase	**(2,933)**	**(1)**	**(13)**	**(110)**	**(3,057)**
Decrease	**2,539**	**–**	**9**	**–**	**2,548**
Balance as at 31 December 2024	**(9,475)**	**(1)**	**(32)**	**(1,621)**	**(11,129)**
Carrying amount					
Balance as at 1 January 2024	**10,077**	**–**	**67**	**3,135**	**13,279**
Balance as at 31 December 2024	**9,523**	**2**	**58**	**3,067**	**12,650**

	Buildings	Office equipment and others	Land use rights	Total
Original cost				
Balance as at 1 January 2023	18,646	71	4,646	23,363
Increase	3,766	33	–	3,799
Decrease	(3,254)	(9)	–	(3,263)
Balance as at 31 December 2023	19,158	95	4,646	23,899
Accumulated depreciation/ amortisation				
Balance as at 1 January 2023	(8,799)	(25)	(1,393)	(10,217)
Increase	(2,896)	(11)	(118)	(3,025)
Decrease	2,614	8	–	2,622
Balance as at 31 December 2023	(9,081)	(28)	(1,511)	(10,620)
Carrying amount				
Balance as at 1 January 2023	9,847	46	3,253	13,146
Balance as at 31 December 2023	10,077	67	3,135	13,279

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.21 Lease contract (continued)

(2) Lease liabilities

	31 December 2024	31 December 2023
Lease liabilities	**9,078**	9,560

As at 31 December 2024, the Group's lease payments relating to lease contracts signed but yet to be executed amounted to RMB113 million (31 December 2023: RMB113 million).

4.22 Deferred income tax assets and liabilities

(1) Deferred income tax items

	31 December 2024	31 December 2023
Deferred income tax assets	**58,149**	54,592
Deferred income tax liabilities	**(243)**	(214)
Total	**57,906**	54,378

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.22 Deferred income tax assets and liabilities (continued)

(2) Deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	31 December 2024		31 December 2023	
	Deferred income tax assets/ (liabilities)	**Deductible/ (taxable) temporary differences**	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences
Deferred income tax assets				
Asset impairment allowance	**57,461**	**229,864**	50,886	203,545
Employee benefits payable	**3,380**	**13,518**	3,488	13,952
Fair value losses of derivatives	**8,424**	**33,697**	7,244	28,975
Fair value losses of financial assets at fair value through other comprehensive loss	**44**	**178**	272	1,088
Financial assets at fair value through profit or loss	**2,566**	**10,263**	2,062	8,247
Lease liabilities	**2,259**	**9,084**	2,387	9,568
Others	**330**	**1,324**	1,069	4,284
Subtotal	**74,464**	**297,928**	67,408	269,659
Deferred income tax liabilities				
Fair value gains of derivatives	**(7,448)**	**(29,794)**	(5,895)	(23,578)
Fair value gain of financial assets at fair value through other comprehensive income	**(2,272)**	**(9,094)**	(920)	(3,681)
Financial assets at fair value through profit or income	**(4,246)**	**(17,054)**	(3,508)	(14,112)
Right-of-use assets	**(2,385)**	**(9,589)**	(2,533)	(10,152)
Others	**(207)**	**(776)**	(174)	(640)
Subtotal	**(16,558)**	**(66,307)**	(13,030)	(52,163)
Deferred income tax assets, net	**57,906**	**231,621**	54,378	217,496

4.22 Deferred income tax assets and liabilities (continued)

(3) Movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	Asset impairment allowance	Fair value losses	Others	Gross deferred income tax assets	Gross deferred income tax liabilities
Balance as at 1 January 2024	**50,886**	**9,578**	**6,944**	**67,408**	**(13,030)**
Recognised in profit or loss	**6,575**	**1,684**	**(975)**	**7,284**	**(2,176)**
Recognised in other comprehensive income	**–**	**(228)**	**–**	**(228)**	**(1,352)**
Balance as at 31 December 2024	**57,461**	**11,034**	**5,969**	**74,464**	**(16,558)**
Balance as at 1 January 2023	**51,775**	**11,069**	**6,220**	**69,064**	**(13,599)**
Recognised in profit or loss	**(889)**	**(961)**	**724**	**(1,126)**	**710**
Recognised in other comprehensive income	**–**	**(530)**	**–**	**(530)**	**(141)**
Balance as at 31 December 2023	**50,886**	**9,578**	**6,944**	**67,408**	**(13,030)**

4.23 Investment in subsidiaries

(1) Directly held subsidiaries

	31 December 2024	31 December 2023
Minsheng Financial Leasing Co., Ltd. (“Minsheng Financial Leasing”)	**3,302**	3,302
CMBC International Holdings Limited (“CMBC International”)	**3,494**	3,494
Minsheng Royal Fund Limited (“Minsheng Royal Fund”)	**190**	190
CMBC Wealth Management Co., Ltd. (“CMBC Wealth Management”)	**5,000**	5,000
Pengzhou Rural Bank Co., Ltd. (“Pengzhou Rural Bank”)	**20**	20
Cixi Rural Bank Co., Ltd. (“Cixi Rural Bank”)	**107**	107
Songjiang Rural Bank Co., Ltd. (“Songjiang Rural Bank”)	**70**	70
Qijiang Rural Bank Co., Ltd. (“Qijiang Rural Bank”)	**30**	30
Tongnan Rural Bank Co., Ltd. (“Tongnan Rural Bank”)	**25**	25
Meihekou Rural Bank Co., Ltd. (“Meihekou Rural Bank”)	**184**	169
Ziyang Rural Bank Co., Ltd. (“Ziyang Rural Bank”)	**172**	172
Jiangxia Rural Bank Co., Ltd. (“Jiangxia Rural Bank”)	**41**	41
Changyuan Rural Bank Co., Ltd. (“Changyuan Rural Bank”)	**26**	26
Yidu Rural Bank Co., Ltd. (“Yidu Rural Bank”)	**26**	26
Jiading Rural Bank Co., Ltd. (“Jiading Rural Bank”)	**102**	102
Zhongxiang Rural Bank Co., Ltd. (“Zhongxiang Rural Bank”)	**36**	36
Penglai Rural Bank Co., Ltd. (“Penglai Rural Bank”)	**51**	51
Anxi Rural Bank Co., Ltd. (“Anxi Rural Bank”)	**74**	74
Funing Rural Bank Co., Ltd. (“Funing Rural Bank”)	**52**	52
Taicang Rural Bank Co., Ltd. (“Taicang Rural Bank”)	**76**	76
Ningjin Rural Bank Co., Ltd. (“Ningjin Rural Bank”)	**20**	20
Zhangpu Rural Bank Co., Ltd. (“Zhangpu Rural Bank”)	**25**	25
Puer Rural Bank Co., Ltd. (“Puer Rural Bank”)	**15**	15
Jinghong Rural Bank Co., Ltd. (“Jinghong Rural Bank”)	**60**	60
Zhidan Rural Bank Co., Ltd. (“Zhidan Rural Bank”)	**7**	7
Ningguo Rural Bank Co., Ltd. (“Ningguo Rural Bank”)	**20**	20
Yuyang Rural Bank Co., Ltd. (“Yuyang Rural Bank”)	**25**	25
Guichi Rural Bank Co., Ltd. (“Guichi Rural Bank”)	**26**	26
Tiantai Rural Bank Co., Ltd. (“Tiantai Rural Bank”)	**31**	31
Tianchang Rural Bank Co., Ltd. (“Tianchang Rural Bank”)	**20**	20
Tengchong Rural Bank Co., Ltd. (“Tengchong Rural Bank”)	**20**	20
Xiang’an Rural Bank Co., Ltd. (“Xiang’an Rural Bank”)	**36**	36
Linzhi Rural Bank Co., Ltd. (“Linzhi Rural Bank”)	**45**	45
Total	**13,428**	13,413

4.23 Investment in subsidiaries (continued)

(2) Basic information of directly held subsidiaries

Name		Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Minsheng Financial Leasing		Tianjin China	Leasing	RMB 5,095 million	54.96%	54.96%
CMBC International		Hong Kong China	Investment banking	HKD 4,207 million	100.00%	100.00%
Minsheng Royal Fund		Guangdong China	Fund management	RMB 300 million	63.33%	63.33%
CMBC Wealth Management		Beijing China	Wealth Management	RMB 5,000 million	100.00%	100.00%
Pengzhou Rural Bank	(a)	Sichuan China	Commercial bank	RMB 55 million	36.36%	36.36%
Cixi Rural Bank		Zhejiang China	Commercial bank	RMB 189 million	64.68%	64.68%
Songjiang Rural Bank	(a)	Shanghai China	Commercial bank	RMB 150 million	35.00%	35.00%
Qijiang Rural Bank	(b)	Chongqing China	Commercial bank	RMB 61.57 million	48.73%	51.27%
Tongnan Rural Bank	(a)	Chongqing China	Commercial bank	RMB 50 million	50.00%	50.00%
Meihekou Rural Bank	(c)	Jilin China	Commercial bank	RMB 193 million	98.30%	98.30%
Ziyang Rural Bank		Sichuan China	Commercial bank	RMB 211 million	81.41%	81.41%
Jiangxia Rural Bank		Hubei China	Commercial bank	RMB 86 million	51.00%	51.00%
Changyuan Rural Bank		Henan China	Commercial bank	RMB 50 million	51.00%	51.00%
Yidu Rural Bank		Hubei China	Commercial bank	RMB 52.4 million	51.00%	51.00%
Jiading Rural Bank		Shanghai China	Commercial bank	RMB 200 million	51.00%	51.00%
Zhongxiang Rural Bank		Hubei China	Commercial bank	RMB 70 million	51.00%	51.00%
Penglai Rural Bank		Shandong China	Commercial bank	RMB 100 million	51.00%	51.00%
Anxi Rural Bank		Fujian China	Commercial bank	RMB 128 million	57.99%	57.99%
Funing Rural Bank		Jiangsu China	Commercial bank	RMB 85 million	51.00%	51.00%

4.23 Investment in subsidiaries (continued)

(2) Basic information of directly held subsidiaries (continued)

Name		Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Taicang Rural Bank		Jiangsu China	Commercial bank	RMB 135 million	51.00%	51.00%
Ningjin Rural Bank		Hebei China	Commercial bank	RMB 40 million	51.00%	51.00%
Zhangpu Rural Bank		Fujian China	Commercial bank	RMB 50 million	51.00%	51.00%
Puer Rural Bank		Yunnan China	Commercial bank	RMB 30 million	51.00%	51.00%
Jinghong Rural Bank		Yunnan China	Commercial bank	RMB 75 million	80.40%	80.40%
Zhidan Rural Bank		Shaanxi China	Commercial bank	RMB 15 million	51.00%	51.00%
Ningguo Rural Bank		Anhui China	Commercial bank	RMB 41.6 million	51.00%	51.00%
Yuyang Rural Bank	(d)	Shaanxi China	Commercial bank	RMB 64 million	51.00%	51.00%
Guichi Rural Bank		Anhui China	Commercial bank	RMB 53 million	51.00%	51.00%
Tiantai Rural Bank		Zhejiang China	Commercial bank	RMB 60 million	51.00%	51.00%
Tianchang Rural Bank	(e)	Anhui China	Commercial bank	RMB 44.77 million	51.00%	51.00%
Tengchong Rural Bank		Yunnan China	Commercial bank	RMB 52 million	51.00%	51.00%
Xiang'an Rural Bank		Fujian China	Commercial bank	RMB 77 million	51.00%	51.00%
Linzhi Rural Bank		Tibet China	Commercial bank	RMB 56.6 million	86.11%	86.11%

(a) Although the Bank holds half or less than half of the voting rights in these rural banks, it has the majority of the seats in their boards of directors, which enables it to govern their operating policies. These companies are regarded as the Bank's subsidiaries and have been consolidated in these financial statements.

(b) Some natural person shareholders and the Bank signed a concerted action agreement, stipulating that the parties should take "concerted action" in the general meeting of shareholders. Therefore, the Bank acquires control over Qijiang Rural Bank and classifies the investment in Qijiang Rural Bank as investment in a subsidiary.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.23 Investment in subsidiaries (continued)

(2) Basic information of directly held subsidiaries (continued)

(c) The Bank has completed the acquisition of a total of 15.50 million shares of Meihekou Rural Bank held by five other minority shareholders. As at December 31, 2024, the Bank's ownership of equity shares and voting rights of Meihekou Rural Bank have changed to 98.30% (December 31, 2023: 95.36%).

(d) Yuyang Rural Bank converted RMB4.60 million retained earnings to paid-in capital. After the increase of capital, the Bank's ownership of equity shares and voting rights in this subsidiary remains at 51%. As at 31 December 2024, the registered capital of Yuyang Rural Bank was RMB64 million as it had completed the registration of changes with industry and commerce authorities.

(e) Tianchang Rural Bank converted RMB1.09 million retained earnings to paid-in capital. After the increase of capital, the Bank's ownership of equity shares and voting rights in this subsidiary remains at 51%. As at 31 December 2024, the registered capital of Tianchang Rural Bank was RMB44.77 million as it had completed the registration of changes with industry and commerce authorities.

4.24 Other assets

		31 December 2024	31 December 2023
Interest receivable	(1)	**10,970**	7,499
Prepayments for leased assets	(2)	**6,491**	5,472
Other debt receivables and advances		**5,552**	5,799
Intangible assets	(4)	**4,962**	2,730
Foreclosed assets	(3)	**4,941**	5,299
Fee and commission receivable		**3,328**	3,147
Investment properties		**2,820**	2,969
Prepayment		**2,691**	2,737
Items in the process of clearance and settlement		**2,610**	6,653
Long-term deferred expenses		**1,713**	1,795
Research and development engineering		**1,512**	2,328
Legal costs receivable		**1,419**	1,243
Continuously involved assets		**999**	1,038
Goodwill	(5)	**213**	208
Operating lease receivable		**85**	169
Assets transfer receivable		**–**	603
Others		**4,611**	4,760
Subtotal		**54,917**	54,449
Less: allowance for impairment losses			
– Foreclosed assets		**(800)**	(752)
– Others		**(4,427)**	(4,255)
Total		**49,690**	49,442

(1) In accordance with the requirements of the Notice on the Revision and Issuance of the Format of Financial Statements of Financial Enterprises in 2018, the interests of financial instruments at the reporting date are listed in the financial instruments using the effective interest rate method. Interests of relevant financial instruments which were past due but have not been collected at the reporting date are listed in other assets.

(2) Prepayments for leased assets are the prepayments made by the Group for acquiring leased assets which would be finance leased out or operating leased out.

(3) Foreclosed assets include buildings, land use rights and transportation facilities. The Group disposed foreclosed assets of RMB1,761 million for the year ended 31 December 2024 (For the year ended 31 December 2023: RMB2,339 million).

4.24 Other assets (continued)

(4) Intangible assets

	Year ended 31 December	
	2024	2023
Cost		
Balance as at 1 January	**9,114**	7,790
Increase	**3,522**	1,338
Decrease	**(2)**	(14)
Balance as at 31 December	**12,634**	9,114
Accumulated amortisation		
Balance as at 1 January	**(6,384)**	(5,489)
Increase	**(1,300)**	(908)
Decrease	**12**	13
Balance as at 31 December	**(7,672)**	(6,384)
Carrying amount		
Balance as at 1 January	**2,730**	2,301
Balance as at 31 December	**4,962**	2,730

(5) Goodwill arising from CMBC International

	Year ended 31 December	
	2024	2023
Balance as at 1 January	**208**	205
Exchange difference	**5**	3
Balance as at 31 December	**213**	208

As at 31 December 2024 and 31 December 2023, no impairment loss of the Group's goodwill is recognised.

4.25 Allowances for impairment losses

	Note 4	Year ended 31 December 2024 Balances as at 1 January 2024	Net charge/ (reversal) for the year	Write-offs and transfer out	Other	Balances as at 31 December 2024
Balances with banks and other financial institutions	13	**4**	**298**	**–**	**(300)**	**2**
Placements with banks and other financial institutions	14	**1,513**	**(33)**	**–**	**5**	**1,485**
Financial assets held under resale agreements	16	**26**	**21**	**–**	**–**	**47**
Loans and advances to customers	17	**97,444**	**39,006**	**(51,183)**	**7,862**	**93,129**
Financial investments	18	**12,386**	**4,839**	**(2,665)**	**(663)**	**13,897**
Long-term receivables	19	**2,779**	**1,098**	**(1,186)**	**171**	**2,862**
Property and equipment	20	**936**	**19**	**–**	**(17)**	**938**
Other assets	24	**5,007**	**846**	**(626)**	**–**	**5,227**
Total		**120,095**	**46,094**	**(55,660)**	**7,058**	**117,587**

	Note 4	Year ended 31 December 2023 Balances as at 1 January 2023	Net (reversal)/ charge for the year	Write-offs and transfer out	Other	Balances as at 31 December 2023
Balances with banks and other financial institutions	13	8	(6)	–	2	4
Placements with banks and other financial institutions	14	1,862	223	(572)	–	1,513
Financial assets held under resale agreements	16	28	(2)	–	–	26
Loans and advances to customers	17	98,868	39,816	(48,806)	7,566	97,444
Financial investments	18	13,113	4,263	(4,100)	(890)	12,386
Long-term receivables	19	3,481	1,184	(2,039)	153	2,779
Property and equipment	20	664	383	–	(111)	936
Other assets	24	4,591	1,997	(1,583)	2	5,007
Total		122,615	47,858	(57,100)	6,722	120,095

4.26 Deposits and placements from banks and other financial institutions

	31 December 2024	31 December 2023
China mainland		
Banks	**103,376**	108,030
Other financial institutions	**903,479**	1,044,337
Overseas		
Banks	**33,470**	55,831
Other financial institutions	**28,749**	27,384
Subtotal	**1,069,074**	1,235,582
Interest accrued	**4,632**	6,477
Total	**1,073,706**	1,242,059

4.27 Financial liabilities at fair value through profit or loss

		31 December 2024	31 December 2023
Financial liabilities related to precious metals		**9,564**	2,320
Financial liabilities designated at fair value through profit or loss	(1)	**33,633**	33,475
Others		**31**	32
Total		**43,228**	35,827

(1) For the year ended 2024, there were no significant changes in the fair value of the Group's financial liabilities designated at fair value through profit or loss attributable to the changes in the Group's own credit risk.

4.28 Borrowings from banks and other financial institutions

	31 December 2024	31 December 2023
Unsecured borrowings	**88,472**	100,224
Borrowings secured by		
– Tangible assets and monetary assets	**22,594**	14,722
Subtotal	**111,066**	114,946
Interest accrued	**927**	769
Total	**111,993**	115,715

As at 31 December 2024 and 31 December 2023, the secured borrowings were secured by property and equipment and finance lease receivables as collateral; the above collateral has been included in the disclosure of assets pledged (Note 6.3(1)).

4.29 Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements by underlying assets are shown as follows:

	31 December 2024	31 December 2023
Bonds	**175,195**	132,510
Bills	**72,444**	58,271
Subtotal	**247,639**	190,781
Interest accrued	**485**	352
Total	**248,124**	191,133

4.30 Deposits from customers

	31 December 2024	31 December 2023
Demand deposits		
– Corporate customers	**1,051,320**	1,024,828
– Personal customers	**396,934**	295,892
Time deposits (including call deposits)		
– Corporate customers	**1,895,490**	2,044,103
– Personal customers	**901,419**	910,695
Certificates of deposit	**1,738**	4,976
Outward remittance and remittance payables	**2,194**	2,509
Subtotal	**4,249,095**	4,283,003
Interest accrued	**83,586**	70,278
Total	**4,332,681**	4,353,281

The pledged deposits included in deposits from customers are analysed as follows:

	31 December 2024	31 December 2023
Pledged deposits for bank acceptances	**280,633**	209,868
Pledged deposits for letters of credit and guarantees	**44,597**	24,313
Other pledged deposits	**28,185**	33,553
Total	**353,415**	267,734

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.31 Provisions

		31 December 2024	31 December 2023
Credit loss of off-balance sheet credit commitments	(1)	**1,058**	1,212
Litigation provision		**522**	459
Others		**150**	116
Total		**1,730**	1,787

(1) The movements of credit loss of off-balance sheet credit commitments are as follows:

	Year ended 31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(1,065)**	**(146)**	**(1)**	**(1,212)**
Transfer:				
to stage 1	**(13)**	**13**	**–**	**–**
to stage 2	**5**	**(5)**	**–**	**–**
to stage 3	**2**	**2**	**(4)**	**–**
Net reversal	**63**	**87**	**4**	**154**
Balance as at 31 December 2024	**(1,008)**	**(49)**	**(1)**	**(1,058)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(1,424)	(344)	(76)	(1,844)
Transfer:				
to stage 1	(104)	89	15	–
to stage 2	28	(31)	3	–
to stage 3	15	97	(112)	–
Net reversal	420	43	169	632
Balance as at 31 December 2023	(1,065)	(146)	(1)	(1,212)

4.32 Debt securities issued

		31 December 2024	31 December 2023
Certificates of interbank deposit		**803,492**	474,754
Financial bonds	(1)	**47,983**	105,577
Tier-two capital bonds	(2)	**79,994**	89,992
Medium-term and short-term notes	(3)	**7,143**	1,996
Subtotal		**938,612**	672,319
Interest accrued		**2,413**	3,507
Total		**941,025**	675,826

For the years ended 31 December 2024 and 2023, there were no overdue principal and interest or other defaults with respect to these bonds. None of these bonds are secured.

