浦发银行
SPD BANK

数智新浦发

2024 ANNUAL REPORT

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD.

Mission

Finance creates value for better life

Vision

Develop ourselves into a first-class joint-stock commercial bank with international competitiveness in all aspects

Core values

Stick to integrity and strive for excellence

View of development: adhere to long-termism for stable operation in the long run

View of talent: pursue a people-centric approach to discover talent people and put them in suitable positions

View of risk: make forward-looking, precise judgment, take actions prudentially, and know where to stop

View of management: conduct lawful and compliant management for intensive and efficient operation

View of business performance: seek for high-quality and sustainable business development

Code of clean conduct

Act with probity, excel with expertise

Green initiative

Low-carbon lifestyle and green future

Corporate spirit

Strive with one heart

Organizational climate

Optimism, plainness, unity, and sharing

Manager image

Righteous, wise, pioneering, and responsible

Employee image

Dedicated, professional, innovative, and promising

Brand proposition

New thinking, heartfelt service

Section I Important Notice, Contents, and Definitions

Contents

Message from Chairman of the Board of Directors

2024 marked the inaugural year of SPD Bank's digitalization & intelligentization strategy. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank thoroughly implemented the guiding principles of the 20th National Congress of the Communist Party of China (CPC), as well as the Second and Third Plenary Sessions of the 20th CPC Central Committee. We aligned closely with the key decisions of the Central Economic Work Conference and the Central Financial Work Conference, while remaining committed to our founding mission of "serving the nation and its people through finance". Anchored in the five key priorities of the financial sector, we deeply integrated into Shanghai's strategic initiative of building itself into five centers of international economy, finance, trade, shipping, and scientific and technological innovation (STI). We placed stronger emphasis on the coordinated advancement of supporting the real economy and ensuring financial supply. Over the past year, we made intensive efforts to drive this strategic transition and achieved significant progress, gaining a stronger foothold in an increasingly competitive market. SPD Bank now stands re-energized: total assets surpassed RMB9.46 trillion; net profit attributable to the parent company grew by 23.31%; asset quality continued to improve; and our capital market performance remained strong—all underscoring a solid and positive development trajectory. These hard-earned results stem from the strong momentum of China's high-quality economic development, and equally from the trust of our clients, the steadfast support of our shareholders, and the unwavering dedication of our employees. On behalf of the Board of Directors, I would like to extend my sincere gratitude to all sectors of society.

The digitalization & intelligentization strategy steered the development of SPD Bank. Building on the fundamental principles of financial development and the functional positioning of the financial sector, we launched a comprehensive framework centered on this strategy in 2024. The framework prioritizes five priority tracks, with a focus on creating a new five-pronged digital operation mode, establishing five core systems, implementing four key strategies, and enhancing three major guarantee systems—an ambitious strategic initiative aimed at positioning us for future success. Technology finance is one of our five priority tracks. We have introduced a service model that integrates commercial banking, investment banking, and ecosystem building, offering diverse and responsive financial services that effectively support the development tech companies through innovation. In supply chain finance, the "SPD Chain Connect" platform acts as a digital bridge, creating a blockchain and AI-driven ecosystem that fosters efficient collaboration throughout industrial chains. Inclusive finance is underpinned by an intelligent, inclusive, data-driven service framework that targets the micro and small economy, providing vital support to revitalize the real economy's most remote and frontline segments. Through the "SPDB Cross-Border Finance" dual-track bridge, we have created a global dual-circulation channel to support Chinese enterprises' international expansion and attract foreign enterprises to China. Wealth and asset management finance operates with a dual-engine model, integrating wealth management and asset management to build an ecosystem of value creation that promotes collaboration within and beyond the Group. Green finance, under the "SPDB Green Innovation" brand, leads the charge for low-carbon transformation and creates value across the ESG ecosystem, driving both low-carbon economy and ecological value in tandem. Pension finance, branded as "SPDB Golden Pension", is focused on creating a full-lifecycle retirement support system that serves the silver economy and aging population. Digital finance, guided by a smart, simple, integrated, and inclusive service matrix, leverages data elements and digital technologies to enhance service accessibility, better empowering the high-quality development of the real economy.

Digital and intelligent capabilities were harnessed to build well-connected ecosystems. In 2024, we redefined the logic underpinning digital and intelligent operations, moving beyond traditional operational modes and strategic frameworks. On the customer ecosystem front, we made progress in managing our strategic customers in an ecosystem-based manner, strengthened resource connections with partners, and fostered collaborative innovation. Regarding the platform ecosystem, we developed integrated, one-stop service offerings and launched upgraded versions of our two core platforms—SPDB Inclusive Finance and SPDB Mobile Banking apps—with a focus on optimizing processes and enhancing customer journeys to improve service efficiency and user experience. In the technology ecosystem, we reinforced the foundational infrastructure for digital finance by integrating or holistically deploying systems, functionalities, and contents to support scenario creation, ecosystem building, function enhancement, and user growth. Within the data ecosystem, data-driven insights enabled us to accurately identify business opportunities and develop targeted risk control strategies, empowering a wide range of business activities such as online customer acquisition, product marketing, risk management and control, and regulatory compliance, a prerequisite for creating new business modes. SPD Bank is leveraging ecosystem-based synergies to realign its value coordinates, fully streamline internal systems, and establish new organizational structures and service modes—thereby generating greater value.

The digitalization & intelligentization strategy was implemented to consolidate strength under the renewed operational mechanisms. In 2024, we placed emphasis on strengthening both the "first mile" and the "last mile" of strategy execution, shifting from a management-driven approach to a customer-centric orientation. We undertook a comprehensive optimization of our organizational structure. Grounded in frontline operations and customer needs, we enhanced front-office capabilities, integrated middle- and back-office functions, established departments embodying new quality productive forces, and built an agile organizational system characterized by a strong front office, intelligent middle office, and streamlined back office. Through flexible configurations such as task forces, project teams, and themes, we accelerated organizational transformation for key strategic initiatives, dismantling departmental silos and improving decision-making efficiency. We launched a process streamlining initiative to deliver a unified, one-stop customer experience. The "Lean Management" campaign gained further momentum, reducing vertical hierarchy and promoting horizontal collaboration through a matrix-based approach. As a result, we eliminated data silos across departments and established an agile response mechanism across business lines. These reform measures cleared business development bottlenecks, removed management obstacles, and closed process gaps—enabling a dynamic alignment between production relations and productive capacity.

Governance modernization efforts laid a solid foundation for digital and intelligent operations. In 2024, we advanced governance modernization under the guidance of high-quality Party building, aligning our practices with best-in-class corporate governance standards. As a result, a multi-tiered performance accountability framework for directors and supervisors was established, steadily improving the efficiency and quality of Board operations. With a forward-looking perspective, we developed a comprehensive talent strategy—focusing on leadership in team development, taking a systematic approach to talent cultivation, and ensuring that those willing to contribute are given key responsibilities, those with capabilities are entrusted with critical roles, and those who deliver results are placed at the forefront. We embedded digital and intelligent capabilities into our risk management framework, reinforcing a strong foundation for high-quality development. Digital technology now functions as the backbone of our risk control system, enabling transparent risk identification, ecosystem-based risk prevention, and automated decision-making & response. Every financial transaction is safeguarded by technology, every business decision is grounded in data, and every trust is upheld through digital assurance.

In 2025, the rapid and disruptive advancement of next-generation artificial intelligence (AI) technologies—represented by generative AI and large models—is set to unlock three transformative opportunities for the banking industry: exponential gains in operational efficiency, a reimagined risk management paradigm, and the boundless expansion of ecosystem-based services. These developments are expected to drive a three-fold revolution in banking: an efficiency revolution, a risk control revolution, and an ecosystem revolution. As the digital era reshapes the very fabric of finance and intelligent technologies redefine the boundaries of service, SPD Bank has designated 2025 as the "**Year of Strategic Elevation**"—a year marked by unwavering strategic commitment to establishing a new benchmark for digital and intelligent transformation in the banking sector.

Anchored in the digitalization & intelligentization strategy, SPD Bank is embarking on a new journey toward multi-dimensional, comprehensive development. In 2025, we will focus on the three strategic pillars of digitalization and intelligentization—product innovation, project execution, and breakthroughs in critical areas—while strengthening systematic and integrated thinking to ensure accurate and effective implementation. We will refine six core business strategies: (1) Deepen the "arrow-shaped" regional distribution by aligning with key industrial and supply chain clusters; (2) Develop sector-specific strategies through a "1+N" industry map and enhance customer group management; (3) Promote online and platform-based operations, leveraging our two core apps to boost customer acquisition and engagement; (4) Optimize resource allocation by prioritizing key strategic areas; (5) Improve competition and collaboration strategies to enhance group-wide synergy and elevate SPD Bank as a flagship brand; (6) Enhance outbound service strategies by closely tracking Chinese enterprises' overseas investments and capitalizing on cross-border investment and financing, merger and acquisition (M&A), and risk hedging opportunities. Simultaneously, we will advance three major transformation initiatives—continuing institutional reform, accelerating personnel reform, and advancing performance assessment reform—to reshape our management philosophy, service mode, and value creation trajectory for a fully adaptive transformation.

Enabling technologies are reshaping a new paradigm for SPD Bank's digital and intelligent ecosystem. Supported by a team of over 6,000 multidisciplinary technology professionals and over RMB33 billion in technology investments over the past five years, we have laid a strong foundation for the execution of our digitalization & intelligentization strategy. In 2025, aligned with China's drive to cultivate new quality productive forces, we will harness AI and digital & intelligent capabilities as dual engines to build an integrated intelligent infrastructure centered on computing power, algorithms, platforms, and knowledge systems. Through overall planning and forward-looking iterations, we will advance the development of AI and large model-based application systems, accelerate the development of AI-driven scenarios, and take the industry lead in deploying financial applications powered by domestically developed computing platforms and open-source large models such as DeepSeek. By leveraging data to create business value, we will tightly integrate customer flows, data flows, and opportunity flows—fully unlocking AI's potential in cost-effective, mass customer acquisition, intelligent asset allocation, and big-data-driven risk control.

A customer-centric approach is redefining the boundaries of financial services. As the enduring cornerstone of banking, customers remain central to all we do. In 2025, we will pursue three core objectives: driving user growth, enhancing service quality, and elevating customer experience. Vertically, we aim to establish a unified and rational framework centered on "one customer, multiple products, integrated solutions, and group-wide services". Horizontally, we will implement unified yet well-designed product and service strategies tailored to specific customer segments. Guided by product development logic, we will build five super products and a suite of flagship offerings—enabling smarter demand identification, more intelligent scenario alignment, and more proactive real-time engagement. These efforts will bring our brand proposition—"new thinking, heartfelt service"—to life. With a strong focus on risk-business integration, we will also continue to enhance risk pricing capabilities and upgrade our end-to-end risk control system through digital and intelligent means, reinforcing our compliance foundation and driving high-quality development.

Cultural identity is being positioned as a new core driver of value creation. Culture forms the bedrock for enterprises to transcend economic cycles and achieve long-term prosperity. In 2025, we will uphold the values of "finance for good," emphasizing the altruistic and socially responsible nature of finance, and cultivate a distinctive, vibrant cultural identity symbolized by four defining colors: Red Finance, representing our steadfast commitment to serving the real economy and fulfilling our mission of "finance for the people"; Green Finance, reflecting our dedication to low-carbon, sustainable development; Bright Finance, supporting technological self-reliance and innovation; and Blue Finance, focusing on under-served populations and advancing inclusive finance. Through this cultural framework, we aim to make SPD Bank a caring and soulful financial institution. At the same time, we will reinforce our market value management, enhance transparency through improved information disclosure, and pursue diversified investor relations to raise the sense of gain among investors and map out a sustainable long-term value growth trajectory for our shareholders.

Technology serves the greater good; finance exists for the people. In 2025, at the crossroads of digital civilization and financial transformation, we remain deeply mindful that every innovation in scenario-based finance carries the trust of countless families and supports the industrial upgrading of the real economy. Each advancement in financial algorithms embodies our enduring commitment to national economic development and the well-being of the people. With a shared sense of purpose, all SPDB employees are united in writing a new chapter in the development of socialist finance with Chinese characteristics—driven by technological strength and anchored in humanistic values.

Zhang Weizhong, Party Committee Secretary and Chairman

Message from President

2024 was a pivotal year for SPD Bank—one defined by transformation, resilience, and progress in the face of challenges. Amid changing economic and financial landscapes, and under the strong leadership of the Head Office Party Committee and the Board of Directors, we remained steadfast in our pursuit of world-class enterprise standards. Embracing the opportunities of the digital and intelligent era, we pushed forward the implementation of our "1-5-5-5-4-3" strategic framework, with the digitalization & intelligentization strategy at its core. United in purpose, SPDB employees forged ahead with unwavering momentum, opened new frontiers through innovation, and delivered solid results with a deep sense of mission. Our perseverance, adaptability, and creative vitality stood as a testament to the success of our reforms and the robustness of our development path—vividly reflecting the spirit of "New SPDB, Moving Forward Again".

Our business results maintained steady growth, underscoring our solid foundation for high-quality development. In 2024, guided by the digitalization & intelligentization strategy, we remained firmly committed to high-quality development and achieved comprehensive improvements across key performance indicators. By year-end, the Group's total assets reached RMB9.46 trillion, marking a year-on-year increase of over 5%. Operating income amounted to RMB170.748 billion, reflecting positive growth after adjusting for one-off factors from the previous year. Net profit attributable to shareholders of the parent company rose to RMB45.257 billion, representing a 23.31% year-on-year increase—the highest growth rate in the past twelve years. Asset quality continued to improve, supported by strengthened risk control and disposal capabilities. Amidst a complex and volatile market environment, we delivered a remarkable performance—demonstrated by strong breakthroughs in business outcomes, accelerated growth momentum, revitalized organizational vitality, and growing confidence. These achievements reflect the unwavering determination of SPDB staff in meeting challenges head-on and reaffirm the strong driving force behind our ongoing reform and transformation.

Breakthroughs were achieved across all five priority tracks, establishing powerful engines for transformation and upgrading. In technology finance, we cultivated an innovation-driven ecosystem, serving over 70,000 tech companies. We launched the intelligent tool "Tech Radar" and established the "Zhangjiang Innovation Incubation Base" to help hard-tech firms overcome key technological bottlenecks. In supply chain finance, we developed a mutually beneficial ecosystem, with the online supply chain transaction volume reaching RMB267 billion, making it a new RMB100 billion-level growth pillar for the Bank. In inclusive finance, we built a fast-track development path for over 410,000 micro and small enterprises, offering full-lifecycle financing solutions and comprehensive growth support. In cross-border finance, we established a global connectivity platform, with the business volume exceeding RMB4 trillion. Our cross-border M&A operations displayed strong competitive advantages, with the combined onshore and offshore M&A financing balance surpassing RMB200 billion—empowering Chinese companies to expand globally and assisting international clients in entering the Chinese market. In wealth and asset management finance, we developed a new wealth ecosystem, serving 157 million personal customers, with assets under management (AUM) reaching RMB3.88 trillion. SPDB Wealth Management introduced new products worth over RMB300 billion—a 30% year-on-year increase—ranking among the top in both growing amount and growth rate across the industry. As core strategic initiatives and key revenue drivers, the five priority tracks have fully activated SPDB's corporate DNA, enhanced our collaborative strengths, reinforced differentiated core competitiveness, and unleashed enduring momentum for long-term sustainable growth.

Our digital ecosystem evolved rapidly, forging a new frontier of technology-driven development. Today, digital technologies such as big data and AI serve as key engines of progress, transforming traditional banking service modes and reshaping the broader financial landscape. We focused our efforts across five critical domains: digital infrastructure, digital products, digital operations, digital risk management, and digital ecosystems—expanding financial services from isolated touchpoints to integrated, multidimensional networks, and from transactional moments to end-to-end engagement. This evolution has significantly enhanced the depth, breadth, scope, and precision of our service capabilities. Our two flagship apps—SPDB Inclusive Finance and SPDB Mobile Banking—have strengthened connectivity, demand aggregation, and open-access capabilities, delivering more effective services to long-tail customer segments. Meanwhile, the global management treasury service (GMTS) platform has redefined corporate treasury management with its distributed architecture, supporting rapid business expansion. As data becomes the new fuel and technology the new engine, we are harnessing digital power to redefine the boundaries of financial services.

Our risk defenses continued to strengthen, laying a solid foundation for sustained business growth. Guided by our defined risk appetite, we made prudent adjustments to our industry exposure, refined front-end credit allocation strategies, and enhanced the deployment of our risk management toolkit. We established a proactive risk forewarning system featuring accurate signals, end-to-end coverage, and practical application, while maintaining strict control over the generation of new non-performing assets (NPAs). We intensified efforts in market-oriented NPA resolution through diversified methods and channels, achieving record-high levels of cash recovery. As a result, our asset quality showed consistent improvement, with the non-performing loan (NPL) balance declining for five consecutive years and the NPL ratio reaching its lowest point in the recent decade. Our risk offsetting capacity continued to rise, as the allowance-to-NPL ratio climbed to its highest level in nine years. Forward-looking indicators of asset quality remained sound, with 90-day and 60-day overdue loan deviation ratios consistently held below 100%. With significant advancements in digital and intelligent risk control capabilities across the Bank, we developed enterprise-level, model-driven risk management tools, further reinforcing the safety net essential to the Bank's long-term, high-quality development.

Looking ahead to 2025, SPD Bank will enter a pivotal year for advancing its digitalization & intelligentization strategy. The Bank will fully implement the guiding principles of the 20th CPC National Congress, as well as the Second and Third Plenary Sessions of the 20th CPC Central Committee, and align with the guiding principles of the Central Economic Work Conference and the Central Financial Work Conference. We will remain committed to the new development philosophy, stay focused on advancing our digitalization & intelligentization strategy, and adhere to **the operational path of strengthening key business tracks, optimizing structure, enhancing risk control, and improving overall efficiency**. We will intensify efforts around **our "1-3-5-8-3" core operational measures**, working tirelessly to open a new chapter in our journey to become a first-class joint-stock commercial bank with comprehensive international competitiveness.

Centered around one strategic core, we will comprehensively upgrade our intelligent operation system. The essence of strategy execution lies in translating vision into measurable and traceable outcomes. Anchored by our digitalization & intelligentization strategy as the core innovation engine, we are building a data-driven operational framework that spans the entire value chain. In the domain of digital infrastructure, we will develop an enterprise-level, multi-modal digital and intelligent operation platform, accelerating the deployment of initiatives such as digital account managers and digital employees under the “AI+” framework. In the area of digital products, we will actively cultivate super offerings with a scale exceeding RMB100 billion, establishing them as key growth drivers. For digital operations, we will transition from isolated operational modes to integrated, collaborative frameworks that dismantle internal silos. With a focus on enhancing user experience, we will comprehensively overhaul, optimize, and upgrade business processes to create an intelligent service system that enables seamless cross-departmental, cross-platform, and online-offline collaboration. Through broader perspectives, more efficient modes, and increasingly innovative business practices, we will further advance the implementation of our digitalization & intelligentization strategy.

Upholding three high requirements, we will comprehensively enhance operational quality and efficiency. With high aspirations, we will make every effort to support major national strategies and major tasks in Shanghai, presenting a renewed image of Shanghai’s financial sector and its leading enterprises. Committed to the path of high-quality development, we will continue to optimize the structure of our assets, liabilities, and customer base, cultivate new growth drivers, and firmly uphold the bottom line of risk compliance. By staying true to our founding mission, we aim to better serve the real economy and reinforce our internal engines for further development. We will focus on high-efficiency collaboration, further advancing integration across institutional mechanisms, information systems, products and services, and talent teams. In addition, we will strengthen coordination among our three core business lines, five priority tracks, two main platforms, subsidiaries, and domestic and international institutions. By harnessing a wide range of business formats, social networks, and ecosystems, we will pool together products, talent, and resources to build an ecosystem of diversified and responsive financial services.

We will strengthen five priority tracks to fully unlock momentum for robust growth. Technology finance will drive the integrated and coordinated development of the Group’s mega innovation initiative by connecting resources across internal and external ecosystems, building system-wide comparative advantages, and reinforcing our position as the preferred partner bank for tech companies through high-quality, results-oriented products and services. To assume a leading role, supply chain finance will focus on enhancing both quality and scale, upgrading and refining product offerings, and delivering comprehensive outcomes that boost customer engagement, loan issuance, and revenue growth. These steps aim to transform the supply chain into a mutually beneficial value network. Inclusive finance seeks to become the most widely adopted and deeply integrated track, establishing a mega inclusive finance framework. Leveraging the loan center for micro and small enterprises and personal customers, along with the SPDB Inclusive Finance app, we will build a highly efficient operation mode that blends online and offline channels. We will focus on managing business scenarios and customer segments tailored to regional characteristics to inject new vitality into small businesses. Cross-border finance will fully support the cross-border operations of strategic customers, continuously optimize settlement products and services, develop a holistic cross-border financial service ecosystem, and advance major innovations in the field. These efforts will drive business expansion, increase market share, and boost revenue contribution, further strengthening the “SPDB Cross-Border Finance” brand as a financial bridge connecting global industries. Wealth and asset management finance will continue to deepen the integration of wealth management and asset management. Through group-wide collaboration, enabling digital and intelligent technologies, cross-business line integration, ecosystem connectivity, digital operations, and corporate wealth management, we aim to become the preferred wealth management bank for customers—aligning household wealth more closely with emerging productive forces.

We will focus on eight key tasks to fully support strategic execution. We will adopt a customer-centric approach to deepen relationship management. To grow and stabilize deposits, we will prioritize deposit-driven operations, maintain a balanced deposit-loan structure, and pursue both scale expansion and quality assurance. Centered on loan extension, we aim to sustain a rapid growth rate while strengthening financial services for the real economy. To stabilize revenue, we will balance volume, pricing, risk, and returns, adopting diverse measures to support steady income growth. In expanding fee-based income, we will accelerate the transition toward a capital-light operating mode. For comprehensive risk control, we will reinforce asset quality oversight at the source, intensify efforts in collection and resolution, and increase the contribution from risk cost reversals—further solidifying the foundation for high-quality development. To cultivate distinctive business lines, we will drive record-high M&A transaction volumes, invigorate green finance, and extend pension finance to underserved demographics, thereby shaping a unique business ecosystem. By leveraging integrated platforms, we will enhance group-wide collaboration and build well-structured, coordinated operation pathways to elevate overall productivity.

We will reinforce three key areas of support to fully unlock organizational vitality. Specifically, we will refine the end-to-end performance evaluation mechanism, aligning it closely with strategic execution and dynamically assessing operational effectiveness. We will strengthen talent training to boost employees' sense of fulfillment and belonging, cultivating a vibrant talent hub. Comprehensive and meticulous management practices will be enhanced to streamline processes, lower costs, and raise efficiency—generating resilient momentum for sustained growth. We will also foster a customer-centered, communities-driven organizational culture, and cultivate a workplace that champions integrity, innovation, humanistic care, and value creation, empowering every employee to become an active contributor to value generation.

The journey never truly ends—the dust of past paths still clings to our boots, even as the call to advance grows stronger. In 2025, SPD Bank will remain steadfast in serving national strategies, supporting the real economy, and embracing the digital era. With a spirit of bold exploration, relentless innovation, and diligent execution, we will be guided by our digitalization & intelligentization strategy to chart a course for sustainable growth and open a new chapter in our pursuit of a century-long SPDB legacy. Every achievement thus far has been made possible by the unwavering support of our shareholders, the trust of our customers, the dedication of our employees, and the care of society at large. Looking ahead, we will honor these expectations, consistently improving business performance and creating greater value for our shareholders. With firm confidence and resolute efforts, we will stride into a new era of digital and intelligent transformation—shaping a brighter future for SPDB.

Xie Wei, Deputy Party Committee Secretary and President

1.1 Important Notice

1. The Board of Directors, the Board of Supervisors, directors, supervisors, and Senior Management members of the Bank warrant that the information presented in this Report is authentic, accurate and complete, contains no false record, misleading statement or material omission, and bear joint and several liability for the information in this Report.

2. This Report was reviewed and approved at the 2nd Meeting of the Board of Directors in 2025 held in Shanghai on 27 March 2025, where all directors attended in person and exercised their voting right.

3. The 2024 financial statements prepared by the Bank in accordance with the Accounting Standards for Business Enterprises and the International Financial Reporting Standards have been audited by KPMG Huazhen LLP who issued a standard unqualified opinion.

4. Zhang Weizhong, Chairman of the Board of Directors, Xie Wei, President of the Bank, and Zhang Hui, person in charge of accounting institutions warrant the authenticity, accuracy, and completeness of the financial statements in this Report.

5. The profit distribution plan for the reporting period approved by the Board of Directors is as follows: Distributing to all ordinary shareholders cash dividends at RMB4.1 (tax inclusive) per 10 shares based on the total number of ordinary shares on the day of profit distribution and equity registration. As at 31 December 2024, the Bank's ordinary shares totaled 29,352,178,302, based on which the cash dividends to be distributed were calculated in RMB12,034 million (tax inclusive).

6. There was no misappropriation of the Bank's funds by its controlling shareholder or other related parties for non-operating purposes.

7. The Bank provided no external guarantee in violation of the required decision-making process.

8. Risk statement on forward-looking statements: The future plans, development strategies and other prospective description stated in this Report do not constitute substantial warranty of the Bank to the investors; the investors and other related persons shall be fully aware of the risks and understand the difference between plans, estimates and commitments.

9. Notes on material risks: The Bank has no foreseeable material risks. Operating risks facing the Bank mainly include credit risk, market risk, liquidity risk, and operational risk. The Bank has taken various measures to effectively manage and control various operating risks, which are shown in the "Risk Management" under Section III "Management Discussion and Analysis".

1.2 Definitions

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

SPD Bank, the Company, the Parent Company, the Bank	:	Shanghai Pudong Development Bank Co., Ltd.
The Group	:	Shanghai Pudong Development Bank Co., Ltd. and its affiliated companies
SPDB Financial Leasing	:	SPDB Financial Leasing Co., Ltd.
Shanghai Trust	:	Shanghai International Trust Co., Ltd.
SPDB Wealth Management	:	SPDB Wealth Management Co., Ltd.
SPDB International	:	SPDB International Holdings Limited
Shanghai Innovation Bank	:	Shanghai Innovation Bank Co., Ltd. (the former SPD Silicon Valley Bank Co., Ltd.)
AXA SPDB Investment Managers	:	AXA SPDB Investment Managers Co., Ltd.
SPD rural banks	:	The 28 rural banks established by Shanghai Pudong Development Bank Co., Ltd.
Central bank/PBC	:	People's Bank of China
NFRA	:	National Financial Regulatory Administration
CBRIC	:	Former China Banking and Insurance Regulatory Commission
CSRC	:	China Securities Regulatory Commission
SSE	:	Shanghai Stock Exchange
End of the reporting period	:	31 December 2024
The reporting period	:	From 1 January 2024 to 31 December 2024
Same period of previous year	:	From 1 January 2023 to 31 December 2023
End of previous year	:	31 December 2023

Section II Corporate Profile and Main Financial Indicators

2.1 Company Information

Chinese name	上海浦东发展银行股份有限公司
Chinese name in short	上海浦东发展银行、浦发银行
English name	SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD.
English name in short	SPD BANK
Legal representative	Zhang Weizhong
Initial registration date	19 October 1992
Registered address	12, Zhongshan Road (E-1), Shanghai, PRC
Former registered address	500, Pudong South Road, Shanghai, PRC (19 October 1992 – 25 November 2011)
Unified Social Credit Code	9131000013221158XC
Financial Institution License Serial Number	B0015H131000001
Website	http://www.spdb.com.cn
Email	bdo@spdb.com.cn
Service hotline	95528

2.2 Contact Information

	Secretary to the Board of Directors	Listing Affairs Representative
Name	Zhang Jian	Wu Rong
Address	Secretariat to the Board of Directors & Supervisors at 12, Zhongshan Road (E-1), Shanghai	
Telephone	021-63611226	021-61618888 ex. Secretariat to the Board of Directors & Supervisors
Fax	021-63230807	021-63230807
Email address	zhangj8@spdb.com.cn	wur2@spdb.com.cn

Note: On 25 December 2024, the Board of Directors of the Bank approved the Proposal on the Appointment of the Secretary to the Board of Directors, agreeing to appoint Vice President Zhang Jian to concurrently serve as the Secretary to the Board of Directors. In March 2025, the Bank received the Approval from the National Financial Regulatory Administration Regarding Zhang Jian's Qualification to Serve as the Secretary to the Board of Directors of SPD Bank. Vice President Zhang Jian formally assumed the role on 5 March 2025.

2.3 Information Disclosure and Access Site

Media partners selected by the Bank for the disclosure of its annual report	"China Securities Daily", "Shanghai Securities News", "Securities Times"
Website of the stock exchange where the Bank discloses its annual report	http://www.sse.com.cn
Periodic reports prepared at	Secretariat to the Board of Directors & Supervisors

2.4 Stocks

Type	Place of listing	Short name	Stock code	Short name before change
Ordinary A-share	Shanghai Stock Exchange (SSE)	SPD Bank	600000	-
Preference share		SPDB P 1	360003	-
		SPDB P 2	360008	-
Convertible corporate bond		SPDB Convertible Bond	110059	-

Accounting firm engaged (financial statements prepared as per Accounting Standards for Business Enterprises)	Name	KPMG Huazhen LLP
	Office address	F/8, KPMG Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing, China
	Names of signatory accountants	Xue Chenjun, Ying Chenbin
	Name	KPMG Huazhen LLP

Accounting firm engaged (financial statements prepared as per International Financial Reporting Standards)	Office address	F/8, KPMG Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing, China
Sponsor institution performing continuous supervision duties during the reporting period	Name	CITIC Securities Co., Ltd.
	Office address	F/23 CSCES Tower, No.1568 Century Avenue, Pudong New Area, Shanghai
	Names of sponsor representatives	Zhu Yu, Jiang Ying
	Period of continuous supervision	Until the convertible bonds mature or are fully converted
	Name	Guotai Junan Securities Co., Ltd.
	Office address	F/36, No.669 Xinzha Road, Jing'an District, Shanghai
	Names of sponsor representatives	Zhu Zhelei, Yu Weijun
	Period of continuous supervision	Until the convertible bonds mature or are fully converted
Depository of ordinary shares		China Securities Depository and Clearing Corporation Limited, Shanghai Branch

2.5 International Rankings and Ratings

International rankings

The Banker	SPD Bank ranked 19th by tier-one capital among the "Top 1000 World Banks", which was released by the British magazine The Banker in July 2024. Among all the Chinese-funded banks on the list, the Bank ranked 10th.
Fortune	SPD Bank ranked 292nd among the "Fortune Global 500", which was released by the US magazine Fortune in August 2024. Among all the Chinese-funded banks on the list, the Bank ranked 8th.

Forbes	SPD Bank ranked 159th among the "Forbes Global 2000", which was released by the US magazine Forbes in June 2024. Among all the Chinese-funded banks on the list, the Bank ranked 10th.

Brand value and ESG ratings

Brand value	SPD Bank ranked 31st among the "Top 500 Global Banking Brands in 2024", which was released by Brand Finance, a prominent brand valuation consultancy, in March 2024. Among all the Chinese-funded banks on the list, the Bank ranked 11th. Its brand value was assessed at USD9,876 million.
ESG (Environmental, Social and Governance)	SPD Bank maintained its "A" rating in the ESG ratings, as disclosed by Morgan Stanley Capital International (MSCI) in November 2024.

Rating agency	Category	Latest credit rating
Moody's	Deposit rating	Baa2/P-2
	Baseline credit assessment	ba2
	Rating outlook	Stable
S&P Global Ratings	Long-term credit rating	BBB
	Short-term credit rating	A-2
	Rating outlook	Stable
Fitch Ratings	Issuer default rating	BBB/F2
	Viability rating	bb-
	Rating outlook	Stable

2.6 Awards and Honors Received

Awarded by	Name of award
People's Bank of China (PBC)	Second Prize, Third Prize, and Micro-Innovation Award of the Annual FinTech Development Awards Second Prize for the "Digital and Intelligent Retail Operation Management System Development Project"
Ministry of Public Security	Second Prize for the Data Security Administrator Teams at the National Cybersecurity Industry Vocational Skills Competition

China Foreign Exchange Trade System and National Interbank Funding Center	Best Foreign Currency Lending Quotation Bank, Best Foreign Currency Lending Member, Best Foreign Currency Repo Member, Best RMB Foreign Exchange Option Market Maker, Best RMB Currency Swap Market Maker, Model Member in Serving Corporate Exchange Rate Risk Management, and Model Currency Swap Market Maker in the Interbank Foreign Exchange Market Influential Market Institution of the Year: Core Dealer, Money Market Dealer, Bond Market Dealer, Derivatives Market Dealer, and Market Co-builder
China Central Depository & Clearing Co., Ltd. (CCDC)	Bond Market Leader of the Year, Annual Pioneering Contributor, Model Financial Bond Issuer, Model Bond Underwriter, Model Underwriter of Local Counter Bond Business, Top 100 Proprietary Settlers, Model Asset Custodian, Model Contributor to International Business, Model Underwriter of ChinaBond Green Index, and Model Contributor to International Business - Pearl Bond Business
Shanghai Clearing House (SHCH)	Model Clearing Member of the Year, Award for Standardized Bond Forward Proprietary Clearing, Model General Clearing Member for Commodity Clearing Agency Business, Model Clearing Member, Model Underwriter, Model Participant of the Policy Bank Financial Bond Clearing and Issuance (Reverse Repo Business), Model Participant in Collateral Business (Medium-term Lending Facility), etc.
Shanghai Stock Exchange (SSE)	Model Bond Investment Institution of the Year (Proprietary Category) and Model Participant in Bond Lending Business “A” Rating in Information Disclosure Evaluation for Listed Companies in 2023-2024
Shenzhen Stock Exchange (SZSE)	Interest Rate Bond Underwriter of the Year (Bank Category) and Bond Investment and Trading Institution of the Year (Commercial Bank Category)
Shanghai Gold Exchange (SGE)	First Prize for Model Financial Members, Best Auction Trading Member of the Year, Best Pricing Member, Best OTC Member, Best Auction Trading Proprietary Member, Best Auction Liquidity Providing Member, Best Contributor to Business Innovation, Special Contributing Member for International Business of the Year, and Model Market Maker for Auction Varieties on International Boards of the Year
Shanghai Futures Exchange (SHFE)	Diamond Award for Market Making Business of the Year, Special Contribution Award for Market Making Business, Model Trader on Comprehensive Business Platform of SHFE, and one of the first Industrial Financing Service Bases dedicated to “Solidifying the Market Foundation in Support of Corporate Growth”

Zhengzhou Commodity Exchange (ZCE)	"Industrial Base" for Serving the Real Economy
Dalian Commodity Exchange (DCE)	Industrial Financing Service Base, Best Market Fostering Bank of the Year, Best Business Innovation Bank, and Best OTC Cooperation Bank
Shanghai Commercial Paper Exchange Corporation Ltd.	Model Comprehensive Business Institution, Model Acceptance Institution, Model Discounting Institution, Model Trading Institution, and Model Cross-border Trade Financing Institution of the Year
Beijing Financial Assets Exchange	Market Leading Institution and Most Innovative Market Institution of the Year
China Development Bank (CDB)	Excellent Underwriter of Financial Bonds, Model Market Maker, Innovative Cooperation Award, and Award in Recognition of Support Granted at the 30th Anniversary
Export-Import Bank of China (CEXIM)	Core Underwriter of the Year, Best National Commercial Bank, Award for High-Quality, Joint Implementation of the Belt and Road Initiative, Award for Counter Market Development, and Award for Promoting Green Development Concepts
China Banking Association (CBA)	Exemplary Unit for Green Banking
China Association for Public Companies	2024 Best Practice for Boards of Directors of Public Companies 2024 Best Practice Case of Culture Building of Public Companies
Payment & Clearing Association of China	Model Case: the "Exploring Beautiful China with Thoughtful Payment Services" Campaign 2023 Excellent Case: the "SPD Bank Using e-CNY to Empower Digital Transformation of the Government Affairs Sector in Yangtze River Delta" Project
All-China Federation of Industry and Commerce (CFIC) and China Mergers & Acquisitions Association (CMAA)	Best M&A Management Award from CMAA
Shanghai Banking Association	Model Unit of Green Finance Services and Exemplary Case of Green Finance Services

Shanghai Financial Association	Outstanding Achievement Award for Empowering New Quality Productive Forces by the Financial Sector in Shanghai at the "18th Shanghai Financial Services Fair for Supporting the Real Economy"
Financial Money	Gold Award for Retail Bank of the Year of the "14th Golden Pixiu Awards"
Retail Banking	Head Office Specialized Management Award: Consumer Credit Award of the 7th RBA Retail Banking Awards Shanghai Branch, Shenzhen Branch, Beijing Branch, and Zhengzhou Branch were awarded Top 100 Private Banking Centers.
Asian Private Banker	Best Private Bank in China: Client Experience & Lifestyle (Gold Award)
Asian Banker	Best Merchant Service in China under the Asian Banker China Awards Program 2024 The Big Data Audit Platform won the Best Enterprise Governance, Risk, and Compliance Project in China under the Asian Banker China Awards Program 2024 The Credit Card Center's R&D Tool Chain Development Project Based on Intelligent Technology won the Best AI-assisted Coding Application in China in 2024
The Chinese Banker	Outstanding Case of Innovation in Green Finance of the Year
21st Century Business Herald	2024 "Golden Shell" Asset Management Competitiveness Cases: Excellence in Retail Banking and Excellence in Wealth Management Banking
EASTMONEY.COM	Custodian Bank of the Year Award
China Business Journal	Financial Services Bank of the Year 2024: Excellence in Competitive Supply Chain
Stockstar.com	The 12th (2024) Capital Power Awards: the Most Promising Bank of the Year
China Family Business Review	2024 Best Private Bank of the Year with Comprehensive Service Capabilities for Entrepreneurs
Euromoney	2024 Best Private Bank in China for Intergenerational Wealth Inheritance Awards
ChinaFund Newspaper	Model Wealth Management Sales Bank of the 6th China Banking Industry Wealth Management Demonstration Institutions

Wealth APAC	Jinzhen Awards: Best Entrepreneurial Service Award of the Best Private Bank in the Chinese Mainland 2024 and Xinhuo Awards: Top 50 Family Offices in China 2024
International Forum for China Financial Inclusion	Special Contribution Award for Inclusive Finance and Product Innovation Award for Inclusive Finance
www.p5w.net	IR Company of the Year, Exemplary Small and Medium Investor Interaction Award, and Outstanding ESG Value Communication Award
Tonghuashun	2024 Best ESG Practice Institution and Investors' Favorite Star

2.7 Major Accounting Data and Financial Indicators

In RMB millions	2024	2023	Increase/decrease over the same period of the previous year (%)	2022
Major accounting data				
Operating income	170,748	173,434	-1.55	188,622
Total profit	48,366	40,692	18.86	56,149
Net profit attributable to the parent company's shareholders	45,257	36,702	23.31	51,171
Net profit attributable to the parent company's shareholders deducting the non-recurring profit or loss	44,207	33,882	30.47	50,810
Net cash flows generated from operating activities	-333,654	388,397	-185.91	365,099
Major financial indicators (RMB/share)				
Basic earnings per share	1.36	1.07	27.10	1.56
Diluted earnings per share	1.25	0.99	26.26	1.44
Basic earnings per share after deducting non-recurring profit or loss	1.32	0.97	36.08	1.55
Net cash flows from operating activities per share	-11.37	13.23	-185.94	12.44
Profitability (%)				
Weighted ROE	6.28	5.21	Up 1.07 percentage points	7.98
Weighted ROE after deducting non-recurring profit or loss	6.12	4.75	Up 1.37 percentage points	7.92
Returns on average total assets	0.50	0.42	Up 0.08 percentage point	0.62

Fully-diluted ROE	6.08	5.10	Up 0.98 percentage point	7.79
Fully-diluted ROE after deducting non-recurring profit or loss	5.92	4.64	Up 1.28 percentage points	7.73
Net interest spread	1.37	1.49	Down 0.12 percentage point	1.72
Net interest margin	1.42	1.52	Down 0.10 percentage point	1.77
Cost-to-income ratio	29.16	29.65	Down 0.49 percentage point	27.89
Cash dividend ratio	30.16	30.05	Up 0.11 percentage point	20.50
Percentage in total operating income (%)				
Net interest income to operating income	67.18	68.29	Down 1.11 percentage points	70.87
Non-interest income to operating income	32.82	31.71	Up 1.11 percentage points	29.13
Incl.: Net income of fee and commission to operating income	13.36	14.10	Down 0.74 percentage point	15.21

In RMB millions	At the end of 2024	At the end of 2023	Increase/(decrease) compared with the same period of the previous year (%)	At the end of 2022
Scale indicators				
Total assets	9,461,880	9,007,247	5.05	8,704,651
Incl.: Total loans	5,391,530	5,017,754	7.45	4,900,662
Total liabilities	8,717,099	8,274,363	5.35	7,997,876
Incl.: Total deposits	5,145,959	4,984,630	3.24	4,826,478
Net assets attributable to the parent company's shareholders	736,329	724,749	1.60	697,872

Net assets attributable to the parent company's ordinary shareholders	656,410	614,840	6.76	587,963
Net assets per share attributable to the ordinary shareholders of the parent company (RMB)	22.36	20.95	6.73	20.03
Asset quality indicators (%)				
NPL ratio	1.36	1.48	Down 0.12 percentage point	1.52
Allowance to NPL	186.96	173.51	Up 13.45 percentage points	159.04
Allowance to total loans	2.54	2.57	Down 0.03 percentage point	2.42

Notes:

(1) Earnings per share, diluted earnings per share, and weighted ROE are calculated according to the Rules for Information Disclosure by Companies Offering Securities to the Public No.9 – Calculation and Disclosure of ROE and Earnings Per Share (Revised in 2010):

Basic earnings per share = net profit attributable to ordinary shareholders of the parent company/weighted average number of ordinary shares outstanding.Diluted earnings per share = (net profit attributable to ordinary shareholders of the parent company + effect of dilutive potential ordinary shares on net profit attributable to ordinary shareholders of the parent company)/(weighted average number of ordinary shares outstanding + weighted average number of dilutive potential ordinary shares converted into ordinary shares).

(2) The Bank distributed dividends of RMB721.5 million and RMB837 million of SPDB P2 and SPDB P1, respectively in March and December 2024. The Bank paid interest of RMB1,419 million on SPDB 2019 Perpetual Bonds in July 2024 and interest of RMB2,375 million on SPDB 2020 Perpetual Bonds in November 2024, respectively. When calculating the earnings per share and weighted ROE disclosed in the Report, the Bank considered the impact of the distribution of the preference stock dividends and the payment of interest on perpetual bonds.

(3) Non-recurring profit or loss is calculated based on the definition outlined in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss (Revision in 2023).

(4) Weighted ROE = net profit attributable to ordinary shareholders of the parent company/weighted average net assets attributable to ordinary shareholders of the parent company.

(5) Returns on average total assets = net profit/asset average balance, asset average balance = (total assets at the beginning of the period + total assets at the end of the period)/2.

(6) Fully-diluted ROE = net profit attributable to the parent company's ordinary shareholders during the reporting period/net assets attributable to the parent company's ordinary shareholders as at the end of the reporting period.

(7) Fully-diluted ROE after deducting non-recurring profit or loss = net profit attributable to the parent company's ordinary shareholders during the reporting period after deducting non-recurring profit or less/net assets attributable to the parent company's ordinary shareholders as at the end of the reporting period.

(8) Net interest spread = average yield of total interest-earning assets – average cost of total interest-bearing liabilities.

(9) Net interest margin = net interest income/average balance of total interest-earning assets.

(10) Cost-to-income ratio = general and administrative expenses/operating income.

(11) Cash dividend rate = cash dividend amount/net profit attributable to the parent company's ordinary shareholders in the consolidated statements in the bonus year. The rate is calculated based on 29,352,178,302, the total ordinary shares of the Bank as at the end of the reporting period.

(12) Total loans = corporate loans + personal loans + principal balance of discounted bills; total deposits = corporate deposits + personal deposits + principal balance of other deposits.

(13) Net assets per share attributable to ordinary shareholders of the parent company = (net assets attributable to shareholders of the parent company – preference shares of other equity instruments and perpetual bonds)/total number of ordinary shares at the end of the period.

2.8 Key Financial Data per Quarter of the Group in 2024

In RMB millions

Items	1st quarter (Jan. – Mar.)	2nd quarter (Apr. – Jun.)	3rd quarter (Jul. – Sep.)	4th quarter (Oct. – Dec.)
Operating income	45,328	42,920	41,591	40,909
Total profit	20,351	9,819	7,266	10,930
Net profit attributable to the parent company's shareholders	17,421	9,567	8,235	10,034
Net profit attributable to the parent company's shareholders deducting the non-recurring profit or loss	17,214	9,592	7,155	10,246
Net cash flows generated from operating activities	-452,630	69,988	221,244	-172,256

2.9 Non-recurring Profit or Loss and Amount

In RMB millions

Items	2024	2023	2022
Profit or loss from disposal of non-current assets	20	4,309	84
Government subsidies	180	737	651
Other net non-operating income and expenses	923	-44	-124
Income tax effect of non-recurring profit or loss	-42	-1,988	-174
Total	1,081	3,014	437
Incl.: Non-recurring profit or loss attributable to the parent company's ordinary shareholders	1,050	2,820	361
Non-recurring profit or loss attributable to minority shareholders	31	194	76

Section III Management Discussion and Analysis

3.1 Overall Business Operation of the Bank

In 2024, the Bank earnestly implemented the guiding principles of the third Plenary Session of the 20th CPC Central Committee, conscientiously followed the decisions and arrangements of the CPC Shanghai Municipal Committee and the Shanghai Municipal People's Government, as well as regulatory requirements, and steadily advanced the five key priorities of the financial sector. It actively supported Shanghai's initiative to establish itself as five international centers, remained committed to its digitalization & intelligentization strategy, and concentrated on five priority tracks: technology finance, supply chain finance, inclusive finance, cross-border finance, and wealth and asset management finance. The Bank consistently strengthened its ability to serve the real economy, achieving steady growth in both assets and liabilities, solid improvement in overall business performance, and continued enhancement of asset quality. In summary, it maintained a healthy and positive momentum in its business development.

Assets and liabilities grew in scale steadily

As at the end of the reporting period, the total assets of the Group posted RMB9,461,880 million, representing an increase of RMB454,633 million or 5.05% over the end of the previous year. Of these, the total loans in local and foreign currencies (including discounted bills) stood at RMB5,391,530 million, representing an increase of RMB373,776 million or 7.45% over the end of the previous year. The Group's total liabilities amounted to RMB8,717,099 million, an increase of RMB442,736 million or 5.35% over the end of last year, of which the total deposits in local and foreign currencies stood at RMB5,145,959 million, an increase of RMB161,329 million or 3.24% over the end of the previous year.

Operating results grew robustly

During the reporting period, the Group recorded operating income of RMB170,748 million, representing a year-on-year decrease of RMB2,686 million, or 1.55%. Excluding the one-off impact from the equity disposal of China International Fund Management Co., Ltd. (CIFM). in the same period last year, operating income increased by RMB1,555 million, or 0.92%, year-on-year. Total profit reached RMB48,366 million, a year-on-year increase of RMB7,674 million, or 18.86%. Net profit attributable to shareholders of the parent company amounted to RMB45,257 million, up by RMB8,555 million, or 23.31%, compared to the same period of the previous year. Net profit attributable to shareholders of the parent company deducting the non-recurring profit or loss stood at RMB44,207 million, representing a year-on-year increase of RMB10,325 million, or 30.47%. The returns on average total assets (ROA) was 0.50%, up 0.08 percentage point from the previous year; the weighted average return on equity (ROE) was 6.28%, an increase of 1.07 percentage points over the previous year; and the cost-to-income ratio stood at 29.16%, down 0.49 percentage point from the previous year.

The key drivers of improved operating results were: First, robust credit growth. The Bank accelerated credit expansion by targeting key business areas, sectors, and regions, with net new credit exceeding RMB370 billion—a record high. This substantial increase effectively offset the impact of declining market interest rates and supported the stability of net interest income. Second, enhanced coordination in liability management. Effective control of funding costs led to a year-on-year decrease of 19 basis points in the Group's overall deposit interest rate, with corporate and retail deposit rates falling by 21 and 14 basis points, respectively. Third, proactive investment and trading activities delivered higher investment returns. The

Group's other net non-interest income (excluding fee and commission income) reached RMB33,215 million, representing a year-on-year increase of RMB2,669 million, or 8.74%. Fourth, improved asset quality and refined management practices contributed to cost reduction and efficiency enhancement. The Bank intensified its market-oriented disposal of NPAs through diversified approaches and channels, alongside continuously intensified efforts in cash recovery. During the reporting period, cash recovered from NPAs totaled RMB37.8 billion, while the Group's credit impairment and other asset impairment losses declined by 9.61% year-on-year. Additionally, general and administrative expenses decreased by 3.17% compared with the same period of the previous year.

Asset quality continued to improve

During the reporting period, the Group curbed new risks and mitigated old ones, and continued to dispose of existing NPAs with intensified endeavors. Risk mitigation efforts achieved notable results, with both the NPL balance and NPL ratio declining compared to the beginning of the year. As at the end of the reporting period, the Group's NPL balance stood at RMB73,154 million, down RMB1,044 million from the end of the previous year, while the NPL ratio was 1.36%, down 0.12 percentage point. Forward-looking indicators of asset quality remained sound, with the deviation ratios for 90-day and 60-day overdue loans kept below 100%. The Group's risk offsetting capacity continued to strengthen, with the allowance-to-NPL ratio rising to 186.96%, an increase of 13.45 percentage points from the end of the previous year.

3.2 Implementation of the Digitalization & Intelligentization Strategy

3.2.1 The Digitalization & intelligentization strategy framework

In 2024, SPD Bank remained committed to its fundamental mission of serving the real economy and adhered to a people-centric development philosophy. By harnessing data elements and digital technologies—particularly AI—as key growth drivers, the Bank effectively reshaped its operational logic and organizational structure. It established the **"1-5-5-5-4-3" digitalization & intelligentization strategy framework**, which is expected to inject fresh momentum into the Bank's efforts toward achieving high-quality and sustainable development in the years ahead.

●**One strategy**: The digitalization & intelligentization strategy;

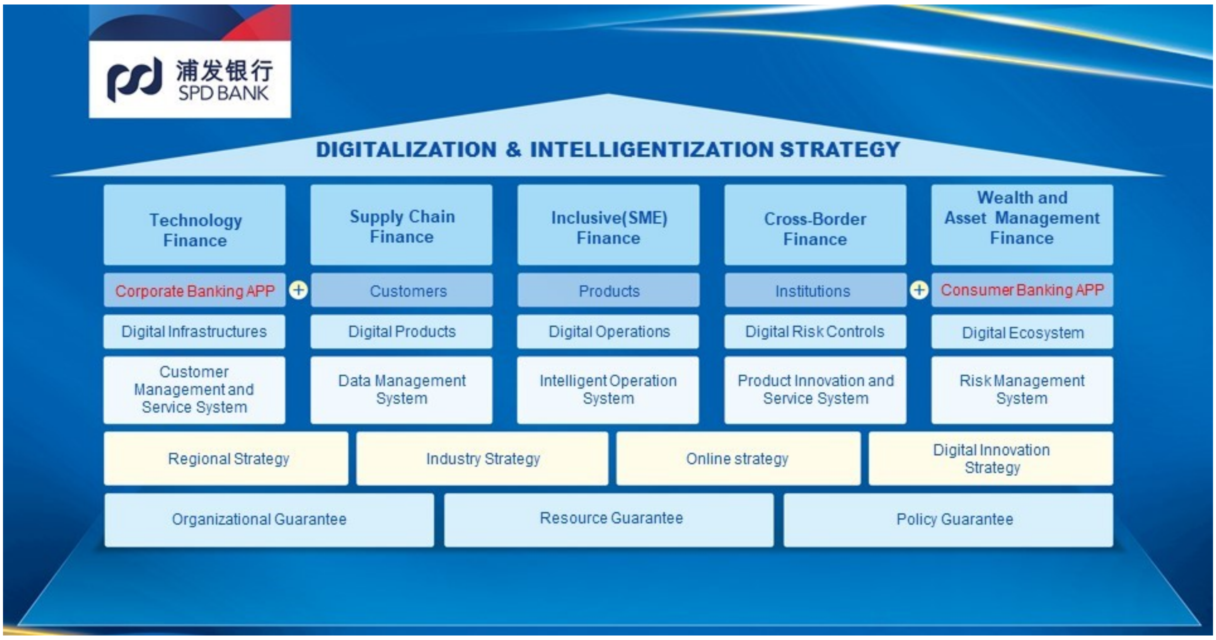
●**Five priority tracks**: Focusing on technology finance, supply chain finance, inclusive finance, cross-border finance, and wealth and asset management finance;

●**Five digital pillars**: Accelerating the development of digital infrastructure, digital products, digital operations, digital risk control, and digital ecosystems;

●**Five core systems**: Striving to build the customer management and service system, data management system, intelligent operation system, product innovation and service system, and risk management system;

●**Four key strategies**: Scientifically planning and implementing the regional strategy, industry strategy, online strategy, and digital innovation strategy;

●**Three major guarantee systems**: Strengthening organizational guarantee, resource guarantee, and policy guarantee on a continuous basis.



3.2.2 Coordinated efforts across five priority tracks

Technology Finance: becoming the preferred partner bank for tech companies

Technology finance ranks at the top of the five priorities for the financial sector outlined at the Central Financial Work Conference and has become a key driver in promoting a virtuous cycle between technology, industry, and finance. As one of the pioneering commercial banks in China to engage in the development of technology finance service models, SPD Bank has made this area a core track of its digitalization & intelligentization strategy. The Bank is playing a vital role in empowering the innovative growth of tech companies—acting as a crucial link within the technology finance ecosystem, a trusted growth partner to tech companies, an active contributor to the development of a modern industrial system, and a steadfast supporter of China's strategic goals to achieve high-level self-reliance in science and technology, and to emerge as a great power in science and technology.

1. Service system: The Bank has established a dual-diamond-shaped organizational structure for technology finance, comprising the Head Office taskforce, key branches, and 100 tech-featured sub-branches. As at the end of the reporting period, a total of 156 tech sub-branches and tech-featured sub-branches were set up. The Bank adopted an integrated service model that combines commercial banking, investment banking, and ecosystem building. Under this model, it collaborated with subsidiaries such as Shanghai Innovation Bank and Shanghai Trust to continuously promote innovation in services, business modes, and operating mechanisms. The Bank developed a comprehensive service system covering **stock, bond, loan, insurance, leasing, incubation, matchmaking, and cooperation**. By shifting its approach from simply identifying customers to actively incubating them, the Bank was able to progressively cultivate high-potential enterprises. It also provided customized matchmaking services—including order-based financing, equity financing, and M&A financing—to proactively support enterprises in building, enhancing, and utilizing their credit capabilities, while accompanying them throughout their growth journey.

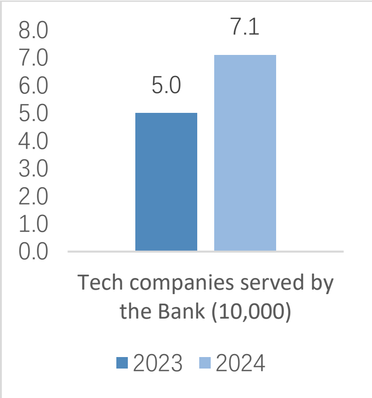
SPD Bank introduced a groundbreaking "partner mindset" to redefine the essence of technology finance services and launched the **"Preferred Partner Bank" brand**. The Bank has been actively cultivating a new ecosystem for industry-finance integration, characterized by collaborative synergies among industry players, academic institutions, research institutes, government entities, and financial institutions. In addition, it established the "**Technology Reception Hall**" brand as a dedicated platform, supported by its network of 100 tech sub-branches and tech-featured sub-branches. The Bank also opened its SPDB Private Banking Centers as physical venues to facilitate all-day, in-depth industrial dialogue and collaboration among various ecosystem partners.

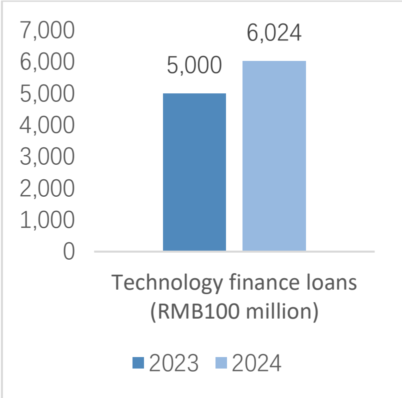
During the reporting period, the Bank launched **"SPD Tech"**, a **"5+7+X"** product portfolio designed to deliver full-lifecycle coverage, digital and intelligent operations, partnership-based services, and customized solutions. This portfolio consists of five flagship products—**SPD Innovation Loan, SPD Investment Loan, SPD New Loan, SPD Research Loan, and SPD Tech M&A Loan**—alongside seven core products and a flexible suite of "X" adaptable offerings. Together, they form a responsive and customer-centric product matrix tailored to the distinct needs of different regions, customer segments, and industries, providing tech enterprises with diversified and adaptive financial services across the lifecycle of tech companies. The "SPD Tech" portfolio is closely aligned with the Bank's deep understanding of tech companies' needs in STI, research commercialization, market entry, fundraising, and M&A integration. It addresses key challenges such as achieving breakthroughs in core technologies, upgrading traditional industries, strengthening critical industrial chains, fostering clusters of advanced manufacturing, and supporting the growth of enterprises that use specialized and sophisticated technologies to produce novel and unique products. Concurrently, keeping pace with the digital and intelligent transformation trend, the Bank revamped its product delivery and service processes to support innovation and entrepreneurship with speed, convenience, efficiency, and precision.

2. Enabling digital and intelligent technologies: The Bank independently developed the **"Sperm Whale" end-to-end digital and intelligent customer acquisition platform**, fully digitizing the entire technology finance marketing process—from target selection and client engagement to operations and risk control—forming a closed-loop digital and intelligent ecosystem. By integrating multi-source heterogeneous data, the Bank constructed a dynamic and scalable enterprise-level knowledge graph to identify potential high-quality tech company clients. Through digital and intelligent technologies, the Bank enabled full-process online customer engagement—spanning client selection, lead marketing, efficient operations, and online risk control. In the process, a variety of practical marketing tools were offered, including enterprise profiling, technology finance metaverse, and digital account managers. This reshaped how account managers would conduct business, establishing a new mode of growth driven by data models and generative AI. The Bank also innovatively developed **"Technology Finance Radar"**, a one-stop intelligent customer insight tool that enhances the ability to scan and assess the innovative attributes of tech companies. Using the "Five Capabilities Model" as the core methodology, the tool accurately maps tech company profiles by combining past performance with future potential, financial reports with patents, and assets with teams. This marks a shift from single-point static evaluations to multi-dimensional dynamic assessments, allowing the rapid identification of high-potential tech sectors and companies from vast market datasets, and effectively identifying growth-driven, risk-controllable customer groups.

3. Operating data: As at the end of the reporting period, the Bank served over 71,000 tech companies, with more than 70% of all listed firms on the STAR Market being its clients. Over 11,000 new tech enterprise accounts were opened, and the number of new credit customers exceeded 10,000. The balance of technology finance loans—measured by regulatory reporting standards—reached RMB602.4 billion, marking a year-on-year increase of 20.48%. This achievement positioned the Bank first among China's joint-stock commercial banks in terms of technology finance loan volume.

Key indicators	2024	2023	Increase (%)
Tech companies served by the Bank (10,000)	7.1	5.0	42.00
Technology finance loans (RMB100 million)	6,024	5,000	20.48





4. Featured practices: During the reporting period, the Bank launched the **Zhangjiang Innovation Incubation Base** in Shanghai, bringing together diverse resources to support key startups in overcoming the "first mile" of innovation and bridging the "last mile" in translating scientific and technological achievements into real-world applications. Additionally, in collaboration with Xinhua News Agency's China Economic Information Service (CEIS), the Bank jointly released the **Technology Finance–Strategic Emerging Industries Index**. As the first "1+N" index matrix in this field, it quantitatively evaluates and visually presents the development status and trends of China's strategic emerging industries with the support of technology finance across four dimensions: financial development, STI, industrial performance, and environmental support.

5. Cases:

Case 1: SPD New Loan Provides 24/7 Online Support to Efficiently and Accurately Empower Advanced Manufacturing Enterprises

The SPD New Loan product offers tech enterprises revolving credit facilities with flexible disbursement and repayment options, enabling streamlined processes, high operational efficiency, and generous credit limits. It effectively addresses the short-term funding requirements of technology-driven businesses. Shanghai A Information Technology Company, a high-tech enterprise, had signed a major cooperation agreement with a key downstream partner. Upon learning of the client's immediate operational needs, SPD Bank acted swiftly. On the very day the SPD New Loan product was launched, the Bank completed an online credit evaluation and approved a credit line of RMB6.6 million. During the Chinese Spring Festival in February 2024, the company required urgent financing to maintain its partner's online services. Utilizing the SPD New Loan's 24/7 online drawdown functionality, it independently executed an RMB300,000 disbursement entirely online. The product's real-time response to funding needs was highly valued by the client and served as a reliable financial catalyst for its business innovation.

Case 2: SPD Research Loan Accelerates R&D Progress for a Stem Cell Enterprise

The SPD Research Loan is an innovative product designed by SPD Bank to support the R&D activities of tech enterprises, particularly those in their growth or maturity stages. The product aims to empower companies to develop new technologies, products, and processes, thereby strengthening their core competitiveness. Company S specializes in stem cell research and the development and commercialization of related pharmaceuticals. It holds multiple national certifications, including High and New Technology Enterprise and Innovative SME, and has consistently maintained substantial investment in R&D. With the recent clarification of national regulatory standards for stem cell drugs, the company has entered a critical phase of rapid development and urgently required funding to accelerate its R&D cycle.

SPD Bank responded promptly and proactively to the company's financing needs. After evaluating its technological capabilities, market outlook, and corporate credentials, the Bank structured a tailored credit solution under the SPD Research Loan framework. The product's innovative design—featuring flexible terms and diversified repayment sources—offered both adaptability and convenience in fund utilization. With a customized product plan and expedited approval process, the loan was successfully disbursed, providing the company with robust financial backing to advance its R&D initiatives.

Supply chain finance: Transforming supply chains into a mutually beneficial ecosystem

The digital and intelligent transformation of industrial and supply chains has presented new challenges and requirements for SPD Bank's supply chain finance services. In response to the national initiative to optimize and upgrade industrial and supply chains, the Bank has accelerated the development of its "SPD Chain Connect" platform—a digital and intelligent supply chain system, by harnessing advanced technologies such as blockchain, big data, and AI.

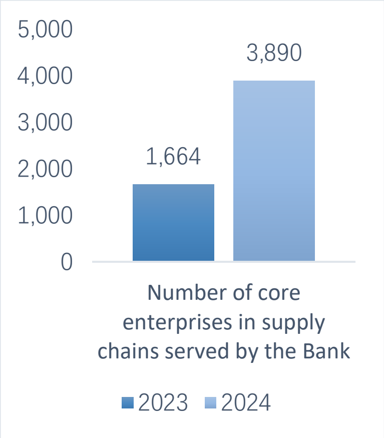
1. Service system: The Bank established the Supply Chain Innovation Department through organizational restructuring and formed the Credit Chain Project Taskforce to spearhead key initiatives. This new organizational setup enables seamless horizontal collaboration across departments and vertical coordination between the Head Office and branches. It ensures the efficient and high-quality advancement of supply chain finance and accelerates the agile implementation of the Bank's digitalization & intelligentization strategy in this area.

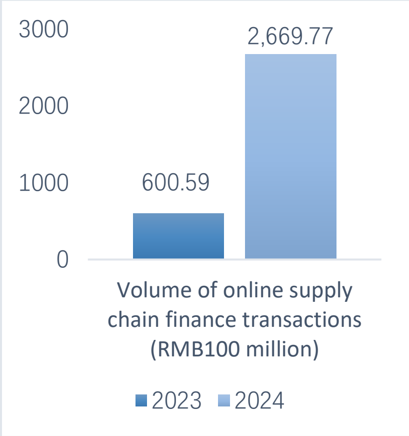
During the reporting period, the Bank completed the development of a comprehensive **"1+1+X"** digital and intelligent supply chain finance architecture—fully online, scenario-driven, and ecosystem-wide. The unified brand, **"SPD Chain Connect"**, was officially launched. At its core, the self-developed supply chain platform **"SPD Chain e Financing"** was put into operation. A suite of innovative and digitalized supply chain finance products followed, including **SPD Chain Connect, SPD Vehicle Connect, SPD Order Connect, SPD Sales Connect, SPD Discounting Connect, SPD L/C Connect**, and **SPD Confirmation Connect**. Delivered entirely online, these products offer accessible and convenient supply chain financing for core enterprises and their upstream and downstream partners. For example, since its launch in January 2024, SPD Chain Connect has facilitated over RMB39 billion in financing to more than 4,600 suppliers across 600+ core enterprises.

2. Enabling digital and intelligent technologies: As an important pillar of the Bank's digital and intelligent supply chain finance system, the **SPD Chain e Financing platform** successfully issued its first SPD Chain L/C on 17 April 2024, while simultaneously providing online financing through the SPD Chain Connect platform. This milestone underscores the platform's capability to address financing challenges faced by real-economy enterprises, foster collaborative development across industrial chains, and enhance overall supply chain competitiveness. It also represents a significant step in SPD Bank's ongoing efforts to build an integrated and intelligent supply chain finance ecosystem.

3. Operating data: As at the end of the reporting period, the Bank served a total of 3,890 core clients in the supply chain finance segment, marking a 133.77% increase compared to the previous year-end. The volume of online supply chain finance transactions reached RMB266,977 million, representing a year-on-year increase of over RMB200 billion, or 344.52%.

Key indicators	2024	2023	Increase (%)
Number of core enterprises in supply chains served by the Bank	3,890	1,664	133.77
Volume of online supply chain finance transactions (RMB100 million)	2,669.77	600.59	344.52





4. Featured practices: During the reporting period, the Bank launched a series of industry-specific supply chain finance forums under the theme **"Building the Supply Chain Future Together – A New Chapter with SPD"**. Held in key cities such as Beijing, Guangzhou, Hangzhou, and Xi'an, these forums focused on enterprises across sectors including manufacturing, energy, pharmaceuticals, construction, and aviation. The events highlighted the Bank's digital and intelligent supply chain finance solutions customized for various industries, further deepening the integration of SPD Bank's services within industrial and supply chains and supporting the high-quality development of the real economy.

5. Cases:

Case 1: Forging a "Win-Win Chain" and Building a "Financial Bridge"

The Office of the Inter-Ministerial Joint Conference for Alleviating the Burden on Enterprises under the State Council included SPD Bank's case—"Tripartite Collaboration among Government Organs, Banks, and Enterprises to Create a New Supply Chain Finance Ecosystem: A Typical Case of Group J's Supply Chain Finance Practices on the CRC Platform"—in its 2024 list of exemplary cases titled "Strengthening Enterprise Services to Enhance the Effectiveness of Burden Reduction". Notably, SPD Bank was the only commercial bank selected as a primary applicant.

Group J, a Fortune Global 500 company and national pilot enterprise for supply chain innovation and application, operates a vast industrial network with nearly 10,000 affiliated companies. In partnership with Group J, SPD Bank launched an online accounts receivable financing service to address information asymmetry between banks and enterprises and to enhance financing efficiency. Leveraging the supply chain finance platform, the Bank integrated the four key flows—information, commerce, capital, and logistics—across the industrial chain. Using Group J's strong credit profile as a foundation and backed by real trade scenarios, the Bank extended financing to many enterprises along the supply chain. This initiative not only revitalized supplier working capital but also effectively addressed the financing challenges of micro, small, and medium enterprises. To date, SPD Bank has completed over 250 financing transactions worth nearly RMB500 million, benefiting more than 30 micro, small, and medium enterprises across Group J's supply chain. These efforts have cumulatively saved participating companies nearly RMB5 million in financial costs.

Case 2: Creating the Shanghai Model for Supply Chain Finance Innovation

At a pivotal moment in China's economic transformation and industrial upgrading, the development of supply chain finance plays a critical role in ensuring the resilience and efficiency of industrial and supply chains, lowering transaction costs across these chains, and promoting both domestic and international circulation. As Shanghai accelerates its efforts to establish itself as five international centers, robust support from supply chains is more crucial than ever.

In October 2024, SPD Bank completed an SPD Chain Connect transaction for a state-owned agri-food manufacturing enterprise owned by the Shanghai Municipality. As a leader in its field, the company has a vast network of upstream agricultural suppliers and tens of thousands of downstream consumers. After extensive supply chain analysis and multiple rounds of field research, SPD Bank crafted a customized financing solution that enabled the company's suppliers to access funds rapidly—without the need for traditional credit lines. This effectively resolved financing bottlenecks for Shanghai's agriculture-related upstream enterprises.

SPD Bank also served a large automobile manufacturing and sales group, which oversees a complex network of multi-tier suppliers. Many of these suppliers faced pressing liquidity challenges and delays in accounts receivable conversion. SPD Bank delivered a fully online SPD Chain Connect solution, streamlining application procedures and expediting disbursement. The first transaction was completed in September 2024, laying a solid foundation for large-scale future adoption and receiving strong endorsement from the client.

In April 2024, SPD Bank executed its first SPD Chain L/C transaction on the "SPD Chain e Financing" platform, as a part of its supply chain finance platform. The client, a leading clean energy group headquartered in Shanghai, is one of China's top wind turbine manufacturers with a supply chain of over a thousand innovation-driven small and medium suppliers. The platform's lightweight architecture allowed the client to establish an agile and robust system for managing payables and receivables. With the SPD Chain L/C issued by the group's core enterprise, suppliers were able to access financing entirely online, advancing green supply chain transformation and contributing to green industrial upgrading.

Inclusive Finance Empowered by Digital and Intelligent Technologies: Revitalizing Small Businesses

The Bank continued to advance the in-depth development of inclusive finance, with a strong emphasis on digital and intelligent products and services. A dedicated digital inclusive finance taskforce was established to lead the development of a signature "4+N+X" digital inclusive finance product portfolio. Through the reengineering of business processes and the restructuring of key operational drivers, the Bank achieved data-driven, fully online applications, automated approvals, and online repayments—effectively addressing the persistent challenges of difficult, costly, and slow financing for micro and small enterprises. By actively collaborating with local governments, the Bank helped establish **a financing coordination mechanism tailored to micro and small enterprises**, thereby enhancing both the accessibility and precision of financial services. These efforts underpinned the Bank's ambition to become a market-recognized leader in inclusive finance.

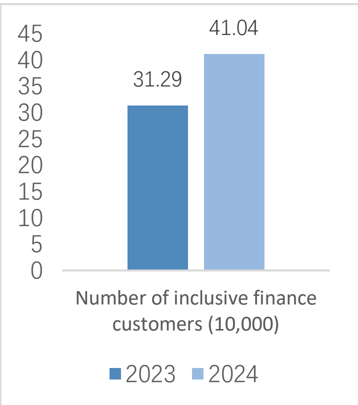
1. Service system: Leveraging big data and other enabling technologies, the Bank revamped its inclusive finance operating system and accelerated its digital and intelligent transformation. It established a **smart, affordable, digital inclusive finance service system**, launched the **"4+N+X"** inclusive finance product portfolio, and introduced the **four Affordable Product Series** characterized by digitalization, standardization, customization, and broad applicability. These efforts enhanced the management of both corporate and personal inclusive finance customer segments. The Bank provided comprehensive financial services—including deposits, loans, remittances, cash management, and wealth management—covering the entire customer lifecycle. The Bank partnered with leading industry players to build a digital and intelligent inclusive finance alliance, enhancing its network and brand influence. Nearly 100 inclusive finance-featured sub-branches were established, along with loan centers for micro and small enterprises and personal customers, significantly improving service accessibility and coverage.

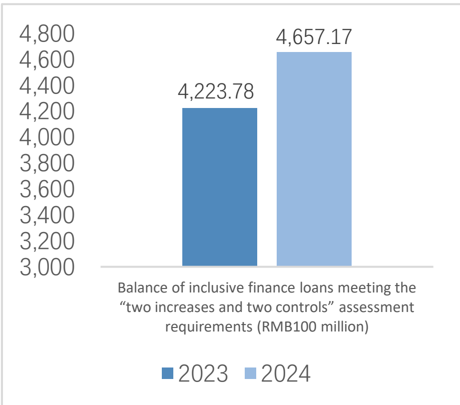
2. Enabling digital and intelligent technologies: Among the four Affordable Product Series, Affordable Flash Loan and Affordable Chain Loan are fully digitalized, while Affordable

Collateral Loan has significantly improved its online functionality, reducing account manager workloads by half. As at the end of the reporting period, the combined scale of the four Affordable Product Series reached nearly RMB50 billion. To better serve micro and small enterprises, the Bank developed over ten intelligent risk control models tailored to diverse customer profiles and business characteristics. These models integrate real-time, multi-dimensional business data to support precise and differentiated risk strategies. Key technologies include automated individual-enterprise verification, online collateral valuation, AI-enabled phone call verification, and smart credit line reviews and alerts, ensuring end-to-end digital risk management throughout the lending lifecycle. The Bank also actively implemented principal-free loan rollover policies, optimizing related systems and processes to enhance efficiency. A one-click rollover feature was introduced to support the ongoing financing needs of micro and small enterprises. In addition, the Bank launched the new SPDB Inclusive Finance app, an enterprise-level platform designed to serve inclusive finance customers, offering seamless access to products and services for self-employed individuals and micro and small enterprises, thereby improving service reach and coverage.

3. Operating data: During the reporting period, the Bank persistently expanded its coverage of inclusive finance among micro and small enterprises with intensified efforts. As at the end of the reporting period, the balance of inclusive finance loans meeting the “two increases and two controls” assessment requirements reached RMB465,717 million, a year-on-year increase of RMB43,339 million or 10.26%. The number of inclusive finance customers hit 410,400, up 97,500 from the previous year—a record high in annual customer growth.

Key indicators	2024	2023	Increase (%)
Number of inclusive finance customers (10,000)	41.04	31.29	31.16
Balance of inclusive finance loans meeting the “two increases and two controls” assessment requirements (RMB100 million)	4,657.17	4,223.78	10.26





4. Featured practices: The Bank fully implemented the **financing coordination mechanism for micro and small enterprises** by establishing a three-tier taskforce at the Head Office, branch, and sub-branch levels to ensure seamless collaboration with local government teams. Service modes were optimized, highlighted by the launch of a dedicated service program titled “**30+ Actions for Building SPD Bank into a Value-Driven Inclusive Finance Bank through Digital and**

Intelligent Means”. The Bank issued detailed operating manuals and organized targeted customer engagement campaigns themed Smart Financial Solutions for Enterprises, effectively linking with recommended borrower lists and improving credit delivery efficiency. Institutional enhancements were also made, including clearer definitions of performance accountability and risk tolerance, ensuring a sustainable incentive mechanism for responsible lending. As at the end of the reporting period, the Bank had extended credit to 16,000 micro and small enterprises under the financing coordination mechanism, with a total credit volume of RMB149.4 billion.

5. Cases:

Case 1: Digital Upgrade to the Industrial Chain: Empowering the Dairy Ecosystem with Affordable Chain Loan

The dairy industry, a key component of everyday consumer life, encompasses a comprehensive value chain from ranching and production to distribution and retail. Group Y, a strategic partner of the Bank’s Head Office, manages an extensive network of downstream distributors, many of whom face persistent financing challenges, including inefficiencies and burdensome procedures. To deepen its collaboration with Group Y, the Bank launched a customized solution using its digital product—Affordable Chain Loan—to enhance cost efficiency and streamline operations across the dairy supply chain.

The Y Dairy Affordable Chain Loan is embedded in Group Y’s mobile app, allowing distributors to complete the entire borrowing process—including application, approval, contract signing, disbursement, and repayment—online. Tailored to align with distributors’ procurement cycles, the product helps reduce capital occupation costs, improve supply chain stability, and enhance distributor loyalty. For SPD Bank, this mode accelerates the mass acquisition of high-quality customers and strengthens partnerships with core enterprises. Since its launch in December 2024, the product has facilitated RMB24.6 million in loan disbursements within the first month, directly supporting the purchase of Group Y’s products. Distributors widely praised the seamless digital experience, with financing efficiency improving by over 70% compared to traditional methods.

By using Group Y as a strategic anchor, SPD Bank extended services to over 2,600 distributors nationwide through its Y Dairy Affordable Chain Loan, significantly expanding its industrial chain customer base. Through digital empowerment, the Bank broadened its reach to long-tail customer groups, laying a solid foundation for deeper industry-finance integration and further customer acquisition.

Case 2: Breakthroughs Following Product Restructuring: Affordable Chain Loan Deployed at Express Delivery Outlets

In recent years, China’s express delivery industry has witnessed leapfrog development, fueled by the growth of the Internet economy, the disintermediation of retail channels, and increasing consumer demand for online shopping. Express Group S, a strategic client of the Bank’s Head Office, is a leading player in the sector. The group sought financial solutions to facilitate the intelligent and automated transformation of its nationwide network of downstream outlets. With a wide geographic footprint, Group S placed high demands on service efficiency, customer experience, and nationwide service consistency.

In response to its operational needs, SPD Bank developed two customized financial products: the “Affordable Chain Loan: Outlet Loan” and the “Affordable Chain Loan: Parcel Sorting Equipment Loan”. These digital solutions were seamlessly integrated into the group’s internal business systems, allowing outlet operators to complete the entire financing process conveniently and flexibly via mobile devices. The Affordable Chain Loan fully met Group S’s expectations by enhancing outlet operation efficiency through features such as end-to-end online processing, flexible disbursement and repayment mechanisms, and effective control over financing costs. The successful implementation of these products received strong endorsement from the core enterprise.

Leveraging Group S as the anchor, the Affordable Chain Loan enabled the large-scale onboarding of high-quality customers within the group’s industrial ecosystem. This, in turn, strengthened and supported the core enterprise while enhancing the overall productivity of the entire supply chain.

Cross-border finance: serving as a financial bridge connecting global industries

SPD Bank actively aligned with China's high-standard opening-up strategy, supporting the joint implementation of the Belt and Road Initiative (BRI) and the establishment of Shanghai as five international centers. From a group-wide perspective, the Bank served corporate, institutional, and personal customers with comprehensive product offerings across corporate banking, financial markets, treasury management, and cross-border custody. Through a strategy of digital, intelligent, integrated development, the Bank continuously enhanced its cross-border finance capabilities. Leveraging its group-wide and integrated service advantages, as well as a number of coordinated platforms such as offshore banking, free trade (FT) finance, overseas branches, and international investment banking, SPD Bank expanded its service boundaries and built a "Cross-Border+" financial service ecosystem. With efficient, professional, and high-quality services, it supported Chinese enterprises in their global expansion.

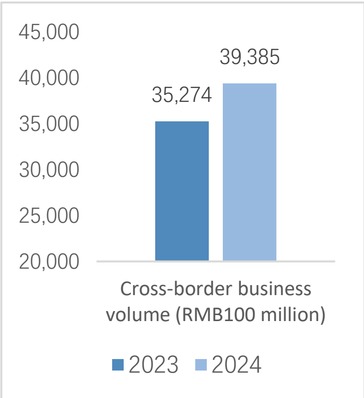
1. Service system: During the reporting period, SPD Bank launched the **"SPD Cross-Border Finance"** brand, integrating the cross-border financial capabilities of its licensed entities to establish a comprehensive **"6+8+X"** service system. This system centers around eight core service scenarios: FT finance, cross-border e-commerce, FX hedging, cross-border fund management, cross-border M&A, cross-border trade, cross-border asset custody, and the use of RMB in cross-border transactions. Through this all-encompassing service model, the Bank could effectively support both Chinese enterprises pursuing global expansion and overseas enterprises investing or operating in China.

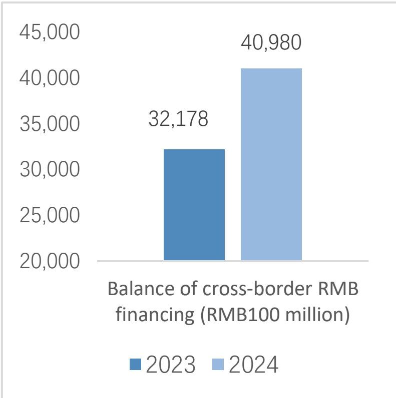
The Bank introduced a range of new digital and intelligent cross-border financial products, including **Cross-Border SPD Chain Connect**, **Express Remittance**, and **Cross-Border Commercial e Remittance**. It also upgraded the GMTS platform and the cross-border cash pool by incorporating new digital and intelligent functionalities. Since its launch, the Cross-Border SPD Chain Connect has facilitated financing totaling over RMB1.6 billion. Launched in mid-October 2024, Express Remittance has completed 1,520 direct transactions amounting to RMB1,587 million. Meanwhile, the Cross-Border Commercial e Remittance recorded a total settlement volume of RMB59.6 billion, and 46 new enterprises joined the GMTS platform.

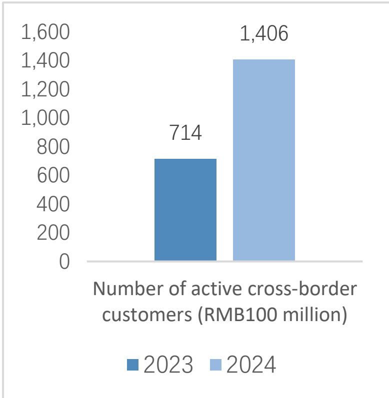
2. Enabling digital and intelligent technologies: As to digital infrastructure, the Bank developed a digital and intelligent management platform for cross-border customers, breaking down data silos across systems and platforms to enable seamless data flows. It upgraded its one-stop service portals—**"Cross-Border e-Portal"** and **"E-Commerce e-Portal"**—to enhance user experience, while fully digitizing core product workflows to improve processing efficiency and reduce transaction costs. The Bank also completed the deployment of four functional modules on its cross-border e-commerce service platform: settlement, financing, cash management, and ecosystem services. Regarding digital products, the Bank advanced the development of two major electronic channels, launched seven key digital products, and digitally optimized a broad range of "N" business processes. For digital operations, the Bank strengthened its online support and assurance system and established an intelligent operational framework through digital transformation of business processes. With respect to digital risk management, a unified digital and intelligent credit rating system for non-resident corporate customers was introduced, enabling look-through supervision and ensuring compliance with FX regulations. In terms of the digital ecosystem, the Bank built a platform-based digital and intelligent service ecosystem focused on eight core cross-border business scenarios.

3. Operating data: SPD Bank made comprehensive progress in cross-border finance. As at the end of the reporting period, the cross-border business volume exceeded RMB4 trillion, a 27% increase year-on-year. The balance of cross-border RMB financing reached RMB140.6 billion, up 97% from the end of the previous year. The number of active cross-border customers surpassed 39,000, a 12% year-on-year increase.

Key indicators	2024	2023	Increase (%)
Cross-border business volume (RMB100 million)	40,980	32,178	27.35
Balance of cross-border RMB financing (RMB100 million)	1,406	714	96.92
Number of active cross-border customers (RMB100 million)	39,385	35,274	11.65







4. Featured practices: During the reporting period, SPD Bank actively supported the global expansion of Chinese enterprises by offering specialized services such as overseas syndicated loans, cross-border M&As, and cross-border supply chain financing. It established a dedicated cross-border investment and financing service system tailored to the diverse and evolving needs of Chinese enterprises going global, thereby reinforcing financial support for outbound development. In **the cross-border M&A** sector, the Bank leveraged synergies across its multiple platforms and licenses—including offshore banking, FT accounts, and overseas institutions—to address key financing demands arising from restructuring cross-border industrial and supply chains, expanding into overseas markets, and acquiring advanced technologies. By delivering scenario-based and integrated M&A financing solutions, the Bank strengthened its competitive edge in core markets. Over the year, SPD Bank successfully executed several industry-leading transactions, including the acquisition of a leading enterprise in the overseas medical sector via a specialized fund, the acquisition of a global pulp group for cross-border supply chain integration, and the acquisition of a domestic leader in the new materials industry for overseas resource integration. These deals represented a total financing volume of USD4,265 million and included structures such as bridge loans for red-chip structures and M&A financing for the privatization of China concept stocks. Additionally, the Bank closely tracked the expansion of Chinese enterprises into Southeast Asia and

increased financing support for high-quality projects in the region. As at the end of 2024, its asset allocation within RCEP member countries rose by nearly 50% year-on-year.