(1) Financial bonds

		31 December 2024	31 December 2023
2024-3-year fixed rate financial bonds	(a)	**2,394**	–
2023-3-year fixed rate financial bonds	(b)	**19,999**	19,997
2023-3-year fixed rate financial bonds	(c)	**1,598**	1,596
2023-3-year fixed rate financial bonds	(d)	**1,597**	1,595
2023-3-year fixed rate financial bonds	(e)	**2,395**	2,393
2022-3-year fixed rate financial bonds	(f)	**20,000**	19,999
2021-3-year fixed rate financial bonds	(g)	**–**	29,998
2021-3-year fixed rate financial bonds	(h)	**–**	29,999
Total		**47,983**	105,577

(a) RMB3 billion worth of fixed-rate financial bonds were issued on 28 May 2024, with a term of 3 years, and a fixed coupon rate of 2.49% per annum. This bond is issued by Minsheng Financial Leasing Co., Ltd.. The Bank subscribed RMB600 million.

(b) RMB20 billion worth of fixed-rate financial bonds were issued on 18 May 2023, with a term of 3 years, and a fixed coupon rate of 2.68% per annum.

(c) RMB2 billion worth of fixed-rate financial bonds were issued on 20 March 2023, with a term of 3 years, and a fixed coupon rate of 3.40% per annum. This bond is issued by Minsheng Financial Leasing Co., Ltd.. The Bank subscribed RMB400 million.

(d) RMB2 billion worth of fixed-rate financial bonds were issued on 25 May 2023, with a term of 3 years, and a fixed coupon rate of 3.27% per annum. This bond is issued by Minsheng Financial Leasing Co., Ltd.. The Bank subscribed RMB400 million.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.32 Debt securities issued (continued)

(1) Financial bonds (continued)

(e) RMB3 billion worth of fixed-rate financial bonds were issued on 25 July 2023, with a term of 3 years, and a fixed coupon rate of 3.19% per annum. This bond is issued by Minsheng Financial Leasing Co., Ltd.. The Bank subscribed RMB600 million.

(f) RMB20 billion worth of fixed-rate financial bonds were issued on 7 April 2022, with a term of 3 years, and a fixed coupon rate of 2.95% per annum.

(g) RMB30 billion worth of fixed-rate financial bonds were issued on 8 December 2021, with a term of 3 years, and a fixed coupon rate of 3.02% per annum. The Bank repaid all of them on 8 December 2024.

(h) RMB30 billion worth of fixed-rate financial bonds were issued on 10 November 2021, with a term of 3 years, and a fixed coupon rate of 3.02% per annum. The Bank repaid all of them on 10 November 2024.

(2) Tier-two capital bonds

		31 December 2024	31 December 2023
2024 1st tranche-10-year fixed rate tier-two capital bonds	(a)	**29,997**	–
2020-10-year fixed rate tier-two capital bonds	(b)	**49,997**	49,996
2019 1st tranche-10-year fixed rate tier-two capital bonds	(c)	**–**	39,996
Total		**79,994**	89,992

(a) Tier-two capital bonds with a nominal value of RMB30 billion, a term of 10 years, and a fixed coupon rate of 2.50% per annum, were issued on 24 June 2024. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date.

(b) Tier-two capital bonds with a nominal value of RMB50 billion, a term of 10 years, and a fixed coupon rate of 3.75% per annum, were issued on 24 June 2020. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date.

(c) Tier-two capital bonds with a nominal value of RMB40 billion, a term of 10 years, and a fixed coupon rate of 4.48% per annum, were issued on 27 February 2019. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date. The Bank repaid all of them on 1 March 2024.

4.32 Debt securities issued (continued)

(3) Medium-term and short-term notes

		31 December 2024	31 December 2023
2024-3-year medium-term notes	(a)	**2,157**	–
2024-2-year medium-term notes	(b)	**2,987**	–
2023-2-year medium-term notes	(c)	**1,999**	1,996
Total		**7,143**	1,996

(a) Medium-term notes with a nominal value of USD300 million of medium-term notes were issued on 13 September 2024, with a term of 3 years, floating interest rate. The coupon rate is 5.18%.

(b) Medium-term notes with a nominal value of RMB3 billion of medium-term notes were issued on 12 March 2024, with a term of 2 years. The coupon rate is 3.08%.

(c) Medium-term notes with a nominal value of RMB2 billion of medium-term notes were issued on 10 January 2023, with a term of 2 years. The coupon rate is 3.15%.

4.33 Other liabilities

		31 December 2024	31 December 2023
Items in the process of clearance and settlement		**60,697**	15,380
Employee benefits payable	(1)	**13,993**	14,439
Lease payments received in advance		**6,665**	7,918
Other tax payable	(2)	**3,633**	3,774
Accrued expenses		**3,353**	1,693
Output value added tax to be transferred		**2,778**	2,740
Notes payable		**2,274**	2,138
Continuously involved liabilities		**999**	1,038
Payable for long-term assets		**507**	328
Deferred fee and commission income		**499**	317
Intermediate collection and payment		**371**	281
Payable to the leasing company		**60**	1,378
Others		**1,035**	3,216
Total		**96,864**	54,640

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.33 Other liabilities (continued)

(1) Employee benefits payable

	1 January 2024	**Increase**	**Decrease**	**31 December 2024**
Short-term employee benefits				
– Salaries, bonuses and allowances	**13,794**	**22,689**	**(23,137)**	**13,346**
– Staff welfare fees	**–**	**1,582**	**(1,577)**	**5**
– Social insurance (a) and supplementary insurance	**133**	**1,799**	**(1,801)**	**131**
– Housing fund	**126**	**1,934**	**(1,933)**	**127**
– Labour union fee, staff and workers' education fee	**42**	**493**	**(501)**	**34**
Subtotal	**14,095**	**28,497**	**(28,949)**	**13,643**
Post-employment benefits-defined contribution plans				
– Basic pension insurance plans	**164**	**2,304**	**(2,296)**	**172**
– Unemployment insurance	**21**	**78**	**(77)**	**22**
– Annuity scheme (b)	**159**	**712**	**(715)**	**156**
Subtotal	**344**	**3,094**	**(3,088)**	**350**
Total	**14,439**	**31,591**	**(32,037)**	**13,993**

	1 January 2023	Increase	Decrease	31 December 2023
Short-term employee benefits				
– Salaries, bonuses and allowances	13,766	24,063	(24,035)	13,794
– Staff welfare fees	–	1,662	(1,662)	–
– Social insurance (a) and supplementary insurance	176	1,615	(1,658)	133
– Housing fund	129	1,760	(1,763)	126
– Labour union fee, staff and workers' education fee	41	548	(547)	42
Subtotal	14,112	29,648	(29,665)	14,095
Post-employment benefits-defined contribution plans				
– Basic pension insurance plans	159	2,054	(2,049)	164
– Unemployment insurance	21	63	(63)	21
– Annuity scheme (b)	122	716	(679)	159
Subtotal	302	2,833	(2,791)	344
Total	14,414	32,481	(32,456)	14,439

4.33 Other liabilities (continued)

(1) Employee benefits payable (continued)

(a) Social insurance includes medical insurance, maternity insurance and employment injury insurance.

(b) For the year ended 31 December 2024, the contributions to the annuity schemes of the Bank and some subsidiaries were calculated at 3% of the employees' total annual salary (for the year ended 31 December 2023: 3%).

The Group has set up a defined contribution plan for its Hong Kong employees in accordance with the contribution rates prescribed by local regulations.

(2) Other tax payable

	31 December 2024	31 December 2023
Value added tax	**2,588**	2,706
Others	**1,045**	1,068
Total	**3,633**	3,774

4.34 Share capital and capital reserve

	31 December 2024	31 December 2023
Ordinary shares listed in China mainland (A shares)	**35,462**	35,462
Ordinary shares listed in Hong Kong (H shares)	**8,320**	8,320
Total shares	**43,782**	43,782

All A shares and H shares are ordinary shares, have a par value of RMB1 per share and rank pari passu with the same rights and benefits.

The Group's capital reserve of RMB58,087 million as at 31 December 2024 (RMB58,111 million at 31 December 2023), mainly represents capital premium.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.35 Preference Shares

(1) Outstanding Preference Shares at year end

Financial Instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	In original currency	In RMB	Maturity	Conversion condition	Conversion
Domestic Preference Shares	15/10/2019	Equity	4.38%	RMB 100/ Share	200	20,000	20,000	None	Mandatory	None

The dividend yield for the first five years after the issuance of preferred stock is 4.38%, and the dividend yield will be reset to 3.17%. On 18 October 2024 the issuance cost of preferred shares issued by the Bank was RMB25 million on 31 December 2024. (31 December 2023: RMB25 million)

(2) Domestic Preference Shares Main Clauses

(a) Dividend

The non-public offering domestic preference shares (the "Domestic Preference Shares") adopts the dividend rate that can be adjusted in stages, with 5 years as a dividend rate adjustment period, and within a dividend rate adjustment period, dividends are paid at the same dividend rate as agreed. The dividend rate for the first dividend rate adjustment period will be determined by enquiry. The dividend rate of the Domestic Preference Shares shall not be higher than the annual weighted average return on net assets of the Bank in the last two fiscal years. The nominal dividend rate includes two parts: the benchmark interest rate and the fixed premium. The fixed premium is the dividend rate determined at the time of issuance minus the benchmark interest rate at the time of issuance. Dividends are paid annually.

(b) Conditions to distribution of dividends

The Bank could pay dividends while the Bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. Preference shareholders of the Bank are senior to the ordinary shareholders on the right to dividends. The Issuer shall have the right to cancel, in whole or in part, distributions of dividends and any such cancellation shall not constitute an event of default. Any cancellation of any distribution, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. And the Issuer shall give notice to the investors on such cancellation in a timely manner.

(c) Dividend stopper

The Bank will not pay dividends to the ordinary shareholders unless the Bank resolves to pay a full dividend on the current preference shares.

4.35 Preference Shares (continued)

(2) Domestic Preference Shares Main Clauses (continued)

(d) Order of distribution and liquidation method

The Domestic Preference Shareholders have priority over the ordinary shareholders in the distribution of the Bank's remaining property, but the order of repayment is ranked after the depositors, general creditors and subordinated debts (including but not limited to subordinated debts, mixed capital bonds and secondary capital instruments).

(e) Mandatory conversion trigger events

If the core tier one capital adequacy ratio of the Bank falls to 5.125% (or below), the Domestic Preference Shares will be converted into A-share common shares in full or in part, so as to restore the core tier one capital adequacy ratio to more than 5.125%. In the case of partial conversion, all the Domestic Preference Shares shall be converted to shares on the same conditions in proportion.

When the earlier of the following two situations occurs, the Domestic Preference Shares will be converted into A-share common shares in full: (1) the banking regulatory authority under the State Council determines that the Bank will not survive without the conversion; (2) the relevant departments determine that the Bank will not survive without the public sector's capital injection or the support of the same effect.

(f) Redemption

With the prior approval of the banking regulatory authority under the State Council, the Bank may exercise the right of redemption under the following circumstances: (1) use the same or higher quality capital instruments to replace the redeemed Domestic Preference Shares, and the Bank's income ability is sustainable; (2) or the capital level after the exercise of the right of redemption is still significantly higher than the regulatory capital requirements specified by the banking regulatory authority under the State Council. The redemption price is the sum of the nominal amount and the dividend that has been resolved to be paid but has not been paid in the current period.

The Bank has the right to redeem all or part of the domestic Preferred Shares on the preferred stock dividend date of each year, starting from the date of expiration of 5 years after the issue date (i.e., 15 October 2019), and the redemption period shall expire on the date of conversion or redemption in full. In the case of partial redemption, all domestic preferred shares issued will be redeemed on the same terms and in proportion.

4.35 Preference Shares (continued)

(2) Domestic Preference Shares Main Clauses (continued)

(g) Dividend setting mechanism

Non-cumulative dividend is a dividend on preference shares, which does not cumulate upon omission of payment so as to require payment of a passed or omitted dividend of one year out of earnings of a following year. After receiving dividend at agreed dividend rate, preference shareholders of the Bank will not participate the distribution of residual profits with ordinary shareholders. The Domestic Preference Shares holders are prioritised on dividend distribution over ordinary shareholders.

The dividend of the Domestic Preference Shares shall be paid in cash once a year. The interest starting date is the payment deadline of preference stock investors (18 October 2019). The dividend payment day shall be the day of every full year since the deadline for payment of preference stock investors. In case of any legal holiday or rest day in China, it shall be postponed to the next trading day, and the dividend payable during the extended period shall not be charged with additional interest.

(3) Changes in preference shares outstanding

	1 January 2024		**Movements**		**31 December 2024**	
	Amount (million shares)	**Book value**	**Amount (million shares)**	**Book value**	**Amount (million shares)**	**Book value**
Domestic Preference Shares	**200**	**20,000**	**–**	**–**	**200**	**20,000**

	1 January 2023		Movements		31 December 2023	
	Amount (million shares)	Book value	Amount (million shares)	Book value	Amount (million shares)	Book value
Domestic Preference Shares	200	20,000	–	–	200	20,000

4.36 Perpetual Bonds

(1) Outstanding Perpetual Bonds at year end

Financial Instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million pieces)	In original currency	In RMB	Maturity	Conversion condition	Conversion
2021 Undated Capital Bonds (Series 1)	19/04/2021	Equity	4.30%	100 RMB/ Note	300	30,000	30,000	None	None	None
2022 Undated Capital Bonds (Series 1)	14/06/2022	Equity	4.20%	100 RMB/ Note	50	5,000	5,000	None	None	None
2024 Undated Capital Bonds (Series 1)	15/08/2024	Equity	2.35%	100 RMB/ Note	300	30,000	30,000	None	None	None
2024 Undated Capital Bonds (Series 2)	30/10/2024	Equity	2.73%	100 RMB/ Note	100	10,000	10,000	None	None	None
Total							75,000			

4.36 Perpetual Bonds (continued)

(2) Main Clauses

(a) Principal Amount

2021 Undated Tier 1 Capital Bonds RMB30 billion.

2022 Undated Tier 1 Capital Bonds-Series 1 RMB5 billion.

2024 Undated Tier 1 Capital Bonds-Series 1 RMB30 billion.

2024 Undated Tier 1 Capital Bonds-Series 2 RMB10 billion.

(b) Maturity Date

The Bonds will continue to be outstanding so long as the Issuer's business continues to operate.

(c) Distribution Rate

The Distribution Rate of the Bonds will be adjusted at defined intervals, with a Distribution Rate Adjustment Period every 5 years since the Payment Settlement Date. In any Distribution Rate Adjusted Period, the Distribution Payments on the Bonds will be made at a prescribed fixed Distribution Rate. The Distribution Rate at the time of issuance will be determined by book running and centralized allocation.

The Distribution Rate is determined by a benchmark rate plus a fixed spread. The benchmark rate is the arithmetic average of the yields to maturity of 5 trading days prior to the Announcement Date of the Subscription Agreement, as indicated by the yield to maturity curve of applicable 5-year China Treasury Notes (rounded up to 0.01%) published on ChinaBond.com.cn or other websites approved by the China Central Depository & Clearing Co., Ltd. The fixed spread is the difference between the Distribution Rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined.

(d) Conditional Redemption Rights of the Issuer

The Bonds Issuance sets conditional Redemption Rights for the Issuer. From the fifth anniversary since the issuance of the Bonds, the Issuer may redeem the Bonds in whole or in part on each Distribution Payment Date (including the fifth Distribution Payment Date since the Issuance). If, after the Issuance, the Bonds no longer qualify as Additional Tier 1 Capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Issuer may redeem all but not part of the Bonds.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.36 Perpetual Bonds (continued)

(2) Main Clauses (continued)

(e) Subordination

The claims in respect of the Bonds, in the event of a winding-up of the Issuer, will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that ranks senior to the Bonds; will rank in priority to all classes of shares held by the Issuer's shareholders and rank pari passu with the claims in respect of any other Tier 1 Capital instruments of the Issuer that rank pari passu with the Bonds. If subsequent amendments to the PRC Enterprise Bankruptcy Law or relevant regulations are applicable, such relevant laws and regulations shall prevail.

(f) Distribution Payment

The Issuer shall have the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation shall not constitute an event of default. When exercising such right, the Issuer will take into full consideration the interest of the Bondholders. The Issuer may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the Bonds, no matter in whole or in part, will not impose any other restriction on the Issuer, except in relation to dividend distributions to ordinary shares. Any cancellation of any distribution on the Bonds, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. And the Issuer shall give notice to the investors on such cancellation in a timely manner.

The Bonds do not have any step-up mechanism or any other incentive to redeem.

(g) Put Option

Put Option of investors is not applicable.

4.37 Related information attributable to the holders of equity instruments

Preference shares and perpetual bonds issued by the Bank are classified as equity instruments and are listed in the consolidated balance sheet under shareholders' equity. In accordance with the relevant regulations of the former CBIRC, the preferred shares and perpetual bonds issued by the Bank have met the criteria of qualifying other Tier 1 capital instruments.

Interests attributable to the holders of equity instruments

	31 December 2024	31 December 2023
Total equity attributable to equity holders of the Bank	**642,859**	624,602
Equity attributable to ordinary equity holders of the Bank	**547,859**	529,640
Equity attributable to other equity holders of the Bank	**95,000**	94,962
Total equity attributable to non-controlling interests	**13,709**	13,199
Equity attributable to non-controlling interests of ordinary shares	**13,709**	13,199

4.38 Surplus reserve, general reserve and retained earnings

(1) Surplus reserve

Under the PRC laws, Articles of the Bank and the resolution of the Board of Directors, the Bank is required to appropriate 10% of its net profit. Until the statutory surplus reserve reaches 50% of its registered capital, the Bank will still appropriate 10% of its net profit as statutory surplus reserve. Subject to the approval of the equity shareholders, the statutory surplus reserve can be used for replenishing the accumulated losses or increasing the Bank's share capital. The statutory surplus reserve amount used to increase the share capital is limited to a level where the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the share capital.

The Group appropriated RMB3,083 million statutory surplus reserve for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB3,529 million).

(2) General reserve

Pursuant to the Measures for Managing the Appropriation of Provisions of Financial Enterprises (Cai Jin [2012] No. 20) issued by the MOF, the Bank is required to provide for impairment losses of its assets and set aside a general reserve through the appropriation of net profits to cover potential losses against its assets. The general reserve is part of the equity shareholders' interests and should not be less than 1.5% of the year-end balance of risk-bearing assets.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations, which were included in the Group's general reserve.

The Group appropriated RMB4,042 million of profits to the general reserve for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB4,743 million).

(3) Retained earnings

As at 31 December 2024, the retained earnings included the statutory surplus reserve of RMB1,790 million contributed by the subsidiaries (31 December 2023: RMB993 million). The surplus reserve of the subsidiaries included in the retained earnings cannot be distributed.

4.39 Non-controlling interests

As at 31 December 2024, the non-controlling interests in the subsidiaries were RMB13,709 million (31 December 2023: RMB13,199 million).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.40 Dividends/Interests

(1) Dividends for ordinary shares

The Board of directors proposed the profit distribution plan for 2024 in the meeting held on 28 March 2025. The profit distribution plan would distribute cash dividends to registered A-share and H-share shareholders on the equity registration date. The cash dividend declared was RMB0.62 (including tax) for every 10 shares, the total cash dividends would be approximately RMB2,714 million (including tax) for 2024. Together with the total amount of interim cash dividends that had been distributed, being RMB5,692 million (including tax), the cash dividend of RMB1.30 (including tax) for every 10 shares, the total dividend of RMB8,406 million (including tax), a cash dividend of RMB1.92 (including tax) for every 10 shares was based on the total number of shares of 43,782 million as on 31 December 2024. The plan is subject to the approval of the shareholders' meeting of the Bank.

The shareholders approved the interim cash dividends distribution plan for 2024 at the Annual General Meeting on 25 October 2024. The cash dividends declared would distribute cash dividends to registered A-share and H-share shareholders on the equity registration date. The cash dividend declared was RMB1.30 (including tax) for every 10 shares. A total dividend of RMB5,692 million (including tax) was based on the total number of shares of 43,782 million as on 12 November 2024.

The shareholders approved the interim cash dividends distribution plan for 2023 at the 2023 Annual General Meeting on 26 June 2024. The profit distribution plan would distribute cash dividends to registered A-share and H-share shareholders on the equity registration date. The cash dividend declared was RMB2.16 (including tax) for every 10 shares. A total dividend of RMB9,457 million (including tax) was based on total number of shares of 43,782 million as at the record dates.

(2) Dividends for preference shares

According to the resolution on the distribution of domestic preferred stock dividends passed at the board meeting on 29 August 2024, based on the initial annual dividend rate of 4.38% (including tax) before the reset date of the first dividend rate determined by the terms and conditions of the domestic preferred stock, a total of RMB876 million (including tax) will be distributed, and the dividend payment date will be 18 October 2024.

According to the resolution on the distribution of domestic preferred stock dividends passed at the board meeting on 30 August 2023, based on the initial annual dividend rate of 4.38% (including tax) before the reset date of the first dividend rate determined by the terms and conditions of the domestic preferred stock, a total of RMB876 million (including tax) will be distributed, and the dividend payment date will be 18 October 2023.

4.40 Dividends/Interests (continued)

(3) Interests for perpetual bonds

On 3 June 2024, the Bank announced the issuance of interest on its 2022 non fixed term capital bonds. The Bank has confirmed the issuance of perpetual bond interest of RMB210 million (including tax) based on the initial annual interest rate of 4.20% (including tax) before the reset date of the first interest rate determined by the perpetual bond terms and conditions.

On 6 May 2024, the Bank announced the issuance of interest on its 2019 non fixed term capital bonds. The Bank has confirmed the issuance of perpetual bond interest of RMB1,940 million (including tax) based on the initial annual interest rate of 4.85% (including tax) before the reset date of the first interest rate determined according to the perpetual bond terms and conditions

On 10 April 2024, the Bank announced the issuance of interest on its 2021 non fixed term capital bonds. The Bank has confirmed the issuance of perpetual bond interest of RMB1,290 million (including tax) based on the initial annual interest rate of 4.30% (including tax) before the reset date of the first interest rate determined by the perpetual bond terms and conditions.

On 4 June 2023, the Bank announced the issuance of interest on its 2022 non fixed term capital bonds. The Bank has confirmed the issuance of perpetual bond interest of RMB210 million (including tax) based on the initial annual interest rate of 4.20% (including tax) before the reset date of the first interest rate determined by the perpetual bond terms and conditions.

On 2 June 2023, the Bank announced the issuance of interest on 2019 non fixed term capital bonds. The Bank has confirmed the issuance of perpetual bond interest of RMB1,940 million (including tax) based on the initial annual interest rate of 4.85% (including tax) before the reset date of the first interest rate determined by the perpetual bond terms and conditions.

On 10 April 2023, the Bank announced the issuance of interest on its 2021 non fixed term capital bonds. The Bank has confirmed the issuance of perpetual bond interest of RMB1,290 million (including tax) based on the initial annual interest rate of 4.30% (including tax) before the reset date of the first interest rate determined by the perpetual bond terms and conditions.

4.41 Other reserves

	Year ended 31 December	
	2024	2023
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of equity instruments designated as measured at fair value through other comprehensive income	**162**	691
Items that may be reclassified subsequently to profit or loss:		
Financial assets at fair value through other comprehensive income		
Changes in fair value	**8,792**	4,173
Allowance for impairment losses	**519**	(182)
Amount transferred to profit or loss from other comprehensive income (a)	**(2,785)**	(1,423)
Less: Tax effect	**(1,531)**	(715)
Subtotal	**5,157**	2,544
Effective hedging portion of gains or losses arising from cash flow hedging instruments	**6**	(24)
Less: Tax effect	**(1)**	6
Subtotal	**5**	(18)
Exchange difference on translating foreign operations	**89**	206
Total	**5,251**	2,732

(a) It refers to the amount transferred to profit or loss due to disposal.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.41 Other reserves (continued)

Investment revaluation reserve and cash flow hedging reserve attributable to equity holders of the Bank in the consolidated statement of financial position:

	Attributable to equity shareholders of the Bank			
	Investment revaluation reserve	**Cash flow hedging reserve**	**Exchange reserve**	**Total**
1 January 2024	**1,507**	**(17)**	**532**	**2,022**
Movement during the year	**5,095**	**5**	**70**	**5,170**
31 December 2024	**6,602**	**(12)**	**602**	**7,192**
1 January 2023	(1,079)	1	466	(612)
Movement during the year	2,586	(18)	66	2,634
31 December 2023	1,507	(17)	532	2,022

4.42 Notes to the consolidated cash flow statement

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of the following:

	31 December 2024	31 December 2023
Cash (Note 4.12)	**5,260**	7,002
Surplus deposit reserves with central bank (Note 4.12)	**37,561**	90,705
Balances with banks and other financial institutions – demand deposits	**96,370**	109,925
Original maturity within 3 months:		
– Balances with banks and other financial institutions	**1,814**	4,347
– Placements with banks and other financial institutions	**43,985**	25,357
Total	**184,990**	237,336

4.43 Transferred financial assets

The Group enters into transactions in the normal course of business whereby it transfers recognised financial assets to third parties or to structured entities. In some cases these transfers may give rise to full or partial de-recognition of the financial assets concerned. In other cases where the transferred assets do not qualify for de-recognition as the Group retains substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

(1) Securitization transactions

The Group enters into securitization transactions by which it transfers loans to structured entities which issue asset-backed securities to investors. The Group assessed among other factors, whether or not to derecognise the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished control over these assets.

For the year ended 31 December 2024, the Group transferred loans through securitisation transactions with gross balance of RMB9,589 million (for the year ended 31 December 2023: RMB10,524 million). These transactions were all qualified for full de-recognition concluded by the Group.

(2) Transfer of non-performing financial assets

For the year ended 31 December 2024, the Group transferred non-performing financial assets through disposal to third parties, with gross balance of RMB12,268 million (for the year ended 31 December 2023: RMB28,982 million). The Group transferred substantially all the risks and rewards of these non-performing financial assets and therefore has derecognised them.

(3) Securities lending transactions

For debt securities lent to counterparties under securities lending agreements, the counterparties are allowed to sell or re-pledge these securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at 31 December 2024, the carrying amount of debt securities lent to counterparties was RMB43,975 million (31 December 2023: RMB45,483 million).

5 SEGMENT INFORMATION

The Group conducts business activities in key business lines and geographical regions.

Segment assets, liabilities, revenues, and expenditures are measured following the Group's accounting policies and internal management rules. The items of each segment include those which can be directly attributable to the segment or can be assigned to the segment based on reasonable criteria.

As a part of the management of assets and liabilities, the Group's capital resources are allocated to various business segments through the Treasury Department of the Head Office. The Group's internal transfer pricing mechanism uses market interest rates as the benchmark and determines transfer prices concerning the internal capital pool. The impact of internal trading has been offset when preparing the consolidated statements.

Capital expenditures of each segment refer to spending relating to purchasing fixed assets, intangible assets, and other long-term assets during the reporting period.

5.1 Business segments

(a) Corporate banking — Providing banking products and services for corporate customers, government agencies and financial institutions. These products and services include corporate deposits, corporate loans, investment business, interbank business, financial markets business and various corporate intermediary business.

(b) Retail banking — Provide financial products and services to individual customers, mainly including personal deposit and loan services, credit card and debit card services, wealth management, private banking and various retail intermediary businesses.

(c) Others — Group's bond investments and money markets transactions which conducted on-demand for liquidity management, and those other businesses which cannot form a single reportable segment and businesses of subsidiaries.

5 SEGMENT INFORMATION (continued)

5.1 Business segments (continued)

	Year ended 31 December 2024			
	Corporate banking	**Retail banking**	**Others**	**Total**
Operating income	**68,257**	**54,892**	**9,974**	**133,123**
Net interest income	**52,384**	**43,246**	**3,060**	**98,690**
Include: inter-segment net interest income/(expense)	**7,800**	**(8,412)**	**612**	**–**
Net fee and commission income	**5,303**	**11,473**	**1,469**	**18,245**
Net other income	**10,570**	**173**	**5,445**	**16,188**
Operating expenses	**(14,027)**	**(20,793)**	**(18,278)**	**(53,098)**
Credit impairment losses	**(20,921)**	**(22,487)**	**(2,066)**	**(45,474)**
Other impairment losses	**(312)**	**(4)**	**(150)**	**(466)**
Profit before income tax	**32,997**	**11,608**	**(10,520)**	**34,085**
Depreciation and amortisation	**3,432**	**2,757**	**2,521**	**8,710**
Capital expenditure	**2,605**	**2,093**	**11,274**	**15,972**

	As at 31 December 2024			
	Corporate banking	**Retail banking**	**Others**	**Total**
Segment assets	**5,144,314**	**1,745,584**	**866,922**	**7,756,820**
Include: Investments in associates				**–**
Deferred income tax assets				**58,149**
Total assets				**7,814,969**
Segment liabilities	**(4,944,030)**	**(1,291,332)**	**(922,796)**	**(7,158,158)**
Deferred income tax liabilities				**(243)**
Total liabilities				**(7,158,401)**
Credit commitments	**851,564**	**519,340**	**–**	**1,370,904**

5 SEGMENT INFORMATION (continued)

5.1 Business segments (continued)

	Year ended 31 December 2023			
	Corporate banking	Retail banking	Others	Total
Operating income	72,681	57,983	6,727	137,391
Net interest income	56,095	46,455	(119)	102,431
Include: inter-segment net interest income/(expense)	20,591	(13,758)	(6,833)	–
Net fee and commission income	6,076	11,333	1,827	19,236
Net other income	10,510	195	5,019	15,724
Operating expenses	(14,032)	(21,051)	(17,724)	(52,807)
Credit impairment losses	(27,636)	(15,833)	(2,238)	(45,707)
Other impairment losses	(971)	(9)	(539)	(1,519)
Profit before income tax	30,042	21,090	(13,774)	37,358
Depreciation and amortisation	3,080	2,809	2,425	8,314
Capital expenditure	2,550	2,325	9,079	13,954

	As at 31 December 2023			
	Corporate banking	Retail banking	Others	Total
Segment assets	4,879,971	1,757,678	982,724	7,620,373
Include: Investments in associates				–
Deferred income tax assets				54,592
Total assets				7,674,965
Segment liabilities	(4,876,812)	(1,190,776)	(969,362)	(7,036,950)
Deferred income tax liabilities				(214)
Total liabilities				(7,037,164)
Credit commitments	734,613	545,007	–	1,279,620

Since the preparation of this year's financial statements, due to the change of management caliber, has subdivided the small and micro businesses according to the small and micro business to corporate customer group and small and micro personal customer group, adjusted the small and micro business to corporate customer group business of the Bank from retail business segment to corporate business segment, and adjusted the comparative figures.

5 SEGMENT INFORMATION (continued)

5.2 Geographical segments

The Group mainly operates in China mainland, with branches distributing across different provinces, autonomous regions and municipalities directly under the Central Government of the country. The Group also has a number of subsidiaries in China mainland and has one branch and subsidiaries in Hong Kong.

Head Office	Including head office, credit card centre and institutions directly under the head office
Yangtze River Delta	Including branches in Shanghai, Zhejiang Province and Jiangsu Province
Pearl River Delta	Including branches in Guangdong Province and Fujian Province
Bohai Rim	Including branches in Beijing, Tianjin, Shandong Province and Hebei Province
Northeastern Region	Including branches in Liaoning Province, Jilin Province and Heilongjiang Province
Central Region	Including branches in Shanxi Province, Henan Province, Hunan Province, Hubei Province, Anhui Province, Jiangxi Province and Hainan Province
Western Region	Including branches in Chongqing, Sichuan Province, Yunnan Province, Shanxi Province, Gansu Province, Guizhou Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, Guangxi Zhuang Autonomous Region, Inner Mongolia Autonomous Region and Tibet Autonomous Region
Overseas and Subsidiaries	Including Hong Kong Branch, London Branch and subsidiaries

5 SEGMENT INFORMATION (continued)

5.2 Geographical segments (continued)

	Year ended 31 December 2024		As at 31 December 2024
	Operating income	**Profit before income tax**	**Segment assets (1)**
Head Office	**47,933**	**7,676**	**3,416,362**
Yangtze River Delta	**21,404**	**7,054**	**1,254,041**
Pearl River Delta	**14,407**	**4,442**	**819,463**
Bohai Rim	**15,922**	**6,217**	**1,420,814**
Northeastern Region	**2,269**	**266**	**151,842**
Central Region	**10,815**	**2,474**	**573,712**
Western Region	**10,268**	**1,733**	**688,144**
Overseas and subsidiaries	**10,105**	**4,223**	**437,774**
Inter-segment elimination	**–**	**–**	**(1,005,332)**
Total	**133,123**	**34,085**	**7,756,820**

	Year ended 31 December 2023		As at 31 December 2023
	Operating income	Profit before income tax	Segment assets (1)
Head Office	45,538	8,610	3,369,881
Yangtze River Delta	23,333	7,521	1,260,635
Pearl River Delta	15,502	4,607	758,206
Bohai Rim	15,953	3,832	1,490,154
Northeastern Region	1,689	(2,362)	154,292
Central Region	11,650	6,240	563,519
Western Region	14,233	5,703	667,749
Overseas and subsidiaries	9,493	3,207	397,135
Inter-segment elimination	–	–	(1,041,198)
Total	137,391	37,358	7,620,373

(1) Segment assets do not include deferred tax assets.

6 CONTINGENT LIABILITIES AND COMMITMENTS

6.1 Credit commitments

Credit commitments take the form of approved loans with signed contracts, credit card limits, financial guarantees and letters of credit. The Group regularly assesses the contingent losses of its credit commitments and makes allowances where necessary.

The contractual amounts of loans and credit card commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties fail to fully perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

As the credit facilities may expire without being drawn upon, the contract amounts set out in the following table do not represent expected future cash outflows.

	31 December 2024	31 December 2023
Bank acceptances	**518,662**	476,334
Guarantees	**135,217**	130,996
Letters of credit	**141,076**	107,030
Unused credit card commitments	**519,213**	514,685
Irrevocable credit commitments		
– original maturity date within 1 year	**40,454**	33,943
– original maturity date over 1 year	**16,282**	16,632
Total	**1,370,904**	1,279,620

6.2 Capital commitments

	31 December 2024	31 December 2023
Contracted but not paid for	**14,852**	13,339

6 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

6.3 Collateral

(1) Assets pledged

The book value of assets used as collateral for business such as borrowings from banks and other financial institutions, selling for repurchase, borrowings from central bank, derivative transactions and precious metal transactions are as follows:

	31 December 2024	31 December 2023
Balances with banks and other financial institutions	**11,072**	5,224
Loans and advances to customers	**130,692**	206,223
Discounted bills	**72,907**	58,685
Financial investments	**373,625**	339,352
Long-term receivables	**12,718**	10,998
Property and equipment	**9,627**	8,701
Total	**610,641**	629,183

As at 31 December 2024, except for assets pledged mentioned above, the amount of RMB1,342 million of the Group's Balances with banks and other financial institutions was mainly used as special funds for a subsidiary's business (31 December 2023: RMB1,384 million).

(2) Collateral received

The Group received debt securities, bills and others as collateral in connection with the purchase of assets under resale agreements and securities lending transactions. As at 31 December 2024, the Group had no collateral that was sold or lent to counterparties, but obligated to return (31 December 2023: Nil).

6.4 Underwriting of securities

As at 31 December 2024, there was no unexpired underwriting commitment for the Group (31 December 2023: Nil).

6.5 Redemption commitments

As an underwriting agent of PRC government bonds, the Bank has the obligation to buy back those bonds sold should the holders decide to redeem the bonds early. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. The amount of redemption obligation, which represents the nominal value of government bonds underwritten and sold by the Bank, but not yet matured as at 31 December 2024 was RMB3,503 million (31 December 2023: RMB2,524 million). The original maturities of the bonds vary from one to five years.

6.6 Outstanding litigation

A number of outstanding litigation matters against the Group had arisen in the normal course of its business as at 31 December 2024 and 31 December 2023. The Group makes provisions for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels (Note 4.31).

7 INTERESTS IN STRUCTURED ENTITIES

7.1 Consolidated structured entities

As at 31 December 2024, the consolidated structured entities amounted to RMB85,628 million (31 December 2023: RMB80,977 million).

7.2 Unconsolidated structured entities

(1) Invested structured entities in which the Group holds an interest

Unconsolidated invested structured entities include asset-backed securities, funds, trust and asset management plans and others. The Group holds interests in these structured entities and has no obligation or intention to provide financial support to these structured entities, and the Group records interest income, net trading gain and net gain from investment securities therefrom.

The following tables set out an analysis of the line items in the consolidated statement of financial position in which assets are recognised relating to the Group's interests in invested structured entities:

	31 December 2024			
	Financial assets at fair value through profit and loss	**Financial assets measured at amortised cost**	**Financial assets at fair value through other comprehensive income**	**Total**
Asset-backed securities	**1,713**	**104,169**	**20,523**	**126,405**
Funds	**159,584**	**–**	**–**	**159,584**
Trust and asset management plans	**18,254**	**27,173**	**–**	**45,427**
Others	**3,607**	**–**	**–**	**3,607**
Total	**183,158**	**131,342**	**20,523**	**335,023**

	31 December 2023			
	Financial assets at fair value through profit and loss	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Total
Asset-backed securities	1,756	158,140	21,860	181,756
Funds	131,557	–	–	131,557
Trust and asset management plans	17,185	30,482	–	47,667
Others	5,278	–	–	5,278
Total	155,776	188,622	21,860	366,258

The maximum exposures to loss in the above asset-backed securities, funds, trust and asset management plans and others are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items of these assets recognised in the consolidated statement of financial positions.

7 INTERESTS IN STRUCTURED ENTITIES (continued)

7.2 Unconsolidated structured entities (continued)

(2) Interests held in structured entities sponsored and managed but not consolidated by the Group

Structured entities sponsored and managed but not consolidated by the Group primarily include wealth management products, funds and asset management plans. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. Interests held by the Group are mainly fees charged by providing management services. The Group has no obligation or intention to provide financial support to these structured entities.

As at 31 December 2024, the balance of wealth management products sponsored and managed but not consolidated by the Group is RMB1,015,666 million (31 December 2023: RMB867,693 million), and the balance of funds and asset management plans sponsored and managed but not consolidated by the Group is RMB124,668 million (31 December 2023: RMB107,869 million).

For the year ended 31 December 2024, the amount of fee and commission income received from the above-mentioned structured entities by the Group is RMB2,516 million (for the year ended 31 December 2023: RMB3,141 million). As at 31 December 2024 and 31 December 2023, the carrying amounts of commission receivable being recognised are not material in the consolidated statement of financial positions.

8 ENTRUSTED LENDING BUSINESS

As at the end of the reporting period, the entrusted loans and entrusted funds were as follows:

	31 December 2024	31 December 2023
Entrusted loans	**273,637**	275,968
Entrusted funds	**273,637**	275,968

9 RELATED PARTIES

9.1 Related parties

(1) Related parties of the Group refer to entities controlled, or jointly controlled by or under significant influence of the Group; entities that control, jointly control or have significant influence over the Group; or entities with which the Group is under control, joint control or significant influence of another party. Related parties can be a natural person, corporate or unincorporated organization.