5. Cases:

Case 1: Cross-Border M&A Business Supports Enterprises in Enhancing Global Market Competitiveness

Group A is a leading enterprise in China's semiconductor memory industry, engaged in the R&D, design, and sales of memory products. Through its subsidiary in the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone (Shanghai FTZ), the group completed an equity acquisition of an overseas company. This M&A transaction featured a multi-tiered equity transfer structure and involved complex approval procedures required by government and regulatory authorities on both sides, demanding a high level of professionalism and international expertise from the financial partner. SPD Bank promptly delivered a comprehensive financial service package, including cross-border M&A loans and integrated RMB/foreign currency FT account settlements. Capitalizing on the facilitation policies of the Shanghai FTZ, the Bank provided a customized suite of cross-border financial services, particularly in areas such as RMB cross-border financing, cross-border capital flows, and free currency conversion. This project once again showcased SPD Bank's strong synergy between investment banking M&A and cross-border finance, providing solid financial backing for the enterprise's global market strategy. The successful execution of the transaction marks another important milestone in the Bank's support for the development of Shanghai's three leading industries and reflects its continued commitment to advancing Shanghai's status as an international financial center through globally oriented, professional financial services.

Case 2: "Cross-Border Commercial e Remittance" Facilitates RMB Settlement for Cross-Border E-Commerce Enterprises

A payment technology company, licensed by the PBC to provide payment services, specializes in offering overseas collection services for cross-border e-commerce businesses. The company placed high demands on the efficiency and technical capabilities of its partner bank's clearing and settlement services. With close coordination and efficient collaboration between departments at both the Head Office and branch levels, SPD Bank successfully integrated its Cross-Border Commercial e Remittance product with the client's domestic and overseas account systems. By enabling full API-based online connectivity, the Bank delivered a comprehensive cross-border payment solution equipped with automated compliance screening and transaction declaration capabilities. The solution supports a wide range of goods and services trade scenarios. SPD Bank's efficient and professional service delivery earned recognition from the regulator and received strong endorsement from the client.

Wealth and asset management finance: building a better wealth journey together

SPD Bank focused strategically on the wealth and asset management sector to generate momentum for its "New SPDB, New Retail" initiative. Following a "scenario–product–channel" business strategy, the Bank developed a "1-3-5-N" retail customer management framework designed to enable seamless integration of retail banking, foster synergy between personal and private banking, enhance group-wide collaboration, and strengthen domestic-overseas connectivity. By implementing platform-based, digital, ecosystem-oriented, and specialized approaches, the Bank deepened its engagement with key customer segments and service scenarios, aiming to become the primary account bank for its customers. Anchored in the wealth and asset management domain, the Bank was dedicated to delivering comprehensive wealth services across the full lifecycle of personal customers. Embracing an open, ecosystem-driven, and integrated operating philosophy, it fostered a virtuous cycle between wealth management and asset management through digital and intelligent means. By capitalizing on the Group's comprehensive licensing capabilities in wealth management, trust, and fund operations, the Bank expanded partnerships with leading asset management institutions across the market. These efforts culminated in a collaborative value-creation service ecosystem—"SPD Group Network-SPD Cooperation Network"—offering a well-structured suite of wealth management products that deliver tangible value to corporate, personal, and elderly customers.

1. Service system: The **"1-3-5-N" retail customer management framework** is designed to achieve one core goal: serving the full customer spectrum and positioning SPD Bank as clients' primary account bank. It enhances coordination across three areas: marketing personnel, products, and teams, anchored by five strategic pillars: synergy between corporate and private banking, group-wide collaboration, integrated channels, digital-intelligent connectivity, and ecosystem-wide partnerships to support the execution of "N" key initiatives. SPD Bank launched the **"SPD Golden Pension"** brand to establish a comprehensive pension finance service system—structured as a **"1-2-3-4-5"** pattern. This includes: **one integration strategy, two alliances, three target customer segments, four core platforms, and five major initiatives**. Specifically, the integration strategy unifies group-wide resources—domestic and overseas—across multiple business lines. The Bank formed two alliances: a strategic pension finance partnership alliance and an elderly care provider alliance. Services target three core segments: silver-age individuals, pre-retirees, and institutions in the retirement industry. To support this system, four platforms have been developed: a dedicated pension finance zone in the mobile app, a digital and intelligent retirement planning platform, 100 pension finance studios, and a network of 1,000 certified pension finance consultants. The five initiatives include tailored silver-age customer services, one-stop retirement planning solutions, enhanced pension fund custody services, integrated financial services for the retirement industry, and the development of a comprehensive eldercare ecosystem. **The "SPD Peaceful Life" wealth management trust account system** offers a holistic service framework supported by three categories of trust account solutions: the "Zunxiang Legacy" family trust series, the "Yuexiang Heritage" insurance trust series, and the "Yixiang Heritage" family service trust series. These tools address a wide array of customer needs, including estate planning, asset allocation, children's education, family governance, and philanthropy. As at the end of the reporting period, the system achieved RMB35.5 billion in AUM. The **"SPDB Enterprise Star"** platform delivers comprehensive, customized, one-stop financial services tailored to private entrepreneurs across their business lifecycle. Built on three service pillars—ecosystem and value chain integration, scenario-based offerings, and professional support teams—the platform draws on the Group's synergies to serve the multifaceted financial needs of entrepreneurs, their families, and their family enterprises. This approach creates a "3X" multiplier effect, empowering entrepreneurs in their operation and growth in the new era.

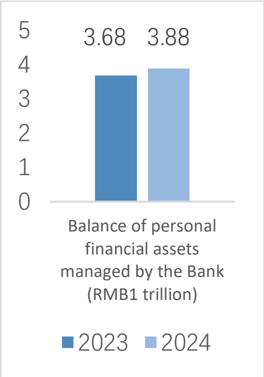
Through the development of this service system, SPD Bank's wealth and asset management sector has achieved a high level of integrated, group-wide collaboration. Assets under coordinated management across the Group reached RMB940 billion, marking a net increase of over RMB150 billion compared with the end of the previous year. The Bank also drove significant innovation in service offerings. In collaboration with SPDB Wealth Management, it launched "Xiaopu Spare Change", the Group's first ESG-themed product and its first wealth management product targeting silver-age customers. It partnered with Shanghai Trust to roll out direct-payment retirement trusts and family service trusts, and with AXA SPDB Investment Managers to introduce thematic funds, supporting customers in actively participating in the equities market.

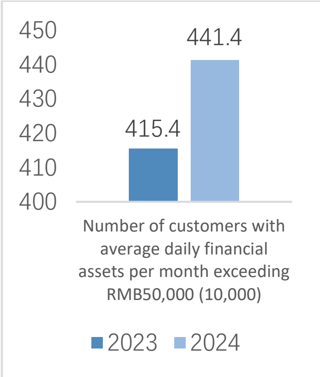
2. Enabling digital and intelligent technologies: The Bank actively laid a digital and intelligent foundation to accelerate the transformation of its wealth and asset management operations. Key digital infrastructure initiatives included the development of a new overseas wealth

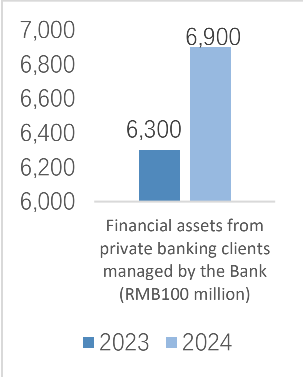
management system, upgrades to the asset allocation system, and enhancements to the product manager workbench. In the area of digital products, the Bank launched the **"5+X"** product suite and introduced the **"Chart of Innovative WMPs"** service section. Digital operations advanced through app traffic monitoring, pilot testing of AI-powered virtual wealth assistants, and the application of RPA, low-code, and other emerging technologies to enhance operational efficiency. Furthermore, the Bank continued to open its digital ecosystem for mutual benefits. It onboarded 56 partners from Caifuhao, a professional financial self-media platform, and progressively launched Group Wealth Panorama, Shanghai Trust Zone, SPDB Wealth Management, and AXA SPDB Investment Managers on the platform, creating a unified traffic portal across the Group.

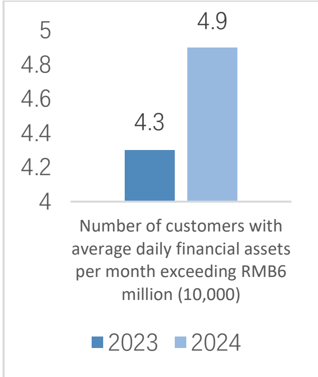
3. Operating data: As at the end of the reporting period, the Bank served 157 million personal customers (including credit card holders). Among them, 4.414 million customers maintained average daily financial assets per month exceeding RMB50,000, a net increase of 260,000, or 6.26% year-on-year—demonstrating a continuous improvement in customer structure. The balance of personal deposits reached RMB1,550,383 million, up RMB170,164 million or 12.33% from the end of the previous year. Personal financial assets (including market value) managed by the Bank totaled RMB3.88 trillion, representing a net increase of RMB197.8 billion for the year. In the private banking segment, the Bank deepened cooperation with corporate banking and served over 3,000 listed and tech enterprises. The number of customers with average daily financial assets per month exceeding RMB6 million approached 49,000 and financial assets managed for private banking clients surpassed RMB690 billion, reflecting year-on-year growth of 13.95% and 9.52% respectively. The Bank's subsidiary, SPDB Wealth Management, reported a total product scale (including entrusted assets) of RMB1,319,578 million, an increase of RMB301,174 million or 29.57% compared with the end of the previous year—ranking among the leaders in the industry.

Key indicators	2024	2023	Increase (%)
Balance of personal financial assets managed by the Bank (RMB1 trillion)	3.88	3.68	5.37
Number of customers with average daily financial assets per month exceeding RMB50,000 (10,000)	441.4	415.4	6.26
Number of customers with average daily financial assets per month exceeding RMB6 million (10,000)	4.9	4.3	13.95
Financial assets from private banking clients managed by the Bank (RMB100 million)	6,900	6,300	9.52









4. Featured practices: In August 2024, the Bank partnered with key stakeholders to establish the Wealth and Asset Management Finance Pan-Ecosystem Alliance, an initiative designed to integrate financial tools, resources, and channels while driving innovation in service delivery modes. The alliance aims to build a comprehensive financial services chain that spans the entire lifecycle of emerging industries—supporting the real economy and enhancing quality of life. In collaboration with its partners, the Bank released the China Asset Management Development Trend Report 2024 and the **ChinaBond-SPDB Wealth Management New Quality Productive Forces Development Bond Index**, offering in-depth industry insights and forward-looking perspectives on future trends. During the reporting period, the Bank intensified its efforts in pension finance by launching commercial pension offerings and exploring new service scenarios tailored to the era of longevity. As at the end of the reporting period, the scale of the Bank’s commercial pension business exceeded RMB5 billion. In November 2024, leveraging strategic partnerships, the Bank inaugurated China’s first **Health & Wellness Core Space** in Hangzhou. This pioneering initiative addresses the holistic health and wellness needs of families, integrating healthcare, finance, and insurance. The facility features a full suite of advanced health assessment and therapeutic equipment, offering an holistic, immersive, and end-to-end health and wellness service experience for financial consumers. To meet the evolving, multi-scenario pension finance needs of the elderly, the Bank also launched an innovative wealth management trust service that links wealth inheritance with retirement living. By connecting trust accounts with elderly care service scenarios, the solution enables seamless upgrades to **Pension Direct-Pay Trusts**. Collectively, these initiatives have created a “four-in-one” elderly care service mode: Secure Retirement, Quality Retirement, Caring Retirement, and Worry-Free Retirement.

5. Cases:

Case 3: The "SPD Golden Pension" Pension Finance Service System

In response to the growing demand for pension finance, SPD Bank launched the "SPD Golden Pension" pension finance service system, offering a full suite of products, benefits, and services designed to support both pre-retirement and senior customer segments. This initiative embodies the Bank's commitment to promoting inclusive and compassionate finance. To address the multifaceted needs of elderly customers in the areas of care, engagement, and meaningful participation, the Bank established retirement service platforms and set up dedicated pension finance studios across the country. A standout example is Yangpu Sub-branch of Shanghai Branch, which became the first pilot site for pension finance studios. It features age-friendly designs such as accessible facilities, voice-enabled VTMs, reading glasses, magnifiers, and six tailored services for elderly customers, significantly enhancing their banking experience. The sub-branch also offers designated zones, including an age-friendly service experience area, retirement finance outreach zone, health and wellness corner, and community retirement sandbox area. Meanwhile, it actively hosts preferential payment activities for customers aged 60 and above, and collaborates with various partners within and outside the Bank to deliver caring services. These include free in-branch haircut services, traditional Chinese medicine (TCM) classes in partnership with time-honored brands, and educational sessions on winter wellness preservation and coronary heart disease prevention.

3.2.3 Erecting five digital pillars to lay a solid foundation

The Bank focused its efforts across five critical domains: digital infrastructure, digital products, digital operations, digital risk control, and digital ecosystems—expanding financial services from isolated touchpoints to integrated, multidimensional networks, and from transactional moments to end-to-end engagement, to cover the entire lifecycle. This evolution has significantly enhanced the depth, breadth, scope, and precision of the Bank's service capabilities.

Digital infrastructure

The Bank strengthened top-level design, enhanced organizational leadership and overall coordination, and laid out a comprehensive blueprint for digital infrastructure development. Guided by its digitalization & intelligentization strategy and business value creation initiative, and focused on enterprise-level architecture and domestic IT innovation, the Bank clarified the design and construction maps, objectives, and implementation pathways for key projects, including the financial cloud, digital and intelligent platforms, and the distributed restructuring of both the core banking and credit card systems. Steady progress was made in shaping the enterprise-level architecture, with the completion of strategic analysis and high-level business modeling, resulting in a preliminary blueprint for business development and a clear IT roadmap.

The Bank strengthened the foundation for digital and intelligent operations, actively advancing the independent and autonomous development of critical financial technologies. Through architectural upgrades, it enhanced business support capabilities and enabled the delivery of more flexible, accessible, and lightweight financial services. The IT architecture has officially entered a new phase characterized by distributed and cloud-based operations. **The financial cloud platform** has been deployed in a dual-site, four-center, active-active configuration across Shanghai and Hefei, featuring over 30,000 cloud hosts and 112,000 containers, and supporting core services such as personal mobile banking and corporate online banking. In September 2024, **the distributed core system for credit cards** was officially launched, marking a disruptive redesign and deep integration of both technical architecture and business frameworks. **The newly built distributed core system for retail business** is now fully operational, with the phased migration of existing retail customers across domestic branches underway. Aligned with the national initiative, "Eastern Data, Western Computing", the Bank also accelerated the construction of a new data center in Horinger New Area, Inner Mongolia.

To enhance the effectiveness of data management, the Bank formulated a comprehensive plan to build a digital and intelligent platform centered on the integration of data with intelligent technologies, covering unified storage, computation, and management. **For the foundational data platform**, the Bank constructed a high-performance, high-capacity, and high-computing full-stack platform based on domestic IT innovation. Cloud-based upgrades and innovations were steadily advanced for data warehouses, big data platforms, and enterprise-level data lakes. On the front of **intelligent platform** development, the Bank built four core platforms—large model training, inference, application, and knowledge engineering—forming a multi-capability, multi-modal, and high-efficiency service matrix powered by large models. To support **computing power** building, it optimized existing computing power and procured additional resources to support pilot applications of large models. In terms of **algorithm** development, the Bank established a large model testing system, conducted assessments of both open-source and commercial models, and introduced several open-source large models into its ecosystem.

Digital Infrastructure Feature: Launch of the Distributed Core System for Credit Cards

In September 2024, the Bank's distributed core system for credit cards was successfully launched in a seamless, one-time switchover. Through a disruptive redesign and deep integration of technical architecture and business frameworks, the system introduced a scenario-based event engine, a real-time traffic control framework, and nine major service centers covering functions such as customer and account management, along with a suite of IP-protected innovations. Built entirely on a fully independent and controllable full-stack distributed architecture, the system marked a comprehensive, industry-leading transformation across key areas: the downward migration of core financial system mainframes, full-stack technological independence, modular design, distributed databases, cloud-native deployment, and enterprise-level data standardization. It also supports dual-site, four-center active-active operations. The new system has demonstrated robust performance under peak loads, including the 2024 Double 11 shopping festival, where end-of-day customer batch processing time was reduced from two hours to just 30 minutes, enabling smooth daily switchover at midnight.

Digital products

In corporate banking, the Bank optimized its innovative, market-oriented product **"Worry-Free Deposit"** to enhance large-scale customer acquisition. It developed a comprehensive product suite that supports the entire customer journey and lifecycle across key strategic sectors. **In technology finance**, the Bank launched "SPD Tech", a "5+7+X" product portfolio—designed to offer full-lifecycle coverage, intelligent digital operations, partnership-driven services, and customized financial solutions. **In supply chain finance**, a suite of fully digital and intelligent offerings was introduced, including "SPD Chain Connect", "SPD Vehicle Connect", and "SPD Discounting Connect", alongside the development of the Bank's proprietary platform, "SPD Chain e Financing". **In the area of inclusive finance**, the Bank established a data-driven, innovation-led "4+N+X" digital and intelligent product framework. **In cross-border finance**, several new online products were launched, such as "Cross-Border SPD Chain Connect", "Cross-Border Commercial e-Remittance", and "Express Remittance". In parallel, the Bank upgraded its GMTS platform and cross-border cash pool by embedding new digital and intelligent functionalities.

In retail banking, the Bank developed two flagship consumer loan products—"SPD Flash Loan 2.0" and "iCar Loan". **"SPD Flash Loan"** features an ultra-fast credit assessment tool, remote video-based identity verification, and proactive credit opportunity marketing function, significantly enhancing customer experience. The **"iCar Loan"** auto finance brand adopted a fully digital mode, launched direct integration projects with leading automakers, and connected with over 1,000 dealer outlets nationwide to boost auto consumption. **In the wealth and asset management finance segment**, the Bank promoted its "5+X" digital product framework and introduced the **"Chart of Innovative WMPs"** service section.

In financial markets business, as at the end of the reporting period, the Financial Markets Department had launched 106 products, of which 100 were digital—accounting for 94% of the total. Optimization and enhancement requirements were raised for 25 digital products, with 15 already completed, including functional upgrades to core systems such as **counter bond trading**, **E-Alliance**, and **smart bill services**. The Bank also built an industry-leading custody service platform, **"SPD Custodian"**, underpinned by a vision of full-process visibility, full-domain controllability, end-to-end intelligent operations, and panoramic service delivery. This platform continues to strengthen the digital and intelligent capabilities of the asset custody business, while developing an online, multi-channel, intelligent, and visualized customer-facing service system.

In credit card business, the Bank successfully launched its **digital and intelligent opportunity application platform**, establishing a data-driven management framework that spans major retail business scenarios. A lobby marketing network was built, incorporating diverse strategies such as whitelist-based lead generation and prompts, bundled product offerings with credit card packages, embedded marketing within business processes, standardized customer engagement gestures, and supporting tools for performance evaluation and process management. The platform is now applied to manage key retail customer segments, including pensioners and risk-assessed customers. During the reporting period, the platform acquired 73,592 high-quality dual-card customers, who significantly outperformed those acquired through other channels, with a delinquency rate of just 0.35%. **The Joyful SPD Credit Card app** developed a digital and intelligent integrated management matrix focused on core indicators and proactive customer management. It expanded its scenario-based service capabilities by launching 89 functions and actively developing cross-selling business scenarios. Additionally, an AI-powered chatbot was deployed across five core business scenarios—installments, clearing and recovery, user activation, and feature experience—interacting with users through over 30,000 queries.

Digital Product Case: The Upgraded "SPD Flash Loan"

"SPD Flash Loan" is the Bank's first digital revolving personal credit loan product. Enabled by multidimensional big data analytics, it allows customers to apply with a single click via the SPD Bank mobile app. Through self-service identity verification and real-time access to dozens of risk data sources, the product leverages dual intelligent engines for fraud prevention and risk assessment, enabling instant approval. With features such as revolving credit and flexible repayment, it lowers the barrier to high-quality financial services and strengthens the Bank's retail banking brand.

Anchored on the SPD Mobile Banking app as its primary digital channel, "SPD Flash Loan" continuously optimized its digital operations. The Bank enhanced customer traffic management, enriched customer labeling, established a tiered and categorized customer management system, and diversified digital marketing activities. As at the end of 2024, version 2.0 of the product's customer management mode was launched, strengthening five core capabilities: product design, operational efficiency, system integration, brand building, and risk control. The upgraded mode promoted standardized management and embedded opportunity identification into operational workflows. A wide range of methods—such as benefits-based marketing, content-driven engagement, event-based promotion, and word-of-mouth communication—were applied to elevate digital operations, improve customer experience, and enhance overall service quality.

Digital operations

In line with its digitalization & intelligentization strategy and with a focus on institutional workforce development, the Bank launched the establishment of a Head Office-level **department and platform operations center** in June 2024. This initiative aims to steer the planning and development of an enterprise-level digital operations platform. In July, the Bank formed a **dedicated digital platform operations taskforce** comprising 12 Head Office departments, which has since accelerated the implementation of the bank-wide digital platform operations plan and initiated platform construction across the organization.

SPD Bank completed the **top-level planning of its enterprise-level digital platform operations system**, establishing three core objectives: user growth, enhanced service efficiency, and improved customer experience. It developed four key operational capabilities and implemented eight categories of operational tasks, driving the formation of a “2-1-1-1” enterprise-level digital platform operations framework. Through collaboration, integration, and strategic focus, the Bank used the SPDB Inclusive Finance app as a pilot to upgrade its business mode, streamline internal processes, and enhance service capabilities, thereby accelerating the construction of a unified, intelligent operation system.

Digital Operations Feature 1: Ultra-Simplified Account Opening Process Officially Launched

SPD Bank has officially launched its **Ultra-Simplified Account Opening** process, specifically designed for corporate clients to deliver a more efficient and user-friendly onboarding experience. By streamlining the entire procedure—from appointment scheduling to account number generation—the process enables low-risk clients to complete account opening in as little as three hours.

Streamlined appointment: Clients can initiate appointments by providing only basic information. The system pre-generates an account number, while dedicated account managers provide telephone guidance and support to complete the remaining steps, facilitating rapid onboarding.

Consolidated verification: The verification process is optimized by consolidating verification steps to improve efficiency.

Lean forms: Application forms have been refined to include only essential fields, with many fields auto-filled and supporting documents fully digitized.

Intelligent due diligence: Through integration with digital and intelligent systems, the due diligence process is layered and categorized based on risk level, significantly improving operational efficiency.

SPD Bank developed **two core apps—SPDB Inclusive Finance and SPDB Mobile Banking**. These apps serve as gateways to connect the Bank with customers, aggregate customer needs, and promote openness and sharing. By reshaping organizational and service modes, the platforms significantly enhanced the Bank’s ability to serve long-tail customer segments and become a tech-powered momentum behind its high-quality development.

●SPD Bank launched the upgraded **SPDB Inclusive Finance app**, specifically targeting long-tail customer groups such as micro and small enterprises and self-employed individuals. Core functionalities—including the user system, loan module, and corporate payment and settlement—were comprehensively reimagined and enhanced. At the end of 2024, the Bank introduced SPDB Inclusive Finance 3.0, a refreshed version that expanded coverage to core customer segments including technology finance, inclusive finance, and rural revitalization. The upgraded app offers a one-stop financial service experience characterized by one-touch access, enhanced security and efficiency, and seamless integration of corporate and personal banking segments. On 18 December 2024, SPD Bank officially launched its **digital financial services system**, garnering nearly 7 million views across new media platforms and reinforcing its image as a pioneering leader in digital finance.

Digital Operations Feature 2: A Core Upgrade to Mobile Banking

Focusing on user experience, intelligent services, and wealth management, the SPDB Mobile Banking app underwent a comprehensive upgrade, delivering a brand-new service experience. Built on innovative technologies, the upgraded app had three core objectives: user growth, enhanced service efficiency, and improved customer experience. It developed four key operational capabilities and implemented eight categories of operational tasks, driving the formation of a “2-1-1-1” enterprise-level digital platform operations framework for SPD Bank. As at the end of the reporting period, the app had over 87 million of contracted users.

Seamless user experience: Backed by cutting-edge technologies, the app delivers page loading speeds within seconds. Newly introduced features—including instant messaging, accessible audiovisual tools, and screen sharing support—enable seamless coordination between online and offline channels, significantly improving service accessibility and customer satisfaction.

One-stop intelligent services: By harnessing the power of data as a production factor, the intelligent decision-making engine behind the SPD Flash Loan has been further upgraded. This enables the entire process from online application to credit approval to be completed in as little as one minute.

Whole-journey wealth management: A wealth management marketplace has been built, offering access to over 8,000 products across the market. The “Intelligent WMP Selection” function enables more targeted investment and wealth management decisions. High-quality information and event updates from the wealth management ecosystem enrich the entire wealth management journey.

●**The SPDB Mobile Banking app** introduced innovative customer acquisition and activation methods, effectively addressing user needs and facilitating rapid product iterations. As a result, the app's contracted user base surpassed 87 million, with 366,300 new online loan customers added during the reporting period. Online loan disbursements exceeded RMB23 billion. The online account opening process was further optimized, leading to a 30% improvement in corporate account opening efficiency compared to the previous year. Additionally, the Remote Smart Banking Center ranked among the top among China's joint-stock commercial banks by human-assisted services.

Digital Operations Feature 3: Launch of Five Core Services in the SPDB Inclusive Finance App

The SPDB Inclusive Finance app is a comprehensive, one-stop, intelligent platform developed by SPD Bank to provide credit financing, fund management, and a range of ecosystem services for micro, small, and medium enterprises as well as self-employed individuals. The upgraded version introduces several innovative features, including an integrated credit assessment function for more personalized credit services, a USBkey-free secure fund transfer method, and a specialized financial technology service section. The app also offers a customized corporate and personal user growth system and introduces digital account manager services, enhancing the customer experience. The "SPDB Inclusive Finance" Digital and Intelligent Financial Service Platform was recognized by People.cn as one of the "Cases of Innovative Practices in Building China into A Financial Powerhouse 2024".

Launch of five core services in the SPDB Inclusive Finance app

Core Loan: The app tackles the challenge of a wide range of product options by utilizing an integrated credit assessment feature, enabling the rapid delivery of tailored credit products to customers.

Core Transaction: The app introduces a USBkey-free secure fund transfer method and offers a payroll distribution mode for small startups, allowing legal representatives to independently manage salary disbursements, thereby improving fund management efficiency.

Core Ecosystem: The app features a dedicated technology finance section, integrating financial products, transactions, consulting, and services. This section provides tailored financing solutions for tech companies at various stages, from seed and startup to growth and maturity.

Core Growth: The app customizes an integrated corporate and personal user growth system for micro and small enterprises, offering benefits such as intelligence and affordability levels/points to reduce operational costs.

Core Companionship: Leveraging AI technology, the app introduces digital account managers, offering round-the-clock, end-to-end support. This includes product explanations, process guidance, and Q&A coaching, serving as a reliable resource for the sustainable growth of businesses.

Digital risk control

The Bank aimed to achieve comprehensive coverage across key areas and categories, ensure grassroots-level penetration, enhance the integration of online and offline risk controls, and improve the synergy between human and machine-enabled controls, all supported by advanced digital and intelligent risk management technologies and tools.

A digital and intelligent Expected Credit Loss (ECL) measurement tool was developed to help account managers estimate ECLs during the marketing phase, aiding in the formation of pricing strategies. During the reporting period, the tool processed impairment loss estimates for over 40,000 loan proposals.

An enterprise-level model risk management system was established with structured frameworks, classifications, and priorities. This system supports the creation of three lines of defense for model risk management, ensuring the online management of over a thousand models through the entire lifecycle and business process. A bank-level model review committee was set up, implementing a **"1+6" two-tier model review mechanism** to oversee the Bank's model risk management. The development of a digital and intelligent monitoring system for model risk management continued, covering model operations, model risks, and digital and intelligent business risks.

Driven by the **intelligent rating** and **smart collateral** systems, the Bank upgraded its core risk management tools to align with its digital transformation strategy and support five priority tracks for high-quality development. The intelligent rating system enables earlier identification of risk points and integrates digital rating models, streamlined processes, and enhanced management measures, thereby enabling accurate quantification and intelligent control of customer risks. This supports informed credit decisions, structural adjustments, and forward-looking risk management. Additionally, the Bank also developed an English-language rating model for overseas customers, providing unified digital tools for managing both domestic and international collateral. Furthermore, a real estate ownership platform was established to facilitate real-time, bidirectional information exchange between financial institutions and property registration agencies, significantly improving the efficiency of collateralized/pledged lending services. An automated online collateral valuation strategy was also implemented, accelerating the approval process for online business operations.

Guided by the blueprint for building a digital and intelligent risk control system, the Bank continuously optimized and iterated the **Sky Eye system**. Focusing on customer default risks and the entire credit process, it developed a suite of risk control tools, including customer risk forewarning systems, off-site monitoring tools, and intelligent risk control models. These tools enhanced customer risk profiles, enabled the identification and tracking of risky customers, and facilitated customer portfolio adjustments. By adopting a multi-faceted approach, the Bank proactively prevented losses and effectively mitigated emerging risks. Risk monitoring results were integrated into the full credit business process: before lending, customer risk profiles were provided to assist with due diligence; during lending, alerts on customer risks empowered approval decisions; and after lending, ongoing customer risk dynamics were monitored to support follow-up management. This resulted in a shift from passive to active defense strategies, and from human-driven to technology-enabled processes.

In terms of compliance and internal control, risk control measures were integrated into systems and processes during the product and management design stages. Digital and intelligent tools were utilized to enhance risk prevention capabilities and improve business efficiency. The self-developed customer money **laundering risk investigation mechanism** was implemented to manage customer acquisition risks. A layered and categorized due diligence strategy was applied to customers based on their risk levels, with an average monthly call volume exceeding 30,000. This approach enabled the timely identification and blocking of high-risk customers' onboarding, significantly improving the effectiveness of due diligence efforts.

The Bank advanced the development of **an integrated business audit information platform,** focusing on enhancing the modular and scenario-based application of intelligent tools and building an AI-enabled audit toolbox tailored for unstructured data usage. By expanding the coverage of data, models, and early warning signals captured through audit systems and increasing remote data collection, audit evidence gathering, and analytical demonstrations, the Bank further enriched its digital and intelligent auditing methods, strengthened off-site auditing, and fully leveraged the audit function's role in detecting risk, issuing warnings and alerts, adopting disposal measures, and adopting corrective actions as early as possible. In June 2024, the Big Data Audit Platform of the Bank won the "Best Enterprise Governance, Risk and Compliance Project in China" award under the Asian Banker China Awards Program 2024, while its "Digital Audit" brand building efforts also achieved positive results.

Digital ecosystems

Digital Risk Control Feature: The Sky Eye System Powers a Digital Risk Control Hub

SPD Bank built a risk control framework centered on the Sky Eye system, continuously iterating and upgrading its digital and intelligent infrastructure, middle-layer risk control platform, and top-level risk control ecosystem. A big data-powered tenant platform was developed, integrating internal and external risk tag data. The Bank adopted distributed batch scheduling and stream processing technologies, with both rules and models serving as dual engines. Applications were deployed in the cloud using microservice architecture and component-based design. Additionally, the Bank also developed ten functional modules under the "Sky" series, a suite of tools within the "See" series, and a variety of risk control instruments, facilitating the output of risk monitoring results.

Customer risk forewarning systems: These systems deploy automated early warning rules across multiple dimensions, including business, financial, and financing risks, to conduct comprehensive risk scans on customers. Risk signals are now triggered automatically, tasks are dispatched in real time, and forewarning levels are assigned based on predefined criteria. Categorized risk control measures are implemented according to the severity of risk.

Off-Site monitoring tools: These tools empower institutions at all levels to quickly assess risks from multiple angles and themes, generate targeted risk lists, and investigate customers or businesses under their jurisdiction. They provide critical leads for on-site inspections and significantly enhance digital risk identification and internal self-assessment capabilities.

Intelligent risk control model series: Leveraging AI and big data algorithms, these models focus on key risk scenarios to construct intelligent models for risk controls such as relationship analysis, customer risk identification and prediction, and monitoring of loan processing irregularities.

In the corporate banking ecosystem, the Bank made progress in managing strategic customers, strengthened digital and intelligent resource connections with partners, and fostered collaborative innovation. During the reporting period, the Bank, in collaboration with its partners, released the Data Cooperation Ecosystem White Paper and completed the first batch of China Government Bond (CGB) pledged repo transactions under the Securities, Funds, and Insurance Companies Swap Facility (SFISF). Aligned with the national strategy for the integrated development of the Yangtze River Delta, the Bank partnered with regional financial institutions to launch the Yangtze River Delta Financial Ecosystem Platform, reflecting a shared commitment to advancing together toward a prosperous future. Efforts were intensified to promote intra-platform business synergy, with emphasis on key areas such as syndicated loans, M&A, cross-border finance, and supply chain finance. A communication and cooperation platform was also established to implement the requirements for promoting the five priorities of the financial sector and better serve the development of the regional real economy.

In the retail business ecosystem, a wealth management ecosystem was established through the development of an open wealth management platform, centered on the Wealth Management Channel within the SPD Bank app as the primary service interface. This platform has attracted participation from 56 financial institutions, forming a full-spectrum online wealth management ecosystem that includes leading partners from mutual funds, securities firms, wealth management companies, and insurance providers. To meet diverse user needs in line with evolving market trends, the Bank co-developed thematic sections with partner institutions, such as "Index Frontline", "Top Fund Tracks", "Dividend Guide", and "Global Investment". More than 9,700 investor education articles were published via the app, alongside the organization of 144 investor education events. Integrated innovations were also advanced with subsidiaries such as Shanghai Trust and AXA SPDB Investment Managers, focusing on group-wide collaboration and digital operations. This included the joint launch of the "Panoramic Wealth Management" portal service on the SPD Bank app.

In the financial markets ecosystem, the Bank accelerated the development of a digital and intelligent operating platform for financial institutional clients. Efforts focused on strengthening data infrastructure, refining customer profiling, enhancing core scenario functionalities, and improving online service capabilities. A data-driven approach to customer marketing was promoted, resulting in the formation of an online and offline integrated marketing service system. The interbank platform achieved record highs in both customer base and transaction volume. **The "E peer"** platform registered over 2,900 users, including more than 150 new clients added during the year, and recorded an online transaction volume of RMB2.2 trillion—representing a 30% year-on-year increase. The ecosystem was driven by six key business scenarios: bonds, bills, wealth management, FICC, fund trading, and cross-border services. A closed-loop system was established for data collection, analysis, activation, and customer engagement. The bond lending rollover rate exceeded 70%, while the rollover rate for interest rate bonds surpassed 60%, marking increases of 10 and 12 percentage points, respectively, from the beginning of the year.

3.2.4 Iterative upgrades to the five core systems

Customer management and service system

In the corporate banking segment, the Bank restructured its client tiering and classification system. Guided by its digitalization & intelligentization strategy and aligned with the five priority tracks, the Bank established a redefined **"four-tier, four-category"** corporate client management framework. The "four tiers" include Head Office strategic clients, branch-level strategic clients, mid-sized clients, and inclusive (long-tail) clients, managed through a vertical structure. The "four categories" comprise institutional clients, technology finance clients, cross-border finance clients, and rural revitalization clients, managed through a horizontal structure. Within this new framework, the Bank developed targeted strategies accompanied by detailed blueprints and execution plans for each client tier, enhancing the quality and efficiency of holistic client management.

In the retail banking segment, the Bank continued to advance the development of its "1-3-5-N" retail customer management system. Leveraging digital technologies, precise customer profiling and insights were generated, enabling a differentiated strategy based on client tiering, classification, and clustering to ensure accurate alignment of customers, products, and channels. An automated management approach was implemented across the full customer lifecycle—from acquisition and engagement to growth and retention—completing three key stages in customer management and activation. This enhanced capabilities in customer outreach, onboarding, upgrading, and retention. Digital and intelligent client management was further strengthened through a comprehensive upgrade of the **Smart Koi platform**, supporting customer positioning, insight generation, and service delivery. Key customer segments were managed in greater depth, with integrated service solutions launched for ten scenario-based client groups. Integrated operations were also expanded, achieving notable progress across eight industries and 20 key group client initiatives.

The Bank continued to build a strategic, cross-industry ecosystem for financial institutional clients. In the factor market segment, it made notable progress, earning 74 business awards during the reporting period, with 31 business lines ranking among the top three across the entire market. The Bank signed strategic cooperation agreements with 20 financial factor market clients, resulting in the acquisition of over 80 business qualifications. By deepening collaboration with a broad range of financial institutions, the Bank advanced comprehensive integration across clients, products, services, strategies, branding, and ecosystems, thereby reinforcing a robust cooperation framework. In support of regional economic development, the Bank jointly launched the Yangtze River Delta Financial Ecosystem Platform in partnership with 11 regional banks. Additionally, it established a counter bond cooperation ecosystem for financial institutional clients, engaging with local governments, policy banks, enterprises, and other issuers to deliver end-to-end services spanning underwriting, distribution, and custody. As at the end of the reporting period, the Bank opened 1,074 custody accounts and ranked first among China's joint-stock banks in terms of distribution volume for financial institutional clients.

Data operation and management system

The Bank accelerated the release of data value and empowered its digital and intelligent transformation through a "one body, two wings" mode: being anchored in data elements and supported by data management and data operations.

Data management ensured the high-quality supply of data. The Bank established the **Data Management Department** as a Level-1 unit under the Head Office to lead enterprise-wide data governance. This department is responsible for ensuring data security, organizing governance initiatives, supporting data analysis, building data platforms, and fulfilling regulatory reporting obligations—thereby enhancing the organizational and coordinating role of an enterprise-level data management system. In alignment with industry standards for data management maturity, the Bank continuously strengthened its **data governance framework**, reinforced data governance at the source, and laid a solid foundation for high-quality data to support digital and intelligent transformation. Recognizing data as a new class of asset, the Bank carried out assetization initiatives, including **data asset** inventory, ownership confirmation, and valuation. It published a data asset catalog, external data product manuals, and data asset operation reports to enhance data utilization efficiency and foster a data-driven culture centered on "speaking with data, decision-making with data, and innovation through data". In accordance with the Ministry of Finance's Provisional Provisions on the Accounting Treatment of Corporate Data Resources, the Bank developed a five-step methodology for incorporating data assets into the balance sheet. A comprehensive review was conducted on data resources related to external procurement and algorithmic model development, leading to the accumulation of applicable scenarios for balance sheet inclusion. As a result, the Bank achieved a breakthrough by recognizing data resources on the balance sheet for the first time.

Data operations empower high-quality business development. Centered on the Bank's five priority tracks and fundamental, core business areas, advanced technologies such as large language models, privacy computing, and blockchain were applied to enable **data-driven** opportunity identification and the formulation of risk control strategies. These innovations supported customer acquisition, product marketing, risk management, and operational compliance, while also facilitating the emergence of new business modes. Adopting an ecosystem-oriented mindset, the Bank deepened its data collaboration with strategic partners. It signed a strategic cooperation agreement with Shanghai Data Group Co., Ltd. (Shanghai Data Group), established a dedicated data collaboration taskforce, and jointly explored innovative application scenarios that integrate data elements with financial services. By connecting with electronic licenses and certificates, the Bank enhanced service accessibility and convenience for the public. This integration helped break down barriers between data and business, unlocking the full value of data and enabling the delivery of high-quality, advanced, and efficient products and services through improved data circulation.

Intelligent operation system

The Bank laid out a clear roadmap for building an intelligent operation system, focusing on core business areas such as account services, payment and settlement, and credit financing to streamline processes and enhance customer experience. It facilitated seamless integration of online and offline operations through initiatives such as online account opening and e-invoicing workflows. Anchored by its two core apps—SPDB Inclusive Finance and SPDB Mobile Banking—the Bank upgraded user operations, content and campaign management, and digital service delivery with intelligent capabilities to further elevate the customer experience. Proactive customer acquisition initiatives and ecosystem engagement activities were launched to boost platform traffic and continuously support corporate client growth. Scenario-driven content and campaign strategies were implemented to establish a routine operation framework.

During the reporting period, with a focus on addressing the needs and challenges of micro, small, and medium enterprises and improving their user experience, the Bank undertook a comprehensive revamp and upgrade of the SPDB Inclusive Finance app to better serve inclusive finance customer segments. Key initiatives included:

Intelligent upgrades to achieve user operations. The Bank achieved full integration and optimization of its user management system across the organization, dismantling silos between corporate and retail user systems. It established an open, Internet-based framework for customer acquisition and user management, offering more flexible access control aligned with the operational and management needs of micro, small, and medium-sized enterprises(MSMEs). A unified growth benefits system was launched for both corporate and individual customers, featuring a comprehensive overhaul of the membership rewards program and associated privileges. Additionally, dedicated service sections were developed for specific customer groups, delivering differentiated and specialized offerings tailored to group characteristics. These sections support personalized, customizable feature displays and self-configuration options based on user behavior patterns, thereby enhancing the interactive experience.

Intelligent upgrades to drive functional innovation. Addressing users' critical scenario-based needs, the Bank applied AI and other cutting-edge technologies to develop enterprise-level intelligent agents, with the aim of improving service efficiency. The introduction of **a single digital security token for corporate entities** leveraged advanced digital certification technologies to ensure precise identification and authorization of legal representatives, streamlining operational workflows while safeguarding transaction security and control. This innovation delivered a dual assurance of efficiency and security in corporate account management. At the same time, the Bank broadened its portfolio of online credit services. Notably, the **"1-Minute Customized Loan"** feature was launched, enabling rapid and accurate product recommendations tailored to customer needs. The **precision credit limit estimation** capability was also upgraded, integrating corporate and personal customer interfaces into a single access point, thus allowing for multi-product credit evaluation through a one-click process.