Related parties of the Group mainly include corporates or unincorporated organizations that hold or control more than 5% of the Bank's equity interests, and corporates or unincorporated organizations that hold less than 5% of the Bank's equity interests but have significant influence on the Bank, and the controlling shareholders, actual controllers, persons acting in concert, and ultimate beneficiaries of these entities as well as corporates or unincorporated organizations under the control of these entities; the directors and supervisors of the Bank, senior executives of the head office and key branches of the Bank, personnel with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers (hereinafter referred to as "insiders of the Bank"), their close family members, and the corporates or unincorporated organizations controlled by the aforementioned persons; the directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries; corporates or unincorporated organizations under control or significant influence of the Bank; and natural persons, corporates or unincorporated organizations identified by the Bank as being related on a substance over form basis and/or see-through basis.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(2) The Bank's major shareholders

Company name	Registered location	31 December 2024 No. of Shares of the Bank held by the Company	31 December 2024 Proportion of shares of the Bank held by the Company (%)	31 December 2023 No. of Shares of the Bank held by the Company	31 December 2023 Proportion of shares of the Bank held by the Company (%)	Business	Legal form	Legal representative
		(share)		(share)		(a)		
Dajia Life Insurance Inc.	Beijing	7,810,214,889	17.84	7,810,214,889	17.84	Insurance business	Joint stock limited company	He Xiaofeng
New Hope Liuhe Investment Co., Ltd.	Tibet	1,828,327,362	4.18	1,828,327,362	4.18	Commercial service	Limited company	Wang Pusong
Southern Hoper Industry Co., Ltd.	Tibet	405,177,327	0.93	343,177,327	0.78	Retailing	Limited company	Li Jianxiong
New Hope Chemical Investment Co. Ltd.	Sichuan	68,000,000	0.16	N/A	N/A	Research and Experimental Development	Limited company	Shao Jun
Shanghai Giant Lifetech Co., Ltd.	Shanghai	1,379,679,587	3.15	1,379,679,587	3.15	Retailing	Limited company	Wei Wei
Alpha Frontier Limited	Cayman Islands	713,501,653	1.63	713,501,653	1.63	Investment holding	Limited company	Zhang lv
Liberal Rise Limited	British Virgin Islands	84,522,480	0.19	84,522,480	0.19	Investment holding	Limited company	Shi Yuzhu
Tongfang Guoxin Investment Co., Ltd.	Chongqing	1,888,530,701	4.31	1,888,530,701	4.31	Commercial service	Limited company	Liu Qinqin
Chongqing International Trust Inc.	Chongqing	103,658,821	0.24	103,658,821	0.24	Other financial industry	Joint stock limited company	Weng Zhenjie
China Shipowners Mutual Assurance Association	Shanghai	1,324,284,453	3.02	1,324,284,453	3.02	Marine mutual insurance and services	National social group	Song Chunfeng
Orient Group Incorporation	Heilongjiang	1,280,117,123	2.92	1,280,117,123	2.92	Agricultural and sideline food processing industry	Joint stock limited company	Sun Mingtao
Oriental Group Co., Ltd.	Beijing	15,344,100	0.04	35,000,000	0.08	Commercial service	Limited company	Zhang Xianfeng
Good First Group Co., Ltd	Xiamen	133,200,000	0.30	133,200,000	0.30	Wholesaling	Limited company	Wu Di
Tibet Hengxun Corporate Management Co., Ltd.	Tibet	80,500,000	0.18	80,500,000	0.18	Commercial service	Limited company	Chen Jianju
Tibet Fuju Enterprise Management Co., Ltd.	Tibet	52,900,000	0.12	52,900,000	0.12	Commercial service	Limited company	Chen Jianju

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(2) The Bank's major shareholders (continued)

(a) Particulars of principal operations:

Dajia Life Insurance Inc.: life insurance, health insurance, accident insurance and other types of life insurance business; reinsurance for the aforementioned business operations; business operations involving the use of insurance funds as permitted by relevant laws and regulations of the state; other business activities as approved by the former CBIRC.

New Hope Liuhe Investment Co., Ltd.: venture capital; investment management; financial advisory; wealth management consulting; corporate restructuring consulting; market survey; credit investigation; technology development and transfer; technical consulting services, etc.

Southern Hoper Industry Co., Ltd.: feed research and development; wholesale and retail: electronic products, hardware fittings and parts and electrical wares and products, household commodities, knitwear and textiles, stationery and office supplies (excluding color photocopiers), building materials (excluding hazardous chemicals and wood), agricultural product, by products and distinctive local goods and produce (excluding those specified by the state), chemical products (excluding hazardous chemicals), and machinery and equipment; investment and consulting services (excluding intermediary services).

New Hope Chemical Investment Co. Ltd.: research, development, and sales of chemical products (excluding hazardous substances); project investment with provision of technical consulting and after-sales services (excluding financial, securities, and futures-related activities) (prohibited from engaging in illegal fundraising or absorbing public funds); distribution of PVC, fertilizers, packaging materials, agricultural by-products, mineral products, chemical raw materials (non-hazardous), feed-grade calcium hydrogen phosphate, mechanical equipment, steel products, construction materials, metal materials (excluding precious and rare metals), environmental protection materials and equipment, rubber products, plastic products, mechanical & electrical products, auxiliary construction materials (excluding paints), hardware and electrical appliances, light textiles, textile raw materials, household appliances, paper and paper products, prepackaged food; import and export of goods; technology import and export operations.

Shanghai Giant Lifetech Co., Ltd.: food production and sales (through branch networks); sales of cosmetics, cleaning supplies, health care equipment, kitchenware; R&D, technological consultation, technological services and technology transfer in relation to health care food; wholesale non-physical means of pre-packaged food (excluding pre-cooked food and sauced food, frozen and refrigerated food); investment management; asset management; investment consulting; business information consulting; and business management consulting.

Alpha Frontier Limited: investment holdings.

Liberal Rise Limited: investment holdings.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(2) The Bank's major shareholders (continued)

(a) Particulars of principal operations: (continued)

Tongfang Guoxin Investment Co., Ltd.: engage in investment activities with its own funds (forbidden financial operations include: absorption of public deposits or disguised absorption of public deposits, loans and securities offering, and futures, etc.); investment-related advisory services in relation to market information and investment policies to its affiliates; transportation facilities maintenance; engineering management services; standardized services; planning and design management; corporate headquarters management; business management; commercial complex management services; external contracting projects; real estate property management.

Chongqing International Trust Co., Ltd.: fund trusts, movable property trusts, real estate trusts, securities trusts, other property or property rights trusts; investment fund business as the sponsor of investment funds or fund management companies; asset restructuring, mergers and acquisitions and project financing, corporate wealth management, financial consulting, etc.; entrusted securities underwriting as approved by relevant departments of the State Council; intermediary, consulting, credit investigation services; safekeeping and safe deposit box services; placement with banks and other financial institutions, lending to banks and other financial institutions, loans, leases and investments with proprietary assets; guarantees with proprietary assets; placement with and lending to banks and other financial institutions; other business operations permissible under relevant laws and regulations or as approved by the former China Banking and Insurance Regulatory Commission (all above in both Renminbi and foreign currencies).

China Shipowners Mutual Assurance Association: marine mutual insurance; business training; maritime exchanges; international cooperation; and consulting services.

Orient Group Incorporation: permitted item: food production (branch operation); grain processed food production (branch operation); bean products manufacturing (branch operation); crop seed management (branch operation); job intermediary activities. general items: grain purchase; import and export of goods; technology import and export; foreign contracted projects; estate management; sales of light building materials; sales of building materials; sales of construction machinery; furniture sales; wholesale of hardware products; sanitary ware sales; sales of metal materials; research and development of new material technology; grain sales; grain planting (branch operation); enterprise headquarters management; primary processing of edible agricultural products (branch operation).

Oriental Group Co., Ltd.: engage in investment activities with its own funds; information system integration services; domestic trade agency; import and export agency; technology import and export; realty management; coal sales; wholesale of hardware products.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(2) The Bank's major shareholders (continued)

(a) Particulars of principal operations: (continued)

Good First Group Co., Ltd.: high-tech product R&D and sales, industrial investments; investments in education, agriculture, industry, entertainment and health care industry; sales of photography and new building materials; wholesale and retail: chemicals (excluding hazardous chemicals and restricted chemicals), knitwear and textiles, hardware fittings and parts and electric wares and products, household commodities, metal materials, construction materials, automobiles (excluding passenger cars) and parts, general machinery, electronic products and communications equipment, and mineral products as approved by the state.

Tibet Hengxun Corporate Management Co., Ltd.: corporate image, promoting and branding services; exhibition and demonstration services; market survey (excluding those involving national secrets and personal privacy); retail of building materials and auxiliary building materials; sales of feed and raw materials, fertilizers, rubber products, raw chemical materials (excluding hazardous chemicals and chemicals that can be easily used to produce addictive drugs), and metal materials.

Tibet Fuju Enterprise Management Co., Ltd. (Formerly known as Tibet Fu Ju Investment Co., Ltd.): management; business management consulting; corporate image planning; marketing planning; conference and exhibition services; Market research (excluding foreign-related research).

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(2) The Bank's major shareholders (continued)

(a) Particulars of principal operations: (continued)

The information of registered capital of the related parties as at the end of the reporting period is as below:

Company name	31 December 2024	31 December 2023
Dajia Life Insurance Inc.	**RMB30,790 million**	RMB30,790 million
New Hope Liuhe Investment Co., Ltd.	**RMB577 million**	RMB577 million
Southern Hoper Industry Co., Ltd.	**RMB1,034 million**	RMB1,034 million
New Hope Chemical Investment Co. Ltd.	**RMB2,718 million**	N/A
Shanghai Giant Lifetech Co., Ltd.	**RMB245 million**	RMB245 million
Alpha Frontier Limited	**USD 17.5 thousand**	USD 17.5 thousand
Liberal Rise Limited	**USD 0.05 million**	USD 0.05 million
Tongfang Guoxin Investment Co., Ltd.	**RMB2,574 million**	RMB2,574 million
Chongqing International Trust Inc.	**RMB15,000 million**	RMB15,000 million
China Shipowners Mutual Assurance Association	**RMB0.10 million**	RMB0.10 million
Orient Group Incorporation	**RMB3,659 million**	RMB3,659 million
Oriental Group Co., Ltd.	**RMB1,000 million**	RMB1,000 million
Good First Group Co., Ltd.	**RMB133 million**	RMB133 million
Tibet Hengxun Corporate Management Co., Ltd.	**RMB10 million**	RMB10 million
Tibet Fuju Enterprise Management Co., Ltd.	**RMB300 million**	RMB300 million

(3) The detailed information of the Bank's subsidiaries is set out in Note 4.23.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(4) Relationship with related parties

Company name	Relationship with the Bank
Oceanwide Holding Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
China Oceanwide Holdings Group Co., Ltd.	Formerly served as a principal shareholder of the Bank
Wuhan Centre Building Development Investment Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Shanghai Zhunji Business Consulting Partnership (LP)	Related party of Shanghai Giant Lifetech Co., Ltd.
Guizhou Guoyuan Mining Development Co., Ltd.	Related party of the Bank holding equity interests arising from the bankruptcy reorganization of the borrower
Shanghai Cibi Business Information Consulting Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Wuhan CBD Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Shanghai Jukun Network Technology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Chongqing Yufu Expressway Co., Ltd.	Related party of Tongfang Guoxin Investment Co., Ltd.
Beijing Dacheng Hotel Co., Ltd.	Related party of Orient Group Incorporation
Tianjin Haihui Real Estate Development Co., Ltd.	Related party of Goodfirst Group Co., Ltd.
Tianjin Shengshi Xinhe Real Estate Co., Ltd.	Related party of Dajia Life Insurance Co., Ltd.
Xiamen Rongyin Co., Ltd.	Related party of Goodfirst Group Co., Ltd.
Shanghai Yuye Industrial Development Co., Ltd.	Related party of Tongfang Guoxin Investment Co., Ltd.
Shanghai Songjiang Wanda Plaza Investment Co., Ltd.	Related party of Dajia Life Insurance Co., Ltd.
Chongqing Gengyu Real Estate Development Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Beijing Xingtai Tonggang Real Estate Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Sichuan Dazhou Steel Group Co., Ltd.	Related party of the Bank holding equity interests arising from the bankruptcy reorganization of the borrower
Kunming Dashanghui Industrial Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(4) Relationship with related parties (continued)

Company name	Relationship with the Bank
Yunnan Textile Corporation	Related party of Tongfang Guoxin Investment Co., Ltd.
Guangxi Xindi Investment Co., Ltd.	Related party of Goodfirst Group Co., Ltd.
New Hope Investment Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Xiamen Hongfu Co., Ltd.	Related party of Goodfirst Group Co., Ltd.
Tianjin Yuanchuan Investment Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Tianjin Boda Warehousing Service Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
New Hope Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Shanghai Gold Partner Biotechnology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Grass Green Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Sichuan Hope Huaxi Construction Engineering General Contracting Co., Ltd.	Related party of CONTINENTAL HOPE GROUP CORP., LTD.
Chongqing Yujinyue Real Estate Development Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Dalian Jianhua Sludge Treatment Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Sichuan Hope Shenlan Energy Chemical Co., Ltd.	Related party of CONTINENTAL HOPE GROUP CORP., LTD.
Tianjin Yuanxi Real Estate Development Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Shanghai Jianjiu Biotechnology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Hope Deepblue Air Conditioning Manufacture Corp., Ltd.	Related party of CONTINENTAL HOPE GROUP CORP., LTD.
Hope Senlan Science and Technology Holding Corp., Ltd.	Related party of CONTINENTAL HOPE GROUP CORP., LTD.
Hangzhou Xingyuan Environmental Protection Equipment Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Shenzhen Sanjiang Intelligent Control Technology Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Shanghai Xunjiu Technology Co., Ltd.	Related party of the Bank's insiders
Beijing ENRELY Technology Co., Ltd.	Related party of the Bank's insiders

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(4) Relationship with related parties (continued)

Company name	Relationship with the Bank
Wuxi Yuanmai Information Technology Co., Ltd	Related party of the Bank's insiders
Jiangsu Zhijun Power Equipment Co., Ltd.	Related party of the Bank's insiders
Quanzhou Fengze District best art auto parts shop	Related party of the Bank's insiders
Shenyang New Hope Jinyu Real Estate Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Grass Green Joint Venture Capital (Beijing) Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
UNITED ENERGY GROUP (HONG KONG) LIMITED	Related party of Orient Group Incorporation
SINO-OCEAN GROUP HOLDING LIMITED	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Sichuan Hope Deepblue Energy & Chemical Industry Corp., Ltd.	Related party of CONTINENTAL HOPE GROUP CORP., LTD.
Sanya Minsheng Tourism Co., Ltd.	Related party of Minsheng E-commerce Holdings (Shenzhen) Co., Ltd.
Minsheng Real Estate Co., Ltd.	Related party of Minsheng Real Estate Co., Ltd.
Minsheng E-commerce Holdings (Shenzhen) Co., Ltd.	A company with joint capital contribution of the substantial shareholders of the Bank and the asset management plan of a second-tier subsidiary of the Bank
Minsheng Yingcai (Beijing) Management Consulting Co., Ltd.	Related party of Minsheng Real Estate Co., Ltd.
Minsheng Technology Co., Ltd.	Related party of Minsheng Real Estate Co., Ltd.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(5) Related natural persons

The related natural persons of the Group include: the directors and supervisors of the Bank, senior executives of the head office and key branches of the Bank, personnel with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers, and their close family members; the directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries; and natural persons identified by the Bank as being related on a substance over form basis and/or look-through basis. As at 31 December 2024, the Bank has 13,024 related natural persons, including 216 who were directors of the Bank and their close family members, 81 who were supervisors of the Bank and their close family members, 168 who were senior executives of the head office and their close family members, 12,376 who were senior executives of key branches of the Bank or people with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers, and their close family members, 180 who were directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries, and 104 other natural persons.

Note: Among the Bank's directors and their close family members, 93 were also senior executives of the head office or close family members, and 8 were also directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate.

9 RELATED PARTIES (continued)

9.2 Related party transactions

(1) Material related party transactions

Material related party transactions refer to transactions where an individual transaction between the Group and a single related party amounts to more than 1% of the Group's net capital at the end of the previous quarter, or where the cumulative total of transactions between the Group and a single related party amounts to more than 5% of the Group's net capital at the end of the previous quarter.

For the year ended 31 December 2023, the Bank granted to Dajia Life Insurance Inc. a comprehensive credit limit of RMB26 billion with a term of 2 years. As at 31 December 2024, the loan balance was RMB18.20 billion.

(2) Pricing policy

Transactions between the Group and its related parties are mainly conducted in the normal course of its business and on normal commercial terms, following the pricing policies that are consistent with those applicable to similar transactions with independent non-related parties.

(3) Loans to related parties

Balances outstanding as at the end of the reporting period:

	Types of collateral	**31 December 2024**	31 December 2023
Dajia Life Insurance Inc.	Pledged/Guaranteed	**18,201**	26,000
Oceanwide Holding Co., Ltd.	Pledged/Collateralised/ Guaranteed	**6,800**	6,800
China Oceanwide Holdings Group Co., Ltd.	Pledged/Guaranteed	**4,666**	4,666
Wuhan Centre Building Development Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	**3,972**	3,972
Shanghai Zhunji Business Consulting Partnership (LP)	Pledged/Collateralised/ Guaranteed	**3,757**	4,329
Orient Group Incorporation	Pledged/Collateralised/ Guaranteed	**3,467**	3,478
Guizhou Guoyuan Mining Development Co., Ltd.	Pledged/Collateralised/ Guaranteed	**3,335**	3,335
Shanghai Cibi Business Information Consulting Co., Ltd.	Pledged/Guaranteed	**3,308**	6,611
Wuhan CBD Co., Ltd.	Collateralised/Guaranteed	**3,046**	3,046
Shanghai Jukun Network Technology Co., Ltd.	Pledged/Guaranteed	**3,040**	–
Oriental Group Co., Ltd.	Pledged/Guaranteed	**2,542**	2,252
Chongqing Yufu Expressway Co., Ltd.	Pledged/Guaranteed	**1,762**	1,987
Beijing Dacheng Hotel Co., Ltd.	Pledged/Collateralised/ Guaranteed	**1,685**	1,698

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(3) Loans to related parties (continued)

	Types of collateral	31 December 2024	31 December 2023
Tongfang Guoxin Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	**1,260**	1,443
Tianjin Haihui Real Estate Development Co., Ltd.	Pledged/Collateralised/ Guaranteed	**978**	985
Tianjin Shengshi Xinhe Real Estate Co., Ltd.	Pledged/Collateralised	**900**	–
Xiamen Rongyin Co., Ltd.	Pledged/Collateralised/ Guaranteed	**890**	900
Shanghai Yuye Industrial Development Co., Ltd.	Pledged/Guaranteed	**850**	900
Shanghai Songjiang Wanda Plaza Investment Co., Ltd.	Collateralised/Guaranteed	**807**	867
Chongqing Gengyu Real Estate Development Co., Ltd.	Collateralised/Guaranteed	**803**	937
Beijing Xingtai Tonggang Real Estate Co., Ltd.	Collateralised	**778**	698
Sichuan Dazhou Steel Group Co., Ltd.	Pledged/Collateralised/ Guaranteed	**725**	725
Kunming Dashanghui Industrial Co., Ltd.	Pledged/Collateralised/ Guaranteed	**689**	580
Yunnan Textile Corporation	Pledged/Collateralised/ Guaranteed	**603**	640
Guangxi Xindi Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	**549**	569
New Hope Investment Group Co., Ltd.	Pledged/Guaranteed	**450**	–
Xiamen Hongfu Co., Ltd.	Pledged/Guaranteed	**390**	400
Tianjin Yuanchuan Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	**314**	317

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(3) Loans to related parties (continued)

	Types of collateral	31 December 2024	31 December 2023
Tianjin Boda Warehousing Service Co., Ltd.	Pledged/Collateralised/ Guaranteed	**275**	276
New Hope Group Co., Ltd.	Guaranteed	**240**	300
Shanghai Gold Partner Biotechnology Co., Ltd.	Guaranteed	**145**	150
Grass Green Group Co., Ltd.	Pledged/Guaranteed	**124**	149
Sichuan Hope Huaxi Construction Engineering General Contracting Co., Ltd.	Guaranteed	**80**	80
Chongqing Yujinyue Real Estate Development Co., Ltd.	Pledged/Collateralised/ Guaranteed	**70**	70
Dalian Jianhua Sludge Treatment Co., Ltd.	Collateralised	**67**	70
Sichuan Hope Shenlan Energy Chemical Co., Ltd.	Guaranteed	**60**	–
Tianjin Yuanxi Real Estate Development Co., Ltd.	Pledged/Collateralised	**52**	229
Shanghai Jianjiu Biotechnology Co., Ltd.	Guaranteed	**40**	130
Hope Deepblue Air Conditioning Manufacture Corp., Ltd.	Pledged/Guaranteed	**31**	30
Hope Senlan Science and Technology Holding Corp., Ltd.	Guaranteed	**30**	30
Hangzhou Xingyuan Environmental Protection Equipment Co., Ltd.	Guaranteed	**30**	50
Shenzhen Sanjiang Intelligent Control Technology Co., Ltd.	Collateralised	**15**	15
Shanghai Xunjiu Technology Co., Ltd.	Collateralised	**5**	14
Beijing ENRELY Technology Co., Ltd.	Guaranteed	**3**	4
Wuxi Yuanmai Information Technology Co., Ltd	Pledged	**3**	–
Jiangsu Zhijun Power Equipment Co., Ltd.	Collateralised	**2**	3
Quanzhou Fengze District best art auto parts shop	Collateralised	**1**	2
Shenyang New Hope Jinyu Real Estate Co., Ltd.	Pledged/Collateralised/ Guaranteed	**–**	500
Grass Green Joint Venture Capital (Beijing) Co., Ltd.	Pledged/Guaranteed	**–**	146

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(3) Loans to related parties (continued)

	Types of collateral	31 December 2024	31 December 2023
UNITED ENERGY GROUP (HONG KONG) LIMITED	Pledged/Guaranteed	**–**	2,171
Tianjin Languang Hejun Small Station Culture and Tourism Entertainment Development Co., Ltd. (a)	Pledged/Collateralised/ Guaranteed	**N/A**	1,169
QUAM PLUS INTERNATIONAL FINANCIAL LIMITED (a)	Pledged/Guaranteed	**N/A**	227
SINO-OCEAN GROUP HOLDING LIMITED	Guaranteed	**–**	198
Sichuan Hope Hydropower Development Co., Ltd.	Pledged/Guaranteed	**–**	60
Individuals	Pledged/Collateralised/ Guaranteed	**1,216**	1,401
Total		**73,056**	85,609
Ratio to similar transactions (%)		**1.66**	1.98
Interest rate ranges of corporate related parties		**2.30% – 8.95%**	1.65% – 8.95%

(a) As at 31 December 2024, these companies were no longer related parties of the Group.

Amount of transactions:

	Year ended 31 December	
	2024	2023
Interest income from loans	**2,889**	4,874
Ratio to similar transactions (%)	**1.66**	2.61

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(4) Other transactions with related parties

Balances as at the end of the reporting period:

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions (%)**	Balance	Ratio to similar transactions (%)
Financial investments				
– Financial assets measured at amortised cost	**3,541**	**0.24**	3,212	0.21
– Financial assets at fair value through profit or loss	**923**	**0.24**	867	0.27
– Financial assets at fair value through other comprehensive income	**303**	**0.06**	646	0.15
Long-term receivables	**37**	**0.03**	109	0.09
Intangible assets	**36**	**0.45**	–	–
Other assets (a)	**66**	**0.14**	850	1.77
Balances with banks and other financial institutions (b)	**–**	**–**	6	0.00
Deposits and placements from banks and other financial institutions	**605**	**0.06**	1,133	0.10
Deposits from customers	**27,954**	**0.65**	34,825	0.80
Other liabilities	**22**	**0.03**	22	0.06

(a) Sanya Minsheng Tourism Co., Ltd. provides project management and business promotion assistant services for Minsheng Financial Leasing regarding its retail vehicle financial leasing business. Other assets mainly include the prepayment from Minsheng Financial Leasing to Sanya Minsheng Tourism Co., Ltd. for the above mentioned service fees to be amortised.

(b) Balances with banks and other financial institutions as of 31 December 2023 constituted less than 0.01% of total comparable transactions after rounding.

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(4) Other transactions with related parties (continued)

Interest rate ranges for transaction balances as at the end of reporting period

	31 December 2024	31 December 2023
Financial investments		
– Financial assets measured at amortised cost	**4.90% – 5.50%**	3.80% – 5.50%
– Financial assets at fair value through other comprehensive income	**2.70% – 5.50%**	2.70% – 5.50%
Long-term receivables	**8.90%**	9.31%
Balances with banks and other financial institutions	**N/A**	0.32% – 0.35%
Deposits and placements from banks and other financial institutions	**0.10% – 2.78%**	0.20% – 2.35%
Deposits from customers	**0.00% – 5.31%**	0.00% – 5.35%

Amount of transactions:

	Year ended 31 December			
	2024		2023	
	Balance	**Ratio to similar transactions (%)**	Balance	Ratio to similar transactions (%)
Interest income	**160**	**0.06**	195	0.07
Interest expense	**527**	**0.35**	997	0.61
Fee and commission income (a)	**164**	**0.74**	389	1.53
Operating expenses (b)	**1,640**	**3.09**	1,793	3.40
Net other operating income (c)	**603**	**23.06**	592	24.19

For the year ended 31 December 2024, the Bank entrusted related parties to develop software and systems, and paid a total of RMB943 million (for the year ended 31 December 2023: RMB1,484 million). The main service provider was Minsheng Fintech Co., Ltd.

(a) For the years ended 31 December 2024 and 2023, it mainly represents the Group's income from agency sales of insurance products for Dajia Life Insurance Inc.

(b) Operating expenses of the Group were mainly for property management service and assets recovery service provided by Minsheng Real Estate Co., Ltd. and its related parties, financial business outsourcing service, travel and publicity campaigns provided by Minsheng E-Commerce Holdings (Shenzhen) Co., Ltd. and its related parties, business process outsourcing service provided by Minsheng Yingcai (Beijing) Management Consulting Co., Ltd.

(c) For the year ended 31 December 2024, Minsheng Financial Leasing recognised RMB529 million fees for ancillary service in asset management provided by Sanya Minsheng Tourism Co. Ltd. (for the year ended 31 December 2023: RMB549 million).

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(4) Other transactions with related parties (continued)

Balance of off-balance sheet items:

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions (%)**	Balance	Ratio to similar transactions (%)
Bank acceptances	**–**	**–**	89	0.02
Guarantees (a)	**0**	**0.00**	–	–
Letters of credit	**–**	**–**	290	0.27
Unused credit card commitments	**540**	**0.10**	596	0.12

(a) The balances are rounded to less than RMB1 million.

Balances of loans guaranteed by related parties:

	31 December 2024	31 December 2023
Loans guaranteed by related parties	**34,727**	42,677
Ratio to similar transactions (%)	**0.79**	0.99

(5) Transactions with the annuity scheme

Apart from the obligation for defined contributions to the annuity scheme and normal banking transactions, no other significant transactions were conducted between the Group and the annuity scheme for the years ended 31 December 2024 and 2023.

(6) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the Bank's activities, directly or indirectly, including directors, supervisors and senior management.

The Bank enters into transactions with key management personnel under normal commercial terms. These include loans and deposits, which are carried out at rates similar to those offered to third parties. Outstanding loans to the key management personnel amounted to RMB0.76 million as at 31 December 2024 (31 December 2023: RMB2.26 million), which have been included in the above loans granted to related parties.

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(6) Transactions with key management personnel (continued)

Accrued salaries and other short-term benefits for the key management personnel before tax amounted to RMB68 million for the year ended 31 December 2024 (2023: RMB104 million). Of which, pre-tax compensations for the Executive Directors, Chairman of the Supervisory Board, Vice Chairman of the Supervisory Board and executive officers included RMB27 million, to be paid in later years, accrued at no less than 50% of the performance-based compensations (2023: RMB42 million) in accordance with relevant regulations. The exact amounts of these deferred payments shall be determined at the end of their respective tenure based on their performance. In the case of violations of laws and regulations, non-compliances with rules and requirements, and other actions as a senior officer of the Bank that have exposed the Bank to undue risks, the Bank will, depending on the circumstances, deduct the performance-based remuneration of the person for the corresponding period or up to all the performance-based remuneration for his/her entire term of office, in accordance with the Guidelines for Performance-Based Remuneration Recoupment Mechanisms of Banking and Insurance Institutions (Yin Bao Jian Ban Fa [2021] No. 17) issued by the former CBIRC as well as relevant rules of the Bank. The Bank subscribed RMB6 million for supplementary pension insurance for the key management personnel in 2024 (2023: RMB8 million). The related salaries and benefits of 2022 were restated in accordance with the Supplement to 2022 Annual Report of China Minsheng Banking Crop., Ltd.

The total 2024 pre-tax compensation for the Bank's executive directors, Chairman of the Board of Supervisors, Vice-Chairman of the Board of Supervisors and senior management is subject to approval by the Board of Directors. Upon approval, the Bank will make separate disclosure. The unaccrued compensation is not expected to have a material impact on the financial statements of the Group and the Bank for the year ended 31 December 2024.

(7) Transactions between the Bank and its subsidiaries

Balances as at the end of the reporting period:

	31 December 2024	31 December 2023
Placements with banks and other financial institutions	**25,622**	28,829
Loans and advances to customers	**2,080**	1,385
Financial investment	**2,037**	1,427
Balances with banks and other financial institutions	**–**	220
Other assets	**76**	103
Deposits and placements from banks and other financial institutions	**11,081**	24,598
Deposits from customers	**406**	614
Debt securities issued	**–**	257
Other liabilities	**–**	51

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(7) Transactions between the Bank and its subsidiaries (continued)

Amount of transactions for the reporting period:

	Year ended 31 December	
	2024	2023
Interest income	**1,263**	1,349
Interest expense	**219**	262
Fee and commission income	**561**	890
Fee and commission expense	**3**	147
Operating expenses	**–**	4
Net other operating income	**1**	1

(8) Material transactions between the Bank and its subsidiaries:

(a) For the year ended 31 December 2024, Minsheng Financial Leasing did not transfer its financial leasing assets to the Bank through non-recourse factoring (For the year ended 31 December 2023, Minsheng Financial Leasing transferred its financial leasing assets with a carrying amount of RMB10,381 million to the Bank through non-recourse factoring).

(b) For the year ended 31 December 2023, the Bank granted CMBC Wealth Management Co., Ltd. a maximum credit limit of RMB68,000 million with a term of 2 years. As at 31 December 2024, the credit line remained unused.

(9) Transactions between subsidiaries:

For the year ended 31 December 2024, the transactions between the subsidiaries of the Group are mainly inter-bank deposits or lending. As at 31 December 2024, the balance of the above transactions was RMB65 million (31 December 2023: RMB153 million).

The balances and transaction amount with the subsidiaries and between the subsidiaries have been offset in these consolidated financial statements.

10 FINANCIAL RISK MANAGEMENT

10.1 Financial risk management overview

The financial risks the Group is exposed to mainly include credit risk, market risk, liquidity risk and operational risk etc. Risk management includes identification, measurement, assessment, monitoring, reporting, control and mitigation of risks. The core characteristic of the financial business is taking risks; risks are inevitable in business. The Group's aim is to achieve an appropriate balance between risk and return and to minimise potential adverse effects from risks borne by the Group on its financial performance.

10 FINANCIAL RISK MANAGEMENT (continued)

10.1 Financial risk management overview (continued)

In response to new regulatory requirements and market changes as well as in light of the actual needs and current position, the Group sets its risk preferences, risk management strategies and risk policies, and takes a host of measures to ensure the risk preferences and policies are concretely implemented and complied with and strengthen the role of risk management in support of strategic decision-making, including improving its risk quantification tools and information systems, adopting and continuously improving its end-to-end risk control mechanisms and based on oversight and reviews of actual implementations, re-examining and optimising the risk preference funneling mechanisms, credit policies, limit management, and relevant systems and tools.

The Bank's Risk Management Committee, which operates under the Board of Directors, assists the Board in setting the Bank's risk preferences and risk management strategies, monitoring the Bank's risk management policies and their implementation, and assessing their effectiveness. In accordance with the risk preferences and management strategies, the Bank's senior management develops corresponding risk management policies and procedures and drives their implementation.

10.2 Credit risk

The Group is exposed to credit risk, which is the risk that a borrower or counterparty defaults as it fails to fully repay debts in a timely manner due to various reasons. Credit risk is the most important risk for the Group's operating activities; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from lending, trade finance, credit debt securities and leasing activities. There is also credit risk in off-balance sheet financial instruments, such as credit commitments and derivatives.

The Group's credit risk management covers the whole process of credit, investment, leasing and other businesses, including risk appetite and policy formulation, credit acceptance approval, post-loan (investment) management, credit risk monitoring report and other key activities. The Group's business lines bear the direct responsibility for credit risk management, the risk management line bears the responsibilities for formulating policies and processes, monitoring and managing risks, and the internal audit department bears the audit responsibility for performance of duties by business departments and the risk management department:

- The Group's business lines and departments including the Corporate Business Department/Sci-Tech Finance Department, the Strategic Clients Department, the Inclusive Finance SBU/Small Business Finance SBU, the Personal Finance Department, the Retail Business Quality Control Department/Consumer Rights Protection Department, the Financial Institutions Department, the Financial Markets Department are directly responsible for credit risk and serve as the first line of defence in risk internal control management. They formulated the requirements and process according to the Group's risk management system, organised operating agencies to carry out relevant business.

- The functional departments that engage in credit risk management mainly include departments such as the Credit Management Department, the Risk Management Department, the Credit Approval Department and the Special Assets Department, and they serve as the second line of defence in credit risk management. Among them, the Credit Management Department is the department in charge of credit risk management. The Risk Management Department is responsible for assigning ratings, credit risk measurement and other activities. The Credit Approval Department is responsible for tasks such as comprehensive credit granting and credit approval of various credit businesses. The Special Assets Department is responsible for tasks such as asset protection.

- The Group's audit department serves as the third line of defence in risk management and is responsible for supervision and evaluation.

10.2 Credit risk (continued)

The credit risk management of the Group includes processes and activities of pre-loan (investment) investigation, inspection and review for lending (investment) and post-loan (investment) management of credit business. Pre-loan (investment) investigation represents assigning credit risk ratings and conducting risk assessment of customers; for the inspection and review for lending (investment), all businesses must be approved by authorised approvers; During the post-loan (investment) management, the Group continuously monitors businesses and strengthens risk monitoring on key industries, regions, products and customers, timely reports the matters and emergencies in the borrower that endanger the safety of credit assets and may cause significant credit risk, and takes timely measures to effectively prevent, control and mitigate risks. The Group has continuously improved its internal control mechanism, strengthened the entire process management of credit business, assigns the responsibilities of each activity in credit business management to all relevant departments and posts according to the principle of effective checks and balances, and established an appraisal and accountability mechanism.

The Group measures and manages the quality of its on-balance sheet and off-balance sheet financial assets exposed to credit risk in accordance with the Measures for the Risk-based Classification of Financial Assets by Commercial Banks (Decree [2023] No. 1 of the CBIRC and the PBC). The Bank has formulated the Administrative Measures for Risk Classification of Financial Assets of China Minsheng Banking Corporation Limited to classify its financial assets by their risk level into five categories, namely, Normal, Special-Mention, Substandard, Doubtful and Loss, with assets classified into the latter three categories collectively referred to as "non-performing assets" to clarify the three-level procedures of "initial classification, affirmation and approval" for risk classification, and strictly conduct risk classification management.

The Group continues to deepen credit risk management empowered by technology, build an intelligent risk control system based on big data, artificial intelligence and other technologies, so as to promote the transformation of credit risk management to digital intelligence, and constantly improve the accuracy, foresight, proactivity and effectiveness of credit risk management.

The Group requires clients to provide collateral/pledges or guarantee when appropriate. The Group has established a management system and operating process for collateral and pledges. The Group continues to monitor the value, structure and legal contracts of collateral and pledges to ensure that they can continue to perform the intended purpose and comply with market practices.

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(1) Expected Credit Loss ("ECL") measurement

According to the IFRS 9: Financial Instruments, the Group classifies its financial instruments into three stages for the purpose of ECL measurement and applies the ECL model to calculate credit loss provisions for on-balance sheet financial instruments that are exposed to credit risk and measured either at amortised cost or at fair value through other comprehensive income, such as loans, debt securities, balances with banks and other financial institutions, account receivables, lease receivables, and other debt investments, as well as off-balance sheet financial instruments that are exposed to credit risk, such as financial guarantee contracts and loan commitments.

The Group adopts the parameters-based approach and the discounted cash flow ("DCF") method to assess the expected credit losses of its financial assets. A parameters-based approach is applied to retail assets and Stage 1 and Stage 2 corporate financial assets, while the DCF method is applied to Stage 3 corporate financial assets.

The Group regularly reviews and optimizes its expected credit loss model, and makes timely updates to the forward-looking information and relevant parameters in accordance with the requirements of Implementation Rules on Expected Credit Loss Approach of Commercial Banks (CBIRC [2022] No. 10) and internal relevant management system.

(a) Financial instrument risk stages

The Group applies a "three-stage model" for measuring expected credit loss for financial instruments based on changes in credit quality since initial recognition. The three stages are defined as follows:

Stage 1: Financial instruments without significant increase in credit risk since initial recognition. For these assets, expected credit losses are recognised for the following 12 months.

Stage 2: For financial instruments with significant increase in credit risk since initial recognition, expected credit losses are recognised for the remaining lifetime if there is no objective evidence of impairment.

Stage 3: For financial assets with objective evidence of impairment as at the end of reporting period, expected credit losses are recognised for the remaining lifetime.

(b) Criteria for significant increase in credit risk ("SICR")

The Group assesses, at each reporting period end, whether or not the credit risk of relevant financial instruments has increased significantly since their initial recognition. In order to determine whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and supportable information that is available without undue cost or effort and sets qualitative and quantitative criteria accordingly. The quantitative criteria include overdue days of the principal or interest for more than 30 days, credit asset classified as special-mention, the absolute level or relative change of Probability of Default in excess of the preset thresholds, among others; and the qualitative criteria mainly cover the regulatory and business environments, the borrowers' repayment ability, borrowers' operation capability, borrowers' repayment behaviours, and forward-looking information, among others.

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(1) Expected Credit Loss ("ECL") measurement (continued)

(c) Definition of credit-impaired financial asset

In order to evaluate whether a financial asset is impaired, the Group considers the following criteria:

– The principal or interest of a financial asset is overdue for more than 90 days;

– Significant financial difficulty of the issuer or obligor;

– A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

– The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor a concession that the Group would not otherwise consider;

– The debtor will probably enter bankruptcy or another financial reorganisation;

– The disappearance of an active market for that financial asset because of financial difficulties faced by the issuer or debtor;

– The purchase or origination of a financial asset at a significant discount that reflects the fact of credit losses;

– Other objective evidence of financial asset impairment.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single event.

(d) Segmentation of risk exposures

For the purpose of expected credit loss measurement, the Group classifies exposures with similar credit risk characteristics into segmentation. The Group segments corporate financial assets mainly according to the borrower types and the industry in which they operate, and retail assets mainly according to product types, and the Group reviews the appropriates of its risk grouping and makes corrections to the grouping results on an annual basis.

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(1) Expected Credit Loss ("ECL") measurement (continued)

(e) Parameters for ECL measurement

Except for credit-impaired financial assets, the Group recognised 12-month or lifetime ECL allowance by financial instrument according to whether there is a significant increase in credit risk. Expected credit losses are the product of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), which are defined as follows:

– PD represents the likelihood of a borrower to default on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. The PD is determined based on the adjusted results of the internal rating-based model, with forward-looking information incorporated, to reflect the borrower's point-in-time probability of default under the current macroeconomic environment;

– LGD is expressed as a percentage loss per unit of EAD. LGD varies by types of product and availability of collateral etc.;

– EAD refers to the total amount of on – and off-balance sheet exposures in the event of default and is determined based on principal, interest, off-balance sheet credit risk conversion factor etc., and may vary by product types.

(f) Forward-looking information incorporated in the ECL

The ECL calculation involves forward-looking information. Based on analysis of its historical data, the Group has identified key economic indicators relevant to expected credit losses, including the quarterly year-on-year (Y/Y) growth rates of Gross Domestic Product (GDP), Broad Money Supply (M2) and Consumer Price Index (CPI) respectively. The Group regularly evaluates the various indicators in the pool of macroeconomic indicators and selects the most relevant indictors for ECL calculation.

As at 31 December 2024, the Group has considered different macroeconomic scenarios, and the main economic indicators with predicted ranges in estimating ECL are set out as below:

Variables	**Range**
Quarterly Y/Y growth rate of GDP	2.9% ~ 5.1%
Quarterly Y/Y growth rate of M2	8.9% ~ 12.9%
Quarterly Y/Y growth rate of CPI	-0.9% ~ 3.4%

The Group conducts sensitivity analysis on the main economic indicators used in forward-looking information. When the predicted value of the main economic indicators changes by 10%, the difference between the hypothetical expected credit loss and the current expected credit loss measurement does not exceed 5%.

The Group combines macro-economic data analysis and expert judgments to develop the positive, neutral and negative scenarios and determine their weightings, and estimates the expected credit losses in different scenarios to calculate the allowances for the weighted average ECLs. As at 31 December 2024 and 31 December 2023, the positive, neutral and negative scenarios had similar weightings.

10.2 Credit risk (continued)

(1) Expected Credit Loss ("ECL") measurement (continued)

(g) Cash flow forecasts for Stage 3 corporate financial assets

The Group uses the DCF method to measure the expected credit losses of Stage 3 corporate financial assets. The DCF method estimates the expected credit losses based on regular forecasts of future cash flows. At each measurement date, the Group estimates the future cash inflows of an asset for different future periods, and applies appropriate discount rates to the future cash flows to obtain their present value.

(2) Maximum credit risk exposure

The following table presents the Group's maximum exposure to credit risk as at the end of the reporting period without considering any collateral held or other credit enhancements, which is represented by the carrying amount of each type of financial assets after deducting any impairment allowance.