Intelligent upgrades to expand campaign and content operations. The Bank advanced campaign and content operations by aligning them with key business scenarios and establishing a standardized campaign management framework. Leveraging user profiling and a comprehensive product matrix, it developed a multi-dimensional customer segmentation model. Powered by intelligent recommendation engines, the Bank delivered personalized content to users, consistently offering high-quality, knowledge-based services tailored to micro and small enterprise owners. Specialized columns for policy interpretation and service guides were created to reflect local business support policies. Furthermore, scenario-based, intelligent triggers were integrated at critical stages of the customer journey to ensure precise alignment between client needs and product solutions.

Intelligent upgrades to improve digital service operations. The Bank accelerated the upgrade of its intelligent service system by developing an innovative, digital customer manager framework that seamlessly integrates online and offline services. By deeply embedding intelligent customer service capabilities with a smart knowledge base, the Bank established a 24/7 service network that delivers comprehensive and intelligent support to long-tail customers. The business opportunity management and monitoring system was further upgraded to enable a closed-loop service mode, ensuring precise customer targeting and efficient conversion in key business areas such as account opening and credit services. In addition, the Bank advanced ecosystem-based collaborative innovation and strengthened cooperation across internal platforms and ecosystem partners, focusing on data interconnectivity, benefits sharing, and coordinated quota management, among other domains.

Portfolio of innovative products and services

In corporate banking, **technology finance** continued to evolve in alignment with client needs, with further upgrades to "SPD Tech", a "5+7+X" product portfolio. **In supply chain finance**, the flagship product "SPD Chain Connect" was developed to meet the financing needs of core enterprises in industrial chains and their upstream and downstream partners. **In inclusive finance**, the Bank launched four Affordable Product Series featuring digitalization, standardization, customization, and broad applicability. **In cross-border finance**, a suite of new online offerings was introduced, including "Cross-Border SPD Chain Connect", "Express Remittance", and "Cross-Border Commercial e-Remittance". **In wealth and asset management finance**, the Bank leveraged its integrated bank-trust-insurance ecosystem to introduce innovative wealth management trust services, combining wealth inheritance and retirement planning. It also explored new business modes in equity, debt, family trusts, and charitable trusts. Additionally, the Bank promoted **syndicated loan** innovation by focusing on asset trading and sub-participation in syndicated exposures, while expanding interbank channels and its syndication network to drive steady growth in syndicated lending.

In retail banking, the Bank continued to implement its dual-engine strategy of products and services, deepening engagement with targeted customer segments. It strengthened coordination across debit card issuance, payroll services, lending, wealth management, and credit card businesses, establishing a multi-dimensional, collaborative customer acquisition network to fully leverage cross-business synergies. Within the digital ecosystem of **"SPD Flash Loan"**, the Bank proactively extended credit to high-quality customers and captured market opportunities through a combination of passive acquisition and proactive outreach strategies, significantly broadening its customer base. Under the **"iCar Loan"** brand, the Bank continuously refined and optimized product processes. Its direct auto customer service system underwent nearly 200 functional upgrades and rollouts during the year, enhancing the user experience by enabling 24/7 online services, eliminating the need for in-person signatures, supporting real-time approvals, and enabling loan disbursement in as little as five minutes. In the **wealth management business**, the Bank established a comprehensive asset allocation service framework. Leveraging the research capabilities of the Group's subsidiaries, it provided customers with asset allocation recommendations or solutions across major asset classes. The upgraded Alpha system enabled the generation of asset review reports and introduced the **"Xiaopu Intelligent Consulting"** feature in the SPDB Mobile Banking app to deliver personalized analytics and investment insights. Additionally, the Bank adopted the **CMAP asset allocation methodology** and built an asset allocation workflow for wealth managers encompassing customer profiling, market analysis, strategy development, and product selection. Over the year, wealth managers generated and distributed more than 300,000 asset allocation reports to clients.

In the financial markets business, **"SPDB Risk Hedging"** was embedded into extensive scenarios to expand customer outreach. **In agency FX services**, the Bank launched "E-Xiaohui", an AI-powered customer service chatbot on the "SPDB E-Alliance" platform, offering customers real-time, step-by-step guidance through system processes. **For precious metals and commodity trading on behalf of clients**, the Bank developed a one-stop cross-border hedging solution to help real economy clients integrate into global industrial chains. **In interest rate derivatives trading**, the Bank leveraged an intelligent, program-based trading platform to design and execute strategies, enabling automated, real-time generation of exclusive quotation curves. Product innovation continued in **bill financing**, with an expanded service reach. The **"SPDB e Discounting"** platform expanded mass customer acquisition channels through innovative approaches, while the product portfolio was further enriched. A notable launch was **"Bill Financing Connect"**, a solution designed to meet enterprises' financing needs by combining bill acceptance and discounting. This product was deeply embedded in the payment scenarios of core supply chain enterprises, offering discount financing support to their upstream and downstream partners. To support national strategies on green and inclusive development, the Bank introduced the market's first four ChinaBond Green and Inclusive-themed mutual funds and the country's first climate change index fund. **In custody services**, the Bank captured new growth opportunities and continued to enhance its operational capabilities. As part of its efforts to support Shanghai's leading industry funds, it secured custody mandates for the parent funds of the integrated circuit and biopharmaceutical industries, reaching a total scale of RMB66.5 billion. These initiatives aim to help Shanghai foster globally competitive, innovation-driven enterprises and develop world-class industrial clusters.

Risk management system

As per the **"six-early" principles** of **"early prediction, early assessment, early prevention, early exposure, early disposal, and early liquidation"**, the Bank adopted a risky asset management mode covering the entire asset lifecycle from placement and monitoring to risk disposal and liquidation. As a result, its asset quality improved steadily. The Bank strengthened its risk culture and organizational support, while advancing reforms to its risk management architecture to establish a comprehensive, end-to-end framework that spans both horizontally and vertically across the organization.

The Bank established **twelve major categories of risk management toolkits**, including risk appetite, risk limits, risk policies, digital and intelligent risk control systems, ratings and collateral, model validation, risk measurement, stress testing, "three letters and one notice", risk inspection, and risk management evaluation. These tools further strengthened the Bank's risk management system, aligning it with the requirements of high-quality development.

The Bank optimized **risk appetite management tools** across the entire process—evaluation, formulation, monitoring, reporting, and assessment—to enhance their constraining and transmission mechanisms. It improved **risk limit management tools** by establishing off-balance sheet risk limits and a unified consolidated credit management system across the Group. A three-tiered risk policy framework—comprising top-level, foundational, and specialized policies—was implemented to strengthen standardized, rule-based governance. The Bank advanced the refinement and implementation of risk policies related to local government debt, outsourcing risk, and country risk, enhanced flexible authorization management, and dynamically adjusted authorization policies in response to changes in internal and external environments, thereby improving service quality and efficiency for the real economy.

The Bank upgraded its **digital and intelligent risk control system** centered around the Sky Eye system, developed risk monitoring platforms tailored to key business tracks, and enhanced tools for monitoring risks associated with high-priority products and areas. An enterprise-level model risk management framework was established to strengthen centralized oversight of online and batch-processed businesses. The **intelligent credit rating system** went live, introducing a model-driven approach that combines quantitative risk modeling, streamlined processes, and system-based risk control to enhance rating efficiency. **Intelligent collateral management** was reinforced through upgraded valuation tools and more efficient workflows, including online integration with local real estate platforms. **Digital and intelligent tools for ECL measurement** were launched to support front-end business units in estimating impairment losses and risk costs. Stress testing tools were diversified to improve the Bank's resilience in emergency scenarios. The "three letters and one notice" mechanism—comprising inquiry letters, early warning letters, reminder letters, and rectification notices—was utilized as risk monitoring, inspection, and rectification tools, strengthening forward-looking risk identification and oversight. Risk assessment tools covering both domestic and overseas entities across the Group were implemented, integrating long-term thinking, strategic alignment, and goal consistency into operations. This helped balance multiple objectives, enhance coordinated execution, and support comprehensive policy implementation, laying a strong foundation for the Bank's high-quality development.

3.2.5 Four key strategies focusing on priority areas

Regional strategy

Committed to serving national strategies for regional development, the Bank focused on key areas including the Yangtze River Delta, Beijing-Tianjin-Hebei region, Guangdong-Hong Kong-Macao Greater Bay Area (GBA), Yangtze Economic Belt, and Chengdu-Chongqing Economic Circle, advancing its "arrow-shaped" regional strategy. In the Yangtze River Delta, Shanghai Branch played a leading role in coordinating with branches in Jiangsu, Zhejiang, and Anhui to support and complement each other. A new collaboration mechanism across different administrative areas was established to deepen regional synergy and promote the Bank's image as a financial institution rooted in the Yangtze River Delta. The Bank made every effort to drive financial integration across the region. As at the end of the reporting period, total loans in the region reached RMB1.84 trillion, up more than 10% year-on-year, while total deposits stood at RMB2.31 trillion, marking an increase of over 7%. Both loan and deposit volumes ranked among the highest among China's joint-stock commercial banks. **In the Beijing-Tianjin-Hebei region**, the Bank focused on innovation-driven development and regional coordination, leveraging the strategic strength of its Beijing Regional Headquarters to support new infrastructure and industrial upgrading projects. As at the end of the reporting period, total loans in the region reached RMB490,371 million. **In the GBA**, the Bank prioritized major platform development, SIT cooperation, infrastructure connectivity, coordinated industrial growth, and exchange and cooperation concerning people's well-being, actively contributing to the integration of the GBA city cluster. As at the end of the reporting period, total loans in the region reached RMB674,186 million. **In Central China**, the Bank aligned its financial services with regional economic development to increase large-amount credit by targeting key projects, core clients in the real economy, and strategic product initiatives. **In the Chengdu-Chongqing Economic Circle**, the Bank worked to support the development of a twin-city economic zone and provide comprehensive services to the local real economy.

Regional Strategy Feature: Supporting Yangtze River Delta Integration to Become a Bank Rooted in the Region

SPD Bank regards the integrated development of the Yangtze River Delta (YRD) as a strategic pivot and is committed to becoming a flagship provider of comprehensive financial services in the region. Through institutional innovation, coordinated resource deployment, and support for industrial chain development, the Bank has deeply embedded itself in national strategies, injecting strong financial impetus into the region’s high-quality development.

Advancing institutional innovation to establish a new strategic service framework. The Bank strengthened its top-level design for the region by upgrading the “Yangtze River Delta Integration Demonstration Zone Headquarters” into the “Yangtze River Delta Integration Management Headquarters”, responsible for overseeing differentiated resource allocation across branches in the region. Leveraging the leading role of Shanghai Branch, it coordinated efforts with branches in Jiangsu, Zhejiang, and Anhui to support and complement each other. A new collaboration mechanism across different administrative areas was established to further enhance regional synergy.

Enhancing resource coordination to unlock regional synergies. Aligned with the Financial Action Plan for the Yangtze River Delta Integration jointly issued by the three provinces and one municipality, the Bank unified its brand image and scaled the strengths of Shanghai Branch in M&A, bond issuance, and FT services across the region. It implemented an integrated action plan to promote collaborative operations and financial innovation. The Bank also introduced the Management Measures for the Pilot Program of Integrated Corporate Credit Extension in the Yangtze River Delta, which enabled city-level credit approvals within demonstration zones and piloted integrated credit services through Shanghai Branch, facilitating the smooth circulation and efficient allocation of credit resources across the region.

Focusing on industrial chain upgrades to become a model for industry-finance integration. To support the development of world-class industrial clusters in the Yangtze River Delta, the Bank focused on advancing new quality productive forces through financial innovation. Capitalizing on the region’s strong economic foundation and industrial base, it deepened its capabilities in industry research and product/service innovation, strengthened financial support for key industrial chains, and contributed to the formation of globally competitive industrial clusters.

With a firm commitment to national strategies, SPD Bank continued to refine its institutional mechanisms, integrate resources, and upgrade service capabilities, consolidating its position as a leading financial service provider in the Yangtze River Delta and provide robust financial backing for high-quality economic development of the region. As at the end of the reporting period, total loans in the region reached RMB1.84 trillion, up more than 10% year-on-year, while total deposits stood at RMB2.31 trillion, up over 7%, ranking the Bank among the top joint-stock commercial banks in the region in both metrics.

Industry strategy

In alignment with local realities, SPD Bank adopted a tailored strategy that could balance collaboration with differentiation, concentrating on niche and high-potential industries to achieve staggered yet synergistic development. By targeting key industries, core clusters, strategic nodes, and connection pathways, the Bank accurately identified target clients and continually optimized the sectoral composition of its credit portfolio. It prioritized 15 key industrial chains—including biopharmaceuticals, integrated circuits, next-generation information technology, AI, and high-end equipment manufacturing, leveraged new quality productive forces to drive industrial transformation and upgrading, and reinforced its footprint in strategic emerging industries.

During the reporting period, the Bank closely tracked macroeconomic and industry cycles, swiftly adapted to policy shifts and market dynamics, and strengthened the objectivity and analytical rigor of its industry research. This enabled it to accurately identify potential clients and proactively support national industrial policies as well as major strategic initiatives in Shanghai, further optimizing the sectoral composition of its credit asset portfolio. In its financial markets business, the Bank refined industry-specific service scenarios to deliver comprehensive "**four links and one guarantee**" solutions. For industrial clients along the "Golden Road" corridor, it introduced "Pulutong" to support the Belt and Road Initiative (BRI) through services on international boards of exchanges, contributing to RMB internationalization. For high-tech enterprises, the Bank developed "Puruitong", a cross-border financial service brand focused on leveraging new energy hedging capabilities. For financial institutional clients, it launched "Pujintong", building a cross-sector collaboration ecosystem utilizing instruments such as swaps. To meet the hedging needs of industrial clients, the Bank utilized the advantages of its three bases for commodity exchange-based industry-finance integration to promote "Puquantong", a one-stop platform offering full-spectrum hedging tools and services. Additionally, for agricultural clients, the Bank rolled out "Punongbao", a product that builds on its experience in agricultural price risk management to support hedging needs and advance rural revitalization.

Online strategy

Breaking traditional service boundaries and enhancing capability levels, the Bank developed online channels and continuously upgraded its two core platforms to facilitate the transformation of traffic from quantitative accumulation to qualitative advancement, thereby fostering new quality productive forces. A new operational mechanism was established, centered on deep user engagement and business integration, along with enterprise-level platforms for content operations, opportunity management, customer insights, and data analysis. At the same time, the Bank explored innovative modes for ecosystem-based services, built an open and integrated ecosystem, and fostered close collaboration with external clients and partners to deliver comprehensive financial services across the entire customer lifecycle.

In corporate banking, the Bank enhanced its panoramic customer views and visibility into major strategic initiatives. Both corporate and group-level customer profiles were upgraded to integrate data from credit extension activities across business lines, agency payroll services, and offshore revenue streams. An additional 200 refined indicators were incorporated into the core operational metrics, offering a more comprehensive and penetrating perspective on customer profiles, business scale, interbank dynamics, and products. Marketing tools were fully upgraded, including an enhanced version of the Haima Marketing Center and the development of a unified opportunity management platform, to support the execution and oversight of end-to-end marketing activities across all customer segments and business scenarios.

In retail banking, the Bank explored automated digital journeys for new customers, with a focus on integrating core functions of the SPDB Mobile Banking app. Leveraging multi-channel, AI-assisted marketing strategies, it accurately targeted clients for services such as agency payroll and mortgage loans. Simultaneously, the Bank prioritized the creation of high-traffic operational scenarios and continuous enhancement of product and process experiences. Centered on the SPDB Mobile Banking app and supported by external data and digital product components, it explored innovative operational modes featuring news content, product discussions, and market insights. In parallel, the Bank strengthened its digital and intelligent retail credit monitoring system to enable end-to-end risk management, conduct in-depth analysis of high-risk customer segments, and formulate differentiated control strategies tailored to regional channels and high-risk customer characteristics, thereby enhancing the precision of risk control.

In financial markets business, the Bank digitalized foreign currency-denominated interbank deposits, standardizing relevant business processes. The launch of spot FX trading functionality on the FX E-Alliance trading platform significantly improved convenience and reduced costs for corporate clients. A new-generation online bank acceptance bill discounting process was also introduced, further expanding digital coverage across the entire business line. The release of the SPD Custodian app marked the full realization of online service channels for custody operations. The Bank achieved significant breakthroughs in both overseas and cross-border custody system development. For financial institutions, it adopted a scenario-driven, data-led approach to ecosystem building. Interbank platforms saw record highs in both client numbers and transaction volumes. Notably, the E-peer interbank platform surpassed 2,900 registered users and recorded RMB2.2 trillion in online transaction volume, representing a 30% year-on-year increase and setting a new historical benchmark.

Digital innovation strategy

In corporate banking, the Bank actively advanced its digital and intelligent operating capabilities. The corporate customer management cockpit system was officially launched, establishing a “digital sandbox” that presents strategic deployment and execution pathways. The system comprises six key modules: regional view, industry/industrial chain view, customer group view, product view, five priority track view, and hot business view. By cross-analyzing internal and external data, it delivers a multi-dimensional operation overview across customer groups, industrial chains, industries, and product lines for institutions at all levels. A comprehensive product view was constructed, with the corporate product dashboard encompassing 228 foundational products across 14 major categories, including deposits, loans, guarantees and commitments, payment and settlement, channel services, trade finance, and underwriting. A digital transformation of loan project pipeline management was carried out, enabling visualization of project pipelines, workflow tracking, and monitoring of disbursement progress. Additionally, the Bank further enriched corporate customer tags and performance metrics to support the demand for multi-dimensional operational data across the organization.

In retail banking, the Bank focused on “new customer onboarding”, “penetrative operations”, “customer upgrading”, “customer group operations”, and “branch lead conversion”, and accordingly developed a “4+1” retail customer marketing strategy framework. Efforts to strengthen digital and intelligent capabilities were deepened, enabling coordinated engagement across online and offline channels to deliver comprehensive, real-time services and meet customers' financial needs throughout their lifecycle. The Bank enhanced the acquisition and management of broadly defined payroll service customer segments by integrating systems, products, benefits, and service resources. It also optimized the enterprise-level service platform "SPD Payroll+" to streamline and revamp the payroll agency process. Digital operational capabilities in payments and settlements were further upgraded. By collaborating with online payment institutions, the Bank refined its innovative precision marketing strategies to improve operational efficiency. To reinforce its retail data foundation, the Bank explored the application of AI in digital retail credit risk control, processed AI-generated customer tags, and utilized large-model technologies to analyze and identify customer profiles. These tags were embedded into platforms to support targeted, data-driven customer management strategies.

In the financial markets business, the Bank continued to promote the development of the "3+2+X" digital and intelligent system. New functionalities such as intelligent investment research, intelligent trading, and intelligent monitoring were introduced. Comprehensive deliverables from advanced consulting projects were delivered, contributing to a marked increase in programmed quoting and transaction volumes. Both the number of bond transactions and total trading volume reached record highs, providing strong support for the high-quality development of China's interbank bond market. Additionally, the Bank established a "Smart Bill" digital and intelligent management system, which streamlined business operations, approval processes, and management workflows, significantly enhancing overall operational efficiency.

3.2.6 Powerful and effective three major guarantee systems

Organizational guarantee system

In April 2024, the Bank carried out an **organizational restructuring** at the Head Office, centered on the digitalization & intelligentization strategy and aimed at driving progress and breakthroughs across the five priority tracks. The restructuring was grounded in a comprehensive adjustment and refinement of business logic. Adhering to the principles of front-office empowerment and middle-back office integration, the Bank implemented a series of targeted reforms to strengthen operational efficiency and customer responsiveness. First, guided by a client-centric approach, the Bank streamlined its customer management mechanism and significantly increased the allocation of key organizational and human resources to front-office departments and primary-level units. Second, structural optimization and adjustment were prioritized. The Bank boosted resource allocation to front-office functions, promoted centralized operations for middle and back offices, reshaped internal workflows, and redefined business operation logic. Third, to enhance business operations, the Bank deepened alignment with customer and market needs. It improved departmental collaboration, simplified procedures, and optimized platform, channel, product, and customer management functions and interfaces. This accelerated the integration of customer management with product innovation, strengthened market competitiveness and leadership of the Bank, and reinvigorated its growth drivers. As a result of these reforms, front-office departments gained greater strength, interdepartmental logic became more coherent, coordination grew more seamless, and strategic focus across departments was sharpened—collectively unlocking new vitality throughout the organization.

Efforts were focused on the five priority tracks. The Head Office established dedicated level-1 departments to lead their development. To foster an integrated technology finance service network across the Head Office and branches and to elevate the overall level of technology finance, the Bank established a new level-1 unit—the Technology Finance Department. This department is tasked with building a high-quality, sustainable, and comprehensive service system covering the entire lifecycle of technology finance. To accelerate the development of a digital and intelligent supply chain finance platform featuring omni-channel access, diverse product offerings, and high operational efficiency, the Supply Chain Innovation Department was newly created and co-located with the Transaction Banking Department. This initiative aims to enhance the framework of supply chain finance business. The Inclusive Finance Department underwent a systematic restructuring to strengthen specialized services for micro and small enterprises, consolidate personal business loan operations, and fully build a digital and intelligent inclusive finance ecosystem. The International Business Management Department (Offshore Business Department) was renamed as the Cross-border Finance Department (Offshore Business Center) to bolster the Bank's capabilities in cross-border finance and reinforce its leading position in this track. In the area of wealth services, the Private Banking Department was renamed as the Wealth Management and Private Banking Department following the integration of wealth management and private banking functions. The new department focuses on a dual-engine mode of asset management and wealth management, advancing a digital and intelligent approach to wealth and asset management finance.

An innovative taskforce mechanism was introduced. Within departments responsible for the five priority tracks and other units undertaking critical strategic initiatives, agile cross-functional taskforces were established. These teams transcend traditional departmental boundaries, integrating diverse resources to drive coordinated efforts. Guided by core objectives such as cultivating new quality productive forces, fostering cross-departmental collaboration, and advancing innovation in products, services, and technologies, the taskforces also play a pivotal role in talent development. With a focus on bold innovation and strategic foresight, the Bank concentrated on two key performance indicators—profitability and quality—and remained closely aligned with market dynamics and evolving customer needs. By tightly integrating its product and service offerings with customer and market demands, the Bank provided strong support for its high-quality and sustainable development goals.

Resource guarantee system

●**Optimized allocation of human resources.** The Bank made significant strides in optimizing its position and rank hierarchy, further refining its personnel structure and enhancing resource allocation for key areas, priority tracks, strategic regions, and core businesses. Executive selection and appointment processes were guided by strict standards, with a focus on practical experience, hands-on performance, and measurable results. During the reporting period, a total of 230 senior executives directly managed by the Head Office were promoted or reassigned, including 40 individuals born in the 1980s. By the end of the period, executives born in the 1980s accounted for 17% of those directly managed. The Bank also reinforced its efforts to increase executive rotation, providing enhanced practical training across all levels. These initiatives contributed to building a younger, more professional leadership team. Furthermore, the Bank launched the "Thousand Talents Project", aimed at selecting approximately 1,000 exceptional young talents under the age of 35. The project's goal is to cultivate a high-caliber, well-structured, and strategically aligned cohort of young professional executives to drive the implementation of the digitalization & intelligentization strategy and support the Bank's high-quality development.

●**Effective capital resource support.** The Bank actively promoted both internal and external capital replenishment, guided by a capital-light and value-driven development philosophy. It continuously optimized its capital allocation framework with a focus on capital efficiency, strengthened refined capital management practices, and directed business units to optimize customer and business structures within capital constraints. The Bank also fostered a culture of capital conservation across the organization, aiming to strike a balance between business growth, value creation, and capital consumption. These efforts collectively laid a solid capital foundation for the Bank to better support the real economy.

●**Intensive allocation of financial resources.** The Bank further optimized its cost structure by ensuring strategic allocation for strategic areas, priority tracks, and key businesses, thereby enhancing the value creation capacity of its financial resources. It clarified responsibilities for various expense categories to improve refined cost management. During the year, the Bank strengthened front-end management of major capital expenditures, revitalized underutilized real estate assets, and tightened control over external leasing rates. During the reporting period, depreciation and amortization expenses recorded negative growth, while rental and construction costs continued to decline.

●**Increased resources allocated for performance appraisal.** Aligned with national strategies and its own development priorities, the Bank continued to refine its assessment and evaluation framework, with a focus on "high-quality and sustainable development". It optimized the resource allocation mechanism for performance evaluation to improve efficiency and impact, and intensified performance assessments in areas such as strategy implementation, structural transformation, and customer management. This helped stimulate greater initiative and productivity across the organization. The Bank adopted a differentiated performance appraisal approach, fostering the growth of priority tracks and key businesses. Tailored and region-specific measures were implemented based on institutional resource endowments and local market characteristics, enhancing refined performance management and strengthening the branch network. The Bank also continued to improve its performance incentive system. While maintaining a high weighting on risk management and compliance in performance evaluations to steer institutions toward prudent, high-quality development, it simultaneously encouraged healthy competition, improved internal collaboration, and revitalized overall operational dynamism.

Policy guarantee system

●**The "Lean Management" campaign** focused on enhancing work style and improving operational efficiency. A series of targeted measures were introduced across multiple dimensions, including work style transformation, burden reduction and empowerment, cross-functional coordination, digital infrastructure construction, and system integration. The initiative reinforced centralized and intensive management led by the Head Office, streamlined business processes, alleviated the workload on frontline units, and achieved further progress in cost reduction and efficiency gains.

●**The "Process Re-engineering" initiative** targeted major bottlenecks in key processes to make improvements in corporate account opening experience, group client credit approval efficiency, fully online invoicing, and optimization of international settlement. As a result, account opening times were significantly reduced, customer experience markedly improved, and credit approval efficiency continued to improve. The Bank proactively gathered suggestions for process optimization from a wide range of corporate clients, aiming to enhance integrated service capabilities for key customer segments and industries, and to achieve industry-leading levels of process efficiency and customer experience.

●**The "Digital and Intelligent Stamping" system** enabled cross-regional manual stamping, reducing average processing time to just 0.5 day, while automated stamping tasks could be completed in as little as 5 seconds. This innovation effectively addressed challenges such as heavy manual workloads, slow inter-regional document transfers, and high operating costs.

●**Under the "Institutional Optimization" campaign**, the Bank focused on building a well-structured, up-to-date institutional framework with clearly defined responsibilities and embedded risk controls. A comprehensive review and evaluation of existing policies and rules were conducted to enhance their practicality, enforceability, and user-friendliness. These measures aimed to reduce the burden on grassroots units, promote effective institutional implementation, and improve overall operational efficiency.

●**The "Direct Information Reporting" initiative** underscored the Bank's new image. The Bank actively submitted a wide range of information—including analyses on economic development, public sentiment, and Party-building reform—to the CPC Shanghai Municipal Committee, the Shanghai Municipal People's Government, and other authorities. It also offered policy recommendations to support the development of Shanghai as an international financial center. These efforts contributed to policy optimization, addressed development challenges, and helped elevate the overall quality and efficiency of regional development. As a result, the Bank's information reporting efforts were rated "Outstanding" by the General Office of the Shanghai Municipal People's Government and the Bank itself was named an "Advanced Information Work Unit" by State-owned Asset Supervision and Administration Commission of Shanghai Municipal Government (Shanghai SASAC).

●**The "Inspection and Supervision" initiative** focused on the implementation of key directives from higher-level documents and major work plans. By establishing a robust inspection and supervision mechanism, the Bank ensured close monitoring and follow-up on critical tasks and assignments. This approach improved execution effectiveness and work efficiency, driving the delivery of tangible results across the organization.

3.2.7 Developing five priorities of the financial sector with solid efforts

To thoroughly implement the decisions and plans set forth at the Central Financial Work Conference regarding the five priorities of the financial sector—technology finance, green finance, inclusive finance, pension finance, and digital finance—the Bank has maintained a strong awareness of the political nature and people-centric mission of finance. It remains firmly committed to serving the real economy as its fundamental purpose, with a focus on fostering new quality productive forces. Centered on the five priorities, the Bank actively explores innovative approaches, strives to build competitive and distinctive business modes, and contributes to the development of China as a financial powerhouse.

Details on the Bank's practices in technology finance and inclusive finance can be found in Section 3.2.2 "Five priority tracks".

Green finance

Anchored in the principles of green development, the Bank established its proprietary green finance brand, **"SPDB Green Creation"**, to develop green finance business vigorously. It actively promoted green development concepts, earnestly implemented national policies, and deeply integrated green finance with support for the real economy. The Bank continuously enhanced its green finance development mechanisms, diversified its product offerings, streamlined business processes, and expanded its green finance partnership network. By strengthening its green finance capabilities, the Bank aimed to deliver high-quality financial support for the comprehensive green transformation of China's economy and society, and to contribute meaningfully to the realization of the Beautiful China initiative. The Bank launched a refreshed version of its Comprehensive Service Program for Green and Low-Carbon Transition Finance, building a digital and intelligent platform that integrates three pillars: green finance, carbon finance, and transition finance. Focusing on six major low-carbon transition areas: low-carbon energy, energy conservation and carbon reduction, green infrastructure, environmental protection, green services, and recycling, the Bank developed eight product lines: green equity, green bonds, green loans, green asset management, green leasing, green wealth management, green trust, and green consulting. Additionally, it also continued to innovate "N" solutions, thus establishing a "1+6+8+N" green and low-carbon transition finance service framework. As at the end of the reporting period, the Bank ranked among the top Chinese joint-stock banks in terms of green credit balance and was recognized by the China Banking Association as an "Exemplary Unit for Green Banking" for three consecutive years.

In the area of green credit, the Bank successfully issued Shanghai's first transition finance loan and completed the first transition finance transaction in Shanxi's coking sector, supporting the low-carbon transition of both the aviation industry and the major private coking enterprise. It also issued Shenzhen's first China Certified Emission Reduction (CCER)-linked loan, facilitating the development, registration, and verification of voluntary carbon reduction projects. In addition, it launched China's first sustainability-linked loan tied to the green computing power index for data centers, providing strong financial support for the development of green data centers. As at the end of the reporting period, the balance of green credit (calculated by the PBC standards) was RMB625.6 billion, an increase of RMB101 billion or 19.25% from the end of a year earlier. The balance in the Yangtze River Delta alone amounted to RMB267.2 billion. Since the obtainment of carbon emission reduction instruments, the Bank has issued carbon emission reduction loans of RMB25.7 billion to 176 projects in total, which contributed to an annual reduction of 6.84 million tons in CO_2 equivalent. As at the end of the reporting period, the Bank underwrote RMB4,552 million of green debt financing instruments and invested in green bonds of RMB21.38 billion and green asset-backed securities (ABS) of RMB11,695 million.

In green custody services, the Bank increased its support for the "carbon peaking and carbon neutrality" goal, with the scale of green products under custody reaching RMB45,853 million, an increase of RMB5 billion or 12% compared with the beginning of the year.

In the NEV loan segment, the Bank capitalized on emerging market opportunities by adopting diversified business modes, resulting in significant growth in its retail NEV loan portfolio. As at the end of the reporting period, the balance of retail NEV loans reached RMB9,082 million, representing a net increase of RMB3.89 billion from the beginning of the year. NEV loans accounted for 33% of total outstanding auto loans, up 11.2 percentage points from the start of the year.

In terms of green structured deposits, the Bank launched the market's first green structured deposit for corporate clients, linked to the "ChinaBond-SPD Bank ESG Select Bond Index". Over the year, a total of RMB280 million in structured deposits tied to the "Shanghai Clearing House

Carbon-Neutral Bond Index” was issued to retail customers, further diversifying investment options in green assets.

Regarding credit card-related green finance, during the reporting period, the Bank refined its low-carbon credit card use scenario strategies to more accurately identify users’ green behavior, upgraded green campaigns to encourage environmentally friendly consumption, and expanded the scope of low-carbon task scenarios—offering users more benefits in areas such as eco-friendly commuting, recycling, fitness, and reading. As at the end of the reporting period, over 840,000 customers joined the Green and Low-Carbon Zone, completing more than 22.79 million green tasks and earning a total of 580 million green bonus points.

In the area of green bonds, guided by an innovation-driven strategy, the Bank enhanced its green asset allocation by participating in several market-first transactions. These included investments in the country’s first bond carrying triple ESG labels—“STI”, “low-carbon transition”, and “BRI”; Zhejiang Province’s first “carbon-neutral/rural revitalization-themed” asset-backed commercial paper; and Shaanxi Province’s first green bond in 2024. The Bank also underwrote the market’s first green counter bond.

As for green funds, the Bank collaborated with several mutual fund managers to launch the market’s first batch of mutual funds dedicated to green finance and inclusive finance. These funds track the Bank’s custom-designed “ChinaBond Green and Inclusive Finance Theme Bond Select Index”, which comprises bonds explicitly targeted at sectors such as green development, micro and small enterprises, agriculture, rural areas and farmers, poverty alleviation, and mass entrepreneurship and innovation. The total amount raised reached RMB31.96 billion, representing 80% of the total market size for green-themed mutual bond funds at the time of fundraising, thereby providing strong financial support for green development.

With respect to ecological co-building, during the reporting period, the Bank hosted a parallel forum at the Bund Summit titled “Financial Support for the Development of New Quality Productive Forces” and released a research report, Advancing Green Finance—Exploration and Practice of Commercial Banks. At the same time, it actively participated in external exchanges to share its green finance practices and expand its partnership network. Key engagements included participation in the 2024 ESG Global Leaders Conference, hosting the PBC’s Transition Finance Experience Sharing Seminar, and attending the 2024 Shanghai International Carbon Neutrality Expo in Technologies, Products, and Achievements, as well as the 2024 China Green Computing Power (AI) Conference—contributing to industry advancement and green, low-carbon development. In collaboration with the China Foreign Exchange Trade System (CFETS), the Bank also supported Neuberger Berman in successfully launching China’s first mutual bond fund focused on addressing climate change: the “Neuberger Berman-CFETS 0-5 Year Climate Change High-Grade Bond Composite Index Fund”. This fund tracks the “CFETS 0-5 Year Climate Change High-Grade Bond Composite Index”, which was jointly developed with the Bank, offering global institutional investors a benchmark for quickly identifying leading Chinese issuers in climate response and evaluating their investment potential.

Subsidiaries across the Group actively developed green finance business to meet customers' comprehensive financial needs. As at the end of the reporting period, **Shanghai Trust** had RMB17.87 billion in outstanding green finance business. **SPDB International** recorded total green finance business equivalent to RMB3.71 billion. **SPDB Financial Leasing** held green leasing assets totaling RMB40,061 million, accounting for 29% of its total leasing portfolio and covering areas such as green infrastructure upgrades, clean energy, and energy conservation and environmental protection. Green finance business of **AXA SPDB Investment Managers** reached nearly RMB10 billion, primarily comprising the issuance of green-themed financial products and investments in securities issued by enterprises aligned with green principles. In 2024, **Tullett Prebon SITICO (China) Ltd. (TPSITICO)** facilitated 6,094 green bond transactions with a total value of RMB222,217 million. Meanwhile, **SPDB Wealth Management** held a green bond investment balance of RMB22,151 million through its wealth management funds, covering sectors like clean energy, clean transportation, green manufacturing, and green finance.

Green finance cases

Extending China's First Sustainability-Linked Loan Tied to the Data Center Green Computing Power Index

In June 2024, at the Data Center Full Lifecycle Green Computing Index Forum, SPD Bank jointly released the White Paper on the Data Center Full Lifecycle Green Computing Index and joined the preparatory initiative for the "Green Computing Power Lab". The Bank integrated its financing services with the index and successfully issued the country's first sustainability-linked loan tied to it, supporting the green and sustainable development of the computing power industry.

In July 2024, SPD Bank completed Shanxi Province's first transition finance transaction in the local coking industry, delivering targeted financial support to facilitate the transformation and development of emission-intensive enterprises.

Underwriting Blue Bonds to Support Sustainable Development of the Marine Economy

On 11 April 2024, SPD Bank served as the sole lead underwriter for the second tranche of green medium-term notes (blue bonds) issued by a Qingdao-based group. The proceeds were designated for the expansion of a local seawater desalination project, supporting the sustainable utilization of water resources.

Pension finance

SPD Bank thoroughly implemented national policies on the development of pension finance, actively responding to the needs of the silver economy and retirement sector. The Bank continued to deepen its strategic planning by aligning with customer demands and market trends and further advancing its people-centered financial service philosophy. It launched the **"SPD Golden Pension"** brand to establish a comprehensive pension finance service system—structured as a "1-2-3-4-5" pattern. This includes: one integration strategy, two alliances, three target customer segments, four core platforms, and five major initiatives. Specifically, the integration strategy unifies Group-wide resources—domestic and overseas—across multiple business lines. The Bank formed two alliances: a strategic pension finance partnership alliance and an elderly care provider alliance. Services target three core segments: silver-age individuals, pre-retirees, and institutions in the elderly care sector. To support this system, four platforms have been developed: a dedicated pension finance zone in the mobile app, a digital and intelligent retirement planning platform, 100 pension finance studios, and a network of 1,000 certified pension finance consultants. The five initiatives include tailored silver-age customer services, one-stop retirement planning solutions, enhanced pension fund custody services, integrated financial services for the elderly care industry, and the development of a comprehensive eldercare ecosystem. SPD Bank continued to expand and diversify its product and service offerings, strengthening both the breadth and depth of its pension finance to support the steady development of the silver economy and retirement sector.

Strengthening pension finance services to support the development of China's pension system. In the pension business, SPD Bank actively supported the development of China's three-pillar pension system, encompassing basic pensions, enterprise annuities, and individual pensions. In the area of basic pensions, the Bank continuously improved service delivery, including the issuance and replacement of social security cards across regions, to enhance the customer experience. For enterprise and occupational annuities, the Bank reinforced its pension fund custody and account management capabilities—becoming the first joint-stock bank in China to achieve nationwide coverage of occupational annuity services—and successfully implemented the country's first talent annuity plan custody project. With regard to individual pensions, as at the end of the reporting period, the Bank managed 1.031 million individual pension accounts, with 580,000 new accounts added during the year, reflecting steady and robust growth.

Rolling out featured pension finance services to enhance the experience of senior customers. The Bank is committed to enhancing both the depth and breadth of its pension finance services. Guided by the principles of "digital and intelligent, professional, and ecosystem-based development", it launched a dedicated "3+4" service package tailored for senior customers, comprising three exclusive products and four specialized services. These include the issuance of exclusive debit cards, deposit products, and wealth management offerings, alongside four supporting services: age-friendly and caring services, professional consultation and financial planning, enriched retirement life support, and health and account protection. In parallel, the Bank improved the overall service experience for senior customers through initiatives such as the "Commitment to Six Tailored Services" and the "Senior Citizen Payment Day". As at the end of the reporting period, the elderly-friendly version of the SPDB Mobile Banking app reached 8.533 million users.

Supporting the development of the retirement industry and launching new cooperation modes. SPD Bank actively aligned with the evolving trends of the silver economy and strongly supported the growth of the retirement industry, including elderly care services, pharmaceutical manufacturing, and healthcare and wellness sectors. The Bank continuously optimized credit policies for these areas, expanded credit supply, and provided enterprises with a comprehensive suite of one-stop financial services, including payment and settlement, fund supervision, supply chain finance, and value-added hedging solutions. In parallel, the Bank explored new modes of collaboration with government bodies, eldercare institutions, and other stakeholders. It has become the fund supervision partner bank for numerous agencies providing services to the elderly.

Accelerating the digital and intelligent development of pension finance. The Bank comprehensively upgraded the pension finance section of its SPDB Mobile Banking app. The enhanced platform now features a panoramic display of assets across the three-pillar pension system, intelligent pension gap estimations, and intelligent retirement planning services to deliver personalized pension asset allocation solutions. Additionally, the Bank piloted smart cloud counters to offer senior customers a range of convenient services and introduced an interactive screen for intelligent pension services to further enhance the customer experience through digital means. By leveraging innovative technologies, the Bank is continuing to advance pension finance toward greater intelligence, precision, and efficiency, ensuring that customers receive thoughtful and accessible financial services both online and offline.

Enhancing brand influence and building a pension finance ecosystem. On 12 December 2024, SPD Bank successfully hosted the "SPD Golden Pension" brand launch event, unveiling a comprehensive pension finance service system and establishing a three-tier integrated pension finance ecosystem. The Bank formed a strategic alliance with 12 core partners to jointly advance the development of pension finance. As part of its "100-1,000 Project", the Bank launched the first batch of 100 featured pension finance studios and initiated a training and certification program for 1,000 pension finance planners. Through branding, marketing, and cross-sector collaboration, SPD Bank continued to enhance the influence of its pension finance brand, while promoting industry exchange and cooperation to jointly drive the high-quality development of pension finance.

Digital finance

Driven by data elements and digital technologies, the Bank accelerated the implementation of its digitalization & intelligentization strategy, constantly improving the convenience of its financial services to better empower the high-quality development of the real economy.

Enhancing the support of digital technologies.

The Bank systematically advanced the research and application of emerging technologies such as artificial intelligence, big data, and blockchain, while accelerating the strategic deployment of patents in key areas. It built an enterprise-level knowledge base, introduced the "8+X" digital account manager competency framework, and developed AI application scenarios including the "staff hotline". The Bank successfully deployed 10 billion-parameter open-source large models, established a multi-dimensional model matrix, and created a collaborative framework between large and small models, thereby enabling full-lifecycle R&D management of AI models. It also led pilot access initiatives to the national blockchain infrastructure. As an e-CNY partner bank, SPD Bank actively participated in national research projects and implemented innovative use scenarios such as digital currency payments for counter bond issuance and airport FX transactions. As at the end of the reporting period, the Bank filed a cumulative total of 1,072 IT patent applications, with 138 patents granted in 2024 alone.