	31 December 2024	31 December 2023
Balances with central bank	**280,189**	383,365
Balances with banks and other financial institutions	**117,731**	129,678
Placements with banks and other financial institutions	**186,456**	172,778
Derivative financial assets	**30,283**	24,797
Financial assets held under resale agreements	**76,958**	35,773
Loans and advances to customers	**4,396,036**	4,323,908
Financial investments		
– Financial assets at fair value through profit or loss	**198,323**	165,173
– Financial assets measured at amortised cost	**1,480,798**	1,531,024
– Financial assets at fair value through other comprehensive income	**532,935**	412,100
Long-term receivables	**112,382**	119,434
Other financial assets	**31,382**	30,608
Total	**7,443,473**	7,328,638
Off-balance sheet credit commitments	**1,370,904**	1,279,620
Maximum credit risk exposure	**8,814,377**	8,608,258

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(3) Analysis on the credit quality of financial instruments

(a) As at 31 December 2024, the credit risk stages of financial instruments at amortised cost and financial instruments at fair value through other comprehensive income are as following:

	Gross carrying amount				**Allowance for expected credit losses**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances with central bank	**280,189**	**–**	**–**	**280,189**	**–**	**–**	**–**	**–**
Balances with banks and other financial institutions	**117,733**	**–**	**–**	**117,733**	**(2)**	**–**	**–**	**(2)**
Placements with banks and other financial institutions	**186,748**	**–**	**1,193**	**187,941**	**(292)**	**–**	**(1,193)**	**(1,485)**
Financial assets held under resale agreements	**76,570**	**–**	**435**	**77,005**	**(2)**	**–**	**(45)**	**(47)**
Loans and advances to customers								
– Corporate loans and advances	**2,510,263**	**148,392**	**55,046**	**2,713,701**	**(18,897)**	**(15,094)**	**(22,800)**	**(56,791)**
– Personal loans and advances	**1,711,099**	**31,695**	**31,945**	**1,774,739**	**(7,746)**	**(7,932)**	**(20,660)**	**(36,338)**
Financial investments	**1,985,681**	**5,902**	**36,047**	**2,027,630**	**(2,359)**	**(412)**	**(11,126)**	**(13,897)**
Long-term receivables	**105,296**	**3,851**	**6,097**	**115,244**	**(675)**	**(413)**	**(1,774)**	**(2,862)**
Off-balance sheet credit commitments	**1,365,627**	**5,275**	**2**	**1,370,904**	**(1,008)**	**(49)**	**(1)**	**(1,058)**

As at 31 December 2023, the credit risk stages of financial instruments at amortised cost and financial instruments at fair value through other comprehensive income are as following:

	Gross carrying amount				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances with central bank	383,365	–	–	383,365	–	–	–	–
Balances with banks and other financial institutions	129,682	–	–	129,682	(4)	–	–	(4)
Placements with banks and other financial institutions	173,098	–	1,193	174,291	(537)	–	(976)	(1,513)
Financial assets held under resale agreements	35,364	–	435	35,799	(1)	–	(25)	(26)
Loans and advances to customers								
– Corporate loans and advances	2,439,174	150,250	59,039	2,648,463	(18,374)	(18,204)	(26,816)	(63,394)
– Personal loans and advances	1,712,002	33,255	26,981	1,772,238	(7,858)	(7,220)	(18,972)	(34,050)
Financial investments	1,912,187	5,125	36,022	1,953,334	(2,793)	(406)	(9,187)	(12,386)
Long-term receivables	107,995	7,909	6,309	122,213	(707)	(436)	(1,636)	(2,779)
Off-balance sheet credit commitments	1,273,665	5,939	16	1,279,620	(1,065)	(146)	(1)	(1,212)

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(4) Loans and advances to customers

(a) The credit risk stages of loans and advances to customers (excluding interest accrued) are as following:

	31 December 2024	31 December 2023
Stage 1		
Unsecured loans	**1,312,326**	1,207,124
Guaranteed loans	**802,071**	737,403
Loans secured by		
Tangible assets other than monetary assets	**1,628,526**	1,627,683
Monetary assets	**460,957**	562,834
Subtotal	**4,203,880**	4,135,044
Stage 2		
Unsecured loans	**18,638**	23,083
Guaranteed loans	**21,989**	23,835
Loans secured by		
Tangible assets other than monetary assets	**89,928**	85,945
Monetary assets	**29,179**	31,075
Subtotal	**159,734**	163,938
Stage 3		
Unsecured loans	**20,305**	19,193
Guaranteed loans	**14,512**	13,303
Loans secured by		
Tangible assets other than monetary assets	**40,883**	43,551
Monetary assets	**11,166**	9,848
Subtotal	**86,866**	85,895
Total	**4,450,480**	4,384,877
Credit-impaired loans secured by collateral	**19,117**	21,649

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(4) Loans and advances to customers (continued)

(b) Loans and advances to customers (excluding interest accrued) analysed by industries are as following:

	31 December 2024		31 December 2023	
	Amount	**(%)**	Amount	(%)
Corporate loans and advances				
Leasing and commercial services	**547,070**	**12.29**	556,874	12.70
Manufacturing	**508,464**	**11.42**	465,092	10.61
Real estate	**333,439**	**7.49**	346,298	7.90
Wholesale and retail	**295,899**	**6.65**	286,014	6.52
Financial services	**173,059**	**3.89**	165,194	3.77
Transportation, storage and postal services	**171,065**	**3.85**	168,187	3.84
Water, environment and public utilities management	**165,256**	**3.71**	170,648	3.89
Production and supply of electric power, heat, gas and water	**136,116**	**3.06**	130,512	2.98
Construction	**125,336**	**2.82**	119,477	2.72
Mining	**64,345**	**1.45**	69,034	1.57
Information transmission, software and IT services	**45,895**	**1.03**	42,602	0.97
Scientific research and technical service	**39,153**	**0.88**	22,216	0.50
Agriculture, forestry, animal husbandry and fishery	**22,837**	**0.51**	21,376	0.49
Others	**51,987**	**1.17**	53,831	1.23
Subtotal	**2,679,921**	**60.22**	2,617,355	59.69
Personal loans and advances	**1,770,559**	**39.78**	1,767,522	40.31
Total	**4,450,480**	**100.00**	4,384,877	100.00

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(4) Loans and advances to customers (continued)

(c) Loans and advances to customers (excluding interest accrued) by geographical area are as following:

	31 December 2024		31 December 2023	
	Amount	**(%)**	Amount	(%)
Head Office	**487,000**	**10.94**	492,829	11.24
Yangtze River Delta	**1,155,778**	**25.97**	1,125,915	25.68
Pearl River Delta	**710,655**	**15.97**	689,726	15.73
Bohai Rim	**693,598**	**15.58**	701,020	15.99
Western Region	**680,003**	**15.28**	660,499	15.06
Central Region	**510,355**	**11.47**	509,089	11.61
Northeastern Region	**91,780**	**2.06**	100,418	2.29
Overseas and subsidiaries	**121,311**	**2.73**	105,381	2.40
Total	**4,450,480**	**100.00**	4,384,877	100.00

(5) Rescheduled loans and advances

Rescheduled loans and advances to customers are those loans and advances for which, due to financial difficulties on the part of the borrowers, the Group has made modifications to the contract terms that are favorable to the borrowers, or has entered into refinancing arrangements with the borrowers, including borrowing for repaying or additional debt financing, etc., to facilitate the borrowers to meet their repayment obligations. As at 31 December 2024, the amount of the Group's rescheduled loans and advances to customers is RMB26,401 million (31 December 2023: RMB22,958 million).

Rescheduled loans and advances which were not past due or past due for no more than 90 days are as follows:

	31 December 2024	31 December 2023
Loans and advances to customers	**18,680**	10,199
Ratio of total loans and advances to customers (%)	**0.42**	0.23

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(6) Distribution of debt instruments analysed by issuers and rating

The ratings are obtained from Standard & Poor's ratings, or major rating agencies where the issuers of the debt securities are located.

	31 December 2024					
	Unrated (a)	AAA	AA	A	Lower than A	Total
Credit impaired						
– Banks and non-bank financial institutions (b)	31,033	–	–	–	–	31,033
– Corporates	3,433	–	–	594	1,399	5,426
Gross balance	34,466	–	–	594	1,399	36,459
Interest accrued						3,797
Less: Allowance for impairment losses of financial assets measured at amortised cost						(9,818)
Subtotal						30,438
Not impaired						
– Government	618,539	727,991	41	34	–	1,346,605
– Policy banks	106,435	–	1,171	–	–	107,606
– Banks and non-bank financial institutions	87,736	149,940	–	423	420	238,519
– Corporates	76,647	182,807	8,810	2,400	688	271,352
Gross balance	889,357	1,060,738	10,022	2,857	1,108	1,964,082
Interest accrued						20,844
Less: Allowance for impairment losses of financial assets measured at amortised cost						(1,630)
Subtotal						1,983,296
Total						2,013,734

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(6) Distribution of debt instruments analysed by issuers and rating (continued)

	31 December 2023					
	Unrated (a)	AAA	AA	A	Lower than A	Total
Credit impaired						
– Banks and non-bank financial institutions (b)	29,010	–	–	–	12	29,022
– Corporates	4,134	–	–	–	740	4,874
Gross balance	33,144	–	–	–	752	33,896
Interest accrued						2,126
Less: Allowance for impairment losses of financial assets measured at amortised cost						(7,854)
Subtotal						28,168
Not impaired						
– Government	884,983	377,417	5,145	2,269	–	1,269,814
– Policy banks	142,368	10	–	948	–	143,326
– Banks and non-bank financial institutions	55,027	169,880	3,645	24,516	16,720	269,788
– Corporates	84,949	227,347	32,774	13,393	18,954	377,417
Gross balance	1,167,327	774,654	41,564	41,126	35,674	2,060,345
Interest accrued						22,140
Less: Allowance for impairment losses of financial assets measured at amortised cost						(2,356)
Subtotal						2,080,129
Total						2,108,297

(a) Unrated debt investments held by the Group mainly include bonds issued by the PRC government, trust and asset management plans, bonds issued by corporates and bonds issued by policy banks, etc.

(b) Credit-impaired debt instruments of banks and non-bank financial institutions mainly include trust and asset management plans, of which the underlying debtors are corporates.

10.2 Credit risk (continued)

(7) Investments classified as trust and asset management plans analysed by type of underlying assets

	31 December 2024	31 December 2023
Trust and asset management plans		
Credit assets	**27,173**	30,482
Bonds and others	**18,254**	17,185
Total	**45,427**	47,667

The Group includes trust and asset management plans into comprehensive credit management system and manages its credit risk exposure in a holistic manner. The different methods to mitigate credit risk exposures in trust and assets management plan include guarantees, collaterals and pledges.

10.3 Market risk

The Group is exposed to market risk, which is the risk of loss to its on – and off-balance sheet businesses caused by unfavourable changes in market prices (interest rates, exchange rates, and stock and commodity prices). Market risk includes interest rate risk, exchange rate (including gold bullion) risk, equity price risk and commodity price risk, arising from adverse movements in interest rates, exchange rates, stock prices and commodity price, respectively.

The market risk faced by the Group mainly arises from the Bank's business activities. The Bank and its subsidiaries independently manage their own market risk.

The Bank distinguishes between banking books and trading books in accordance with requirements of regulatory authorities and the general practices of the banking industry, and adopts different methods to identify, measure, monitor and control their respective market risks based on the nature and characteristics of banking and trading books.

Trading books refer to the financial instruments, foreign exchange and commodities positions which could be traded freely. They are held by the Bank for trading or hedging against other risks in the trading book. Positions in the trading book must not be subject to any trading restrictions, or be able to fully hedge against the risks. These positions must also be valued accurately and managed proactively as well. In contrast, the Bank's other businesses are included in the banking books.

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(1) Market risk measurement techniques

The Bank selects appropriate and generally accepted measurement methods for the different types of market risks in its banking books and trading books based on actual needs of the business.

In accordance with regulatory requirements and in response to interest rate risk of the banking books, the Bank develops measurement methods that are appropriate for the size and structure of its assets and liabilities, and performs quantitative assessment of the impact of interest rate changes on the Bank's banking book net interest income and economic value by adopting methods such as gap analysis, net interest income simulation analysis, and economic value simulation analysis.

Interest rate risk of the trading books are measured by using methods such as duration analysis, scenario analysis, sensitivity analysis and value at risk (VaR).

Exchange rate risks of the banking books include exposure in foreign exchange settlement and sales, foreign currency capital funds, loss in foreign currency profits due to settlement of foreign exchange, and shrinking of foreign currency assets compared to the local currency. The Bank assesses the impact of future exchange rate risk based on the exchange rate tendency and the future changes in the Bank's asset and liability portfolios.

Exchange rate risk of trading books arises from currency exposure conducted for customers, market making, proprietary trading, foreign exchange and foreign exchange derivative financial instrument transactions for the purpose of obtaining spreads or locking in arbitrage. The Bank measures exchange rate risk indicators through the identification of exchange rate risk factors and comprehensively evaluates the impact of changes in risk factors on each portfolio, product category and the Bank's profit and loss situation.

The Bank is fully aware of the pros and cons of different methods for measurement of market risks, and therefore adopts other methods, such as stress tests, for complementation. Stress scenarios applied to market risk stress testing include expert scenarios, historical scenarios, and hybrid scenarios.

(2) Currency risk

Currency risk refers to the foreign exchange and foreign exchange derivatives positions, the risk of losses of banks arise from adverse changes of exchange rate. The Group uses RMB as its bookkeeping currency, and the Group's assets and liabilities are denominated in RMB, and the rest are mainly US dollars and Hong Kong dollars.

The Group manages the exchange rate risk by controlling each currency exposure limits and total exposure.

The Group manages the currency risk in the frame of the exposure limit by daily monitoring, reporting and analysing.

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(2) Currency risk (continued)

The following tables present the Group's foreign exchange risk exposures as at the end of the reporting period. The carrying values of assets and liabilities denominated in foreign currencies have been converted into RMB.

	31 December 2024				
	RMB	**USD**	**HKD**	**Others**	**Total**
Assets:					
Cash and balances with central bank	**279,339**	**5,575**	**329**	**206**	**285,449**
Balances with banks and other financial institutions	**78,897**	**34,816**	**1,580**	**2,438**	**117,731**
Placements with banks and other financial institutions	**138,831**	**32,755**	**2,492**	**12,378**	**186,456**
Financial assets held under resale agreements	**76,958**	**–**	**–**	**–**	**76,958**
Loans and advances to customers	**4,244,613**	**90,923**	**39,056**	**21,444**	**4,396,036**
Financial investments	**2,251,474**	**128,357**	**5,634**	**13,237**	**2,398,702**
Long-term receivables	**97,766**	**14,616**	**–**	**–**	**112,382**
Other assets	**163,268**	**41,570**	**5,217**	**31,200**	**241,255**
Total assets	**7,331,146**	**348,612**	**54,308**	**80,903**	**7,814,969**
Liabilities:					
Borrowings from central bank	**261,108**	**–**	**–**	**–**	**261,108**
Deposits and placements from banks and other financial institutions	**970,311**	**67,786**	**15,862**	**19,747**	**1,073,706**
Borrowings from banks and other financial institutions	**72,270**	**37,538**	**2,185**	**–**	**111,993**
Financial assets sold under repurchase agreements	**236,285**	**8,038**	**3,783**	**18**	**248,124**
Deposits from customers	**4,082,728**	**213,036**	**15,357**	**21,560**	**4,332,681**
Debt securities issued	**938,863**	**2,162**	**–**	**–**	**941,025**
Lease liabilities	**8,979**	**–**	**85**	**14**	**9,078**
Other liabilities	**171,513**	**7,631**	**1,192**	**350**	**180,686**
Total liabilities	**6,742,057**	**336,191**	**38,464**	**41,689**	**7,158,401**
Net position	**589,089**	**12,421**	**15,844**	**39,214**	**656,568**
Foreign currency derivatives	**57,707**	**11,407**	**(14,746)**	**(47,732)**	**6,636**
Off-balance sheet credit commitments	**1,317,138**	**48,877**	**2,395**	**2,494**	**1,370,904**

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(2) Currency risk (continued)

	31 December 2023				
	RMB	USD	HKD	Others	Total
Assets:					
Cash and balances with central bank	352,299	37,584	286	198	390,367
Balances with banks and other financial institutions	60,976	18,731	2,417	47,554	129,678
Placements with banks and other financial institutions	154,348	15,767	1,996	667	172,778
Financial assets held under resale agreements	35,773	–	–	–	35,773
Loans and advances to customers	4,171,618	96,216	35,541	20,533	4,323,908
Financial investments	2,140,966	109,853	6,594	14,729	2,272,142
Long-term receivables	102,608	16,826	–	–	119,434
Other assets	160,120	41,659	802	28,304	230,885
Total assets	7,178,708	336,636	47,636	111,985	7,674,965
Liabilities:					
Borrowings from central bank	326,454	–	–	–	326,454
Deposits and placements from banks and other financial institutions	1,127,986	83,835	16,994	13,244	1,242,059
Borrowings from banks and other financial institutions	76,798	35,854	3,063	–	115,715
Financial assets sold under repurchase agreements	178,632	10,227	1,913	361	191,133
Deposits from customers	4,164,357	159,474	19,084	10,366	4,353,281
Debt securities issued	675,614	212	–	–	675,826
Lease liabilities	9,409	–	151	–	9,560
Other liabilities	111,001	10,814	1,290	31	123,136
Total liabilities	6,670,251	300,416	42,495	24,002	7,037,164
Net position	508,457	36,220	5,141	87,983	637,801
Foreign currency derivatives	66,000	(33,807)	(11,776)	(20,421)	(4)
Off-balance sheet credit commitments	1,239,280	34,165	2,380	3,795	1,279,620

10.3 Market risk (continued)

(2) Currency risk (continued)

The Group conducts sensitivity analysis on the net foreign currency position to identify the impact on the statement of profit or loss of potential movements in foreign currency exchange rates against the RMB. As at 31 December 2024, assuming other variables remain unchanged, with 1% appreciation of the US dollar against the RMB would increase both the Group's net profit and equity by RMB506 million (31 December 2023 with 1% appreciation of the US dollar against the RMB would increase both the Group's net profit and equity by RMB970 million); with 1% depreciation of the US dollar against the RMB would decrease both the Group's net profit and equity by RMB506 million (31 December 2023: decrease by RMB970 million).

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities that contains the following assumptions:

a. The sensitivity of each type of exchange rate refers to the exchange gain or loss caused by a fluctuation in the absolute value of closing foreign currency rate by 1% against the RMB's average rate on the reporting date;

b. The fluctuation of exchange rates by 1% is based on the assumption of exchange rates movement from the current reporting date to the next reporting date;

c. The fluctuation of exchange rates for all foreign currencies represents the fluctuation of exchange rates in US dollars and other foreign currencies against RMB in the same direction simultaneously. Due to the immaterial proportion of the Group's total assets and liabilities denominated in currencies other than US dollars, other foreign currencies are converted into US dollars through sensitivity analysis;

d. The foreign exchange exposures calculated includes spot and forward foreign exchange exposures and swaps;

e. Other variables (including interest rates) remained unchanged; and

f. The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by the increase or decrease in exchange rates might vary from the estimated results of this sensitivity analysis.

(3) Interest rate risk

Interest rate risk refers to the adverse changes of the level of interest rate, term structure and other factors, which lead to loss on the economic value and bank revenue. Interest rate risk include gap risk, basis risk and option risk, and the gap risk and basis risk are the main sources of risk for the Group.

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(3) Interest rate risk (continued)

(a) The trading books

The adverse changes due to the interest rate risk of the trading books related to the financial instruments and commodity positions will cause loss for trading books. The scope of managing interest rate risk of the trading books covers all products and businesses that are sensitive to changes in interest rates, including domestic and foreign currency bond investments, money market transactions, interest rate derivatives, foreign exchange derivatives, precious metal derivatives, and complex derivatives, etc.

The Group mainly uses indicators for scale size, profit and loss indicators, valuation, sensitivity analysis, VaR analysis, duration analysis, stress testing and other methods to quantitatively analyze interest rate risk, and incorporates market risk measurement models into daily risk management.

The Group sets risk limits such as interest rate sensitivity, duration, exposure, and loss limits to effectively control the interest rate risk of the trading books, and manages the interest rate risk within exposure limit through daily monitoring.

(b) The banking books

The primary techniques applied by the Group in measuring and analysing interest rate risk are mainly scenario analyses, repricing gap analyses, valuation analyses, sensitivity analyses, duration analyses and stress testing. The Group manages the interest rate risk using the framework of exposure limit by periodically monitoring and reporting.

The Group strengthens interest rate risk management in the banking book by setting risk limits such as duration and valuation loss tolerance. The Group closely monitors trends of interest rate changes for both RMB and foreign currencies, follows market interest rate changes, performs scenario analyses and stress tests on a regular basis, and adjusts asset and liability maturity strategy, interest rates of deposits and loans in both RMB and foreign currencies as well as repricing strategy to manage interest rate risk.

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(3) Interest rate risk (continued)

(b) The banking books (continued)

The following tables present the Group's exposure to interest rate risk, indicating net carrying amounts of assets and liabilities based on their contractual repricing dates or maturity dates whichever are earlier.

	31 December 2024						
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total
Assets:							
Cash and balances with central bank	280,068	–	–	–	–	5,381	285,449
Balances with banks and other financial institutions	111,066	2,455	4,100	–	–	110	117,731
Placements with banks and other financial institutions	133,978	21,264	25,514	4,961	272	467	186,456
Financial assets held under resale agreements	76,926	–	–	–	–	32	76,958
Loans and advances to customers	926,458	1,036,212	1,567,709	686,091	141,607	37,959	4,396,036
Financial investments	76,120	75,079	319,582	1,015,643	658,311	253,967	2,398,702
Long-term receivables	7,400	8,832	34,321	53,456	8,373	–	112,382
Other assets	402	–	797	971	–	239,085	241,255
Total assets	1,612,418	1,143,842	1,952,023	1,761,122	808,563	537,001	7,814,969

	31 December 2024						
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total
Liabilities:							
Borrowings from central bank	10,002	55,676	193,389	–	–	2,041	261,108
Deposits and placements from banks and other financial institutions	556,380	174,774	337,920	–	–	4,632	1,073,706
Borrowings from banks and other financial institutions	40,910	25,318	42,300	2,538	–	927	111,993
Financial assets sold under repurchase agreements	60,942	97,821	88,876	–	–	485	248,124
Deposits from customers	1,979,580	410,504	845,692	1,013,107	212	83,586	4,332,681
Debt securities issued	15,440	202,312	609,895	30,970	79,994	2,414	941,025
Lease liabilities	225	512	2,007	5,340	994	–	9,078
Other liabilities	150	9,834	1,884	–	–	168,818	180,686
Total liabilities	2,663,629	976,751	2,121,963	1,051,955	81,200	262,903	7,158,401
Interest rate gap	(1,051,211)	167,091	(169,940)	709,167	727,363	274,098	656,568

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(3) Interest rate risk (continued)

(b) The banking books (continued)

	31 December 2023						
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total
Assets:							
Cash and balances with central bank	383,233	–	–	–	–	7,134	390,367
Balances with banks and other financial institutions	115,119	5,719	7,065	1,567	85	123	129,678
Placements with banks and other financial institutions	26,141	26,616	71,398	48,227	–	396	172,778
Financial assets held under resale agreements	35,434	300	–	–	–	39	35,773
Loans and advances to customers	792,629	711,038	1,850,375	776,058	157,984	35,824	4,323,908
Financial investments	89,858	147,604	324,086	996,360	518,235	195,999	2,272,142
Long-term receivables	18,054	8,370	44,018	44,041	4,951	–	119,434
Other assets	211	29	183	30	–	230,432	230,885
Total assets	1,460,679	899,676	2,297,125	1,866,283	681,255	469,947	7,674,965

	31 December 2023						
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total
Liabilities:							
Borrowings from central bank	10,013	68,923	244,539	–	–	2,979	326,454
Deposits and placements from banks and other financial institutions	574,151	281,427	380,004	–	–	6,477	1,242,059
Borrowings from banks and other financial institutions	26,396	32,744	50,883	4,502	422	768	115,715
Financial assets sold under repurchase agreements	133,326	21,316	36,139	–	–	352	191,133
Deposits from customers	2,198,701	333,487	692,635	1,057,624	556	70,278	4,353,281
Debt securities issued	33,723	177,805	323,222	47,576	89,992	3,508	675,826
Lease liabilities	230	362	2,153	5,608	1,207	–	9,560
Other liabilities	67	1,053	985	–	–	121,031	123,136
Total liabilities	2,976,607	917,117	1,730,560	1,115,310	92,177	205,393	7,037,164
Interest rate gap	(1,515,928)	(17,441)	566,565	750,973	589,078	264,554	637,801

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(3) Interest rate risk (continued)

(b) The banking books (continued)

If yield curves for respective currencies move in parallel for 100 basis points on 1 January, their potential impact on the Group's net interest income and shareholders' equity for the following year is as follows:

	31 December 2024	31 December 2023
	(Loss)/Gain	(Loss)/Gain
Up 100 bps parallel shift in yield curves	**(6,269)**	(8,469)
Down 100 bps parallel shift in yield curves	**6,269**	8,469

In performing the interest rate sensitivity analysis, the Group and the Bank has made general assumptions in defining business terms and financial parameters, but have not considered the following:

a. business changes after the end of the reporting period, as the analysis is performed based on the static gap at the end of the reporting period;

b. the impact of interest rate fluctuations on customers' behaviour;

c. the complicated relationship between complex structured products (e.g. embedded call options and other derivative financial instruments) and interest rate fluctuations;

d. the impact of interest rate fluctuations on market prices;

e. the impact of interest rate fluctuations on off-balance sheet products;

f. the impact of interest rate fluctuations on fair value of financial instruments;

g. other variables (including foreign exchange rate); and

h. other risk management measures in the Group.

10.4 Liquidity risk

Liquidity risk is the risk that the Group is unable to promptly obtain funds at reasonable cost to repay maturing liabilities, discharge other payment obligations and meet other funding needs in the course of normal operations.

During the reporting period, the Bank's subsidiaries manage their respective liquidity risks according to the Group's liquidity risk management framework, and the Bank manages the liquidity risk of all its branches and business lines.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, demand deposits, maturing time deposits, loan drawdowns, guarantees and other calls on cash-settled derivatives. The Bank does not maintain cash resources to meet all these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

10.4 Liquidity risk (continued)

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the full amounts under commitments, because the Bank does not generally expect the third party to fully draw funds under those agreements. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

(1) Liquidity risk management policy

The Bank and its subsidiaries separately and independently develop their liquidity risk management policies.

The Board of Directors is ultimately responsible for liquidity risk management including reviewing and approving liquidity risk appetite, liquidity risk management strategy, major policies and procedures. The Bank's senior management is responsible for formulating liquidity risk management policies according to the development strategy of the Bank. The Asset and Liability and Financial Management Department is responsible for the daily liquidity risk management through the following procedures:

To manage the day-to-day position through monitoring the future cash flow to ensure it meets the required fund position, including matured deposits and replenishment of funds for loan demand. The Bank actively participates in global money market transactions to ensure that the Bank's funding requirements are satisfied;

To set ratio requirements and transactions limits to help monitor and manage liquidity risks. The ratios include but are not limited to liquidity coverage ratios, liquidity ratios, net stable funding ratios and liquidity matching rate;

To measure and monitor cash flows through the Bank's asset and liabilities management system, and perform liquidity scenario analyses and stress testing on overall assets and liabilities to satisfy internal and external requirements. Various techniques are used to estimate the Bank's liquidity requirements, and liquidity risk management decisions are made based on the estimated liquidity requirements and within respective terms of reference. A periodical reporting system is established to promptly update senior management on latest liquidity risk information;

To monitor the maturity concentration risk of financial assets and hold an appropriate quantity of high-liquidity and high-market-value assets to ensure the Bank is well positioned to fund its repayment obligations and business growth in the event of an interruption of cash flows due to whatever causes.

10 FINANCIAL RISK MANAGEMENT (continued)

10.4 Liquidity risk (continued)

(2) Maturity analysis

The following tables present the maturity analysis of assets and liabilities of the Group as at the end of the reporting period. An indefinite term in the case of cash and deposits with the Central Bank refers to statutory reserves and fiscal deposits placed with the Central Bank; an indefinite term in terms of financial investments, loans and advances, long-term receivables, placements with banks and other financial institutions and financial assets held under resale agreements refers to amounts of such assets that have become impaired or overdue for more than one month, and also equity investments and fund investments in financial investment; and repayable on demand with respect to loans and advances and long-term receivables refers to the unimpaired amounts of such assets that have been overdue for less than one month.

	31 December 2024							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	242,628	42,821	–	–	–	–	–	285,449
Balances with banks and other financial institutions	–	107,158	4,018	2,455	4,100	–	–	117,731
Placements with banks and other financial institutions	–	–	31,388	67,959	78,664	8,169	276	186,456
Financial assets held under resale agreements	411	–	76,547	–	–	–	–	76,958
Loans and advances to customers	53,736	8,030	340,287	309,522	1,292,316	1,225,148	1,166,997	4,396,036
Financial investments	221,567	–	78,571	71,247	328,554	1,034,130	664,633	2,398,702
Long-term receivables	7,319	1,146	1,469	1,700	14,313	74,858	11,577	112,382
Other assets	188,269	5,876	14,251	16,062	5,801	9,578	1,418	241,255
Total assets	713,930	165,031	546,531	468,945	1,723,748	2,351,883	1,844,901	7,814,969

10 FINANCIAL RISK MANAGEMENT (continued)

10.4 Liquidity risk (continued)

(2) Maturity analysis (continued)

	31 December 2024							
	Indefinite	**Repayable on demand**	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Liabilities:								
Borrowings from central bank	**–**	**–**	**10,247**	**56,793**	**194,068**	**–**	**–**	**261,108**
Deposits and placements from banks and other financial institutions	**–**	**455,080**	**105,466**	**175,038**	**338,122**	**–**	**–**	**1,073,706**
Borrowings from banks and other financial institutions	**–**	**–**	**20,087**	**26,874**	**47,689**	**13,194**	**4,149**	**111,993**
Financial assets sold under repurchase agreements	**–**	**–**	**61,078**	**98,073**	**88,973**	**–**	**–**	**248,124**
Deposits from customers	**–**	**1,805,555**	**213,072**	**418,649**	**862,226**	**1,033,179**	**–**	**4,332,681**
Debt securities issued	**–**	**–**	**15,440**	**202,356**	**610,111**	**33,124**	**79,994**	**941,025**
Lease liabilities	**–**	**–**	**225**	**512**	**2,007**	**5,340**	**994**	**9,078**
Other liabilities	**1,730**	**96,185**	**14,489**	**30,437**	**24,108**	**11,931**	**1,806**	**180,686**
Total liabilities	**1,730**	**2,356,820**	**440,104**	**1,008,732**	**2,167,304**	**1,096,768**	**86,943**	**7,158,401**
Net position	**712,200**	**(2,191,789)**	**106,427**	**(539,787)**	**(443,556)**	**1,255,115**	**1,757,958**	**656,568**
Notional amount of derivatives	**–**	**–**	**819,127**	**839,096**	**3,906,470**	**187,927**	**1,424**	**5,754,044**

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	292,660	97,707	–	–	–	–	–	390,367
Balances with banks and other financial institutions	–	109,921	5,306	5,729	7,070	1,567	85	129,678
Placements with banks and other financial institutions	217	–	26,028	26,743	71,520	48,270	–	172,778
Financial assets held under resale agreements	432	–	35,040	301	–	–	–	35,773
Loans and advances to customers	50,052	9,377	372,788	313,879	1,260,862	1,204,067	1,112,883	4,323,908
Financial investments	192,027	–	56,271	139,940	316,281	1,043,099	524,524	2,272,142
Long-term receivables	5,242	1,198	4,715	9,261	37,843	55,852	5,323	119,434
Other assets	178,662	618	11,284	10,229	17,390	11,178	1,524	230,885
Total assets	719,292	218,821	511,432	506,082	1,710,966	2,364,033	1,644,339	7,674,965

10 FINANCIAL RISK MANAGEMENT (continued)

10.4 Liquidity risk (continued)

(2) Maturity analysis (continued)

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Liabilities:								
Borrowings from central bank	–	–	10,269	70,450	245,735	–	–	326,454
Deposits and placements from banks and other financial institutions	–	450,230	128,399	282,733	380,697	–	–	1,242,059
Borrowings from banks and other financial institutions	–	–	21,102	22,674	58,122	11,860	1,957	115,715
Financial assets sold under repurchase agreements	–	–	133,431	21,384	36,318	–	–	191,133
Deposits from customers	–	2,041,989	192,282	339,835	703,849	1,074,916	410	4,353,281
Debt securities issued	–	–	33,723	179,346	325,189	47,576	89,992	675,826
Lease liabilities	–	–	230	362	2,153	5,608	1,207	9,560
Other liabilities	2,178	10,448	14,081	61,728	20,064	12,748	1,889	123,136
Total liabilities	2,178	2,502,667	533,517	978,512	1,772,127	1,152,708	95,455	7,037,164
Net position	717,114	(2,283,846)	(22,085)	(472,430)	(61,161)	1,211,325	1,548,884	637,801
Notional amount of derivatives	–	–	751,399	946,685	1,952,414	889,620	2,370	4,542,488

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities

The following tables present the analysis of the undiscounted contractual cash flows of the Group's non-derivative assets and liabilities as at the end of the reporting period. The Group manages its liquidity risk based on its estimation of expected future cash flows. An indefinite term in the case of cash and deposits with the Central Bank refers to statutory reserves and fiscal deposits placed with the Central Bank; an indefinite term in terms of financial investments, loans and advances, long-term receivables, placements with banks and other financial institutions and financial assets held under resale agreements refers to amounts of such assets that have become impaired or overdue for more than 1 month, and also equity investments and fund investments in financial investments; and repayable on demand with respect to, loans and advances and long-term receivables refers to the unimpaired amounts of such assets that have been overdue for less than 1 month.

10 FINANCIAL RISK MANAGEMENT (continued)

10.4 Liquidity risk (continued)

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities (continued)

	31 December 2024							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	242,628	42,821	–	–	–	–	–	285,449
Balances with banks and other financial institutions	–	107,158	4,023	2,455	4,100	–	–	117,736
Placements with banks and other financial institutions	1,199	–	31,506	69,257	80,380	8,173	545	191,060
Financial assets held under resale agreements	411	–	76,560	–	–	–	–	76,971
Loans and advances to customers	95,605	10,687	360,417	360,612	1,463,356	1,522,870	1,692,957	5,506,504
Financial investments	238,652	–	81,848	80,284	368,098	1,144,083	789,297	2,702,262
Long-term receivables	8,767	1,349	1,578	1,753	15,209	85,792	15,021	129,469
Other assets	183,042	358	5,403	1,552	4,502	9,470	1,418	205,745
Total assets (expected maturity date)	770,304	162,373	561,335	515,913	1,935,645	2,770,388	2,499,238	9,215,196

	31 December 2024							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Liabilities:								
Borrowings from central bank	–	–	10,258	57,048	197,279	–	–	264,585
Deposits and placements from banks and other financial institutions	–	455,522	105,528	175,275	338,321	–	–	1,074,646
Borrowings from banks and other financial institutions	–	–	20,111	27,167	48,371	13,871	4,465	113,985
Financial assets sold under repurchase agreements	–	–	61,185	98,470	89,893	–	–	249,548
Deposits from customers	–	1,805,555	213,319	419,644	865,154	1,062,311	–	4,365,983
Debt securities issued	–	–	15,450	203,164	617,257	33,502	96,125	965,498
Lease liabilities	–	–	243	552	2,165	5,759	1,072	9,791
Other liabilities	1,730	96,185	6,266	20,025	9,959	10,654	1,794	146,613
Total liabilities (contractual maturity date)	1,730	2,357,262	432,360	1,001,345	2,168,399	1,126,097	103,456	7,190,649

10 FINANCIAL RISK MANAGEMENT (continued)

10.4 Liquidity risk (continued)

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities (continued)

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	292,660	97,707	–	–	–	–	–	390,367
Balances with banks and other financial institutions	–	109,925	5,322	5,833	7,184	1,567	85	129,916
Placements with banks and other financial institutions	1,193	–	26,666	27,901	73,815	49,066	–	178,641
Financial assets held under resale agreements	457	–	35,047	301	–	–	–	35,805
Loans and advances to customers	99,954	12,319	389,545	342,981	1,373,433	1,471,118	1,514,245	5,203,595
Financial investments	192,112	–	60,009	147,978	357,696	1,152,401	627,474	2,537,670
Long-term receivables	8,280	1,317	5,115	10,073	41,373	64,956	7,218	138,332
Other assets	183,277	618	6,524	1,707	8,975	9,083	1,443	211,627
Total assets (expected maturity date)	777,933	221,886	528,228	536,774	1,862,476	2,748,191	2,150,465	8,825,953

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Liabilities:								
Borrowings from central bank	–	–	10,276	70,738	250,580	–	–	331,594
Deposits and placements from banks and other financial institutions	–	450,627	128,757	283,159	381,551	–	–	1,244,094
Borrowings from banks and other financial institutions	–	–	21,165	24,296	59,660	13,193	2,217	120,531
Financial assets sold under repurchase agreements	–	–	133,456	21,471	36,913	–	–	191,840
Deposits from customers	–	2,041,989	193,088	347,730	712,469	1,099,296	411	4,394,983
Debt securities issued	–	–	33,772	180,476	331,485	64,360	95,542	705,635
Lease liabilities	–	–	251	394	2,342	6,100	1,313	10,400
Other liabilities	2,178	10,448	7,896	49,716	10,569	11,174	1,879	93,860
Total liabilities (contractual maturity date)	2,178	2,503,064	528,661	977,980	1,785,569	1,194,123	101,362	7,092,937

10 FINANCIAL RISK MANAGEMENT (continued)

10.4 Liquidity risk (continued)

(4) Analysis on contractual undiscounted cash flows of derivatives

(a) Derivatives settled on a net basis

The Group's derivatives that will be settled on a net basis include:

Foreign exchange derivatives	Foreign exchange forwards, swaps and options
Interest rate derivatives	Interest rate swaps
Credit derivatives	Credit default swaps

The following tables analyse the Group's contractual undiscounted cash flows of derivatives to be settled on a net basis as at the end of the reporting period.

	31 December 2024					
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Foreign exchange derivatives	**364**	**6,828**	**(6,148)**	**2,486**	**–**	**3,530**
Interest rate derivatives	**(115)**	**(32)**	**627**	**165**	**8**	**653**
Credit derivatives	**20**	**–**	**60**	**167**	**–**	**247**
Total	**269**	**6,796**	**(5,461)**	**2,818**	**8**	**4,430**

	31 December 2023					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Foreign exchange derivatives	(168)	70	412	63	–	377
Interest rate derivatives	39	681	780	786	11	2,297
Credit derivatives	16	–	37	82	–	135
Total	(113)	751	1,229	931	11	2,809

(b) Derivatives settled on a gross basis

The Group's derivatives that will be settled on a net basis include:

Foreign exchange derivatives	Foreign exchange forwards, swaps and options
Precious metal derivatives	Precious metal forwards and swaps

10 FINANCIAL RISK MANAGEMENT (continued)

10.4 Liquidity risk (continued)

(4) Analysis on contractual undiscounted cash flows of derivatives (continued)

(b) Derivatives settled on a gross basis (continued)

The following tables analyse the Group's contractual undiscounted cash flows of derivatives to be settled on a gross basis as at the end of the reporting period.

	31 December 2024					
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Foreign exchange derivatives						
– Cash outflow	**(503,079)**	**(620,948)**	**(1,486,938)**	**(156,924)**	**–**	**(2,767,889)**
– Cash inflow	**504,851**	**623,048**	**1,491,178**	**157,124**	**–**	**2,776,201**
Precious metal derivatives						
– Cash outflow	**(25,742)**	**(23,868)**	**(25,038)**	**–**	**–**	**(74,648)**
– Cash inflow	**25,752**	**23,942**	**25,105**	**–**	**–**	**74,799**
Total cash outflow	**(528,821)**	**(644,816)**	**(1,511,976)**	**(156,924)**	**–**	**(2,842,537)**
Total cash inflow	**530,603**	**646,990**	**1,516,283**	**157,124**	**–**	**2,851,000**

	31 December 2023					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Foreign exchange derivatives						
– Cash outflow	(120,834)	(94,199)	(158,192)	(128,398)	–	(501,623)
– Cash inflow	120,784	93,355	158,387	128,716	–	501,242
Precious metal derivatives						
– Cash outflow	(25,222)	(23,262)	(28,125)	–	–	(76,609)
– Cash inflow	23,873	20,224	26,927	–	–	71,024
Total cash outflow	(146,056)	(117,461)	(186,317)	(128,398)	–	(578,232)
Total cash inflow	144,657	113,579	185,314	128,716	–	572,266

10.4 Liquidity risk (continued)

(5) Analysis on contractual undiscounted cash flows of commitments

Management treats contractual maturity as the best estimate for analysing liquidity risk of off-balance sheet items, unless an objective evidence of default is identified.