Laying a solid foundation for the development of digital finance

To ensure technological independence and controllability, the Bank accelerated the development of foundational technological capabilities to reinforce the infrastructure supporting high-quality development. Its distributed architecture matured over time, with the foundational distributed platform becoming fully operational and enabling customer-facing services of the distributed core system for credit card operations. The distributed transformation of the core system has facilitated full-scale operations of retail services on the new architecture, and the migration of existing retail customers at domestic branches is progressing steadily. The Bank's financial cloud platform now hosts over 30,000 cloud servers and more than 112,000 containers. The enterprise architecture (EA) project achieved phased milestones, with an initial enterprise-level foundational framework in place. Full-swing construction of a new data center in Horinger New Area, Inner Mongolia, is underway. Meanwhile, system adaptation across IT technology stacks was accelerated to significantly enhance technical resilience and business continuity. As at the end of the reporting period, the Group's IT investment totaled RMB7,169 million, marking an increase of RMB203 million, or 2.92%, compared with the end of the previous year.

Building an ecosystem of digital finance services

The Bank actively fostered a digital finance ecosystem, leveraging digital finance as a core enabler to promote co-construction, co-creation, and shared value with a broad network of ecosystem partners. This approach aimed to build a new mode of integrated platform-based ecosystems and digital financial services. It launched a smart, simple, integrated, and affordable digital finance service system that is both data-driven and user-centric. Two major platforms were upgraded and newly released: the SPDB Inclusive Finance app and the 2025 version of the SPDB Mobile Banking app. In partnership with Shanghai Data Group, the Bank implemented various application scenarios—such as electronic certificate and photo verification—to improve customer experience and advance inclusive financial services. These efforts also provided practical financial solutions for the circulation and productive use of data as a factor of production. Additionally, through collaboration with the Shanghai Data Exchange, the Bank issued data asset-backed loans, actively exploring new modes of corporate financing.

3.2.8 Serving the establishment of Shanghai as five international centers

As a pioneer of reform and opening-up and a frontrunner in innovation-driven development, Shanghai is advancing its strategic goal of becoming an international center for economy, finance, trade, shipping, and STI. This mission—entrusted by the CPC Central Committee in response to evolving global dynamics, the ongoing implementation of national strategies, and the strategic positioning of the Yangtze River Delta—presents a significant opportunity for SPD Bank to align more closely with national priorities. As a national joint-stock commercial bank rooted in the Yangtze River Delta, SPD Bank fully leverages its strengths in headquarters location, integrated operations, and technological innovation. Committed to serving Shanghai's economic and social development and closely integrated with major national strategies, the Bank will spare no effort to support the city's efforts to build itself into five international centers. It will ensure that its development always keeps pace with Shanghai's growth.

Supporting the transformation and upgrading of the real economy, contributing to the establishment of Shanghai as an international economic center, and enhancing the city's role in leading the development of high-end industries. Committed to its core mission of serving the real economy, SPD Bank actively supports Shanghai's efforts to enhance its position as an international economic center. Anchored in the city's development blueprint and major industrial strategies, the Bank continuously explores new business opportunities. It has provided strong financial backing for major projects and state-owned assets/enterprises in Shanghai, strengthened services for competitive sectors, vigorously supported the transformation and upgrading of the manufacturing industry, and facilitated the development of e-commerce platforms and consumer-related industries, contributing to the transformation and upgrading of the industrial structure. As at the end of the reporting period, the combined asset size of SPD Bank's Shanghai Branch and Shanghai FTZ Branch reached RMB1.73 trillion, accounting for 18.98% of the Bank's total assets. The Bank has established an internationalized M&A service framework. During the reporting period, it launched the new "SPDB M&A" brand, focusing on key sectors such as STI, healthcare, consumer retail, and green and low-carbon industries. This initiative aims to strengthen the Bank's capabilities in serving the new economy, emerging industries, and innovative business modes through M&A finance. During the reporting period, the outstanding balance of corporate manufacturing loans extended by Shanghai Branch stood at RMB54.2 billion, with the share of manufacturing loans in its overall corporate lending rising slightly. These loans primarily supported high-end industries including NEVs, biopharmaceuticals, integrated circuits, new materials, and consumer retail. SPD Bank's

M&A business reported a loan balance of up to RMB85 billion, serving over 300 M&A clients and participating in transactions worth more than RMB800 billion. Cumulatively, the Bank has issued nearly RMB190 billion in domestic and overseas M&A loans, with a focus on areas such as privatizations, private equity (PE) M&As, M&As in pioneering industries, state-owned asset/enterprise M&As, capital-intensive M&As, and M&As in warehousing and logistics sectors.

Engaging in the development of a financial factor market, supporting the establishment of Shanghai as an international financial center, and enhancing the city's role in global resource allocation. Leveraging its strengths in financial markets business, SPD Bank took targeted and sustained steps to drive financial innovation and deepen market practices, contributing meaningfully to enhancing Shanghai's global competitiveness and influence as an international financial center. The Bank expanded collaboration with peer institutions, intensified research cooperation, and strengthened support for key financial market players. In particular, it engaged closely with 14 financial factor market institutions based in Shanghai. To accelerate the establishment of a new counter bond trading ecosystem, the Bank made notable strides. As at the end of the reporting period, it quoted over 240 bonds under its counter bond business and served more than 1,000 institutional clients with newly opened accounts, better meeting diversified and customized investment demands. SPD Bank maintained leading positions across various investment and trading domains, boosting both market activity and its pricing influence. It ranked among the top three of the interbank market in underwriting volumes for China Development Bank (CDB), Agricultural Development Bank of China (ADBC), and Export-Import Bank of China (CEXIM) bonds. It also led in FX option, currency swap, and gold trading volumes. Meanwhile, the Bank actively contributed to the implementation of "connectivity" programs and the RMB internationalization drive. It facilitated several market-first transactions, including the first interest rate swap contract using International Monetary Market (IMM) dates and the first broker investment in Yulan bonds, advancing high-standard market opening efforts. The "SPDB Risk Hedging" platform delivered differentiated risk management services to approximately 25,000 customers during the reporting period. The "SPD Custodian" brand continued to safeguard the stability of capital markets business, with total assets under custody exceeding RMB18 trillion, ranking fourth

"Serving the Establishment of Shanghai as Five International Centers" Feature: Securing Multiple First-in-market Deals in Financial Markets Business

The Bank closely monitored market developments and actively engaged in innovating financial markets business and trading mechanisms. It aligned its efforts with the five key priorities of the financial sector, while making investments in green and inclusive finance products.

During the reporting period, the Bank played a leading role in launching the first batch of mutual funds in China's green and inclusive finance sectors. It co-developed the country's first climate change bond index in collaboration with the CFETS and Neuberger Berman, facilitated the issuance of China's first bond fund dedicated to climate change response, pioneered the first cross-border mutual bond fund themed around inclusive finance, and introduced the market's first green structured deposit product linked to the "ChinaBond-SPD Bank ESG Select Bond Index". Demonstrating industry-leading expertise in product design, pricing, and trading execution, the Bank also completed a series of market-first transactions during the reporting period. These included the first ultra-long-term FR001-linked interest rate swap contract, the first X-Repo local government bond (LGB) expansion transaction, the first click-and-trade straddle option transaction, the first batch of general repo deals, the first SFISF government bond repo transactions, the first cross-currency total return swaps, and the first FTZ-related transactions conducted through the trading center. Meanwhile, the Bank actively contributed to the implementation of "connectivity" programs and the RMB internationalization drive. It facilitated several market-first transactions, including the first interest rate swap contract using IIMM dates and the first broker investment in Yulan bonds, advancing high-standard market opening efforts.

nationwide, as at the end of the reporting period. In Shanghai, the Bank underwrote RMB83.5 billion in bonds across 122 issuances, of which RMB63 billion were non-financial corporate debt financing instruments—securing the top underwriting position in the Shanghai market for six consecutive years (2019-2024). Notably, the Bank successfully underwrote Shanghai's first medium-term note targeting "large-scale equipment renewal and consumer goods trade-ins" and "industrial transformation". The proceeds were allocated to low-carbon transformation projects of a Shanghai-based conglomerate, further supporting the upgrade and equipment renewal of traditional industries. In addition, the Bank pioneered its proprietary transition finance product—the "Industrial Low-carbon Transition Loan"—designed to meet the financing needs of traditional industrial enterprises investing in low-carbon transformation projects, thereby facilitating their eco-friendly transition.

Continuously promoting innovation in FT business, supporting the establishment of Shanghai as an international trade center, and enhancing the function of the city as a portal for opening up. The Bank actively leveraged the integrated strengths of the Group's licensed entities and cross-border platforms to continuously enhance the quality and efficiency of its cross-border finance services, promote the development of smart logistics, and contribute to elevating Shanghai's status as an international trade center. To amplify the brand effect of the international trade center, it established an integrated "6+8+X" cross-border financial service system. Centered on the business needs of enterprises engaged in global trade, the Bank developed and launched a series of digital and intelligent innovative products and services, such as "Express Remittance", "Cross-Border Commercial e-Remittance", and "Cross-border SPD Chain Connect". It further deepened integrated trade service cooperation through a single window and formed joint cross-border taskforces with government departments to support the Lin-gang Special Area of the Shanghai FTZ in becoming a hub for institutional innovation in cross-border finance. As at the end of the reporting period, the balance of FT loans reached RMB91.3 billion, reflecting a year-on-year growth of 26%; the total cross-border business volume exceeded RMB4 trillion, up 27% year-on-year; and the balance of cross-border RMB financing reached RMB140.6 billion, a sharp increase of 97% from the end of the previous year. Over the year, the Bank actively participated in regulatory research initiatives and established robust communication mechanisms with regulatory authorities. It led a research project titled "Empowering and Safeguarding Chinese Enterprises Going Global through Offshore Financial Services", gaining valuable insights into corporate needs and producing relevant research outcomes. In addition, the Bank was deeply involved in the mixed-ownership reform of state-owned enterprises (SOEs), providing tailored, comprehensive financial solutions to support their strategic transformation. Notably, it extended an M&A loan to a Shanghai-based SOE for the acquisition of an overseas group project—marking the Bank's first M&A loan issued through a non-resident account (NRA) and serving as a representative case of its commitment to supporting the global expansion of Shanghai's state-owned assets/enterprises.

Focusing on the core financial needs of the shipping industry, facilitating the establishment of Shanghai as an international shipping center, and enhancing the city's capacity for global allocation of shipping resources. The Bank continuously increased credit support for the shipping service industry, and actively contributed to the development of cruise tourism demonstration zones and smart ports, thereby injecting strong financial momentum into strengthening Shanghai's position as an international shipping center. To support the digital transformation of shipping trade, it signed cooperation agreements with three electronic bill of lading platforms and enabled paperless submission of shipping documents through blockchain technology, providing customers with efficient, convenient, and secure cross-border trade financing services. In support of building a cruise tourism demonstration zone, the Bank conducted in-depth research on the cruise industry, focusing on the key elements of ports, vessels, zones, and people. It assisted central cruise enterprises in establishing operations in Shanghai, participated in the financing of China's first domestically built large cruise ship, and introduced the "Cruise Industry Supply Chain Service Plan of SPD Bank" to foster a cruise industry ecosystem in the demonstration zone. The Bank also launched the "Ecosystem-based Digital Services for Cross-border Business" initiative, under which it issued nearly 2,000 online international letters of credit for leading central enterprises in the industry, with a total business volume approaching USD700 million. It strengthened support for shipbuilders by providing refund guarantees for advance payments, introduced innovative ship leasing factoring services to help shipbuilders secure new orders, and explored cross-border RMB ship financing to enhance the global competitiveness of domestic shipbuilding enterprises. SPDB Financial Leasing, a subsidiary of the Group, continued to expand its ship leasing business, supporting the national strategy of "building and operating Chinese ships carrying Chinese goods" and advancing RMB internationalization. It launched various service solutions, including ship leasing factoring through special purpose vehicles (SPVs) and transport scenario-based financial solutions tailored for the leasing industry. Additionally, the Bank co-hosted the "Shipping Capital Links the World" matchmaking conference with the Pudong New Area Commercial Commission to promote its ship management services and strengthen support for Shanghai's shipping center development. Notably, two of the Bank's cross-border shipping finance initiatives—"Free Trade Account Financial Services for International Ship Management" and "Financing the First Domestic Large Luxury Cruise Ship through Special Cross-border Finance Service"—were selected for two consecutive years as "Innovative Cross-border Finance Service Cases in Shanghai's Banking Sector".

Elevating the level of technology finance services, supporting the establishment of Shanghai as an international STI center, and enhancing the city's role as a cradle for STI. The Bank has consistently integrated financial innovation with industrial innovation by establishing a dedicated credit support system for tech enterprises, enhancing the development of tech-featured sub-branches, and building an STI ecosystem to support Shanghai's vision of becoming a global technological innovation hub. It actively implemented the "Partner Bank" mechanism, proactively addressing the diverse financial needs of Shanghai-based tech enterprises across all stages of their development. The Shanghai Innovation Center was established at the Zhangjiang Tech Sub-branch, alongside the launch of its first incubator—the Zhangjiang Innovation Incubation Base—which has successfully nurtured over 40 startups and hosted a range of incubation activities. The Bank set up more than 150 tech sub-branches and tech-featured sub-branches, and organized a series of "Technology Reception Hall" events to enhance connectivity within the technology finance ecosystem. With a focus on Shanghai's three strategic pioneering industries, the Bank co-hosted a specialized "Technology Reception Hall" event—aimed at developing a hub for innovation in the integrated circuit industry—in partnership with the SDIC Pioneering Fund. In addition, it launched a series of targeted initiatives, including a Shanghai State-owned Capital Investment (SSCI) Fund session, a State Council Information Office policy interpretation session for listed tech companies, an innovation incubation session, an M&A session, a share increase and buyback session, and a themed event on data elements and financial capital. The Bank comprehensively upgraded "SPD Tech", a "5+7+X" product portfolio. It launched flagship offerings such as "SPD New Loan", "SPD Innovation Loan", and "SPD Research Loan" in Shanghai ahead of other regions to support the innovative growth of local tech enterprises. Shanghai Branch was the first in the industry to propose a "Tropical Rainforest" service mode for tech enterprises and introduced a full suite of credit products covering the entire lifecycle of tech companies, including "IPO Loan", "Little Giant Credit Loan", "Technology Contract Performance Loan", and "Data Asset Pledged Loan". As at the end of the reporting period, the scale of technology finance loans in Shanghai reached RMB121.8 billion, firmly surpassing the RMB100 billion milestone. The Bank served over 12,000 tech enterprises, with its coverage extending to more than 90% of STAR Market-listed companies in Shanghai. It maintained partnerships with over 7,300 key technology clients—nearly 1,000 of which were newly onboarded during the year. Among these, more than 580 received newly approved credit facilities, with a loan balance exceeding RMB30 billion. The Bank also assisted a state-owned enterprise in issuing the country's first ultra-long-term, purpose-specific sci-tech bill, with all proceeds dedicated to supporting STI initiatives. Through fund contribution, it actively promoted the development of key projects in Shanghai's three pioneering industries: integrated circuits, biopharmaceuticals, and AI.

Looking ahead, the Bank will continue to capitalize on its core strengths and advance its digital and intelligent transformation, further strengthening its ability to support national strategies. It will actively contribute to the development of Shanghai into five international centers. With a strong focus on serving the real economy, the Bank will continuously refine its financial service model to support Shanghai's ascent within the global city system.

"Serving the Establishment of Shanghai as Five International Centers" Case: Development of Shanghai Branch

Leveraging the Head Office's strategic location in Shanghai and three decades of experience in comprehensive operations, SPD Bank's Shanghai Branch has evolved into a key force in supporting the development of the local real economy.

In terms of business scale, the branch has continuously expanded its asset portfolio while steadily growing its liabilities, with its market rankings reaching new highs. As at the end of 2024, the branch's local and foreign currency deposits totaled RMB1,432.8 billion, an increase of RMB110.8 billion or 8.4% since the beginning of the year, ranking third in deposit volume and first in deposit growth among 17 major local commercial banks. Its local and foreign currency loans stood at RMB689.7 billion, up RMB70.8 billion or 11.5% over the beginning of the year, ranking sixth in loan volume and second in loan growth within the same peer group.

With respect to brand development, guided by seven major brand strategies, Shanghai Branch has built strong competitive advantages and significantly enhanced its market influence. In 2024, it implemented a number of benchmark projects, with M&A loan balances reaching RMB81.8 billion—ranking first in the Shanghai market—and establishing strong brand recognition in M&A financial services. The branch underwrote RMB83.5 billion in bonds. It maintained the top position in non-financial corporate debt financing instrument underwriting in Shanghai for six consecutive years, thereby reinforcing SPD Bank's brand in investment banking. The FT deposit balance reached RMB47.5 billion, ranking first in the market, while the FT loan balance stood at RMB68.3 billion, ranking third overall and first among joint-stock commercial banks, creating a new competitive edge in cross-border services. Loans to tech enterprises totaled RMB121.8 billion, ranking third in the market and first among joint-stock peers, further strengthening the branch's STI brand portfolio. Assets under custody reached RMB5.29 trillion, securing the top spot in the Shanghai market, with the influence of the custody brand continuing to expand.

With regard to integrated operations in the Yangtze River Delta, Shanghai Branch has fully leveraged four core strengths—professional expertise, brand influence, the FT platform, and strong capital attraction—to advance business deployment of headquarters-based enterprises across the region. It has played a leading role in facilitating industrial transfers and cross-border capital inflows for the Bank's client base, thereby enhancing the execution of SPD Bank's Yangtze River Delta integration strategy. As at the end of the reporting period, the branch's YRD integration loans (calculated according to regulatory standards) reached RMB26.8 billion, representing an increase of RMB6.5 billion, or 32%, compared with the end of the previous year.

3.3 Key Issues of Focus in Operations

3.3.1 Loans to customers

During the reporting period, building on the sound and high-quality expansion of its total assets, the Bank steadily advanced asset structure optimization, made prudent allocations to improve asset yield structure, and effectively controlled the share of low-yield assets. These efforts were closely aligned with the Bank's overarching business strategy.

In terms of total credit, as at the end of the reporting period, the Bank's total local and foreign currency loans (including discounted bills) amounted to RMB5,391.53 billion, an increase of RMB373,776 million, or 7.45%, from the end of the previous year. Among them, the total amount of corporate loans (including discounted bills) reached RMB3,502,263 million, up RMB350,331 billion, or 11.11%, compared with the end of the previous year. The Bank's capacity to acquire and extend corporate loan assets improved significantly, and the stability of credit growth was markedly enhanced.

As to credit structure, the Bank continued to intensify the support for the real economy by focusing on the five priorities of the financial sector: technology finance, green finance, inclusive finance, pension finance, and digital finance, while also serving major national strategies for key regional development. On the sectoral front, the Bank capitalized on policy initiatives such as large-scale equipment upgrades and trade-ins for consumer goods to provide financing for equipment renewal and technological transformation in sectors including industry, transportation, urban infrastructure, agriculture, and rural development, thus stimulating corporate investment. It also deepened its involvement in both traditional and new infrastructure lending. In line with market trends, the Bank prioritized allocation of acceptable assets in key sectors such as energy, transportation, utilities (water, electricity, natural gas, and heating), data centers, and warehousing. The Group's balance of corporate manufacturing loans stood at RMB684,214 million, an increase of RMB111,519 million or 19.47% from the end of the previous year. The balance of medium- and long-term manufacturing loans reached RMB318,912 million, up RMB40,912 million or 14.72% from the end of the previous year, placing the Bank among the top joint-stock banks in China. The balance of onshore syndicated loans was RMB557 billion, an increase of RMB121.5 billion or 27.91% from the end of the previous year, maintaining the leading position in both balance and incremental volume among China's joint-stock banks for consecutive years. The balance of domestic and overseas M&A financing stood at RMB207,625 million, with newly issued M&A loans amounting to RMB77,488 million during the reporting period, placing the Bank among the market leaders.

In customer management, while continuing to serve large customers, the Bank also leveraged its five priority tracks to strengthen support for micro and small enterprises as well as private businesses, thereby consolidating and expanding its customer base. In parallel with increasing asset supply and improving returns, the Bank remained committed to fulfilling its responsibility of supporting the real economy through finance. At the same time, the Bank continued to improve its personal credit structure, with the share of online loans, credit card cash installments, and similar products in personal loans steadily declining year by year. By adopting a client-centric and scenario-based approach, the Bank expanded its portfolio of specialized products to further enhance its overall competitiveness.

From a structural optimization perspective, the Bank proactively reduced inefficient existing assets. Over the year, more than RMB50 billion in relatively low-yield credit assets held for trading were scaled back, creating capacity for reallocation toward digital and intelligent transformation, track-based strategic development, and credit growth in key segments. Meanwhile, the Bank focused on its core product offerings within the five priority tracks, leveraging scenario-based development to strengthen the corporate client base, open new channels for asset growth, and continuously optimize the overall asset structure. This refined development approach supported a gradual improvement in asset yield performance.

Regarding loan pricing, the spread to the loan prime rate (LPR) for newly issued loans remained relatively stable. In terms of lending strategy, the Bank enhanced differentiated pricing for key products within the five priority tracks, significantly improving its risk-based pricing capabilities and partially mitigating the impact of LPR reductions.

Looking ahead, the Bank will continue to focus on its main responsibilities and core businesses, with a clear emphasis on the five priority tracks—technology finance, supply chain finance, inclusive finance, cross-border finance, and wealth and asset management finance. It will further enhance integrated customer management, promote stable credit growth, and optimize credit structure to build greater resilience for robust development.

3.3.2 Liabilities

During the reporting period, the Bank implemented well-considered deposit management strategies, focusing on the volume, pricing, and quality of its liabilities. First, in response to a market-wide slowdown in deposit growth and intensified competition for existing deposits, the Bank proactively adjusted its operating strategies to drive deposit expansion. Second, it effectively improved its deposit structure and reduced funding costs by offering full-lifecycle financial services and expanding both its customer base and funding sources. As at the end of the reporting period, the Group’s total local and foreign currency deposits reached RMB5,145,959 million, an increase of RMB161,329 million or 3.24% from the end of the previous year. The Group’s cost of deposits declined by 19 basis points year-on-year, with cost of corporate and retail deposits down by 21 and 14 basis points, respectively—providing a solid foundation for the Bank’s high-quality development.

By enriching its suite of agency and distribution products, the Bank enhanced customer stickiness and improved its ability to convert potential customers. Regarding interbank liabilities, the Bank issued 302 interbank certificates of deposit during the reporting period, with an outstanding balance of RMB980.13 billion by period-end. During the reporting period, the Bank also conducted multiple bond issuances, selecting suitable instruments for different stages based on market dynamics and liability spreads. Most bonds were issued at relatively low market interest rates, which helped dilute overall cost of borrowings effectively.

Looking ahead, the Bank will further strengthen deposit structure management. First, it will adopt a customer-centric approach, optimize products and processes, and accelerate the implementation of its digitalization & intelligentization strategy. These initiatives aim to expand settlement scenarios, deliver high-quality financial services, increase customer engagement and stickiness, and grow the customer base. Second, the Bank will reinforce the foundation for deposit growth and enhance the stability of its liabilities to support the balanced growth of deposits and loans. Third, it will continue to optimize its deposit product and term structures, guide deposit costs downward, and provide robust support for stabilizing its net interest margin.

3.3.3 Net interest margin

During the reporting period, the Group’s net interest margin (NIM) stood at 1.42%, representing a year-on-year decline of 10 basis points. Despite the decrease, this performance outpaced the average contraction recorded across the banking industry and among joint-stock peers during the same period. The narrowing of NIM was primarily driven by: (1) successive reductions in the LPR, which led to lower interest rates on newly issued loans and triggered downward repricing of existing mortgage loans, thereby reducing the average loan yield; and (2) the sustained shift toward longer-term and fixed-term deposits, where the decline in cost of deposits lagged behind the fall in loan yields.

The Bank’s relatively smaller NIM contraction compared to industry and joint-stock averages was mainly attributed to its proactive and dynamic approach to NIM management in response to evolving policy and market conditions. On the asset side, the Bank concentrated efforts on the five priorities of the financial sectors and the five priority tracks to enhance its support for the real economy. By capitalizing on opportunities arising from national strategies and key industries, it increased the allocation of medium- to high-yield assets, helping to cushion the decline in asset yields. On the liability side, the Bank adopted a comprehensive balance sheet management perspective to align liability strategies accordingly. Through the use of tools such as interest rate approval and authorization mechanisms, it optimized the composition and maturity structure of liabilities. In parallel, the application of digital and intelligent technologies enabled the development of diversified transaction scenarios and service platforms to retain more settlement deposits, reduce overall funding costs, and drive down the overall cost of borrowings.

Looking ahead to 2025, the Bank will implement a range of measures to further mitigate the decline in NIM. First, by continuing to optimize the asset structure, it will deepen its engagement in the five priority tracks, further expand its loan project pipeline, promote balanced growth between corporate and retail lending, and increase the share of high-yield loans within interest-earning assets. Second, through ongoing refinement of management mechanisms, the Bank will strive to improve fund utilization efficiency, enhance trading capabilities, and further revitalize existing low-yield assets, thereby optimizing internal resource allocation. Third, by leveraging strategies across term structure, product mix, platform usage, and timing, the Bank will strengthen the management of low-cost, high-value liabilities and increase the proportion of demand deposits, particularly among long-tail customer segments such as micro and small enterprises and retail customers, to further reduce liability costs. Fourth, by fostering stronger business synergy, the Bank will enhance integration across corporate banking, retail banking, financial markets, the five priority tracks, and domestic and overseas institutions, aiming to improve its integrated service capabilities and maintain a relatively favorable marginal trend in NIM.

3.3.4 Asset quality

As per the “six-early” principles of “early prediction, early assessment, early prevention, early exposure, early disposal, and early liquidation”, the Bank has established a risk asset management mode covering the entire asset lifecycle from placement and monitoring to risk disposal and liquidation. During the reporting period, the Bank continued to intensify its risk mitigation efforts and achieved steady improvements in asset quality. As at the end of the reporting period, the Group’s NPL ratio stood at 1.36%, down 0.12 percentage point from the end of the previous year. This represents a decline of 0.99 percentage point from its recent peak of 2.35% at the end of September 2017, marking the fifth consecutive year of improvement in the Group's NPL ratio. Meanwhile, the Group's allowance-to-NPL ratio reached 186.96%, an increase of 13.45 percentage points from the end of the previous year. This continuous upward trend brought the ratio to its highest level since 2015, significantly strengthening the Group's risk offsetting capabilities.

During the reporting period, in strict compliance with regulatory requirements, the Bank focused on core objectives such as risk mitigation and NPA recovery, implementing refined risk management under the guiding principle of "controlling new risks and mitigating existing ones". The Bank strengthened its efforts to address risks related to local government implicit debt and financing platforms. As a result, its exposure to local government clients declined steadily, and asset quality remained steady in line with regulatory requirements. First, the Bank actively participated in the swap of existing local government implicit debt for official government debt, achieving notable progress. Meanwhile, it provided tailored guidance and cautious resolution measures for existing exposures to prevent potential disruptions to financing chains. Second, financing activities involving local governments were conducted in a standardized and compliant manner. The Bank strictly prohibited the approval of new local government implicit debt and exercised rigorous control over the growth of operating debt from financing platforms. Third, a normalized risk control mechanism was enhanced through strengthened daily monitoring and early warning capabilities. The Bank also launched dedicated research projects and deployed specialized taskforces to reinforce risk control in key sectors such as real estate and retail banking. In personal loans and credit cards, the Bank adhered to the core objective of "controlling new risks and mitigating existing ones", continuously enhancing its retail risk management capabilities. It worked to optimize customer segmentation, reinforce front-end risk screening, and effectively contain the formation of new NPAs. Emphasis was placed on cash recovery and market-oriented resolution, while reducing dependence on asset write-offs. The Bank actively explored diversified disposal channels, prepared contingency plans in advance, and expanded its NPA resolution toolkit. With these efforts, the Bank made an all-out push to strengthen NPA recovery and disposal. During the reporting period, it recovered RMB37.8 billion in cash from NPAs and wrote off RMB75,902 million in loss assets, thereby maintaining overall stable asset quality.

Looking ahead, the Bank will closely align with national strategies and focus on key risk areas, continuing to strengthen its risk management system and comprehensively enhance the oversight of risk-bearing assets. It will make every effort to resolve existing risks while firmly containing the emergence of new ones, ensuring rigorous quality control over newly originated assets. The Bank will further refine its "Head Office–Branch–Sub-branch" three-tier management structure and enhance its three-layered framework of top-level, foundational, and specialized risk policies. Digital and intelligent risk control tools—such as the Sky Eye system, credit rating models, and collateral management platforms—will undergo iterative upgrades. Leveraging a comprehensive suite of management instruments, such as risk management systems, model validations, and unannounced inspections, the Bank will systematically address both traditional and emerging risks, and cultivate new paradigms for risk control.

3.3.5 Real estate business

As at the end of the reporting period, the Group's balance of corporate real estate loans reached RMB397,011 million, an increase of RMB51,267 million, or 14.83%, from the end of the previous year. The balance of retail mortgage loans was RMB864.36 billion, up RMB26,208 million, or 3.13%, year-on-year.

In 2024, the CPC Central Committee and the State Council continued to pioneer a new mode for real estate development, implement an urban real estate financing coordination mechanism, expand and strengthen the effectiveness of the "white list" program, launch a campaign to ensure the delivery of pre-sold housing projects, and introduce a series of incremental policy measures. Capitalizing on these policy opportunities in the real estate market, the Bank intensified efforts to resolve and mitigate real estate-related risks. Throughout the year, it achieved a dual decline in both the balance and ratio of non-performing corporate real estate loans. A list-based management system was introduced for key real estate groups. For these clients, the Bank maintained continuous monitoring of various internal and external risk indicators, established a coordinated mechanism across the Head Office, branches, and subsidiaries, and implemented a tailored, multi-faceted solution strategy aligned with regulatory guidelines, including the "16 Financial Measures" and policies on operating property-backed loans. These initiatives enhanced the effectiveness of large account risk mitigation through group-wide coordination. By constructing a four-dimensional management framework that comprises access list management for real estate developers, project-level access control, city-level access control and tiered management, and closed-loop project fund management, the Bank strengthened its long-term real estate risk control mechanism. The non-performing ratio for corporate real estate loans stood at 2.50%, down 1.61 percentage points from the end of the previous year. The non-performing ratio for retail mortgage loans was 0.95%, reflecting a 0.33 percentage point year-on-year increase. As at the end of the reporting period, the Bank's provision-to-loan ratio for the corporate real estate sector was 5.55%, 3.01 percentage points above the group average, providing a robust buffer against real estate credit risk.

As at the end of the reporting period, the Bank approved 170 projects under the "white list" program, with a total approved amount of RMB128.22 billion and disbursed loans amounting to RMB90,109 million, ranking at the forefront of joint-stock banks in China. Concurrently, the Bank strengthened its support for rental housing loans, enhancing the quality of financial services for the rental housing sector to address the housing needs of new urban residents and young people in major cities. Additionally, it introduced group rental housing purchase loans to simultaneously reduce inventory of existing commercial housing while optimizing the supply of new housing. These initiatives now span 12 cities, with the balance of refinancing loans for government-subsidized housing also ranking among the top joint-stock banks nationwide.

Going forward, the Bank will steadfastly implement the decisions and directives of the CPC Central Committee, the State Council, and requirements of regulatory authorities. It will consolidate and expand the results achieved by the urban real estate financing coordination mechanism, bringing eligible housing development loan projects onto the white list in a categorized and phased manner to better address reasonable project financing needs. Through these efforts, the Bank aims to support the timely delivery of pre-sold housing projects and promote stabilization and recovery in the real estate market. The Bank will actively advance financial services for the "three major projects"—government-subsidized housing development, the construction of flexible recreational facilities convertible to emergency structures, and shantytown redevelopment, while continuing to enhance the quality of rental housing financial services, with a particular focus on supporting the construction and operation of government-subsidized and long-term rental housing. Additionally, the Bank will proactively leverage policy opportunities related to operating property loans, government-subsidized housing acquisition loans, and group rental housing purchase loans to facilitate the stable and healthy development of the real estate market.

3.3.6 Support for Chinese enterprises in their expansion of global presence

The Bank closely follows the global expansion of Chinese enterprises and leverages the integrated strengths of its licensed entities—including onshore cross-border operations, offshore banking, FT finance, overseas institutions, financial markets, and cross-border custody services—to establish a comprehensive “6+8+X” cross-border finance service system. This system is designed to support the global presence and diversified development of Chinese enterprises. Concurrently, the Bank continues to enhance the cross-border service capabilities of its subsidiaries across the Group, deepen cooperation with foreign-funded peer institutions and financial factor market alliances, and build an international commercial banking network for cross-border financial services. Through differentiated cross-border services such as offshore syndications, cross-border M&As, and cross-border supply chain finance, the Bank delivers full-lifecycle financial services for key industrial chains—such as manufacturing and mining—as they expand globally. It also provides tailored financial service packages for overseas projects of Chinese enterprises, thereby intensifying support for cross-border financial needs.

In the area of cross-border investment and financing, the Bank prioritizes support for outbound investment and cooperation projects under the BRI, particularly those led by strategic clients of the Head Office and branches, high-quality SOEs, and industry-leading private enterprises with approved outbound investment qualifications from domestic regulators. The Bank focuses on leveraging the Regional Comprehensive Economic Partnership (RCEP) framework to align with the investment and expansion needs of Chinese enterprises in Southeast Asia. It has intensified financing support for high-quality projects, such as the establishment of overseas production bases by top-tier companies in sectors like new energy vehicle (NEV) batteries and metal smelting. As at the end of the reporting period, the Bank’s asset balance in RCEP countries recorded a year-on-year increase of nearly 50%.

In the area of cross-border fund management services, the Bank leverages its global treasury services (GTS) to offer centralized, digital, and intelligent management tools that support one-stop access for multinational group headquarters. These tools enable centralized visibility, payment execution, liquidity allocation, account management, cross-border cash pooling, and exchange rate/interest rate risk hedging for overseas subsidiaries. Both onshore and offshore accounts—as well as domestic and international accounts—within the groups can be integrated into the treasury framework. In 2024, the Bank launched GTS Solution Version 2.0, further expanding the scope of its treasury services. New features including direct SWIFT connectivity for overseas fund transfers and fully online financing management, as well as operation and maintenance mechanisms like same-screen interactions and proactive outbound calls, were introduced. These features and mechanisms now connect with over 150 domestic and 3,000 overseas partner banks and treasury ecosystem participants, delivering secure cross-border fund management experiences for Chinese enterprises.

In coordinating with its overseas branches, the Bank fully leveraged the local collaborative services and regional outreach strengths of its three key overseas branches to support the global expansion needs of Chinese enterprises. Hong Kong Branch focused on cooperation within the Guangdong-Hong Kong-Macao Greater Bay Area, continuing to draw on its traditional advantages in Asia-Pacific bond underwriting and syndicated loan arrangements to meet the offshore financing needs of Chinese enterprises, including bond issuance and syndicated lending. Singapore Branch, serving as the Bank’s business hub in the RCEP region, actively supported the investment and financing activities of Chinese enterprises in Southeast Asia. It also capitalized on local market opportunities to develop distinctive offerings such as commodities, wealth management and private banking, and principal financial market services. London Branch, positioned as the Bank’s European service platform, concentrated on its strengths in corporate banking, financial markets, and green finance to support the financing demands of Chinese enterprises expanding into the European market.

In the cross-border M&A sector, the Bank leveraged synergies across its multiple platforms and licenses to address key financing demands of Chinese enterprises arising from restructuring cross-border industrial and supply chains, expanding into overseas markets, and acquiring advanced technologies. By delivering scenario-based and integrated cross-border M&A financing services, the Bank strengthened its competitive edge in core markets. Over the year, SPD Bank successfully executed several industry-leading transactions, including the acquisition of a leading enterprise in the overseas medical sector via a specialized fund, the acquisition of a global pulp group for cross-border supply chain integration, and the acquisition of a domestic leader in the new materials industry for overseas resource integration. These deals represented a total financing volume of USD4,265 million and included structures such as bridge loans for red-chip reorganizations and cross-border M&A financing for the privatization of China concept stocks.

Leveraging its group-wide and integrated service advantages, as well as a number of coordinated platforms such as offshore banking, FT finance, overseas branches, and international investment banking, SPD Bank will expand its service boundaries and build a “Cross-Border+” financial service ecosystem. With efficient, professional, and high-quality services, it will support Chinese enterprises in their global expansion.

3.3.7 AI applications

The Bank formulated a comprehensive AI framework plan to build a new “AI+” engine, unlocking fresh momentum from data elements and fostering new advantages in the development of new quality productive forces. This framework follows an application-driven, technology-led, data-empowered, and ecosystem-based development roadmap, forming a “3-1-8-10-100+” architecture. Guided by the principles of process standardization, engineering integration, and scalable deployment, the Bank established an enterprise-level knowledge base that spans six major business lines—corporate banking, retail banking, financial markets, risk management, operations, and general administration—and encompasses five key knowledge domains: regulations, products, processes, case studies, and industries. Eight enterprise-level AI components were developed, including intelligent Q&A, industry research, interactive reporting, intelligent marketing, smart forms, financial analysis, intelligent risk control, and legal advisory. Ten major AI projects were launched, such as AI-empowered corporate credit services, intelligent operations review and data entry, AI-powered rapid document and contract review, intelligent agent assistance, M&As in investment banking, proprietary trading in financial market business, AI applications for digital inclusive finance, intelligent retail marketing and risk control, the SPDB Inclusive Finance app, and the development of intelligent agents. These efforts resulted in over 100 AI application scenarios. The empowering effects of this architecture are mainly reflected in the following areas:

●**Intelligent customer acquisition**: The Bank capitalized on market opportunities to acquire new customers by gaining deep insights into market demand and identifying potential clients with precision. It developed 360-degree panoramic customer profiles to track market trends and understand customers' diverse financial needs, thereby laying a solid data-driven foundation for business development. By integrating multi-dimensional data on corporate clients, supply chains, and more, the Bank focused on scenarios such as long-tail customer acquisition, precise product marketing, and cross-border deposit growth to support the real economy. In the retail sector, personalized push services generated 800 million real-time intelligent recommendations throughout the year, significantly boosting customer response and conversion rates and enhancing overall user experience.

●**AI-driven risk control**: The Bank strengthened its risk control by constructing the intelligent risk control system to improve the efficiency and accuracy of risk identification. By deploying real-time monitoring models and strategies, it enabled accurate detection and swift disposal of potential risks. In the area of intelligent transaction anti-fraud, nearly 100 new strategies for monitoring and intercepting suspicious accounts were introduced, successfully blocking RMB279 million in illicit funds. These efforts significantly strengthened the protection of customer assets and upheld overall business stability.

●**Cost reduction and efficiency improvement**: The Bank integrated AI applications into core business processes to drive cost savings and boost operational efficiency. The "Smart Bill" intelligent agent, designed for trade background reviews, enabled high-accuracy parsing of invoices and contracts, automating the verification process for trade authenticity. In the area of AI applications for digital inclusive finance, the pilot project of "AI-Generated Due Diligence Reports for Micro and Small Enterprises" reduced manual workload by an average of 0.25 person-days per report, enhancing due diligence efficiency by over 50%.

The Bank spared no effort to develop and apply its AI framework, built an enterprise-level, multi-modal digital intelligence platform, and undertook the systematic integration of its data warehouse, big data platform, and data lake, while upgrading intelligent computing platforms, such as the model service and management platform, knowledge graph platform, deep learning platform, digital human system, intelligent dialogue system, and intelligent recommendation system in line with IT innovation standards. Additionally, it established a large model platform supporting both training and inference, a knowledge engineering platform, and an application development platform. As at February 2025, the Bank successfully completed the deployment of **DeepSeek-R1 671B, a large language model (LLM) with 671 billion parameters**, on Ascend servers, becoming the first Chinese joint-stock bank to realize the financial application of **full-stack domestic computing power platform and the DeepSeek LLM**. It also analyzed DeepSeek's technical implementation, conducted research and validation of model distillation techniques, and converted ultra-large model data into small and medium models to enhance their predictive accuracy, improve computing efficiency, and boost inference performance. These advancements supported the development of various intelligent agents such as content generation, recognition, reasoning and decision-making, and code analysis.

In March 2025, the Bank released the “AI+” Application Planning White Paper 1.0. Leveraging the enterprise-level knowledge base, the White Paper outlined six major application priorities: AI-empowered corporate credit processes, AI applications for digital inclusive finance, M&As in investment banking, the SPDB Inclusive Finance app, intelligent custody, and intelligent wealth and asset management. Building on these priorities, the Bank rapidly developed over 50 application scenarios across key areas such as inclusive finance, green finance, risk control, and technology innovation. This initiative significantly deepened the integration of AI with core business scenarios, fully unlocked the value of data, and established AI as a central engine driving business growth.

3.4 Analysis of Income Statement

During the reporting period, the Group maintained steady growth across its business lines. It recorded an operating income of RMB170,748 million, representing a year-on-year decrease of RMB2,686 million, or 1.55%. Total profit amounted RMB48,366 million, reflecting a year-on-year increase of RMB7,674 million, or 18.86%. Notably, net profit attributable to the parent company's shareholders reached RMB45,257 million, up RMB8,555 million, marking a 23.31% increase compared with the same period of the previous year.

In RMB millions

Item	The reporting period	Same period of last year
Operating income	170,748	173,434
–Net interest income	114,717	118,435
–Net fee and commission income	22,816	24,453
–Other net income	33,215	30,546
Operating expenses	-123,305	-132,698
–Tax and surcharges	-1,972	-2,002
–General and administrative expenses	-49,795	-51,424
–Impairment losses on credit assets and impairment losses on other assets	-69,480	-76,863
–Other operating costs	-2,058	-2,409
Net non-operating income and expenses	923	-44
Total profit	48,366	40,692
Income tax expense	-2,531	-3,263
Net profit	45,835	37,429
Including: Net profit attributable to the parent company's shareholders	45,257	36,702
Minority interest income	578	727

3.4.1 Operating income

During the reporting period, the Group's total business income was RMB351,128 million, representing a year-on-year decrease of RMB9,051 million or 2.51%. The following table sets out the composition of the Group's operating income and the proportions of each part.

In %

Item	2024	2023	2022
Proportion of net interest income	67.18	68.29	70.87
Proportion of net fee and commission income	13.36	14.10	15.21
Proportion of other net income	19.46	17.61	13.92
Total	100.00	100.00	100.00

The following table sets out the changes in the Group's total business income.

In RMB millions

Item	Amount during the current period	Percentage in total business income (%)	Increase/decrease over the same period of previous year (%)
Loan interest income	203,337	57.91	-1.56
Interest income on investment	60,491	17.23	-8.20
Fee and commission income	29,788	8.48	-7.01
Interest income on due from and placements with banks and other financial institutions	19,333	5.51	-1.28
Interest income from balance with central bank	4,964	1.41	-10.88
Other income	33,215	9.46	8.74

Total	351,128	100.00	-2.51

The following table sets out the geographic distribution of the Group's operating income.

In RMB millions

Region	Operating income	Percentage (%)	Operating profit	Percentage (%)
Head Office	66,988	39.23	13,668	28.81
Yangtze River Delta Region	39,256	22.99	21,799	45.95
Pearl River Delta and West Side of Taiwan Strait	12,323	7.22	-629	-1.33
Bohai Rim	14,944	8.75	6,750	14.23
Central China	11,384	6.67	4,716	9.94
Western China	11,260	6.59	-682	-1.44
Northeastern China	3,857	2.26	719	1.52
Overseas institutions and subsidiaries	10,736	6.29	1,102	2.32
Total	170,748	100.00	47,443	100.00

Notes: For the purpose of the Report, the regions and divisions of the Group are defined as follows:

(1) Head Office: Headquarters (Head Office and institutions directly under it);

(2) Yangtze River Delta: Branches in Shanghai, Jiangsu, Zhejiang and Anhui;

(3) Pearl River Delta and West Side of Taiwan Straits: Branches in Guangdong and Fujian;

(4) Bohai Rim: Branches in Beijing, Tianjin, Hebei, and Shandong;

(5) Central China: Branches in Shanxi, Henan, Hubei, Hunan, Jiangxi and Hainan;

(6) Western China: Branches in Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia, and Tibet;

(7) Northeastern China: Branches in Liaoning, Jilin, and Heilongjiang;

(8) Overseas institutions and subsidiaries: Overseas branches and domestic and overseas affiliates.

3.4.2 Net interest income

During the reporting period, the Group incurred a net interest income of RMB114,717 million, a year-on-year decrease of RMB3,718 million or 3.14%. During the reporting period, the average yield on the Group's interest-earning assets was 3.57%, representing a year-on-year decrease of 0.25 percentage point; and the average cost ratio of interest-bearing liabilities was 2.20%, down 0.13 percentage point year-on-year. The net interest margin stood at 1.42%, a year-on-year decrease of 0.10 percentage point.

The following table sets forth the interest income/expenses as well as average yield and costs of the assets and liabilities of the Group.

In RMB millions

	The reporting period			Same period of last year		
Item	Average balance	Interest income/expense	Average interest rate (%)	Average balance	Interest income/expense	Average interest rate (%)
Interest-earning assets						
Loans and advances	5,243,678	203,337	3.88	4,846,970	206,549	4.26
Investments	1,828,503	60,491	3.31	1,905,025	65,896	3.46
Balance with central bank	337,062	4,964	1.47	357,196	5,570	1.56
Due from and placements with banks and other financial institutions	655,497	19,333	2.95	678,156	19,583	2.89
Total	8,064,740	288,125	3.57	7,787,347	297,598	3.82
Interest-bearing liabilities						
Deposits from customers	4,893,019	96,452	1.97	4,884,236	105,378	2.16

Due to and placements from banks and other financial institutions	1,527,401	38,949	2.55	1,395,788	34,917	2.50
Debt securities issued	1,266,785	32,959	2.60	1,212,737	33,894	2.79
Due to central bank	206,199	5,048	2.45	198,452	4,974	2.51
Total	7,893,404	173,408	2.20	7,691,213	179,163	2.33
Net interest income		114,717			118,435	
Net interest spread			1.37			1.49
Net interest margin			1.42			1.52

Note: Net interest spread = average yield on interest-earning assets - average cost ratio of interest-bearing liabilities. Net interest margin = net interest income/average balance of total interest-earning assets.

3.4.2.1 Interest income

During the reporting period, the Group recorded interest income of RMB288,125 million, down RMB9,473 million, or 3.18%, year-on-year. The average yields on corporate loans and retail loans were 3.61% and 4.76%, respectively, representing a decrease of 0.24 and 0.54 percentage point from the same period of the previous year.

Interest income from loans and advances

In RMB millions

	The reporting period			Same period of last year		
Item	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	3,054,544	110,307	3.61	2,653,892	102,076	3.85
Retail loans	1,846,062	87,913	4.76	1,859,486	98,636	5.30

Discounted bills	343,072	5,117	1.49	333,592	5,837	1.75
Total	5,243,678	203,337	3.88	4,846,970	206,549	4.26

Note: Of these, the average yield of general short-term loans and medium and long-term loans was 4.30% and 3.90%, respectively.

Interest income on investment

During the reporting period, the Group's interest income on investment stood at RMB60,491 million, representing a year-on-year decrease of 8.20%. The average yield on investment stood at 3.31%, a year-on-year decrease of 0.15 percentage point.

Interest income on due from and placements with banks and other financial institutions

During the reporting period, the Group generated the interest income on due from and placements with banks and other financial institutions totaling RMB19,333 million, down 1.28% year-on-year; and it saw the average yield from such business increasing by 0.06 percentage point over the same period of the previous year to 2.95%.

3.4.2.2 Interest expense

During the reporting period, the Group's interest expense was RMB173,408 million, representing a year-on-year decrease of RMB5,755 million or 3.21%. The average cost ratio of the Group's deposits from customers stood at 1.97%, representing a year-on-year decrease of 0.19 percentage point.

The following table sets forth the average balance, interest expense, and average cost ratio of corporate deposits and retail deposits at the Group.

In RMB millions

	The reporting period			Same period of last year		
Item	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate customers						
Current deposits	1,557,416	17,179	1.10	1,723,355	25,706	1.49
Time deposits	1,857,343	48,755	2.62	1,796,706	49,712	2.77
Total	3,414,759	65,934	1.93	3,520,061	75,418	2.14
Retail customers						

Current deposits	358,733	576	0.16	349,609	750	0.21
Time deposits	1,119,527	29,942	2.67	1,014,566	29,210	2.88
Total	1,478,260	30,518	2.06	1,364,175	29,960	2.20

Interest expenses on due to and placements from banks and other financial institutions

During the reporting period, the Group's interest expenses on due to and placements from banks and other financial institutions totaled RMB38,949 million, a year-on-year increase of 11.55%.

Interest expense on debt securities issued

During the reporting period, the Group recorded interest expenses of RMB32,959 million on debt securities in issue, a year-on-year decrease of 2.76%.

3.4.3 Net non-interest income

During the reporting period, the Group racked up the net non-interest income in RMB56,031 million, up RMB1,032 million, or 1.88%, year-on-year. Specifically, net fee and commission income fell by RMB1,637 million, or 6.69%, to RMB22,816 million year-on-year, and other non-interest income went up by RMB2,669 million, or 8.74%, to RMB33,215 million year-on-year.

In RMB millions

	The reporting period		Same period of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Fee and commission income	29,788	53.16	32,035	58.25
–Bank cards business	11,462	20.45	13,344	24.26
–Custody business and other fiduciary activities	6,038	10.77	5,382	9.79
–Investment banking activities	3,836	6.85	3,293	5.99
–Agency business	4,026	7.19	5,292	9.62
–Credit commitments	2,307	4.12	2,424	4.41
–Settlement and clearing business	880	1.57	1,017	1.85
–Other businesses	1,239	2.21	1,283	2.33
Fee and commission expenses	-6,972	-12.44	-7,582	-13.79
Net fee and commission income	22,816	40.72	24,453	44.46

Profit or loss on investments	29,141	52.01	27,905	50.74
Profit or loss on changes in fair value	-1,549	-2.76	2,563	4.66
Exchange profit or loss	988	1.76	-3,536	-6.43
Other business income	3,776	6.74	2,805	5.10
Profit or loss on asset disposal	20	0.04	72	0.13
Other income	839	1.49	737	1.34
Total	56,031	100.00	54,999	100.00

3.4.4 General and administrative expenses

During the reporting period, the Group incurred general and administrative expenses of RMB49,795 million, a decrease of RMB1,629 million, or 3.17%, year-on-year.

In RMB millions

	The reporting period		Same period of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Employee expenses	28,230	56.69	28,507	55.44
Depreciation and amortization expenses	6,652	13.36	7,075	13.76
Fees on short-term leases and leases of low-value assets	307	0.62	344	0.67
Others	14,606	29.33	15,498	30.13
Total	49,795	100.00	51,424	100.00

Note: During the reporting period, the Group had an average of 63,284 in-service employees.

3.4.5 Impairment losses on credit assets and impairment losses on other assets

During the reporting period, the Group sustained the impairment losses on credit and other assets of RMB69,480 million, representing a year-on-year decrease of RMB7,383 million or 9.61%.

In RMB millions

	The reporting period		Same period of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Loans and advances to customers	55,555	79.96	55,713	72.48
Financial investments	12,122	17.45	15,472	20.13
–Creditor's rights investments	11,652	16.77	12,896	16.78
–Other creditor's rights investments	470	0.68	2,576	3.35
Others	1,803	2.59	5,678	7.39
Total	69,480	100.00	76,863	100.00

3.4.6 Income tax expense

During the reporting period, the Group incurred an income tax of RMB2,531 million, a year-on-year decrease of RMB732 million or 22.43%. The effective income tax rate was 5.23%, down 2.79 percentage points year-on-year.

In RMB millions

Item	The reporting period	Same period of last year
Profit before income tax	48,366	40,692
Income tax calculated at China's statutory tax rate	12,092	10,173
Effect of different tax rates applied by subsidiaries	56	45
Effect of expenses that are not deductible	565	3,275
Effect arising from income not subject to tax	-9,796	-10,172
Other income tax adjustments	-386	-58

Income tax expense	2,531	3,263
Effective income tax rate (%)	5.23	8.02

3.5 Analysis of the Balance Sheet

3.5.1 Analysis of assets

As at the end of the reporting period, the total assets of the Group reached RMB9,461,880 million, representing an increase of RMB454,633 million or 5.05%, as compared with the end of the previous year.

In RMB millions

	End of the reporting period		End of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Total loans	5,391,530	56.98	5,017,754	55.71
Interest accrued on loans	15,528	0.16	16,362	0.18
Less: Allowance for impairment losses on loans at amortized cost	-137,898	-1.46	-129,420	-1.44
Financial investments	2,809,124	29.69	2,676,055	29.71
Long-term equity investment	1,807	0.02	2,825	0.03
Derivative financial assets	89,590	0.95	56,311	0.63
Cash and deposits with central bank	411,539	4.35	537,131	5.96
Due from and placements with banks and other financial institutions	597,361	6.31	602,081	6.68
Goodwill	5,351	0.06	5,351	0.06
Others	277,948	2.94	222,797	2.48
Total	9,461,880	100.00	9,007,247	100.00

3.5.1.1 Loans to customers

As at the end of the reporting period, the Group's total loans and advances to customers were RMB5,391,530 million, an increase of RMB373,776 million, or 7.45%, from the end of last year. The ratio of total loans and advances to total assets was 56.98%, representing an increase of 1.27 percentage points as compared with the end of the previous year.

3.5.1.2 Financial investments

In RMB millions

	End of the reporting period		End of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Held-for-trading financial assets	691,019	24.60	780,226	29.16
Creditor's rights investments	1,326,638	47.23	1,271,082	47.50
Other creditor's rights investments	782,438	27.85	618,017	23.09
Other equity instrument investments	9,029	0.32	6,730	0.25
Total	2,809,124	100.00	2,676,055	100.00

Held-for-trading financial assets

In RMB millions

	End of the reporting period		End of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	79,342	11.48	105,987	13.58
Trust and asset management plans	9,811	1.42	14,801	1.90
Fund investments	485,481	70.26	434,606	55.70
Securities income certificate	11,913	1.72	39,723	5.09
Equity investment	17,268	2.50	17,329	2.22
Other investments	87,204	12.62	167,780	21.51
Total	691,019	100.00	780,226	100.00

Creditor's rights investments

In RMB millions

	End of the reporting period		End of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	960,276	72.38	937,820	73.78
Trust and asset management plans	173,990	13.12	285,987	22.50
Other investments	198,282	14.95	57,903	4.55
Accrued interest	18,683	1.41	17,874	1.41
Allowance for impairment losses	-24,593	-1.86	-28,502	-2.24
Total	1,326,638	100.00	1,271,082	100.00

Other creditor's rights investments

In RMB millions

	End of the reporting period		End of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	774,948	99.04	610,558	98.79
Trust and asset management plans	16	0.01	20	0.01
Accrued interest	7,474	0.95	7,439	1.20
Total	782,438	100.00	618,017	100.00

Other equity instrument investments

In RMB millions

Item	End of the reporting period		End of last year	
	Amount	Percentage (%)	Amount	Percentage (%)
Repossessed equity	1,406	15.57	1,566	23.27
Other investments	7,623	84.43	5,164	76.73
Total	9,029	100.00	6,730	100.00

The following table sets out the composition of total bond investments at the Group by issuers.

In RMB millions

Item	End of the reporting period		End of last year	
	Amount	Percentage (%)	Amount	Percentage (%)
Ministry of Finance, local governments, and central bank of China	966,180	53.25	933,795	56.44
Policy banks	366,073	20.17	355,366	21.48
Commercial banks and other financial institutions	244,997	13.50	181,994	11.00
Others	237,316	13.08	183,210	11.08
Total bond investments	1,814,566	100.00	1,654,365	100.00

The following table sets out the top 10 financial bonds held in nominal value.

In RMB millions

Bond name	Par value	Annual interest rate (%)	Maturity date	Allowance for impairment losses set aside
Policy bank bonds 2023	16,070	3.10	13-Feb-33	1.85
Policy bank bonds 2024	12,421	2.44	12-Apr-34	1.43
Policy bank bonds 2024	11,048	2.47	02-Apr-34	1.27
Policy bank bonds 2023	10,568	2.82	22-May-33	1.22
Policy bank bonds 2024	10,440	2.17	16-Aug-34	1.20
Policy bank bonds 2018	10,430	4.98	12-Jan-25	1.20
Policy bank bonds 2018	8,880	4.73	02-Apr-25	1.02
Policy bank bonds 2022	8,580	2.83	11-Aug-29	0.99
Policy bank bonds 2022	8,359	2.98	22-Apr-32	0.96
Policy bank bonds 2024	7,820	2.09	26-Sep-34	0.90

3.5.1.3 Long-term equity investment

As at the end of the reporting period, the balance of long-term equity investment at the Group recorded RMB1,807 million, up 36.04% from the end of last year. Specifically, the investment balance in joint ventures stood at RMB1,464 million, down 40.44% over the end of last year. The balance of allowance for impairment losses on long-term equity investment at the Group was zero as at the end of reporting period.

3.5.1.4 Derivatives

In RMB millions

Item	End of the reporting period			End of last year		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives	5,891,771	37,371	-36,810	4,694,725	17,002	-16,037
Exchange rate derivatives	3,091,321	30,901	-27,347	2,213,084	16,508	-18,251
Precious metal and other derivatives	534,488	21,318	-14,418	666,916	22,801	-18,005
Total		89,590	-78,575		56,311	-52,293
Derivatives designated as hedging instruments:						
Fair value hedges						
–Interest rate swap contracts	14,653	55	-133	14,375	106	-72
–Currency swap contracts	15,150	28	-195	7,447	18	-39
Cash flow hedges						
–Interest rate swap contracts	452	12	-	422	22	-
–Currency swap contracts	64,829	974	-153	52,760	117	-135
Total		1,069	-481		263	-246

3.5.1.5 Goodwill

As per the China Accounting Standards for Business Enterprises (CASBE) provisions, the Group conducted the impairment test on the goodwill out of the purchase of Shanghai Trust as at the end of the reporting period. The impairment test findings suggested that no allowance for impairment losses needed to be set aside during the reporting period. As at the end of the reporting period, the book value of goodwill at the Group stood at RMB5,351 million.

3.5.2 Analysis of liabilities

As at the end of the reporting period, total liabilities of the Group reached RMB8,717,099 million, representing an increase of RMB442,736 million or 5.35%, as compared with the end of the previous year.

In RMB millions

	End of the reporting period		End of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Total deposits	5,145,959	59.03	4,984,630	60.24
Interest payable on deposits	83,323	0.96	75,714	0.92
Due to and placements from banks and other financial institutions	1,727,567	19.82	1,813,493	21.92
Debt securities issued	1,419,972	16.29	1,011,653	12.23
Due to central bank	118,442	1.36	235,242	2.84
Held-for-trading financial liabilities	33,172	0.38	10,207	0.12
Derivative financial liabilities	78,575	0.90	52,293	0.63
Others	110,089	1.26	91,131	1.10
Total liabilities	8,717,099	100.00	8,274,363	100.00

Composition of total deposits

As at the end of the reporting period, total deposits of the Group reached RMB5,145,959 million, representing an increase of RMB161,329 million or 3.24%, as compared with the end of the previous year.

In RMB millions

	End of the reporting period		End of last year	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Current deposits	2,034,951	39.55	2,167,646	43.48
Incl.: Corporate deposits	1,620,275	31.49	1,813,631	36.38
Retail deposits	414,676	8.06	354,015	7.10
Time deposits	3,103,383	60.31	2,814,642	56.47
Incl.: Corporate deposits	1,943,073	37.76	1,765,364	35.42
Retail deposits	1,160,310	22.55	1,049,278	21.05
Other deposits	7,625	0.14	2,342	0.05
Total	5,145,959	100.00	4,984,630	100.00

3.5.3 Analysis of changes in shareholders' equity

As at the end of the reporting period, shareholders' equity of the Group was RMB744,781 million, up 1.62% from the end of last year. The equity attributable to the parent company's shareholders recorded RMB736,329 million, an increase of 1.60% over the end of last year; and the retained earnings totaled RMB230,401 million, up 10.59% over the end of last year, which was mainly credited to the net profit increase and profit distribution during the reporting period.

In RMB millions

Item	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General risk reserve	Other comprehensive income	Retained earnings	Total equity attributable to the parent company's shareholders
Opening balance	29,352	112,691	81,762	188,929	101,575	2,107	208,333	724,749

Increase	-	-	169	3,293	5,121	10,929	45,257	64,769
Decrease	-	29,990	10	-	-	-	23,189	53,189
Closing balance	29,352	82,701	81,921	192,222	106,696	13,036	230,401	736,329

In RMB millions

Item	End of the reporting period	End of last year	Increase/decrease over the end of the previous year (%)
Share capital	29,352	29,352	-
Other equity instruments	82,701	112,691	-26.61
Capital reserve	81,921	81,762	0.19
Other comprehensive income	13,036	2,107	518.70
Surplus reserve	192,222	188,929	1.74
General risk reserve	106,696	101,575	5.04
Retained earnings	230,401	208,333	10.59
Total equity attributable to the parent company's shareholders	736,329	724,749	1.60
Minority shareholders' equity	8,452	8,135	3.90
Total equity	744,781	732,884	1.62

Note: As the convertible corporate bonds of the Bank "SPDB Convertible Bond" entered the conversion period on 6 May 2020, a total of 97,905 shares were converted and the total share capital of ordinary shares of the Bank increased to 29,352,178,302 as at the end of the reporting period.

3.6 Items with Changes above 30% in the Accounting Statements and Reasons

In RMB millions

Item	The current reporting period	Same period of last year	Change (%)	Main reason for the change during the reporting period
Profit or loss on changes in fair value	-1,549	2,563	-160.44	Profit or loss on changes in fair value recognized in prior years for some financial assets was reclassified to realized profit or loss on investments upon disposal in the current year.
Exchange profit or loss	988	-3,536	127.94	Exchange rate fluctuated and exchange loss decreased.
Other business income	3,776	2,805	34.62	Business income of subsidiaries increased.
Profit or loss on asset disposal	20	72	-72.22	Income from disposal of fixed assets decreased.
Impairment losses on other assets	43	109	-60.55	Impairment losses on repossessed assets decreased.
Net non-operating income and expenses	923	-44	2,197.73	Shanghai Innovation Bank was included in the scope of consolidation.
Other comprehensive income after tax, net	11,043	4,974	122.01	The valuation of other creditor's rights investments changed.
Net profit attributable to the parent company's shareholders deducting the non-recurring profit or loss	44,207	33,882	30.47	During the reporting period, the Bank increased its credit asset allocation, further enhanced the quality and stability of its liabilities, and effectively managed cost of borrowings. It proactively seized market opportunities to boost investment income and achieved cost reductions and efficiency gains through lean and refined management. General and administrative
Basic earnings per share after deducting non-recurring profit or loss	1.32	0.97	36.08	

				expenses declined year-on-year. The Bank continued to improve asset quality and further advanced its risk control and disposal capabilities, resulting in a year-on-year decrease in risk costs.
Net cash flows used/generated by operating activities	-333,654	388,397	-185.91	Net cash inflows of deposits from banks and other financial institutions decreased.
Net cash flows used by investment activities	-83,552	-29,781	-180.55	Cash received from recovering investments decreased.
Net cash flows generated/used by financing activities	327,479	-370,694	188.34	Cash received from bonds and negotiable certificates of deposit (NCDs) issued increased.

In RMB millions

Item	End of the reporting period	End of last year	Change (%)	Main reason for the change during the reporting period
Precious metals	23,062	17,526	31.59	The proprietary and agency precious metals held increased.
Derivative financial assets	89,590	56,311	59.10	Change to the valuation of fair value
Financial assets purchased under resale agreements	63,879	44,719	42.85	Bonds purchased under resale agreements increased.
Other equity instrument investments	9,029	6,730	34.16	Equity investments increased and the valuation of fair value changed.
Long-term equity investments	1,807	2,825	-36.04	Shanghai Innovation Bank was included in the scope of consolidation.
Construction in progress	1,272	1,982	-35.82	Buildings and structures were transferred to fixed assets when they were ready for their intended use.

Other assets	106,184	69,466	52.86	Refundable deposits increased.
Due to central bank	118,442	235,242	-49.65	Due to central bank was repaid.
Held-for-trading financial liabilities	33,172	10,207	224.99	Financial liabilities related to bonds increased.
Derivative financial liabilities	78,575	52,293	50.26	Change to the valuation of fair value
Debt securities issued	1,419,972	1,011,653	40.36	CDs and NCDs issued increased.
Deferred income tax liabilities	630	1,014	-37.87	Taxable temporary differences decreased.
Other liabilities	62,728	36,510	71.81	Suspense accounts increased.
Other comprehensive income	13,036	2,107	518.70	The valuation of other creditor's rights investments changed.

3.7 Analysis of Loan Quality

3.7.1 Five-tier classification of credit assets

In RMB millions

	End of the reporting period		End of last year		Increase/decrease over the end of the previous year (%)
Five-tier risk classification	Balance	Percentage (%)	Balance	Percentage (%)	
Pass	5,191,869	96.30	4,826,437	96.19	7.57
Special mention	126,507	2.34	117,119	2.33	8.02
Substandard	19,746	0.37	24,640	0.49	-19.86
Doubtful	15,333	0.28	22,353	0.45	-31.41
Loss	38,075	0.71	27,205	0.54	39.96
Total	5,391,530	100.00	5,017,754	100.00	7.45
Total NPLs	73,154	1.36	74,198	1.48	-1.41

In RMB millions

Category	End of the reporting period	Percentage (%)
Restructured loans	36,932	0.69
Overdue loans	110,896	2.06

Notes:

(1) Due to the adjustment in the definition of restructured loans, the statistics as at the end of the reporting period have been compiled in accordance with the relevant provisions of the Rules on Risk Classification of Financial Assets of Commercial Banks (Order No.1 [2023] of the CBIRC and the PBC).

(2) At the Group, a loan shall be entirely classified as overdue, once its principal or interest becomes overdue for one day or longer.

3.7.2 Loan structure and loan quality by product types

In RMB millions

	End of the reporting period			End of last year		
Product type	Loan balance	NPLs	NPL ratio (%)	Loan balance	NPLs	NPL ratio (%)
Corporate loans	3,179,154	42,616	1.34	2,840,999	47,348	1.67
Discounted bills	323,109	180	0.06	310,933	411	0.13
Retail loans	1,889,267	30,358	1.61	1,865,822	26,439	1.42
Personal housing loans	864,360	8,246	0.95	838,152	5,171	0.62
Personal business loans	455,267	8,510	1.87	467,994	7,065	1.51
Credit card and overdraft	370,223	9,057	2.45	385,617	9,357	2.43
Consumer loans and others	199,417	4,545	2.28	174,059	4,846	2.78
Total	5,391,530	73,154	1.36	5,017,754	74,198	1.48

3.7.3 Loan structure and loan quality by industries

In RMB millions

Industry	End of the reporting period			End of last year		
	Loan balance	Percentage in total loans (%)	NPL ratio (%)	Loan balance	Percentage in total loans (%)	NPL ratio (%)
Corporate loans	3,179,154	58.97	1.34	2,840,999	56.62	1.67
Manufacturing	684,214	12.70	1.45	572,695	11.42	1.39
Lease and commerce services	649,273	12.04	0.63	548,048	10.92	0.98
Real estate	397,011	7.36	2.50	345,744	6.89	4.11
Water, environmental and public utilities management	215,743	4.00	0.26	196,775	3.92	0.86
Wholesale and retail	210,354	3.90	2.28	189,398	3.77	2.62
Transportation, warehouse, and postal services	201,696	3.74	0.27	193,132	3.85	0.39
Construction	190,723	3.54	1.89	176,645	3.52	1.61
Production and supply of electricity, heating, gas, and water	174,549	3.24	0.61	165,020	3.29	0.62
Financial services	146,268	2.71	3.55	193,704	3.86	2.67
Information transmission, software, and IT services	89,029	1.65	0.52	75,275	1.50	1.21
Mining	88,356	1.64	0.65	78,825	1.57	0.59
Scientific research and technology services	46,694	0.87	1.02	36,334	0.72	0.66
Culture, sports, and entertainment	21,293	0.39	1.08	20,169	0.40	1.40
Education	20,499	0.38	2.15	16,443	0.33	3.79

Healthcare and social welfare	17,530	0.33	1.40	13,420	0.27	1.07
Agriculture, forestry, farming, and fishery	16,701	0.31	0.71	12,721	0.25	3.82
Lodging and catering services	6,344	0.12	2.32	5,043	0.10	2.58
Resident services, repairing, and other services	1,790	0.03	10.00	1,288	0.03	3.96
Others	1,087	0.02	0.00	320	0.01	0.00
Discounted bills	323,109	5.99	0.06	310,933	6.20	0.13
Retail loans	1,889,267	35.04	1.61	1,865,822	37.18	1.42
Total	5,391,530	100.00	1.36	5,017,754	100.00	1.48

3.7.4 Loan structure by geography

In RMB millions

	End of the reporting period		End of last year	
Region	Book balance	Percentage (%)	Book balance	Percentage (%)
Head Office	497,134	9.22	502,801	10.02
Yangtze River Delta Region	1,839,887	34.13	1,664,465	33.17
Pearl River Delta and West Side of Taiwan Strait	690,135	12.80	663,101	13.22
Bohai Rim	693,249	12.86	633,219	12.62
Central China	551,051	10.22	523,331	10.43
Western China	708,559	13.14	636,860	12.69
Northeastern China	186,122	3.45	187,382	3.73

Overseas institutions and subsidiaries	225,393	4.18	206,595	4.12
Total	5,391,530	100.00	5,017,754	100.00

3.7.5 Loan structure by collateral types

In RMB millions

	End of the reporting period		End of last year	
Item	Book balance	Percentage (%)	Book balance	Percentage (%)
Unsecured loans	2,034,367	37.73	1,967,646	39.21
Guaranteed loans	1,238,069	22.96	1,048,876	20.90
Loans secured by mortgages	1,857,201	34.45	1,770,621	35.29
Pledged loans	261,893	4.86	230,611	4.60
Total	5,391,530	100.00	5,017,754	100.00

3.7.6 Loan migration

In %

Item	2024	2023	2022
Normal loan migration rate	1.40	1.47	1.61
Pass loan migration rate	1.68	1.88	1.80
Special-mention loan migration rate	27.50	32.01	33.11
Substandard loan migration rate	90.63	71.69	80.48
Doubtful loan migration rate	81.83	62.19	51.19

Note: In accordance with the provisions of the Notice on Revising the Definitions and Calculation Formulas for Basic Indicators Used by Off-site Supervision in the Banking Sector, a document issued by the former CBIRC, these data pertain to the parent company and the data from the previous periods have been adjusted synchronously.

3.7.7 Loans of top ten customers

In RMB millions

Customer name	Loan balance at the end of the reporting period	Percentage (%)
Customer A	26,385	0.49
Customer B	17,374	0.32
Customer C	11,369	0.21
Customer D	9,983	0.19
Customer E	9,818	0.18
Customer F	8,577	0.16
Customer G	7,140	0.13
Customer H	7,009	0.13
Customer I	6,978	0.13
Customer J	6,832	0.13
Total	111,465	2.07

3.7.8 Management of LGFV loans

During the reporting period, the Bank thoroughly implemented the decisions and plans of the CPC Central Committee and the State Council, strictly complied with external regulatory policies and relevant requirements, and continuously strengthened the management of local government-related financing business, exercising rigid control over implicit debt of local governments. As at the end of the reporting period, the Bank's local government implicit debt declined steadily and asset quality remained stable in compliance with regulatory requirements. First, the Bank made effective efforts to forestall and defuse the risks arising from local debt. It worked to provide categorized guidance on and dispose of existing businesses properly, supported the extension, renewal and restructuring of the maturing local debt according to pertinent regulatory policies, and prevented the risks arising from the broken capital chains of local debt in stock. By seizing the opportunity presented by local government bond swaps to address existing implicit debt, the Bank strengthened communication with local governments and actively participated in the swaps. It achieved notable results. Second, local government-related financing businesses were conducted according to the applicable provisions. The Bank strictly prohibited the creation of new local government implicit debt, and tightly controlled the increase of operating debt by financing platforms. Meanwhile, it exercised a rigid control over onboarding new financing customers, engaged in prudent and compliant operation, and carried out strict due diligence. Third, the routine control mechanism was improved. In addition to enhanced daily monitoring and early warning, the Bank institutionalized risk screening as part of its prudent research and planning process. This approach enabled the Bank to identify, detect, issue warnings against, and mitigate risks and hazards as early as possible.

3.7.9 NPLs and corresponding measures taken

First, post-lending inspections were conducted on a quarterly basis, focusing on key products such as real estate development loans and income-generating property loans. On-site inspections and one-on-one supervisory discussions with branches were carried out to ensure the thorough implementation of post-lending management responsibilities.

Second, the Bank supported the optimization of post-lending templates for key products and the revision of post-lending management policies. Adhering to the principle of “embedding policies into processes and processes into systems”, differentiated post-lending templates were refined for real estate development loans, income-generating property loans, and fixed asset loans. The Bank provided support in developing, testing, and implementing these templates, while also cooperating in revising post-lending management measures to enhance organization-wide risk control capabilities.

Third, specialized training sessions and presentations on post-lending management were organized, emphasizing key aspects of the credit business and interpretation of the latest policies for key products, to further standardize post-lending practices across business and management departments.

Fourth, strict control was maintained to prevent the emergence of new NPAs. A long-term mechanism for the prevention and resolution of material risks was established and continuously improved. Risk monitoring efforts were intensified for key industries and major corporate groups, with proactive special investigations and inspections conducted. The Bank continuously refined its forewarning and monitoring systems. For risks identified through monitoring, timely resolution plans were formulated and their implementation progress was regularly tracked. Through joint efforts between the Head Office and branches, and coordinated actions across all levels, multi-dimensional and penetrating risk mitigation measures were adopted, enhancing the initiative to mitigate risks. Corporate financing activities were planned while risks remained manageable, and structural adjustments were made proactively before defaults occurred, to prevent deterioration in asset quality.

Fifth, the effectiveness of risk mitigation and NPA disposal was further enhanced. Efforts centered on four key areas: improving efficiency through recovery, reducing risk through disposal, enhancing capabilities through innovation, and strengthening foundations through management. The Bank stepped up risk resolution efforts in key projects and sectors, leveraged a regular inter-departmental coordination mechanism, and implemented diversified dispute resolution frameworks. Policy-oriented research was conducted to explore diverse disposal modes and transaction pathways. Fundamental management was reinforced to ensure compliance, while innovation and transformation were promoted through ongoing advancement of technological tools. As a result, the levels of digitalization and intelligentization in post-lending management steadily improved.

3.7.10 Credit extension to group customers

The Bank upheld the principles of “prudent and moderate credit extension” in granting credit line to group customers, and performed unified management and risk control. It comprehensively assessed customers’ risks and ability to undertake risks, worked out the overall credit line to group customers reasonably, and prevented over-lending and concentration risk. Based on business development realities and in full consideration of the differentiated management requirements of group customers, it further refined the classified management mode for group customers. During the reporting period, the Bank ensured general stability of credit extension to group customers and satisfied the regulatory requirements for credit concentration of group customers through continuously refining the credit extension management system for group customers, optimizing credit extension management procedures, and stepping up early warning and post-lending management.

3.7.11 Provision and write-off of loan impairment

In RMB millions

The Group	The reporting period	Same period of last year
Opening balance	128,739	118,674
Provision during the reporting period	55,555	55,713
Write-off and disposal during the reporting period	-59,464	-56,783
Recovery of loans and advances written off in previous years	11,739	10,980
Other changes	179	155
Closing balance	136,748	128,739

Note: Description of provisions for loan impairment: The Group assessed the expected credit loss in conjunction with forward-looking information. The method adopted by the measurement of expected credit loss reflected the following elements: the unbiased-probability weighted average amount determined by assessing a series of possible results; the time value of money; the reasonable and well-grounded information on related past events, current conditions and predictions of economic prospects that can be obtained on the balance sheet date without incurring unnecessary extra costs or endeavors.

3.8 Analysis of Other Regulatory Indicators Applicable for Commercial Banks

3.8.1 Capital structure and capital management

During the reporting period, the Bank adhered to a prudent and sound capital management strategy, continuously strengthened the guiding and constraining role of capital, and consistently enhanced its capacity for capital-intensive operations and capital adequacy management.

Following the implementation of the Rules on Capital Management of Commercial Banks in January 2024, the Bank promptly adjusted its business development strategies in line with the new regulatory framework and heightened its awareness of intensive capital operations. As per the new regulatory provisions, efforts were made to strengthen information and data management, promote data governance and system upgrades, improve the granularity of risk management, and ensure compliance with Pillar 3 disclosure requirements.

During the period, the Bank was designated as a domestic systemically important bank (D-SIB) in the second group, resulting in an additional Common Equity Tier 1 (CET1) capital requirement of 0.5%. In response, the Bank continued to build and refine its D-SIB management mechanisms to ensure that its capital adequacy ratio (CAR) and leverage ratio remained in compliance with the additional regulatory requirements. The Bank also advanced its capabilities in risk prevention and resolution, thereby contributing to broader financial security and stability. As at the end of the reporting period, on a regulatory consolidated basis, the Group's CET1 capital adequacy ratio stood at 8.92%, Tier 1 capital adequacy ratio at 10.04%, and capital adequacy ratio at 13.19%—all meeting regulatory standards.

In RMB millions

	End of the reporting period		End of last year	
Item	The Group	The Bank	The Group	The Bank
Total capital	967,231	931,034	864,155	832,368
Incl.: CET1 capital	660,296	631,582	617,628	592,162
Additional tier 1 capital	80,503	79,920	110,557	109,910
Tier 2 capital	226,432	219,532	135,970	130,296
Capital deduction items	18,751	49,682	19,703	45,795
Incl.: CET1 capital deduction items	18,751	49,682	19,703	45,795
Additional tier 1 capital deduction items	-	-	-	-
Tier 2 capital deduction items	-	-	-	-
Net capital	948,480	881,352	844,452	786,573

Minimum capital requirement (%)	8.00	8.00	8.00	8.00
Requirement for capital reserve and counter-cyclical capital (%)	2.50	2.50	2.50	2.50
Additional capital requirement (%)	0.50	0.50	0.50	0.50
Risk-weighted assets	7,192,017	6,855,374	6,667,213	6,421,705
Incl.: Credit risk-weighted assets	6,775,195	6,455,659	6,256,306	6,040,408
Market risk-weighted assets	67,182	69,101	65,166	57,832
Operational risk-weighted assets	349,640	330,614	345,741	323,465
CET1 capital adequacy ratio (%)	8.92	8.49	8.97	8.51
Tier 1 capital adequacy ratio (%)	10.04	9.65	10.63	10.22
Capital adequacy ratio (%)	13.19	12.86	12.67	12.25

Notes:

(1) The capital adequacy ratios as at the end of the reporting period were measured in accordance with the Rules on Capital Management of Commercial Banks issued by the NFRA. In comparison, the capital adequacy ratios as at the end of the previous year were measured based on the Capital Rules of Commercial Banks (Trial) previously issued by the former CBIRC.

Net CET1 capital = CET1 capital – CET1 capital deduction items; net tier 1 capital = net CET1 capital + additional tier 1 capital – additional tier 1 capital deduction items; net total capital = net tier 1 capital + tier 2 capital – tier 2 capital deduction items.

(2) Additional capital requirements for systemically important banks: Systemically important banks shall satisfy the additional capital requirements, according to the PBC's Supplementary Regulatory Rules for Systemically Important Banks (Trial). The Bank made its way to the second group of domestic systematically important banks. It is subject to a capital surcharge of 0.5%, which means that the Bank's CET1 CAR, tier 1 CAR, and CAR shall not be lower than 8%, 9%, and 11%, respectively.

3.8.2 Leverage ratio

In RMB millions

	End of the reporting period		End of last year	
Item	The Group	The Bank	The Group	The Bank
Net tier 1 capital	722,048	661,820	708,482	656,277
Balance of on-and-off-balance sheet assets after adjustment	11,452,352	11,195,184	10,680,635	10,473,733
Leverage ratio (%)	6.30	5.91	6.63	6.27

Note: Systemically important banks shall satisfy the additional leverage ratio requirements, according to the PBC's Supplementary Regulatory Rules for Systemically Important Banks (Trial). The Bank made its way to the second group of domestic systematically important banks. It should meet an applicable additional leverage ratio requirement of 0.25%, which means that the Bank's leverage ratio shall not be lower than 4.25%.

3.8.3 Liquidity coverage ratio

In RMB millions

The Group	End of the reporting period
Quality current assets	930,826
Net cash outflow	607,627
Liquidity coverage ratio (%)	153.19

3.8.4 Net stable funding ratio

In RMB millions

The Group	31 December 2024	30 September 2024	30 June 2024	31 March 2024
Net stable funding ratio (%)	103.71	104.54	104.92	103.60
Stable funds available	5,010,503	4,996,061	4,992,334	4,968,870
Stable funds needed	4,831,168	4,779,093	4,758,376	4,796,018

3.8.5 Other regulatory financial indicators of the Bank for the past three years

Item (%)	Regulatory standard	End of the reporting period	End of last year	At the end of 2022
CAR	≥11	12.86	12.25	13.31
Tier 1 CAR	≥9	9.65	10.22	10.63
CET1 CAR	≥8	8.49	8.51	8.79
Asset liquidity ratio – RMB	≥25	55.53	50.62	50.67
Asset liquidity ratio – RMB and foreign currencies combined	≥25	55.54	50.91	50.85
Proportion of loans to the single biggest customer to net capital	≤10	2.99	3.05	2.54
Proportion of loans to the top ten customers to net capital	≤50	12.65	14.71	12.76
Allowance to NPLs	≥130	182.26	170.19	155.28
Allowance to total loans ratio	≥1.8	2.45	2.49	2.33

Notes:

(1) In the table, the capital adequacy ratios, asset liquidity ratios, proportion of loans to the single biggest customer, proportion of loans to the top ten customers, allowance to NPLs, and allowance to total loans ratio are calculated based on data submitted to the regulator, under the data standard of the parent company.

(2) As per the provisions set out in the Notice on Adjusting Regulatory Requirements for Allowance for Loan Losses at Commercial Banks, all joint-stock banks shall adopt the regulatory standard of putting their allowance to NPLs and allowance to total loans ratio under differentiated and dynamic adjustment.

3.9 Business Overview of the Bank

3.9.1 Principal business

As approved, the main business of the Bank covers: absorption of public deposits, grant of short-term, middle-term and long-term loans, settlement, bill discounting, issuance of financial bonds, agency issuance, agency cashing and underwriting of government bonds, purchase and sale of government bonds, interbank borrowing, L/C and L/G services, agency receipt and payment and agency insurance business, safe box business, foreign exchange proceeds deposits, foreign exchange loans, foreign exchange remittance, foreign currency exchange, international clearing, interbank foreign exchange borrowing, acceptance and discounting of foreign exchange instruments, foreign exchange borrowing, foreign exchange guarantee, settlement and surrendering of exchange, purchase and sale of foreign negotiable securities other than stocks per se or as agent, self-operation of foreign exchange trading, foreign exchange trading on an agency basis, bank card business, credit inquiry, consultation and attestation, offshore banking, portfolio investment and fund custody, publicly offered securities investment fund sales, and other businesses as approved.

3.9.2 Development of the banking industry

China's prudent monetary policy remains flexible, targeted, and effective. In 2024, the PBC implemented two reserve requirement ratio (RRR) cuts totaling 1 percentage point, which released approximately RMB2 trillion in long-term liquidity. It also adopted a combination of policy tools—including open market operations (OMO), medium-term lending facilities, and China Government Bond (CGB) transactions—to maintain reasonably ample liquidity in the banking system. Meanwhile, the central bank lowered policy rates twice by a combined 0.3 percentage point. These measures contributed to a steady decline in interest rates, further easing financing costs for enterprises and households. In December 2024, the weighted average interest rate on newly issued corporate loans (in both local and foreign currencies) stood at 3.43%, representing a year-on-year decrease of approximately 0.36 percentage point; the interest rate on newly issued personal housing loans (in both local and foreign currencies) was 3.11%, down about 0.88 percentage point year-on-year. Notably, since September 2024, in response to emerging economic challenges such as subdued effective demand and weak social expectations, financial regulatory authorities have introduced a comprehensive package of policies aimed at stabilizing the national economy, expanding domestic demand, and boosting market confidence.