	31 December 2024			
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**
Bank acceptances	**518,662**	**–**	**–**	**518,662**
Letters of credit	**140,779**	**297**	**–**	**141,076**
Guarantees	**93,416**	**40,819**	**982**	**135,217**
Unused credit card commitments	**519,213**	**–**	**–**	**519,213**
Irrevocable credit commitments	**42,278**	**13,598**	**860**	**56,736**
Total	**1,314,348**	**54,714**	**1,842**	**1,370,904**

	31 December 2023			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank acceptances	476,334	–	–	476,334
Letters of credit	106,523	507	–	107,030
Guarantees	86,733	43,912	351	130,996
Unused credit card commitments	514,685	–	–	514,685
Irrevocable credit commitments	35,731	11,177	3,667	50,575
Total	1,220,006	55,596	4,018	1,279,620

10.5 Operational risk

Operational risk refers to the risk of loss due to deficient and flawed internal procedures, personnel and information technology (IT) system, or external events. The operational risk of the Group mainly comprises internal and external fraud, employment system, and safety of working places, events related to customers, products and operation, damages of tangible assets, interruption of business, failure of IT system, implementation, delivery and process management.

During the reporting period, the Bank optimized its operational risk management system, enhanced the closed-loop management process, refined operational risk management tools, and improved the granular level of operational risk management. As part of its efforts to promote the implementation of new standard approach for operational risk under Basel III, the Bank carries out a series of preparatory work including policies review, measurement and calculation, system construction, training and publicity to meet regulatory compliance. To implement new outsourcing risk control mechanisms, the Bank supervises outsourcing projects across the Bank. The Bank also continuously improves the business continuity management system, updates business impact analysis and risk assessment results and organises comprehensive practices across the Bank to enhance its ability to tackle with operational disruption events.

10.6 Country risk

The Group is exposed to country risk, which represents the risk due to changes and incidents occurred in the economy, politics and society of a specific country or region, which results in the borrowers or debtors in that country or region incapable of or unwilling to pay their debts owed to the Group or otherwise leads to business losses or other losses to the Group in that country or region. The country risk results from the economic deterioration of a specific country or region, the political and social turmoil, the nationalization or expropriation of assets, the Government's refusal of debt redemption, the restriction of foreign currency, the currency depreciation, and so on.

The country risk faced by the Group mainly arises from overseas credit business, bond investment, bill business, interbank financing, financial derivative trading, offshore leasing business, investment banking business, securities investment and establishment of overseas institutions.

Country risk management is included in the comprehensive risk management system of the Group and serves the objective of business strategy of the Bank. The Group manages and controls country risk through a number of tools including risk assessment and rating, limit setting, monitoring, improvement to review procedures, and formulation of polices to accrue country risk reserve.

10.7 Capital management

In managing capital, the Group enhances capital budget, capital configuration and evaluation management, optimize business structure, promote capital utilization efficiency and create value, based on meeting regulatory requirements and raising risk resistance ability.

Starting from 1 January 2024, the Group computes the capital adequacy ratios in accordance with The Capital Rules for Commercial Banks and other relevant regulations. The credit risk-weighted assets are measured using the weighting method. The risk weights for on-balance sheet assets are determined in accordance with Appendix 2 and Appendix 3 of The Capital Rules for Commercial Banks, taking into account the risk mitigation effect provided by qualified collateral or qualified guarantors. The off-balance sheet items are measured by multiplying the nominal amounts by the credit conversion factors to obtain the equivalent on-balance sheet assets, which are then treated in the same manner as on-balance sheet assets for risk-weighted assets computation. Market risk-weighted assets are calculated using the standardized approach. Operational risk-weighted assets are also calculated using the standardized approach.

The Group's capital adequacy ratios are calculated in accordance with The Capital Rules for Commercial Banks and other relevant regulations. For the Group, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio, and capital adequacy ratio are 7.75%, 8.75%, and 10.75%, respectively. The Group's capital management, while meeting regulatory requirements and enhancing risk resilience, focuses on strengthening capital budgeting, allocation, and performance evaluation, optimizing business structure, improving capital efficiency, and creating value.

As of 31 December 2024, the Group's core tier-one capital adequacy ratio, tier-one capital adequacy ratio, and capital adequacy ratio all comply with the requirements of The Capital Rules for Commercial Banks and other relevant regulations. For more information on capital, please refer to the 2024 Third Pillar Disclosure Report on Capital Management published by the Bank on its official website.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges.

Level 2: The debt securities classified as level 2 are RMB bonds and foreign currency bonds. The fair value of RMB bonds is determined according to the valuation results of China Central Depository & Clearing Co., Ltd., and the fair value of foreign currency bonds is determined according to Bloomberg's valuation results. Other financial instruments classified as level 2 include derivative contracts, discounted bills and forfaiting, which are valued using discounted cash flow method and Blair-Scholes model, etc. All significant valuation parameters are obtained from observable market information.

Level 3: Financial instruments classified as level 3 include equity instruments and debt instruments, whose valuation involves one or more significant unobservable inputs, mainly including right of trust benefit, non-listed equities, subordinated tranches of asset-backed securities, convertible bonds, and asset management plans, etc. The valuation techniques used include discounted cash flow method, market approach and income approach, etc. Unobservable inputs for valuation models include discount rates and discounts for lack of marketability (DLOM), etc.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

11.1 Financial instruments recorded at fair value

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets which are measured at fair value on a recurring basis:				
Financial assets at fair value through profit or loss				
Debt securities	**–**	**174,206**	**2,005**	**176,211**
Equity investments	**1,020**	**1,655**	**14,561**	**17,236**
Investment funds	**90,908**	**69,423**	**1,567**	**161,898**
Trust and asset management plans	**–**	**12,603**	**5,651**	**18,254**
Others	**2,807**	**101**	**950**	**3,858**
Financial assets at fair value through other comprehensive income				
Debt securities	**–**	**532,060**	**875**	**532,935**
Equity investments	**68**	**1,469**	**5,975**	**7,512**
Loans and advances to customers at fair value through other comprehensive income	**–**	**232,509**	**–**	**232,509**
Derivative financial assets				
Foreign exchange derivatives	**–**	**26,568**	**–**	**26,568**
Interest rate derivatives	**–**	**1,844**	**–**	**1,844**
Precious metal derivatives	**–**	**1,839**	**–**	**1,839**
Others	**–**	**32**	**–**	**32**
Total	**94,803**	**1,054,309**	**31,584**	**1,180,696**
Liabilities				
Financial liabilities which are measured at fair value on a recurring basis:				
Derivative financial liabilities				
Foreign exchange derivatives	**–**	**(25,516)**	**(14)**	**(25,530)**
Interest rate derivatives	**–**	**(687)**	**–**	**(687)**
Precious metal derivatives	**–**	**(7,856)**	**–**	**(7,856)**
Others	**–**	**–**	**–**	**–**
Financial liabilities at fair value through profit or loss	**–**	**(43,197)**	**(31)**	**(43,228)**
Total	**–**	**(77,256)**	**(45)**	**(77,301)**

11.1 Financial instruments recorded at fair value (continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets which are measured at fair value on a recurring basis:				
Financial assets at fair value through profit or loss				
Debt securities	–	142,836	3,255	146,091
Equity investments	1,535	1,932	16,170	19,637
Investment funds	118,979	11,115	1,463	131,557
Trust and asset management plans	–	10,975	6,210	17,185
Others	3,979	202	1,896	6,077
Financial assets at fair value through other comprehensive income				
Debt securities	–	411,160	940	412,100
Equity investments	–	2,578	5,893	8,471
Loans and advances to customers at fair value through other comprehensive income	–	279,998	–	279,998
Derivative financial assets				
Foreign exchange derivatives	–	22,130	–	22,130
Interest rate derivatives	–	1,733	–	1,733
Precious metal derivatives	–	908	–	908
Others	–	26	–	26
Total	124,493	885,593	35,827	1,045,913
Liabilities				
Financial liabilities which are measured at fair value on a recurring basis:				
Derivative financial liabilities				
Foreign exchange derivatives	–	(22,011)	–	(22,011)
Interest rate derivatives	–	(676)	–	(676)
Precious metal derivatives	–	(6,585)	–	(6,585)
Others	–	(4)	–	(4)
Financial liabilities at fair value through profit or loss	–	(35,013)	(814)	(35,827)
Total	–	(64,289)	(814)	(65,103)

For equity instruments and debt instruments whose valuation involves one or more than one significant unobservable inputs, the fair value of the financial instruments classified under level 3 is not significantly influenced by the reasonable changes in these unobservable inputs.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

11.2 Movement in level 3 financial instruments measured at fair value

The following table shows the movement of level 3 financial instruments during the year:

	Year ended 31 December 2024						
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			Financial assets at fair value through profit or loss liabilities	Derivative financial liabilities	
		Debt securities	Equity securities	Total			Total liabilities
As at 1 January 2024	28,994	940	5,893	35,827	814	–	814
Total gains/(losses)							
In profit or loss	(2,216)	(126)	–	(2,342)	–	–	–
In other comprehensive income	–	(269)	82	(187)	–	–	–
Purchase/transfer in	1,309	360	–	1,669	–	14	14
Settlement/transfer out	(3,353)	(30)	–	(3,383)	(783)	–	(783)
As at 31 December 2024	24,734	875	5,975	31,584	31	14	45
Total realised gains included in the consolidated statement of profit or loss	330	–	–	330	–	–	–
Total unrealised losses included in the consolidated statement of profit or loss	(2,546)	(126)	–	(2,672)	–	–	–

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

11.2 Movement in level 3 financial instruments measured at fair value (continued)

	Year ended 31 December 2023					
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			Financial assets at fair value through profit or loss liabilities	
		Debt securities	Equity securities	Total		Total liabilities
As at 1 January 2023	29,338	841	5,261	35,440	270	270
Total gains/(losses)						
In profit or loss	(617)	(13)	–	(630)	–	–
In other comprehensive income	–	2	569	571	–	–
Purchase/transfer in	4,639	140	63	4,842	544	544
Settlement/transfer out	(4,366)	(30)	–	(4,396)	–	–
As at 31 December 2023	28,994	940	5,893	35,827	814	814
Total realised gains included in the consolidated statement of profit or loss	*55*	–	–	*55*	–	–
Total unrealised losses included in the consolidated statement of profit or loss	(672)	(13)	–	(685)	–	–

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

11.3 Fair value of financial assets and liabilities not carried at fair value

(1) Cash and balances with central bank, balances with banks and other financial institutions, placements with banks and other financial institutions, loans and advances to customers, long-term receivables, central bank deposits and placements from banks and other financial institutions, borrowings from banks and other financial institutions, deposits from customers and financial assets held under resale agreements and sold under repurchase agreements

Given that these financial assets and financial liabilities mainly mature within a year or adopt floating interest rates, their book values approximate their fair values.

(2) Financial investments measured at amortised cost

The fair value for financial assets measured at amortised cost-bonds is usually measured based on "bid" market prices or brokers'/dealers' quotations. If relevant market information is not available, the fair value is based on quoted price of security products with similar characteristics such as credit risk, materiality and yield.

(3) Debt securities issued

Fair values of debt securities issued are based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair value using current market rates appropriate for debt securities with similar remaining maturities.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

11.3 Fair value of financial assets and liabilities not carried at fair value (continued)

(3) *(continued)*

The following table summarises the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of financial assets measured at amortised and cost debt securities issued:

	31 December 2024				
	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Financial assets measured at amortised cost	**1,480,798**	**1,529,949**	**–**	**1,488,791**	**41,158**
Financial liabilities					
Debt securities issued	**941,025**	**933,371**	**–**	**933,371**	**–**

	31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	1,531,024	1,536,026	–	1,488,415	47,611
Financial liabilities					
Debt securities issued	675,826	669,980	–	669,980	–

12 SUBSEQUENT EVENTS

On February 14, 2025, the Bank issued RMB10 billion in green financial bonds with a 3-year fixed term and a coupon rate of 1.70%.

On February 18, 2025, the Bank issued RMB20 billion in financial bonds with a 3-year fixed term and a coupon rate of 1.85%.

13 COMPARATIVE FIGURES

Certain comparative data has been restated to conform to the presentation and disclosure of the current period.

14 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

	31 December 2024	31 December 2023
ASSETS		
Cash and balances with central bank	**282,062**	387,434
Balances with banks and other financial institutions	**92,461**	100,127
Precious metals	**31,136**	28,285
Placements with banks and other financial institutions	**212,078**	201,606
Derivative financial assets	**30,197**	24,694
Financial assets held under resale agreements	**73,035**	25,845
Loans and advances to customers	**4,379,490**	4,310,985
Financial investments:	**2,335,294**	2,226,240
– Financial assets at fair value through profit or loss	**324,569**	289,565
– Financial assets measured at amortised cost	**1,481,090**	1,526,792
– Financial assets at fair value through other comprehensive income	**529,635**	409,883
Property and equipment	**26,311**	26,082
Right-of-use assets	**11,705**	12,221
Deferred income tax assets	**55,166**	51,815
Investment in subsidiaries	**13,244**	13,413
Other assets	**28,834**	29,386
Total assets	**7,571,013**	7,438,133

14 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (continued)

	31 December 2024	31 December 2023
LIABILITIES		
Borrowings from central bank	**260,767**	326,137
Deposits and placements from banks and other financial institutions	**1,074,378**	1,260,132
Financial liabilities at fair value through profit or loss	**9,564**	2,320
Derivative financial liabilities	**34,059**	29,195
Financial assets sold under repurchase agreements	**233,949**	167,358
Deposits from customers	**4,295,830**	4,316,817
Lease liabilities	**8,771**	9,190
Provisions	**1,729**	1,787
Debt securities issued	**932,894**	670,391
Current income tax liabilities	**4,220**	992
Other liabilities	**85,348**	40,587
Total liabilities	**6,941,509**	6,824,906
EQUITY		
Share capital	**43,782**	43,782
Other equity instrument	**95,000**	95,000
Including: Preference shares	**20,000**	20,000
Perpetual bonds	**75,000**	75,000
Reserves		
Capital reserve	**57,498**	57,842
Surplus reserve	**61,888**	58,805
General reserve	**95,009**	91,290
Other reserves	**6,665**	1,699
Retained earnings	**269,662**	264,809
Total equity	**629,504**	613,227
Total liabilities and equity	**7,571,013**	7,438,133

14 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (continued)

	Share capital	Other equity instrument	Reserves: Capital reserve	Reserves: Surplus reserve	Reserves: General reserve	Reserves: Investment revaluation reserve	Reserves: Exchange Reserve	Reserves: Cash flow hedging reserve	Retained earnings	Total
At 31 December 2023	**43,782**	**95,000**	**57,842**	**58,805**	**91,290**	**1,852**	**(136)**	**(17)**	**264,809**	**613,227**
(I) Net profit	–	–	–	–	–	–	–	–	30,830	30,830
(II) Other comprehensive income, net of tax	–	–	–	–	–	4,955	3	5	–	4,963
Total comprehensive income	–	–	–	–	–	4,955	3	5	30,830	35,793
(III) Profit distribution										
1. Appropriation to surplus reserve	–	–	–	3,083	–	–	–	–	(3,083)	–
2. Appropriation to general reserve	–	–	–	–	3,719	–	–	–	(3,719)	–
3. Cash dividends	–	–	–	–	–	–	–	–	(16,032)	(16,032)
4. Interest on perpetual bond	–	–	–	–	–	–	–	–	(3,440)	(3,440)
(IV) Transfers within the owners' equity										
1. Other comprehensive income transferred to retained earnings	–	–	–	–	–	3	–	–	(3)	–
(V) Others										
1. Equity transaction with minority shareholders	–	–	(340)	–	–	–	–	–	300	(40)
2. Others	–	–	(4)	–	–	–	–	–	–	(4)
At 31 December 2024	**43,782**	**95,000**	**57,498**	**61,888**	**95,009**	**6,810**	**(133)**	**(12)**	**269,662**	**629,504**

	Share capital	Other equity instrument	Reserves: Capital reserve	Reserves: Surplus reserve	Reserves: General reserve	Reserves: Investment revaluation reserve	Reserves: Exchange Reserve	Reserves: Cash flow hedging reserve	Retained earnings	Total
At 31 December 2022	43,782	95,000	57,842	55,276	86,911	(347)	(92)	1	251,107	589,480
(I) Net profit	–	–	–	–	–	–	–	–	35,291	35,291
(II) Other comprehensive income, net of tax	–	–	–	–	–	2,203	(44)	(18)	–	2,141
Total comprehensive income	–	–	–	–	–	2,203	(44)	(18)	35,291	37,432
(III) Profit distribution										
1. Appropriation to surplus reserve	–	–	–	3,529	–	–	–	–	(3,529)	–
2. Appropriation to general reserve	–	–	–	–	4,379	–	–	–	(4,379)	–
3. Cash dividends	–	–	–	–	–	–	–	–	(10,245)	(10,245)
4. Interest on perpetual bond	–	–	–	–	–	–	–	–	(3,440)	(3,440)
(IV) Transfers within the owners' equity										
1. Other comprehensive income transferred to retained earnings	–	–	–	–	–	(4)	–	–	4	–
At 31 December 2023	43,782	95,000	57,842	58,805	91,290	1,852	(136)	(17)	264,809	613,227

1 Liquidity coverage ratio

	As at 31 December 2024	As at 31 December 2023
Liquidity coverage ratio (%) (RMB and foreign currency)	**161.99**	146.06
High Quality Liquid Assets	**1,086,316**	1,125,729
Net cash outflows in 30 days from the end of the reporting period	**670,628**	770,717

The above liquidity coverage ratio is calculated in accordance with the formula promulgated by the former CBIRC and based on the financial information prepared in accordance with PRC GAAP.

According to the Measures for the Management of Liquidity Risks of Commercial Banks, the liquidity coverage of commercial banks should reach 100% by the end of 2018.

2 Currency concentration

		31 December 2024			
		USD	**HKD**	**Others**	**Total**
Spot assets		**339,053**	**53,218**	**80,582**	**472,853**
Spot liabilities		**333,634**	**38,422**	**41,689**	**413,745**
Forward purchases		**1,654,499**	**31,152**	**87,091**	**1,772,742**
Forward sales		**(1,326,716)**	**(42,178)**	**(124,125)**	**(1,493,019)**
Net long position	(a)	**1,000,470**	**80,614**	**85,237**	**1,166,321**

		31 December 2023			
		USD	HKD	Others	Total
Spot assets		338,056	48,543	112,637	499,236
Spot liabilities		(297,245)	(42,175)	(24,002)	(363,422)
Forward purchases		1,137,604	5,724	73,280	1,216,608
Forward sales		(1,141,366)	(17,499)	(117,890)	(1,276,755)
Net long position	(a)	37,049	(5,407)	44,025	75,667

(a) The net position is calculated using the delta equivalent approach as required by the Hong Kong Monetary Authority

The Group has no structural position in the reporting periods.

3 Loans and advances to customers

3.1 Impaired loans by geographical area

	31 December 2024		31 December 2023	
	Impaired loans	**Allowance for impairment losses**	Impaired loans	Allowance for impairment losses
Head Office	**17,204**	**15,409**	16,273	15,012
Bohai Rim	**28,479**	**12,591**	21,695	10,577
Yangtze River Delta	**12,411**	**4,748**	16,247	6,484
Western Region	**11,372**	**4,193**	12,779	5,255
Pearl River Delta	**6,838**	**2,473**	8,062	3,751
Central Region	**6,833**	**2,230**	7,274	2,986
Northeastern Region	**1,391**	**520**	1,269	533
Overseas and subsidiaries	**2,463**	**1,296**	2,421	1,190
Total	**86,991**	**43,460**	86,020	45,788

3.2 Loans overdue for more than 3 months by geographical area

	31 December 2024		31 December 2023	
	Overdue loans	**Allowance for impairment losses**	Overdue loans	Allowance for impairment losses
Head Office	**17,084**	**14,950**	16,141	15,000
Bohai Rim	**13,487**	**5,777**	10,993	3,835
Yangtze River Delta	**10,850**	**3,679**	8,685	3,522
Western Region	**9,448**	**3,617**	10,549	4,497
Pearl River Delta	**5,962**	**2,138**	5,608	2,978
Central Region	**5,088**	**1,694**	4,842	2,251
Northeastern Region	**1,081**	**393**	878	390
Overseas and subsidiaries	**2,393**	**1,262**	2,355	1,111
Total	**65,393**	**33,510**	60,051	33,584

4 International claims

	31 December 2024				
	Asia Pacific	**North and South America**	**Europe**	**Other Locations**	**Total**
Banks	**88,053**	**15,691**	**16,453**	**532**	**120,729**
Public sector	**2,965**	**13,734**	**–**	**137**	**16,836**
Non-bank private sector	**132,516**	**96,298**	**48,880**	**14,393**	**292,087**
Total	**223,534**	**125,723**	**65,333**	**15,062**	**429,652**

	31 December 2023				
	Asia Pacific	North and South America	Europe	Other Locations	Total
Banks	44,559	24,429	24,458	2,296	95,742
Public sector	8,949	49,043	–	–	57,992
Non-bank private sector	102,399	85,028	26,936	18,486	232,849
Total	155,907	158,500	51,394	20,782	386,583