In 2024, the Chinese banking industry continued to strengthen its support for the real economy while further optimizing the credit structure. Capital allocation increasingly prioritized the five priorities of the financial sector—technology finance, green finance, inclusive finance, pension finance, and digital finance—as well as key national strategies, critical sectors, and weak links, thereby contributing to the stabilization and improvement of economic performance. In line with the directives of the Central Financial Work Conference, the Chinese banking industry actively channeled financial resources toward the five priorities and under-served segments in the Chinese economy and society, promoting the development of new industries, business modes, and growth drivers. At the same time, against the backdrop of increasingly sophisticated financial risk control policies, the sector made notable progress in refining asset classification practices, diversifying and refining risk prevention indicators, and enhancing the identification, resolution, and revitalization of NPAs. With the rollout of the new capital regulations, the banking industry focused on establishing a comprehensive capital management system that spans the full business cycle, including capital planning, allocation, measurement, monitoring, performance evaluation, and disclosure. Continued efforts were made to advance the development and application of advanced measurement approaches. Furthermore, the digital transformation of the banking sector is accelerating, aimed at better meeting the needs of both the broader economy and the general public.

3.9.3 Performance of main business lines

3.9.3.1 Corporate banking business

During the reporting period, the Bank continued to deepen its customer management strategy, enhance service quality, and provide strong support for the real economy. It remained committed to delivering comprehensive and professional financial services to customers across a wide range of areas, including commercial lending, transaction banking, investment banking, e-banking, cross-border business, and offshore banking. In advancing the development of a “four-tier, four-category” corporate client management framework, the Bank steadily expanded and consolidated its client base, driving transformation and growth. As at the end of the reporting period, the number of corporate clients reached 2,368,500, representing an increase of 130,100 compared with the end of the previous year. Net operating income from corporate banking business amounted to RMB61,081 million during the reporting period.

Corporate loan business

The Bank proactively supported the development of the real economy, with a focus on manufacturing and strategic emerging industries. As at the end of the reporting period, the parent company’s total corporate loans (including discounted bills) amounted to RMB3,386,723 million, an increase of RMB334,298 million, or 10.95%, from the end of the previous year. From an industry perspective, the Bank remained firmly committed to supporting the real economy and promoting the stable development of the manufacturing sector. As at the end of the reporting period, manufacturing loans extended by the parent company amounted to RMB654,479 million, an increase of RMB104,864 million or 19.08% from the end of the previous year—significantly outpacing the average loan growth rate. From a regional perspective, the Bank intensified its credit support for economically advanced and industrially concentrated areas, including the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region, and the Chengdu-Chongqing economic circle, with a continued increase in credit allocation to these key regions. In customer management, the Bank strengthened support for micro and small enterprises as well as private businesses, thereby consolidating and expanding its customer base. In parallel with increasing asset supply and improving returns, it fulfilled its responsibility of supporting the real economy through finance. In the meantime, the Bank capitalized on policy initiatives such as large-scale equipment upgrades and trade-ins for consumer goods to provide financing for equipment renewal and technological transformation in sectors including industry, transportation, building and urban infrastructure, agriculture, and rural development, thus stimulating corporate investment. During the reporting period, it signed 103 projects with a total contractual value of RMB19.5 billion. In the area of real estate, the Bank worked to support the delivery of pre-sold housing projects and implement the urban real estate financing coordination mechanism. It actively advanced financial services for the “three major projects”—government-subsidized housing development, the construction of flexible recreational facilities convertible to emergency structures, and shantytown redevelopment—

with a particular focus on supporting the construction and operation of government-subsidized and long-term rental housing. Additionally, the Bank established a new mode to facilitate the stable and healthy development of the real estate market. To implement key national policies, it established stock repo and shareholding increase loans, supported listed companies in stabilizing their stock prices and enhancing corporate value, and contributed to the restoration of market confidence.

Corporate deposit business

During the reporting period, the Bank responded promptly to market signals, stabilized business scale, and innovated product offerings to support the long-term and steady growth of deposits. As at the end of the reporting period, the parent company’s corporate deposit balance reached RMB3,535,358 million. Centered on market trends and customer needs, the Bank introduced a range of deposit products, such as the “Worry-Free Deposit”, further strengthening its capacity to deliver integrated and flexible financial services.

Investment banking business

During the reporting period, the Bank led the underwriting of 1,917 bonds worth RMB674,516 million, of which debt financing instruments amounted to RMB475,532 million. It also served as a lead underwriter for asset-backed notes (ABNs) totaling RMB12,408 million. Its M&A finance business continued to grow rapidly. Building momentum for innovation of the “SPDB M&A” brand, the Bank provided panoramic, full-spectrum M&A finance services through platforms such as “SPDB Investment Research”, “SPDB Investment Advisory”, “SPDB Investment”, “SPDB Investment and Financing”, and “SPDB Investment Service”, building a strong market reputation for “Choose SPD Bank for M&A”. As at the end of the reporting period, the Bank’s domestic and overseas M&A financing balance reached RMB207,625 million, with newly issued M&A loans totaling RMB77,488 million during the period. In addition, the structured financing (matchmaking) business was upgraded to better address customers’ diverse financing needs and strengthen service capabilities by leveraging credit resources.

Cash management business

During the reporting period, adopting a customer-centric approach, the Bank developed a GBC scenario-based ecosystem and launched flagship products such as cloud-based fund supervision and “SPDB Shopkeeper”, offering customers integrated solutions for fund collection, management, and payment. Over 10,000 new scenario-based customers were acquired. In addition, the Bank introduced 37 service scenarios covering areas such as judicial case management, housing construction, education and training, public resource management, and investment and financing. These scenarios contributed to a net increase of over RMB18 billion in low-cost settlement deposits (daily average).

Strategic customer management

During the reporting period, the Bank established a new system for managing strategic customer groups across the Head Office and branches, enhancing its capabilities in platform building, ecosystem development, value creation, and industry leadership. The goal was to achieve comprehensive product coverage, full-element insights, end-to-end service coverage, and holistic value realization. Centering on seven key industry focuses—headquarters advantage, strategic pillars of a major power, transportation strength, cutting-edge technologies, industrial foundation, national security and people’s livelihoods, and the digital economy—the Bank fully leveraged the strategic customer management value, platform strength, and social impact of its Head Office and branches to drive value creation and high-quality development. As at the end of the reporting period, the balance of corporate RMB deposits from and corporate RMB loans (including commercial papers) to the Head Office's strategic customers stood at RMB886.2 billion and RMB772.6 billion, respectively.

Institutional customer management

During the reporting period, the Bank focused on key business scenarios such as centralized treasury payments, non-tax revenue collection, and housing provident fund management. By integrating its competitive product offerings, it deepened comprehensive service capabilities for major institutional customers in areas including finance, social security, housing construction, public administration, education, and healthcare, continuously enhancing the customer experience. As at the end of the reporting period, the balance of RMB deposits from institutional corporate clients exceeded RMB600 billion. Firmly committed to serving government agencies and people's well-being, the Bank built a professional service system for a wide range of institutional customers, such as Party and government bodies at all levels, public institutions, and social organizations nationwide. In 2024, the Bank was granted—for the first time—qualifications to serve as an agency bank for the collection of non-tax revenues for the central government and for direct payments from the central fiscal treasury, thereby achieving full coverage of central-level fiscal service qualifications. Empowered by digital and intelligent technologies, the Bank developed a full-scenario ecosystem and launched customized service solutions tailored to regional needs, further enhancing its professional service capabilities.

For more information, please refer to Section 3.2.2 "Five priorities tracks" regarding technology finance, supply chain finance, inclusive finance, and cross-border finance, as well as Section 3.2.7 "Developing five priorities of the financial sector with solid efforts" on green finance.

3.9.3.2 Retail banking business

During the reporting period, the Bank continued to advance the development of its retail banking business. Adhering to a customer-centric approach and committed to creating value for customers, it actively implemented its digitalization & intelligentization strategy, made steady progress in establishing the "1-3-5-N" retail customer management framework, integrated group-wide resources, and strengthened internal collaboration with the goal of becoming customers' primary account bank. The Bank enhanced both online and offline service experiences and upgraded its scenario-based, personalized, and professional customer segment management capabilities. Focusing on the wealth and asset management segment, the Bank reinforced its dual engines of wealth management and asset management, enhanced its professional investment research and asset allocation capabilities, expanded its product offerings, and launched the "SPDB Peaceful Life" wealth management trust account to deliver full-cycle wealth management services. It also introduced the "SPDB Golden Pension" pension finance brand and the "1-2-3-4-5" pension finance service system to comprehensively address customers' financial and non-financial service needs. During the reporting period, net operating income from retail banking reached RMB54,435 million.

Personal customers and deposits

During the reporting period, the Bank actively responded to market dynamics, stabilized its business scale, reduced funding costs, and promoted the high-quality growth of deposit operations. It diversified its deposit product offerings and supporting functions, proactively implemented the new regulatory policies on call deposits, and focused on customers and scenarios, centered upon managing key fund flows and target customer segments to strengthen its capability in expanding settlement deposits. The interest cost of the Bank remained at a relatively low level compared to industry peers. As at the end of the reporting period, the Bank had 157 million personal customers (including credit card users), and the balance of personal deposits amounted to RMB1,550,383 million, representing an increase of RMB170,164 million, or 12.33%, compared with the end of the previous year.

Debit card and payment settlement business

In terms of debit cards, the Bank recorded RMB1,728 million in payment and settlement income during the reporting period. As at the end of the reporting period, the total number of debit cards issued reached 107.61 million; the number of monthly active online payment customers was 10.864 million, with 2,798 million transactions totaling RMB1.26 trillion. The Bank successfully launched the “SPDB Preferential Payment” service brand, in alignment with national policies to stimulate domestic demand and promote consumption. It actively carried out a series of promotional campaigns such as “Monthly Top Ten Offers”, “Splendid SPDB”, and “Senior Citizen Payment Day”, providing benefits to inclusive finance users and elderly customer groups. In acquiring services, the Bank earnestly implemented fee-reduction and benefit-sharing policies by offering preferential card acquiring rates to micro and small enterprises and self-employed individuals, as well as key sectors including real estate, automotive, healthcare, and education. Centering efforts on optimizing payment services in areas such as foreign card acceptance, cash services, foreign currency exchange, account services, and elder-friendly adaptations, the Bank comprehensively improved payment service satisfaction and accessibility for customer groups such as foreign visitors and senior citizens.

Wealth management business

During the reporting period, the Bank focused on the wealth and asset management finance segment, advancing platform-based, digital, ecosystem-oriented, and professional development of wealth management services. It offered investment research-driven asset allocation services, strengthened group-wide collaboration, enhanced the quality of core products, and improved the service capabilities of its professional teams. In support of inclusive finance and pension finance development, the Bank launched the “SPDB Golden Pension” service framework. As at the end of the reporting period, the balance of personal financial assets under management (including market value) reached RMB3.88 trillion, representing an increase of RMB0.20 trillion from the end of the previous year.

Private banking business

During the reporting period, the Bank’s private banking segment fully leveraged its wealth and asset management ecosystem, deepened the integration of corporate and private banking services, and coordinated group-wide resources to launch the “SPDB Enterprise Star” service platform tailored to entrepreneur clients. At the same time, it introduced the “SPDB Peaceful Life” account system to offer distinctive products and enhance the delivery of comprehensive, customized services. As at the end of the reporting period, the Bank had over 49,000 private banking customers (monthly average daily financial assets of RMB6 million or above) and managed their financial assets worth over RMB690 billion.

Retail credit business

During the reporting period, the Bank continued to strengthen its development foundation by targeting consumer loans toward key customer groups, diversifying operational approaches, and enhancing product competitiveness. It promoted the orderly and balanced growth of personal housing and consumer loans, embedding financial credit services into various aspects of everyday life. For personal housing mortgage loans, the Bank firmly implemented national policies and adopted city-specific strategies, consistently meeting customers' housing-related financing needs. It refined regional and channel strategies based on market changes to ensure the stable and sound development of personal housing loans and support residents' housing demands. In terms of personal consumer loans, the Bank aligned with macroeconomic trends by continuously enhancing flagship consumer loan products such as "SPDB Flash Loan" and "iCar Loan", accelerating the integration of consumer loans into real-life consumption scenarios to meet diverse customer needs and provide convenient financial services. The retail loan balance stood at RMB1.88 trillion, an increase of RMB24,319 million or 1.31% from the end of the previous year.

Credit card business

The Bank remained committed to a value-driven customer management approach and achieved integrated development in its credit card business. It pioneered a dual-card issuance mode that combines credit and debit cards and introduced exclusive products such as the "SPD Profit Card", targeting customers in agency payroll, retail lending, and wealth management segments. Through its mobile apps, the Bank deepened integrated operations, delivering diversified and differentiated financial services to high-quality customers. To support the green and integrated development of the Yangtze River Delta and contribute to the advancement of the Shanghai International Financial Center, the Bank launched a new Jiangnan-themed card. With a focus on daily consumption scenarios, it continued to build a comprehensive ecosystem encompassing both online and offline scenarios related to people's livelihoods. The Bank leveraged inclusive mechanisms to boost domestic consumption and accelerate overseas spending initiatives through cross-border finance offerings. By integrating merchant networks, shopping districts, automotive, inclusive trading, and other scenarios, the Bank introduced initiatives such as installment discounts for 3C home appliance trade-ins to enhance the breadth and depth of inclusive finance. It expanded its installment business for the NEV sector and actively promoted strategic Head Office-to-headquarters partnerships with leading NEV brands. On the risk management front, the Bank strengthened its capabilities by continuously updating risk control strategies, refining quality assessment measures for new customers, optimizing differentiated risk pricing strategies, and improving overall collection efficiency. These efforts led to year-on-year declines in both risk costs and NPLs. The Bank also advanced its technology-driven operations and precision management to digitally empower customer engagement, product innovation, and business operations. During the reporting period, the new distributed core system for credit cards was launched, further enhancing the Bank's digital and intelligent capabilities. As at the end of the reporting period, the credit card overdraft balance stood at RMB370,223 million, representing a 3.99% decrease from the end of the previous year. The Joyful SPD Credit Card app recorded 29.16 million monthly active users, an increase of 2 million, or 7.36%, year-on-year.

For more information, please refer to Section 3.2.2 "Five priorities tracks" regarding wealth and asset management finance, as well as Section 3.2.7 "Developing five priorities of the financial sector with solid efforts" on pension finance.

3.9.3.3 Financial market and financial institution business

During the reporting period, the Bank actively supported the implementation of national strategies, effectively served the real economy, and responded to the diversified needs of its customers. By leveraging industry-leading expertise, continuous innovation, and advanced digital and intelligent technologies, the Bank strengthened its core competitiveness and expanded its market influence. As at the end of the reporting period, the scale of fund assets operated by the Bank reached RMB2.3 trillion.

Financial institution business

During the reporting period, the Bank adopted a customer-centric approach, strengthened management of financial institution customers, and fostered a collaborative ecosystem. As at the end of the reporting period, it served approximately 3,300 primary legal entity clients among the financial institutions in cooperation. Aligned with the five priorities of the financial industry and the goal of building Shanghai into five international centers, the Bank deepened strategic cooperation and coordination with financial factor markets, cumulatively obtaining 80 business qualifications of various types. Working closely with non-bank financial institutions such as securities firms, fund managers, and insurance companies, the Bank leveraged complementary licenses to drive comprehensive integration across customers, products, services, strategies, brands, and ecosystems. Drawing on its strong presence in the Yangtze River Delta, the Bank advanced regional cooperation with local financial institutions to support economic development. Additionally, it actively implemented the digitalization & intelligentization strategy by building a closed-loop marketing system around key business scenarios and continued to promote its “Bund 12” cooperation salon for peer institutions to enhance brand influence.

Investment transaction business

Regarding “proprietary investment trading” and “agency business” as two drivers, the Bank embraced a new paradigm of digital and intelligent transformation and enhanced its financial market business mode characterized by differentiated, specialized, and distinctive operations. During the reporting period, the Bank strengthened market research and strategic execution, steadily enhancing portfolio income. The scale of income-generating bond investments exceeded RMB1 trillion. It reinforced proactive liability management, with outstanding bills sold for repo and re-discounted bills both ranking first in the market. The Bank consistently delivered professional risk hedging services. Its “SPDB Risk Hedging” business served over 25,000 corporate clients of various types during the period. The Bank continued the annual publication of Blue Book on Market Outlook of SPDB Risk Hedging , leveraging its market proximity and integrated investment research capabilities to channel financial resources in support of the high-quality development of the real economy.

Asset custody business

During the reporting period, the Bank focused on strategy-driven growth and optimized coordinated integration, maintaining a custody scale of over RMB1 trillion for the fourth consecutive year. The custody scale of newly issued mutual funds during the period exceeded RMB100 billion, ranking second in the industry. The Bank also deepened its involvement in private fund custody services, becoming the custodian of a pioneering RMB100 billion-level industrial fund in Shanghai. As at the end of the reporting period, the asset custody business had a scale of RMB18.13 trillion. During the reporting period, the business generated a total of RMB2,314 million of custody fee income.

Asset management business

During the reporting period, SPDB Wealth Management Co., Ltd., a wholly owned subsidiary of the Bank, continued to promote high-quality development in both its wealth management and asset management businesses. The company consistently optimized its "Rixin Yueyi" product portfolio, actively strengthened investment research capabilities, and maintained stable business performance. As at the end of the reporting period, SPDB Wealth Management reported a total product scale (including entrusted assets) of RMB1,319,578 million, an increase of RMB301,174 million or 29.57% compared with the end of the previous year—ranking among the leaders in the industry. Leveraging its advantages as a bank-affiliated wealth management institution, it provided strong support for the development of China as a financial powerhouse, the advancement of the five priorities of the financial sector, and the establishment of Shanghai as five international centers. In the areas of technology finance, green finance, and inclusive finance, SPDB Wealth Management achieved asset balances exceeding RMB40 billion, RMB25 billion, and RMB20 billion, respectively, with annual growth rates surpassing 50%, 35%, and 20%.

3.9.4 Outlet building

The Bank implements a first-class legal entity system and adopts a mechanism of Head Office and branches. According to principles of economic efficiency and economic divisions and based on the layout of commercial banks across the nation, it established branches and sub-branches in medium and large cities, and important central cities in coastal areas, the northeast, the central and west areas. As at the end of the reporting period, it had established 42 tier-one branches and 1,708 banking outlets in 31 provinces, autonomous regions and municipalities directly under the central government, Hong Kong SAR, Singapore, and London.

Region	Institution name	Address	Number of employees (Person)	Number of organs under its jurisdiction	Total assets (in RMB millions)
Head Office	Head Office	No. 12 Zhongshan Dongyi Road, Shanghai	8,635	1,707	4,509,109
	Credit Card Center	SPD Bank Building, No. 588 Pudong South Road, Pudong New Area, Shanghai	10,417	-	349,992
	Sub-total		19,052	1,707	4,859,101
	Shanghai Branch	No. 588 Pudong South Road,	4,575	181	1,662,990

		Pudong New Area, Shanghai			
Yangtze River Delta Region	Hangzhou Branch	No. 129 Yan'an Road, Hubin Sub-district, Shangcheng District, Hangzhou	2,656	90	386,364
	Ningbo Branch	No. 21 Jiangxia Street, Ningbo	1,206	41	155,652
	Nanjing Branch	No. 303 Zhongshan East Road, Xuanwu District, Nanjing	2,904	110	360,719
	Suzhou Branch	No. 718 Zhongyuan Road, Industrial Park, Suzhou	968	31	117,416
	Hefei Branch	No. 2608 Hangzhou Road, Binhu District, Hefei	1,239	46	124,823
	Shanghai Free Trade Zone Branch	Floor 22, SPD Bank Building, No. 588 Pudong South Road, Pudong New Area, Shanghai	37	-	71,848
	Sub-total		13,585	499	2,879,812
Pearl River Delta and West Side of Taiwan Strait	Guangzhou Branch	No. 12 Zhujiang West Road, Tianhe District, Guangzhou	2,257	94	301,929
	Shenzhen Branch	No. 88 Pucheng Road, Luohu District, Shenzhen	1,886	62	362,602
	Fuzhou Branch	1# Building, Fumin Times Square, No. 66 Aofeng Road, Aofeng Sub-district, Taijiang District, Fuzhou	704	51	65,014
	Xiamen Branch	No. 666-1 Xiahe Road, Siming District, Xiamen	290	13	25,451

	Sub-total		5,137	220	754,996
Bohai Rim	Beijing Branch	No. 18 Taipingqiao Avenue, Xicheng District, Beijing	2,166	92	573,429
	Tianjin Branch	No. 9+ Binshui Avenue, Hexi District, Tianjin	1,249	38	178,959
	Ji'nan Branch	No. 139 Heihuquan West Road, Lixia District, Ji'nan	1,271	61	97,018
	Qingdao Branch	No. 188 Haier Road, Qingdao	984	34	116,858
	Shijiazhuang Branch	No. 133 Yuhua East Road, Chang'an District, Shijiazhuang	849	35	81,166
	Hebei Xiongan Branch	Northwest corner of the intersection of Baiyangdian Street and Rongmei Road, Rongcheng County, Baoding City	23	-	5,205
	Sub-total		6,542	260	1,052,635
Central China	Zhengzhou Branch	No. 299 Jinshui Road, Zhengzhou	1,825	97	248,519
	Wuhan Branch	No. 218 Xinhua Road, Jianghan District, Wuhan	1,061	51	96,405
	Taiyuan Branch	No. 180 Yingze Street, Taiyuan	992	50	103,229
	Changsha Branch	No. 102 Chazishan East Road, Binjiang New Town, Changsha	959	51	83,545

	Nanchang Branch	No. 1402 Hongguzhong Avenue, Nanchang	717	37	60,461
	Haikou Branch	No. 57 Guoxing Avenue, Meilan District, Haikou	203	6	15,239
	Sub-total		5,757	292	607,398
Western China	Chongqing Branch	No. 78 Star Avenue, High-tech Park, Northern New District, Chongqing	778	29	113,426
	Kunming Branch	F/1-3 and F/17-19, Global Finance Center, Dongfeng West Road, Kunming	704	32	63,190
	Chengdu Branch	No. 22 East II Section, 2nd Ring Road, Chenghua District, Chengdu	819	22	116,650
	Xi'an Branch	No. 6 Jinye Road, High-tech Zone, Xi'an	1,248	63	171,215
	Nanning Branch	No. 22 Jinpu Road, Nanning, Guangxi Zhuang Autonomous Region	617	24	75,900
	Urumqi Branch	No. 379 Xinhua South Road, Urumqi	489	21	37,663
	Hohhot Branch	No. 18 Chilechuan Street, Saihan District, Hohhot	533	23	56,345
	Lanzhou Branch	No. 2 Qingyang Road, Chengguan District, Lanzhou City	464	22	32,035

	Guiyang Branch	Part B of Zhongtian Exhibition Town, Guanshanhu District, Guiyang	373	15	37,668
	Xining Branch	Room 84-16, No. 1 Building, No. 84 Wusi West Road, Chengxi District, Xining City	212	7	9,358
	Yinchuan Branch	No. 51 Xinhua East Street, Xingqing District, Yinchuan	182	6	13,285
	Lhasa Branch	No. 1 Commerce Building, No. 48 Beijingzhong Road, Chengguan District, Lhasa	126	1	13,676
	Sub-total		6,545	265	740,411
Northeastern China	Dalian Branch	No. 45 Huizhan Road, Shahekou District, Dalian	901	48	112,799
	Shenyang Branch	No. 326 Fengtian Street, Shenhe District, Shenyang	701	29	57,199
	Harbin Branch	No. 226 Hongqi Street, Nangang District, Harbin	690	33	67,525
	Changchun Branch	Floor 6, Building B, No. 3518 Renmin Street, Nanguan District, Changchun	498	19	42,734
	Sub-total		2,790	129	280,257
Overseas	Hong Kong Branch	Floor 30, SPD Bank Tower, No. 1 Hennessy Road, Hong Kong	285	-	153,714

	Singapore Branch	12 Marina Boulevard, #34-01, MBFC Tower 3, Singapore	108	-	49,371
	London Branch	19th floor,1 Angel Court London, EC2R 7HJ	58	-	17,281
	Sub-total		451	-	220,366
Aggregate adjustment			-	42	-2,254,169
Total			59,859	1,707	9,140,807

Note: The sums of columns, such as the number of employees, number of organs under jurisdiction, and total assets, do not include the data of the controlled subsidiaries. The number of employees comprises all types of workers, which are divided into 56,760 contracted employees and 3,099 outsourced service workers.

3.9.5 Analysis of major holding and participating companies

3.9.5.1 External equity investments

In RMB millions

	End of the reporting period	End of last year	Change	Change rate (%)
Investment balance in joint ventures	1,464	2,458	-994	-40.44
Investment balance in associates	343	367	-24	-6.54

Notes:

(1) As at the end of the reporting period, the joint venture of the Bank was AXA SPDB Investment Managers Co., Ltd. During the reporting period, the Bank included Shanghai Innovation Bank Co., Ltd. (the former SPD Silicon Valley Bank Co., Ltd.) in the consolidated financial statements.

(2) Associates included China Trust Registration Corporation Limited, Shanghai Commercial Paper Exchange Corporation Ltd., and more.

3.9.5.2 Interests in unlisted financial enterprises

In RMB millions

Investee	Investment balance	Stake in the company (%)	Book value at the end of the period	Profit/loss during the reporting period	Other changes in owner’s equity during the reporting period	Accounting item
AXA SPDB Investment Managers Co., Ltd.	612	51.00	1,464	130	-1	Long-term equity investment
Shenlian International Investment Co., Ltd.	286	16.50	670	-	152	Financial investments: Other equity instrument investments
China UnionPay Co., Ltd.	104	3.07	1,874	52	918	Financial investments: Other equity instrument investments
National Financing Guarantee Fund Co., Ltd.	2,000	3.03	2,117	-	117	Financial investments: Other equity instrument investments
National Green Development Fund Co., Ltd.	2,450	7.91	2,591	-	1,016	Financial investments: Other equity instrument investments
China Trust Registration Corporation Limited	100	3.33	89	-7	-	Long-term equity investment
China Trust Protection Fund Co., Ltd.	500	4.35	623	-	-	Financial investments: Held-for-trading

						financial assets
Shanghai Life Insurance Co., Ltd.	80	1.33	-	-	-	Financial investments: Held-for-trading financial assets
Total	6,132		9,428	175	2,202	

Note: Profit/loss during the reporting period refers to the influence of the investment on profit of the Group during the reporting period.

3.9.5.3 Analysis of major investee companies of the Group

Shanghai Trust

Shanghai International Trust Co., Ltd., established in 1981, is one of the earliest trust companies in China. In March 2016, the Bank completed the purchase of Shanghai Trust's equity by issuing ordinary shares to Shanghai Trust's original shareholder, Shanghai International Group Co., Ltd. and became the controlling shareholder of Shanghai Trust. Shanghai Trust has a registered capital of RMB5 billion, in which the Bank holds 97.33% shares. Shanghai Trust actively advances its return to its founding mission in accordance with the requirements for dividing trust business into three types. It endeavors to foster capabilities for conducting active management, empowering the real economy, and catering to the aspirations of the Chinese people for a better life. Concurrently, it constantly innovates business and management modes. As a result, it has built up its brand image in the market and witnessed a leading comprehensive strength among trust companies in China.

As at the end of the reporting period, assets under the consolidated management of Shanghai Trust amounted to RMB914,405 million and the net assets amounted to RMB25,623 million. During the reporting period, Shanghai Trust achieved an operating income of consolidated statement of RMB3,140 million and a net profit of RMB957 million.

SPDB Financial Leasing

SPDB Financial Leasing Co., Ltd., established in April 2012, is China's first financial leasing company integrating financial capital and industry capital. SPDB Financial Leasing has a registered capital of RMB6,403,574,436, in which the Bank holds 69.564% shares. Relying on the powerful platforms and advantageous resources of all shareholders, SPDB Financial Leasing fully exploits the functional characteristics of financial leasing as a combination of industry and finance on the one hand and a mix of funds and goods financing on the other hand. It focuses on the development of aviation, shipping, aerospace, advanced manufacturing, green finance and other fields, and is dedicated to providing customers with professional, featured and innovative financial leasing products and services.

As at the end of the reporting period, the total assets of SPDB Financial Leasing reached RMB153,424 million and the net assets amounted to RMB16,263 million. During the reporting period, SPDB Financial Leasing achieved an operating income of RMB9,236 million and a net profit of RMB1.32 billion.

SPDB Wealth Management

SPDB Wealth Management Co., Ltd., established in January 2022 with a registered capital of RMB5 billion, is a wholly-owned subsidiary of the Bank. Aligning itself with world-class asset management institutions, SPDB Wealth Management aims to make professional investments and reward investors' trust with considerable returns. Assets under management and client base have steadily increased, while investment performance remains stable. It strives to develop into a leading asset management institution in China, which features distinctive product R&D, integrated investment research, diversified sales channels, and digitalization.

As at the end of the reporting period, wealth management products of SPDB Wealth Management totaled RMB1,319,578 million. During the reporting period, it achieved an operating income of RMB1,977 million and a net profit of RMB1,161 million.

SPDB International

SPDB International Holdings Limited ("SPDB International") was opened officially in Hong Kong in March 2015 as a wholly-owned subsidiary of the Bank. SPDB International has licenses of Type 1 "dealing in securities", Type 4 "advising on securities", Type 6 "advising on corporate finance", Type 9 "asset management", listing sponsorship, securities brokerage and other regulated activities from Hong Kong Securities and Futures Commission and has established a full-licensed investment banking platform. SPDB International focuses on serving customers' cross-border investment and financing demands and provides integrated and diversified financial services including listing sponsor, M&A, securities underwriting, financial advisory, investment management, enterprise financing advisory, publicly and privately offered asset management, and securities trading, leveraging its domestic market presence and marketing channels, thus achieving the linkage and complementation of investment banking business and commercial banking business.

As at the end of the reporting period, the total assets of SPDB International reached HKD20,874 million and the net assets amounted to HKD2,104 million. During the reporting period, SPDB International registered a business income of HKD783 million and a net profit of HKD-678 million, mainly due to the tightening monetary policy of the US Federal Reserve and the significant volatility of the Hong Kong capital market.

Shanghai Innovation Bank

Shanghai Innovation Bank Co., Ltd., formerly SPD Silicon Valley Bank Co., Ltd., was established in August 2012. It currently has a registered capital of RMB1 billion, in which the Bank holds 100% shares. Shanghai Innovation Bank devotes itself to serving China's technological innovation enterprises and builds a "technological innovation ecosystem" in China. It strives to become the premier bank of China's technological innovation enterprises and their investors.

As at the end of the reporting period, the total assets of Shanghai Innovation Bank reached RMB22,085 million and the net assets amounted to RMB2,215 million. During the reporting period, Shanghai Innovation Bank achieved an operating income of RMB456 million and a net profit of RMB71 million.

AXA SPDB Investment Managers

AXA SPDB Investment Managers Co., Ltd. is a fund management joint venture established in August 2007. AXA SPDB Investment Managers has a registered capital of RMB1.2 billion, in which the Bank holds 51% shares. With the strategic positioning as a multi-asset management expert, AXA SPDB Investment Managers makes simultaneous progress in three major business areas, namely mutual funds, separately managed account (SMA) funds and special assets of subsidiaries, and achieves breakthroughs in market position, investment research management, customer management, product development and other aspects, in a bid to steadily expand its asset scale. Boasting a diversified business structure that covers equity, fixed income, quantitative, alternative and other asset management products, it provides one-stop quality products and services. AXA SPDB Investment Managers is committed to creating long-term sustainable value for investors and becoming an industry-leading multi-asset management expert.

As at the end of the reporting period, the AUM of AXA SPDB Investment Managers reached RMB530 billion and the net assets amounted to RMB2,871 million. During the reporting period, AXA SPDB Investment Managers achieved an operating income of RMB1,276 million and a net profit of RMB253 million.

SPD rural banks

SPD rural banks are banking financial institutions, each with an independent legal person status, incorporated by the Bank to implement the decisions and plans of the CPC Central Committee and State Council on the work of agriculture, rural areas, and rural residents and to better serve national strategies, fulfill its corporate social responsibilities (CSR), and develop inclusive finance. The Bank incorporated its first SPD rural bank in Mianzhu, Sichuan in 2008. As at the end of the reporting period, a total of 28 SPD rural banks were established in 19 provinces and cities of China, more than 70% of which are located in the central, western and northeastern parts of the country. SPD rural banks are committed to serving agriculture, rural areas and farmers and supporting micro and small enterprises in the county areas. Closely aligned with the rural revitalization strategy of China and the Group's development plans, they position themselves as "small yet significant" financial institutions engaged in "supporting agriculture and micro and small enterprises". Guided by the "small-amount and decentralized" business tenet, they made solid strides in conducting customer management, supporting the development of rural economy, and alleviating the financing difficulties of farmers and micro and small enterprises. To date, they have played a significant role in providing high-quality financial services in the countryside. In 2024, three SPD rural banks were listed among "China's Top 100 Rural Banks".

As at the end of the reporting period, 28 SPD rural banks possessed total assets of RMB40,221 million. Their deposit balance was RMB33,186 million and loan balance was RMB22,439 million. They had 1,433.2 thousand settlement customers and 54.9 thousand loan customers, with an average loan size of RMB408,800 per account. SPD rural banks faithfully practiced the inclusive finance policy. During the reporting period, 28 SPD rural banks achieved an operating income of RMB693 million and a net profit of RMB-69 million.

3.9.6 Business development of overseas branches

Established in 2011, Hong Kong Branch is the Bank's first overseas branch and provides a comprehensive range of corporate banking services, including deposits, settlements, trade financing, bilateral and syndicated loans, bond underwriting, cross-border M&As, and asset custody. It also engages in financial market business such as the "SPDB Risk Hedging" agency service, FX trading, and interbank clearing. The branch offers private wealth management services and demonstrates distinct strengths in syndicated loan arrangements, bond underwriting, cross-border M&As, and risk hedging services. During the reporting period, Hong Kong Branch continuously enhanced customer relationship management, optimized its business structure, leveraged its advantages in corporate banking, increased the allocation of high-quality assets, and actively expanded financial market transactions on an agency basis, private banking, and wealth management services. It also strengthened risk control and compliance management, supporting steady business growth and sustainable development. The branch's operating income during the period reached RMB1,099 million.

Singapore Branch obtained its wholesale banking license from the Monetary Authority of Singapore (MAS) in March 2017 and officially commenced operations in April of the same year. Positioned in Singapore, the branch extends its business coverage across Southeast Asia, the Indian subcontinent, the Middle East, Australia, and New Zealand. Its core business areas include corporate banking, global financial markets, commodity trading, and wealth management. During the reporting period, Singapore Branch continued to serve as a vital bridge between China and Singapore, steadily enhancing its business capabilities, diversifying its product portfolio, and strengthening technology-driven operations. It recorded operating income equivalent to RMB496 million for the reporting period.

London Branch received regulatory approval for a banking license from the UK authorities in December 2017. As the Bank's first branch in Europe and its first outside of Asia, it represents a major milestone in advancing the Bank's internationalization strategy. The branch primarily provides corporate banking, financial markets, and financial institution services. During the reporting period, London Branch focused on serving the Bank's core clients within the European markets and time zones, while actively developing relationships with emerging clients and enhancing the Bank's brand presence across the region. It recorded operating income equivalent to RMB197 million during the period.

3.9.7 IT input

As at the end of the reporting period, the Group's IT investment totaled RMB7,169 million, marking an increase of RMB203 million, or 2.92%, compared with the end of the previous year.

3.10 Other Information Disclosed Pursuant to Regulatory Requirements

3.10.1 Interest receivable

As at the end of the reporting period, the details of interest receivables of the Group can be seen in the note disclosures of various financial assets and liabilities in financial statements.

In accordance with the Notice on the Revision and Issuance of the Format of Financial Statements Prepared by Financial Enterprises in 2018 issued by the Ministry of Finance, interest on financial instruments accrued by the effective interest rate method is reflected in the corresponding financial instrument statement items, and interest due and receivable but not yet collected is presented in the "Other assets" item.

Bad-debt provision for interest receivable

During the reporting period, the Group examined the interest receivable with the expected credit loss model as the basis and set aside allowance for losses of corresponding financial instruments. Details of the changes in the bad-debt provision for interest receivable can be seen in "Note V. 15. Assets impairment provision".

3.10.2 Repossessed assets and provision for impairment

In RMB millions

The Group	End of the reporting period	End of last year
Original value of repossessed assets	822	652
Less: Allowance for repossessed asset impairment	240	204
Net value of repossessed assets	582	448

3.10.3 Financial assets and liabilities measured at fair value

The internal control system in connection with measurement of fair value: For financial instruments traded in active markets, the determination of fair value is based on quoted market prices preferentially. For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques such as valuation model or third-party quotation.

The valuation techniques include the techniques referring to prices used in market transactions recently conducted by all parties being familiar with the situation and making the transaction voluntarily, the current fair value of other financial instruments that are essentially the same, and the discounted cash flow method. The valuation techniques should make use of market parameters as much as possible. However, when there are no market parameters, valuation should be made for credit spread, market volatility and correlation of the counterparty. Variation of these relevant assumptions will have impact on fair value of these financial instruments.

In RMB millions

Items in connection with the measurement of fair value	31 December 2023	Profit/loss on changes in fair value during the current period	Accumulated changes in fair value recorded into equity	Impairment accrued during the current period	31 December 2024
Financial assets					
1. Precious metals	17,526	2,536	-	-	23,062
2. Held-for-trading financial assets	780,226	-2,555	-	-	691,019
3. Derivative financial assets	56,311	36,441	-	-	89,590

4. Loans measured at fair value through profit or loss	7,784	49	-	-	3,533
5. Loans measured at fair value through other comprehensive income	370,748	-	77	-169	331,012
6. Other creditor's rights investments	618,017	18	7,073	470	782,438
7. Other equity instrument investments	6,730	-	720	-	9,029
Total	1,857,342	36,489	7,870	301	1,929,683
Financial liabilities					
1. Held-for-trading financial liabilities	10,207	3,058	-	-	33,172
2. Derivative financial liabilities	52,293	29,514	-	-	78,575
Total	62,500	32,572	-	-	111,747

Note: This table has no consequent articulation.

3.10.4 Entrusted asset management, asset securitization, various agency and custody businesses, and more

3.10.4.1 Wealth management business

During the reporting period, the Bank further advanced the development of its wealth and asset management finance segment. Centered on providing wealth management services for individual clients across their entire lifecycle, the Bank deepened group-wide collaboration, continuously expanded its product offerings, and strengthened investment research capabilities to support more effective asset allocation services. It introduced new products such as family service trusts and Cross-border Wealth Management Connect 2.0, while also optimizing digital and intelligent service capabilities to enhance the overall client experience. As at the end of the reporting period, the Bank's personal financial assets (including market value) totaled RMB3.88 trillion, and the product scale of SPDB Wealth Management reached RMB1,319,578 million.

3.10.4.2 Asset securitization business

During the reporting period, the Bank fully leveraged credit asset securitization to revitalize existing assets and optimize its asset structure. It successfully issued eight credit asset securitization projects, with a total business volume of RMB29,621 million, and efficiently disposed of NPAs through standardized transactions in the public market.

3.10.4.3 Custody business

During the reporting period, the Bank carried out a number of custody businesses such as securities investment funds custody, custody of assets of securities company, custody of separately managed account (SMA) fund products, custody of bank wealth management products, trust custody, custody of private equity funds, custody of insurance funds, custody of annuity and benefit schemes, custody of customer funds, custody of QDII/QFII products, custody of assets of futures company, and custody of direct equity. As at the end of the reporting period, the asset custody business had a scale of RMB18.13 trillion, an increase of 8.82% year-on-year. During the reporting period, the business generated a total of RMB2,314 million of custody fee income, up 1.85% year-on-year.

3.10.4.4 Trust business

The Bank accelerated the development of its trust business by proactively integrating it with the wealth management segment. Centered on client needs, it promoted the development of trust products to support diversified asset allocation. Anchored in a prudent and robust investment strategy, the Bank actively allocated fixed-income assets, continuously enriched its product offerings, and steadily advanced trust product distribution.

3.10.4.5 Funds and securities (agency) business

During the reporting period, the Bank upheld a client-centric approach in its fund and securities agency business. It enhanced customer investment experiences by intensifying market and product research, refining product strategy implementation, and promoting steady wealth growth under the guidance of asset allocation principles. In the insurance agency business, the Bank deepened bank-insurance collaboration, actively developed a comprehensive product and service portfolio focused on “wealth management, health protection, retirement planning, and wealth inheritance”, and provided clients with professional, integrated solutions for wealth preservation to better meet public demand for retirement security and wealth management.

3.10.5 Off-balance-sheet items that might exert material impact on financial position and business performance of the Bank

In RMB millions

The Group	End of the reporting period	End of last year
Credit commitments	1,985,466	2,009,029
Incl.: Bank’s acceptance bill	760,672	679,362
Letters of credit issued	277,511	261,517
Letters of guarantee issued	113,713	108,672
Credit card commitments	586,705	659,296
Other loan commitments	246,865	300,182
Capital commitments	7,849	17,056

3.10.6 Quality of liabilities

As at the end of the reporting period, the Group’s total liabilities amounted to RMB8,717,099 million, an increase of RMB442,736 million, or 5.35%, compared with the end of the previous year. The average cost ratio of liabilities was 2.20%, representing a year-on-year decrease of0.13 basis point.

During the reporting period, the Group enhanced liability quality management and effectively lowered interest-bearing costs. By focusing on the five priority tracks, it strengthened its client base and optimized its deposit structure. The proportion of personal deposits in total liabilities increased by 1.11 percentage points compared with the end of the previous year, contributing to improved deposit stability. The Group continued to refine its management of deposit volume, pricing, and quality. Total deposits reached RMB5.15 trillion, representing an increase of RMB161,329 million, or 3.24%, over the end of the previous year. Through efforts to reduce deposit concentration, rationalize deposit growth planning, and implement self-regulatory standards, the Group successfully lowered its cost of deposits by 19 basis points year-on-year.

3.11 Discussion and Analysis on Future Development

3.11.1 Landscape and development trend of the industry

In 2024, the Chinese banking industry demonstrated overall stability, characterized by the expansion of asset scale, continued improvements in financial services, steady enhancement of asset quality, overall adequate risk offsetting capabilities, and steady liquidity. As at the end of 2024, financial institutions in China's banking industry posted a total balance of local and foreign currency-denominated assets worth RMB444.6 trillion, up 6.5% year-on-year. Specifically, total local and foreign currency-denominated assets of large commercial banks amounted to RMB190.3 trillion, representing a year-on-year increase of 7.6% and accounting for 42.8%, while total local and foreign currency-denominated assets of joint-stock commercial banks stood at RMB74.2 trillion, marking a year-on-year increase of 4.7% and accounting for 16.7%. The NPL ratio of commercial banks was 1.50%. The CAR, tier 1 CAR, and CET1 CAR of commercial banks (excluding branches of foreign banks) in China were 15.74%, 12.57%, and 11.00%, respectively. The balance of provisions for loan losses was RMB6.9 trillion, the allowance to NPLs was 211.19%, and the allowance to total loans ratio was 3.18%. Currently, commercial banks are actively adjusting their strategies, with deepened reforms serving as the central theme of their development. They are enhancing internal risk controls and continuously optimizing the scale and structure of their asset and liability portfolios to deliver high-quality financial services that support economic and social development.

3.11.2 Possible risks confronting the Bank

From an economic and financial perspective, the global economy continues to face low growth, with major economies generally exhibiting weak recovery momentum. Domestically, China is at a critical juncture of structural adjustment and transformation, characterized by the interaction of cyclical and structural challenges. At the same time, international trade and investment growth has significantly slowed in recent years, impacted by a combination of risk factors including unilateralism, geopolitical tensions, and the restructuring of global supply chains. Policy shifts in major developed economies like the United States may still occur, and their effects on global trade and investment growth remain uncertain.

From the perspective of financial regulatory trends, the National Financial Work Conference has emphasized strengthening financial supervision by further improving the regulatory framework, enhancing enforcement and accountability, reinforcing regulatory coordination, and accelerating the closure of legal and institutional gaps. Efforts continue to focus on improving overall regulatory effectiveness. Financial regulatory authorities have intensified oversight of financial institutions, particularly in promoting high-quality inclusive finance, preventing and addressing illegal fundraising activities, and strengthening consumer protection. The recently released Measures for Data Security Management of Banking and Insurance Institutions mandate the establishment of a data security accountability system, the integration of data security risks into the comprehensive risk management framework, and stringent controls to safeguard financial data security.

Regarding the industry's competitive environment, under the dual pressures of insufficient effective demand in the real economy and regulatory guidance aimed at optimizing supply, the overall growth rate of bank lending has slowed since 2024. Net interest margins have narrowed due to the combined effects of declining interest rates on the asset side and an increasing preference for fixed-term deposits on the liability side. On the asset side, weak credit demand has made it difficult to maintain loan premiums, while low yields on bond investments continue to pressure asset returns. On the liability side, measures such as lowering nominal deposit rates and rectifying non-compliant practices through the self-regulatory mechanism for deposit interest rates have helped reduce deposit costs for banks. However, these benefits may be partially offset by a shift toward fixed-term deposits and deposit outflows, meaning improvements in funding costs require ongoing close monitoring.

3.11.3 Management measures for the next stage

In response to the current situation and the requirements of high-quality development, the Bank will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. It will thoroughly implement the guiding principles of the 20th CPC National Congress, the Second and Third Plenary Sessions of the 20th Central Committee, and the Central Economic Work Conference. The Bank will resolutely execute the decisions and plans set by the CPC Central Committee, the State Council, the CPC Shanghai Municipal Committee, the Shanghai Municipal People's Government, as well as relevant regulatory requirements. By fully, accurately, and comprehensively applying the new development philosophy, the Bank will focus on its digitalization & intelligentization strategy, uphold the core mission of "strengthening priority tracks, optimizing structure, controlling risks, and improving efficiency", and pursue the objective of high-quality development. It aims to build consensus, boost confidence, seize opportunities, and make bold progress to establish itself as a flagship financial brand within the Shanghai International Financial Center, enhance core competitiveness, fully accomplish all annual goals, and open a new chapter toward becoming a first-class joint-stock commercial bank with international competitiveness in all aspects. In 2025, the Bank will center its efforts on "one strategic core", uphold "three high requirements", strengthen "five priority tracks", focus on "eight key tasks", and reinforce "three types of guarantee"—collectively forming the "1-3-5-8-3" core operational measure framework. It will ensure unwavering implementation and sustained efforts to achieve outstanding results.

Centered around one strategic core: The Bank will continue to center on its digitalization & intelligentization strategy, adhere to a unified blueprint through to completion, and consistently drive the effective construction of the five digital pillars: digital infrastructure, digital products, digital operations, digital risk control, and digital ecosystems. It will further deepen the application of the digitalization & intelligentization strategy across the entire Group.

Upholding three high requirements: With high aspirations, the Bank will make every effort to support major national strategies and major tasks in Shanghai, presenting a renewed image of

Shanghai's financial sector and its leading enterprises. Committed to the path of high-quality development, it will continue to optimize the structures of assets, liabilities, and customer base, cultivate new growth drivers, and firmly uphold the bottom line of risk compliance to solidify the foundation for high-quality development. The Bank will focus on high-efficiency collaboration, further advancing integration across information systems, products and services, and institutional mechanisms for greater operational efficiency.

Strengthening five priority tracks: Technology finance will emphasize intelligent, full-process, online operations to build system-wide comparative advantages. Supply chain finance will upgrade and refine product offerings to consistently improve service quality and efficiency. Leveraging the loan center for micro and small enterprises and personal customers, along with the SPDB Inclusive Finance app, inclusive finance will build a highly efficient operation mode that blends online and offline channels. Cross-border finance will fully support the cross-border operations of strategic customers, continuously optimize settlement products and services, and develop a holistic cross-border financial service ecosystem. These efforts will establish the "SPDB Cross-Border Finance" brand image. Wealth and asset management finance will continue to position the Bank as the preferred wealth management bank for customers.

Focusing on eight key tasks: The Bank will adopt a customer-centric approach to expand the customer base. To grow and stabilize deposits, it will achieve breakthroughs in volume growth and optimize the structure of deposits. Centered on loan extension, the Bank will ensure that strategic tracks and key digital and intelligent products maintain a dominant share of incremental business. To stabilize revenue, it will continuously engage in structural optimization, product innovation, and pricing management. In expanding fee-based income, the Bank will accelerate the transition toward a capital-light operating mode. For comprehensive risk control, it will refine the risk compliance management system, further solidifying the foundation for high-quality development. To cultivate distinctive business lines, the Bank will keep enhancing market competitiveness in M&A, green finance, pension, and other advantaged businesses. By leveraging integrated platforms, it will enhance group-wide collaboration at a faster pace.

Reinforcing three types of guarantee: The Bank will continue to refine its end-to-end performance evaluation mechanism, with an increased emphasis on aligning assessment priorities with the execution of overarching strategies, optimizing related policies, and dynamically validating operational effectiveness. It will steadily enhance talent quality across all areas, earnestly advance the three-year talent development action plan, and comprehensively drive talent growth through the full chain of attraction, cultivation, selection, deployment, and incentivization. The Bank will also persist in enhancing comprehensive and refined management to build strong resilience for robust development.

3.12 Risk Management

3.12.1 Organizational structure of the Bank for risk management

The Bank establishes a well-structured risk governance framework with clearly defined responsibilities to specify the division of duties among the Board of Directors, the Board of Supervisors, Senior Management, and functional departments in terms of risk management, builds a risk management architecture that matches the risk profile of the primary-level outlets, and puts in place a multi-level and interconnected operation mechanism with effective checks and balances, all of which ensure that the policies, systems, and processes related to comprehensive risk management can be implemented at the Head Office and branches of all levels.

As the highest decision-making body of the Bank for comprehensive risk management, the Board of Directors takes the ultimate responsibility for the Bank's efforts in this regard. The Board of Supervisors assumes the supervisory responsibility for comprehensive risk management. The Senior Management carries out comprehensive risk management by implementing the resolutions of the Board of Directors and receiving the oversight of the Board of Supervisors. The Risk Control Committee of the Head Office, as a special committee under the Senior Management, conducts comprehensive risk management in accordance with the Bank's business strategy and overall objectives for risk management. Under the Risk Control Committee of the Head Office are the Credit Approval Committee, the Special Assets Management Committee, the Equity Investment Decision-making Committee, the Product Risk Review Committee, the Anti-money Laundering Steering Group, and the Credit Information Security Steering Group.

3.12.2 Risks facing the Bank

As a special enterprise engaged in currencies and credit, the Bank faces the following major risks in operation: credit risk, liquidity risk, market risk (including interest rate risk and exchange rate risk, etc.), operational risk (including settlement risk, technical risk, and system risk, etc.) as well as compliance risk, legal risk, IT risk, strategic risk, reputational risk, country risk, etc.

3.12.3 Statement on credit risk

During the reporting period, the Bank maintained stable and well-controlled overall credit risk. For five consecutive years, both the NPL balance and ratio have declined. The NPL ratio fell below 1.4% for the first time since 2014, reflecting a continued improvement in asset quality. Meanwhile, the allowance-to-NPL ratio exceeded 180% for the first time since 2015, indicating a steady enhancement in the Bank's risk mitigation capacity.

3.12.3.1 Policy making

Guided by its risk appetite and aligned with its annual strategic plan, resource allocation, business arrangements, and risk control objectives, the Bank further enhanced the management of various risk types. First, it issued the 2024 Risk Appetite Statement, broadened the coverage of appetite indicators, and continued to advance the implementation of a tiered indicator framework. Second, the Bank refined its risk appetite assessment mechanism to strengthen the binding effect of risk appetite. Third, it rigorously enforced risk appetite process management, enhanced daily monitoring and early warning measures, and reinforced the transmission and execution of risk appetite across the organization.

With regard to credit orientation, during the reporting period, the Bank formulated the 2024 Corporate Client Credit Orientation Policy, fully implementing the guiding principles of the Central Economic Work Conference and the Central Financial Work Conference. It made prudent adjustments to resource allocation across sub-sectors and refined front-end credit distribution, ensuring high-quality financial resources can be channeled toward key areas and weak links. Concurrently, the Bank developed the 2024 Industry-specific Quota Management Plan for Corporate Clients, revised industry quota management measures, optimized monitoring technologies and methodologies, and strengthened automated control and concentration management. These efforts supported the high-quality development of the corporate credit business.

3.12.3.2 Credit extension management

First, the Bank closely monitored the national macroeconomic and financial landscape, conscientiously implemented the directives outlined at the Central Economic Work Conference and the Central Financial Work Conference, and maintained a stance of prudence and professionalism in business approvals, with the quality of approvals improved steadily. Its approval efficiency remained industry-leading.

Second, the Bank persistently conducted quality inspections of corporate credit operations, thereby fostering continued enhancements to the compliance of right exercise and the appropriateness of approvals. It effectively safeguarded the stability of corporate asset quality.

Third, the Bank continued to enhance the depth and granularity of credit extension management by implementing a “five-dimensional evaluation” system across all domestic branches. This system could integrate institutional and personnel assessments, thereby laying the groundwork for comprehensive management. These efforts resulted in an overall enhancement of credit management practices.

Fourth, the Bank made every effort to enhance professional competence and ensured all credit-granting personnel could steadily sharpen their necessary skills and capabilities for transformation and development through such methods as hierarchical training, online teaching, and WeChat official account for credit extension.

Fifth, the Bank kept conducting onsite inspections on credit extension management of its branches and sub-branches, enhancing the quality and compliance control over credit business.

3.12.3.3 Risk forewarning

The Bank continued to create a risk forewarning system that can send “precise signals”, cover “full processes”, and emphasize “application”, making risk forewarning more comprehensive, effective, and timely. First, the Bank continuously optimized its risk forewarning rule framework by incorporating external data to enhance rule effectiveness, strengthening post-evaluation management, and refining and eliminating outdated rules to improve precision in risk monitoring. Second, it operated the risk forewarning management mechanism on a regular basis, adopting a customer-centric, penetrating monitoring approach and a chain-based alert management mode to track risk developments of flagged customers, thereby reinforcing closed-loop risk control. Third, the Bank further embedded risk alert results into relevant processes by directly linking forewarning outcomes to business systems and integrating them into the credit operation workflow, so as to enable earlier risk intervention.

3.12.3.4 Asset preservation

During the reporting period, the Bank adhered to lawful and compliant practices in NPA collection and disposal. It continuously refined strategies, strengthened collection efforts, and adopted diversified dispute resolution methods. These comprehensive measures significantly enhanced risk mitigation across all areas, delivering tangible results.

3.12.3.5 Write-off of loss loans of the Bank during the reporting period

During the reporting period, based on the Management Measures of Shanghai Pudong Development Bank on Write-off of Asset Losses, the total amount of loss assets, as approved by the Board of Directors or by the Senior Management upon the authorization of the Board of Directors, and subsequently subjected to accounting treatment for write-off, amounted to RMB75,902 million. Guided by the principle of “account cancellation, case recording, and existence of right”, the Bank continued to strengthen its external recourse rights over written-off assets. The total cash recovered showed a steady increase, and the Bank will further intensify efforts to protect rights and enhance asset recovery going forward.

3.12.4 Statement on liquidity risk

The liquidity risk management objective is to ensure the Bank’s ability to perform the obligations to provide funds when customers want to withdraw and to make payment to customers, as well as realize a balance between total assets and liabilities and the structure; through active management, the liquidity cost can be reduced, liquidity crisis can be avoided, and the systemic liquidity risk can be coped with effectively. In accordance with the Group’s liquidity risk policy and risk limit requirements, in line with the pace of credit policy and monetary policy regulation, and in light of its own asset-liability structure and overall balance of funds, the Bank has kept layered and proactive management of liquidity risk as per the principle of aggregate balance and structural equilibrium. By establishing a monitoring mechanism for aggregate liquidity, it has strengthened real-time monitoring on intraday position accounts in local and foreign currencies, and made centralized allocation of positions in local and foreign currencies. It has improved position forecasting in light of business developments, continued to enhance the position forecasting mechanism, and established a beforehand declaration system for large-amount positions. It has prepared a cash flow gap table on a daily basis, and used the gap management method to predict cash flow gap changes in future assets and liabilities’ on-and-off-balance-sheet items. It has carried out regular stress tests and emergency response drills, and enhanced its ability to respond to and deal with liquidity risk events. It has closely monitored indicators related to liquidity risk, promptly conducted liquidity risk assessment for assets and liabilities’ on-and-off-balance-sheet items, and made proactive financing arrangements and adjustments to asset and liability portfolios, to meet liquidity safety requirements and achieve a balance between liquidity, safety, and profitability.

During the reporting period, the Bank’s liquidity operated smoothly, with the level of liquidity risk deemed safe and manageable. Firstly, provisioning was safe and abundant, and the cash flow gap was maintained at a reasonable level. Secondly, efforts were made to optimize the liability structure and maintain deposit stability. Thirdly, liquidity risk indicators remained robust. Overall, the Bank’s liquidity risk was assessed to be at a low level.

3.12.5 Statement on market risk

During the reporting period, the Bank adapted itself to changes in the market, business landscape, and regulatory requirements, by continuing to optimize market risk management and enhance risk management capabilities. First, it strengthened financial market risk prevention by closely monitoring market trends and ensuring effective implementation of market risk limits across the organization. Second, it refined institutional frameworks for trading book classification and market risk stress testing, updated the scenario library for market risk stress testing, and enhanced the group-wide unified market risk measurement. Third, it continued to advance iterative upgrades of the market risk system, significantly enhancing capabilities in market risk measurement, risk monitoring, trading behavior oversight, and data quality control.

In RMB millions

	Interest rate risk	Stock risk	Commodity risk	Exchange rate risk	Credit spread risk--non-securitized assets	Credit spread risk--securitized assets (non-correlation)	Credit spread risk--securitized assets (correlation)	Default risk	Residual risk	Total
End of the reporting period	1,166.00	154.58	918.68	976.82	1,609.62	1.44	0	480.54	66.88	5,374.56

3.12.5.1 Interest rate risk

Interest rate risk in the trading book (IRRTB)

The Bank has incorporated IRRTB into its market risk management system. It conducts regular interest rate risk measurements and stress tests, enhances its efforts in interest rate risk prevention, and maintains IRRTB at a reasonable level.

Interest rate risk in the banking book (IRRBB)

The Group has established a comprehensive IRRBB management system. It mainly adopts appropriate methods and tools such as repricing gap analysis, duration analysis, sensitivity analysis, and scenario simulation to measure and monitor IRRBB. During the reporting period, adhering to the neutral and prudent IRRBB appetite and risk management strategy, the Group strengthened the research and assessment of macro-economic and monetary policies at home and abroad and implemented dynamic monitoring and forward-looking risk management in light of the impact of interest rate marketization and interest rate curve movements. During the reporting period, the Group aligned its business scale and term structure with the risk management strategy as well as asset-liability operation objectives by utilizing proactive allocation tools for assets and liabilities, as well as pricing tools. As a result, IRRBB indicators remained within the risk appetite established by the Board of Directors, ensuring that the overall risk level remained stable and manageable.

3.12.5.2 Exchange rate risk

Exchange rate risk in the trading book (ERRTB)

The Bank continuously monitors currency position sizes and conducts regular stress tests for exchange rate risk. As at the end of the reporting period, all exchange rate risk indicators in the trading book remained within target ranges.

Exchange rate risk in the banking book (ERRBB)

The Bank primarily utilizes measurement and analysis methods, such as exposure monitoring, exposure analysis, and scenario simulation, to assess the current status and trends of ERRBB and implement management measures, so as to control the risk within a reasonable and tolerable range. During the reporting period, adhering to a neutral and prudent strategy, the Bank managed ERRBB, ensuring such risk remained sound and manageable.

3.12.6 Statement on operational risk

Operational risk refers to the risk of losses caused by an inadequate or problematic internal procedure, staff or IT system, and external events. Operational risk includes legal risk but excludes strategy risk and reputational risk.

During the reporting period, the Bank issued the updated operational risk management measures in accordance with regulatory requirements, strengthened specialized training and inspections on operational risk for Head Office departments, domestic and overseas branches, and consolidated entities, and made steady progress in advancing the Basel III operational risk capital measurement project. It also further optimized and refined key operational risk indicators, keeping overall operational risk within a manageable range.

3.12.7 Statement on other risks

3.12.7.1 Large exposures management

According to the Administrative Measures on Large-amount Exposures of Commercial Banks, large 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 customers. The Bank integrates large exposure management into its comprehensive risk management framework, continuously enhances credit extension requirements for customers, refines risk exposure measurement rules, monitors changes in large exposures, and regularly reports large exposure indicators and related management practices to regulators, thereby effectively controlling customer concentration risk. As at the end of the reporting period, with the exception of customers exempt from regulatory requirements, the Bank’s non-interbank single customers, non-interbank group customers, interbank single customers, and interbank group customers that met the criteria for large risk exposure all complied with regulatory requirements.

3.13.7.2 Compliance risk

During the reporting period, the Bank remained aligned with its strategic objectives under the overarching principle of “safeguarding the bottom line and empowering development”, maintaining a dual focus. On one hand, it integrated compliance management with high-quality development goals, calibrating performance to ensure synergy, integration, empowerment, and value creation between compliance management and business operations. On the other hand, it prioritized key compliance initiatives, proactively addressed existing issues in compliance and internal control practices, and shifted from passive to proactive compliance, thereby strengthening the foundation for high-quality development. During the reporting period, the overall situation of the Bank’s compliance risk management was good, without major risk events or major cases violating rules and laws.

3.12.7.3 Anti-money laundering (AML)

Upholding a risk-based approach, the Bank maintained a strong awareness of money laundering risks and implemented robust internal control mechanisms. During the reporting period, it continued to enhance its AML system in alignment with the revised Anti-Money Laundering Law. The Bank identified and addressed potential vulnerabilities, embedded AML risk management into corporate governance, conducted comprehensive risk screenings, tackled systemic issues, and closed recurring loopholes. In risk control, customer due diligence procedures were further optimized, and a customer money laundering risk detection system was launched to capture and analyze risk characteristics, enabling more accurate threat identification. Differentiated control measures were adopted to improve both operational efficiency and user experience, enhancing the pertinence of AML risk management. At the same time, the Bank strengthened real-time intervention in suspicious transactions, intercepting illicit funds at the source and improving overall prevention and control effectiveness. These efforts reflect the Bank's firm commitment to combating money laundering and related criminal activities, safeguarding financial stability and national security, fulfilling its social responsibilities, and contributing to a safe and orderly financial environment.

3.12.7.4 Legal risk

The Bank has made comprehensive strides in law-based corporate governance, continuously enhancing the working mechanism of the Chief Legal Advisor and fostering deep integration of the rule of law into its operational and managerial activities. Specifically, the Bank further refined its management policies and systems, ensuring proper legal reviews and identifying risk points within business operations. The Bank bolstered its handling of litigation cases and dispute management, promoting diverse dispute resolution methods while strengthening financial consumer protection and complaint resolution capabilities. It established an integrated legal compliance system incorporating modules such as contracts, litigation cases, lawyers, and intellectual property rights (IPRs), thereby digitally transforming its legal management practices. Moreover, the Bank actively conducted public education campaigns on the rule of law, enhancing legal compliance awareness across its entire workforce.

3.12.7.5 IT risk

The Bank continued to strengthen its IT risk management framework by updating the inherent IT risk inventory and conducting comprehensive risk assessments, accompanied by corresponding reports. It maintained ongoing IT risk monitoring and issued timely alerts based on internal and external events as well as monitoring outcomes.

3.12.7.6 Business continuity management

During the reporting period, the Bank further strengthened its business continuity management. It formulated and issued the Strategic Plan of SPD Bank (Group) for Business Continuity Management (2024-2027), conducted business impact analyses, optimized the scope of critical operational activities, and continuously improved the quality of business continuity plans and relevant contingency plans at the Head Office and branches. As a result, business continuity risks remained under control.

3.12.7.7 Strategic risk

The Bank continued to advance the “1-5-5-5-4-3” digitalization & intelligentization strategy framework. Centered on innovation across five priority tracks to deliver high-quality products and services, it accelerated the establishment of a new management mode driven by five digital pillars, built five core systems, systematically planned and implemented four key strategies, and continued to strengthen three major guarantee systems—collectively pushing forward capability building across the organization. At the same time, the Bank promoted the formulation, communication, and execution of strategies and plans, strengthened performance evaluations linked to capacity building, and elevated overall core competencies. A closed-loop management process—encompassing strategy formulation, planning, budgeting, and appraisal—was established to further reinforce the guiding role of strategies in driving corporate development. During a period marked by escalating uncertainty in the external environment and tough challenges facing the banking industry, the Bank found itself in a critical phase of transformation and development. In response, the Bank's strategic mindset demonstrated adaptability to changing circumstances, aligning closely with national strategies and policies. This was accompanied by a notable increase in the strength of strategy execution and the Bank's ability to manage strategic risks effectively. As a result, the Bank maintained its strategic risk at a stable and manageable level.

3.12.7.8 Reputational risk

The Bank earnestly fulfilled all regulatory requirements and implemented a closed-loop reputational risk management mechanism. It reinforced primary responsibilities for public opinion monitoring, accurately identified reputational risks, strengthened offline crisis response capabilities, and improved the effectiveness of emergency handling. Regular inspections, training, drills, and reviews were conducted to continuously enhance the quality and efficiency of online reputational risk management. Meanwhile, the Bank continued to carry out the "Into SPDB" publicity campaign series, vividly highlighting its efforts in serving national strategies, supporting the real economy, and advancing inclusive finance for the well-being of the people.

3.12.7.9 Country risk

During the reporting period, the Bank comprehensively enhanced its country risk management system. A "1+2+1" policy framework was established at the group level, forming a complete set of management tools covering country risk ratings, quota controls, specialized stress testing, and contingency planning. The Bank strengthened monitoring and response mechanisms for key countries and major external events, implemented individual quota controls and monitoring for countries rated as medium-risk or above, and steadily improved the Group's resilience to country risks and unexpected external shocks. Country risk quotas played an effective guiding role in supporting the high-quality development of the Group's cross-border business, with quota utilization reaching 80% and exposures to low-risk countries accounting for 99.6% of the total. As at the end of the reporting period, the Bank's exposure to country risk was prudently distributed and remained stably manageable on the whole.

3.12.7.10 Off-balance-sheet business risk management

During the reporting period, the Bank actively adhered to the requirements outlined in the Measures for Management of Off-balance-sheet Business Risks of Commercial Banks, aiming to comprehensively conduct the management of risks associated with off-balance-sheet businesses. Key initiatives included integrating off-balance-sheet risks into the comprehensive risk management framework, conducting stress tests on off-balance-sheet activities, refining policies for off-balance-sheet products, and implementing risk quotas for off-balance-sheet businesses to enhance the quality and efficiency of risk management. In parallel, the Bank advanced the development of an off-balance-sheet risk monitoring system and improved the management systems for off-balance-sheet businesses and products, leveraging digital and intelligent technologies to strengthen risk management. Additionally, it reinforced risk awareness and management capabilities at the branch level, enabling proactive management of risks associated with off-balance-sheet operations.

3.13 Significant Impacts on Commercial Banks' Operations and Profitability

First, the continued downward adjustment of loan interest rates further compressed net interest margins. In 2024, the one-year LPR fell by a cumulative 35 basis points, while the five-year LPR dropped by 60 basis points—both marking the largest annual declines since the LPR reform. Amid a low interest rate environment characterized by abundant funding and ample liquidity, effective credit demand from the real economy remained subdued. Heightened competition for risk-controlled, reasonably-priced credit assets led to a sharp decline in asset yields, placing considerable pressure on banks to sustain stable profitability.

Second, risks in key sectors continued to evolve, creating a more complex landscape for risk prevention and mitigation. Amid downward economic pressures and cyclical industry fluctuations, sectors such as construction, manufacturing, and real estate experienced a sustained increase in loan default risks. As new lending became increasingly concentrated in these key areas, the structure of credit portfolios shifted, presenting new challenges. Commercial banks now face growing pressure from asset quality divergence, rising NPL ratios in certain retail segments, and the expanding scale and market-oriented nature of NPA transactions.

Third, capital adequacy ratios declined, placing sustained pressure on capital replenishment. As net interest margins narrowed and asset volumes expanded rapidly, the mismatch between slowing capital accumulation and accelerating capital consumption became increasingly pronounced, leading to a deterioration in capital adequacy metrics. Sluggish net profit growth further constrained the sustainability of capital replenishment through retained earnings to some extent. With limited internal capital generation and constrained access to external financing, commercial banks continued to face significant challenges in strengthening their capital base.

Section IV Environmental, Social and Governance

4.1 ESG Overview of the Bank

With the vision of developing into a first-class joint-stock commercial bank with international competitiveness in all aspects, the Bank has long strengthened the fulfillment of ESG responsibilities and created value for shareholders, customers, employees, society, environment, and other stakeholders. The Board of Directors of the Bank is responsible for working out the Group's ESG-related strategy, and supervising and evaluating the implementation of the strategy. By strengthening strategic leadership, the Bank has embedded sustainable development into its medium- and long-term strategic planning, fully integrating ESG factors into corporate governance and business management. This approach supports the achievement of sustainable development goals, builds long-term competitive advantages, and positions the Bank as a sustainability leader in the industry. In 2024, the Bank further implemented its digitalization & intelligentization strategy, focusing on sustained, high-quality growth. It stimulated the vitality of innovation and unlocked growth potential, aiming to become a trustworthy, preferred bank in the eyes of customers, a high-quality blue chip of the capital market, an attentive employer that shares development results with employees, a systemically important bank that boasts operational compliance and causes no worry for regulators, and a respectable and trusted corporate citizen, to align corporate value with social value.

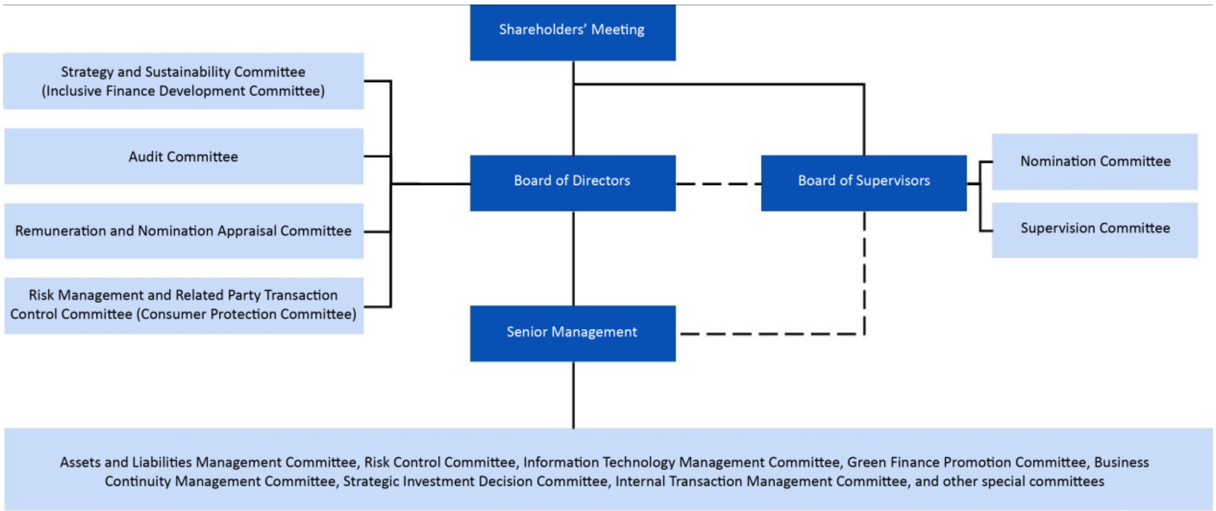
As one of the first institutions in the Chinese banking industry to publish a CSR report, SPD Bank has been publishing such report for 19 consecutive years as at the end of the reporting period.

In November 2024, the Bank received an ESG rating of “A” from MSCI for the year.

4.2 Corporate Governance Conditions

During the reporting period, the Bank earnestly implemented the guiding principles of the 20th CPC National Congress, the 2nd and 3rd Plenary Sessions of the 20th CPC Central Committee, the Central Economic Work Conference, and the Central Financial Work Conference to modernize its corporate governance system and capacity. It further deepened the close integration of the Party organization with corporate governance, effectively making sure that the Party Committee could “steer the way forward, manage the overall situation, and guarantee the implementation”. It kept improving the corporate governance structure, built a clear shareholding structure and a sound organizational structure, ensured that all governance bodies could exercise their rights and fulfill their obligations in accordance with the principles of compliance with the scope of respective responsibility, coordinated operation and effective checks and balances, and safeguarded the legitimate rights and interests of stakeholders.

Corporate governance structure



4.2.1 Independence of the Bank from the controlling shareholders in terms of assets, personnel, finance, organization, and business

The Bank has no controlling shareholder.

The largest consolidated shareholder of the Bank is Shanghai International Group Co., Ltd. As at the end of the reporting period, Shanghai International Group Co., Ltd. and its controlling subsidiaries held 29.82% shares of the Bank on a consolidated basis. The Bank was totally independent from Shanghai International Group Co., Ltd. in assets, personnel, finance, organization, and business. Important decisions of the Bank were made and implemented by the Bank independently, and the largest shareholder did not occupy funds of the Bank by any means or require the Bank to provide guarantee for others.

Aspect of independence	Independent and integral or not	Description	Influence on the Bank	Improvement measures
Business independence and integrity	Yes	The Bank runs business independently and features a complete business structure.	-	-
Personnel independence and integrity	Yes	The Bank remains independent in terms of labor, personnel, salary management, and other aspects. President, Vice Presidents, Secretary to the Board of Directors, and other Senior Management members all are paid by the Bank. None of them receives salaries from the largest shareholder unit.	-	-
Asset independence and integrity	Yes	The Bank possesses the independent premise and supporting facilities.	-	-

Institutional independence and integrity	Yes	The Bank has set up a complete organizational structure. The Board of Directors, the Board of Supervisors, functional departments and other bodies can operate independently, none of which is affiliated to any functional departments of the largest shareholder.	-	-
Financial independence and integrity	Yes	The Bank has its independent financial department, and has formulated the independent accounting system and financial management policies.	-	-

4.2.2 The Shareholders' Meeting, the Board of Directors, the Board of Supervisors, and the Senior Management of the Bank

4.2.2.1 Shareholders' Meeting

According to the Articles of Association, the Shareholders' Meeting is the power body of the Bank, which exercises functions to decide on the Bank's business policies and investment plans, to elect and replace directors and supervisors who are not employee representatives and to decide on their remuneration, to decide on the Bank's annual financial budget and final accounts as well as the Bank's profit distribution plan, to approve reports of the Board of Directors and the Board of Supervisors, etc.

By standardizing the convening of shareholders' meetings, the Bank safeguarded shareholders' rights to know, participate in, and vote on significant matters, and ensured that all shareholders held equal status and could exercise their rights fully. During the reporting period, the Bank held one shareholders' meeting, with eight proposals deliberated and approved and four reports reviewed. By standardizing the convening of shareholders' meetings, the Bank safeguarded shareholders' rights to know, participate in, and vote on significant matters, and ensured that all shareholders held equal status and could exercise their rights fully.

Shareholders' meeting	Date	Website designated for publishing the resolutions	Disclosure date of the resolutions
2023 Annual General Meeting	28 June 2024	http://www.sse.com.cn	29 June 2024

4.2.2.2 Directors and the Board of Directors

According to the Articles of Association of the Bank, the Board of Directors is responsible to the Shareholders' Meeting. Its main functions and duties include convening shareholders' meetings and implementing resolutions reached at such meetings; deciding on the Bank's business plan and investment plans; formulating the Bank's annual financial budget, final accounts, and profit distribution plan; formulating plans of the Bank on the increase and issuance of corporate bonds or other securities as well as listing; appointing or dismissing President and other Senior Management members of the Bank and deciding on their remuneration, rewards and punishments; and finalizing basic management policies of the Bank.

As at the end of the reporting period, the Board of Directors of the Bank had 11 directors, including two executive directors, one employee director, three shareholder directors, and five independent directors. Of the directors, two were female. All the independent directors were professionals in economics, finance, accounting, legal, and other fields.

The Board of Directors of the Bank has established four special committees, namely the Strategy and Sustainability Committee (Inclusive Finance Development Committee), the Audit Committee, the Nomination and Remuneration Appraisal Committee, and the Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee).

Leveraging their extensive knowledge, experience, and professional ethics, the Bank's directors promoted the organic integration of the Party's leadership and corporate governance, conducted in-depth research on major issues, and made sound decisions on corporate governance, strategic planning, capital management, risk management, compliance & internal control management, profit distribution, internal and external auditing, asset disposal, incentives and constraints. They worked toward ensuring that the Bank can obey laws, regulations, regulatory requirements, and the Articles of Association, and effectively protecting the legitimate rights and interests of shareholders, depositors, and other stakeholders.

Special committee	Chairperson of the committee	Committee members
Strategy and Sustainability Committee (Inclusive Finance Development Committee)	Zhang Weizhong	Liu Yiyan, Guan Wei, Bo Jingang, Sun Lijian, Wu Xiaoqiu
Audit Committee	Ye Jianfang	Guan Wei, Zhu Yi, Wu Hong, Sun Lijian
Nomination and Remuneration Appraisal Committee	Sun Lijian	Zhang Weizhong, Zhao Wanbing, Bo Jingang, Henry Cai, Ye Jianfang, Wu Xiaoqiu
Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee)	Wu Xiaoqiu	Liu Yiyan, Henry Cai, Wu Hong, Ye Jianfang

4.2.2.3 Supervisors and the Board of Supervisors

According to the Articles of Association of the Bank, the Board of Supervisors is responsible for supervising the Board of Directors in establishing a sound business philosophy and value guidelines and formulating development strategies that are in line with the Bank's actual conditions; assessing the scientificity, reasonableness, and robustness of the development strategy formulated by the Board of Directors; supervising, inspecting, and urging rectifications concerning the Bank's business decisions, risk management, internal control, and other aspects; reviewing and providing written opinions on the Bank's periodic reports; supervising how the Board of Directors and the Senior Management make and implement significant financial decisions; supervising the selection and appointment procedures for directors; supervising and evaluating the performance of duties by the Board of Directors and its members, the Senior Management and its members, as well as supervisors; and supervising the implementation of the remuneration management system of the Bank and the scientificity and reasonableness of the remuneration packages developed for Senior Management members.

As at the end of the reporting period, the Board of Supervisors of the Bank had eight supervisors, including three shareholder supervisors, two external supervisors, and three employee supervisors. The Board of Supervisors has set up the Nomination Committee and the Supervision Committee.

Special committee	Chairperson of the committee	Committee members
Nomination Committee	Wu Jian	Sun Wei, Wang Yuetang
Supervision Committee	Wang Yuetang	Cao Yijian, Wu Jian, Zhang Baoquan

4.2.2.4 Senior Management

As at the end of the reporting period, the Bank's Senior Management had one President, five Vice Presidents, and two Business Directors. The Chief Risk Officer (CRO), the Chief Legal Advisor (CLA), and the Secretary of the Board of Directors (Board Secretary) were concurrently held by Vice Presidents.

The Bank's Senior Management has established the Assets and Liabilities Management Committee, the Risk Control Committee, the Information Technology Management Committee, the Green Finance Promotion Committee, the Business Continuity Management Committee, the Strategic Investment Decision Committee, and the Internal Transaction Management Committee, and other special committees.

The Senior Management has observed the principle of good faith and prudently and diligently exercised its duties within its range of authority. During the reporting period, amidst complex internal and external circumstances, the Senior Management of the Bank thoroughly implemented the decisions and plans of the CPC Central Committee, the State Council, the CPC Shanghai Municipal Committee, and the Shanghai Municipal People's Government, as well as regulatory requirements. It also worked to implement the decisions made by the Board of Directors, advance business restructuring initiatives, and intensify risk prevention and mitigation efforts. As a result, the Bank's operation and development exhibited a trajectory of steady improvement.

4.2.3 Information of directors, supervisors, and Senior Management members

4.2.3.1 Remuneration of directors, supervisors and Senior Management members of the Bank who were incumbent or left office during the reporting period

In RMB10,000

Name	Position	Gender	Year of birth	Tenure	Remuneration (before-tax) received from the Bank during the reporting period	Whether received remuneration from related parties
Zhang Weizhong	Party Committee Secretary, Chairman, Executive Director	Male	1967	17 November 2023 – the end of tenure	85.68	No
Xie Wei	Deputy Party Committee Secretary, President	Male	1971	17 July 2024 – the end of tenure	88.40	No
Liu Yiyan	Deputy Party Committee Secretary, Executive Director, Vice President, CRO	Male	1964	16 December 2019 – the end of tenure	88.40	No
Zhao Wanbing	Deputy Party Committee Secretary, Employee Director, Chairman of Labor Union	Male	1970	14 November 2023 – the end of tenure	77.11	No
Guan Wei	Non-executive Director	Female	1971	16 December 2019 – the end of tenure	-	Yes
Bo Jingang	Non-executive Director	Male	1964	17 June 2022 – the end of tenure	-	Yes
Zhu Yi	Non-executive Director	Male	1964	17 June 2022 – the end of tenure	-	Yes
Henry Cai	Independent Director	Male	1954	16 December 2019 – the end of tenure	26.00	No
Wu Hong	Independent Director	Male	1956	16 December 2019 – the end of tenure	26.00	No
Sun Lijian	Independent Director	Male	1962	17 June 2022 – the end of tenure	31.00	No
Ye Jianfang	Independent Director	Female	1966	17 June 2022 – the end of tenure	29.00	No

Wu Xiaoqiu	Independent Director	Male	1959	28 June 2024 – the end of tenure	10.33	No
Sun Wei	Shareholder Supervisor	Male	1970	16 December 2019 – the end of tenure	-	Yes
Cao Yijian	Shareholder Supervisor	Male	1976	16 December 2019 – the end of tenure	-	Yes
Li Qingfeng	Shareholder Supervisor	Male	1971	16 December 2019 – the end of tenure	-	Yes
Wu Jian	External Supervisor	Male	1968	16 December 2019 – the end of tenure	28.00	No
Wang Yuetang	External Supervisor	Male	1963	16 December 2019 – the end of tenure	28.00	No
Zhang Baoquan	Employee Supervisor	Male	1965	29 December 2020 – the end of tenure	60.61	Yes
He Weihai	Employee Supervisor	Male	1967	16 December 2019 – the end of tenure	62.05	Yes
Zhang Yong	Employee Supervisor	Male	1972	28 December 2023 – the end of tenure	270.50	No
Cui Bingwen	Vice President, Chief Legal Advisor	Male	1969	16 December 2019 – the end of tenure	83.20	No
Kang Jie	Vice President	Male	1979	08 September 2023 – the end of tenure	88.40	No
Gao Weihua	Head of Discipline Inspection and Supervision Office at SPD Bank	Male	1969	Since 06 November 2024	6.43	No
Ding Wei	Vice President	Female	1971	07 June 2024 – the end of tenure	44.20	No
Zhang Jian	Vice President, Secretary to the Board of Directors	Male	1975	07 June 2024 – the end of tenure	44.20	No
Wang Su'nan	Corporate Banking Director	Male	1966	16 August 2024 – the end of tenure	106.42	No
Xue Hongli	Financial Markets Director	Male	1972	16 August 2024 – the end of tenure	87.68	No
Wang Jianping	Former Chairman of the Board of Supervisors,	Male	1960	30 December 2020 – 28 April 2024	-	No

	External Supervisor					
Chen Zheng'an	Former Executive Director, Deputy Party Committee Secretary	Male	1963	16 December 2019 – 05 March 2024	-	No
Wang Zhe	Former Independent Director	Male	1960	16 December 2019 – 26 August 2024	20.67	No
Jiang Fangping	Former Head of Discipline Inspection and Supervision Office at SPD Bank	Male	1966	August 2019 – October 2024	79.57	No
Total					1,471.85	

Notes:

(1) In February 2024, the Bank received the Approval from the National Financial Regulatory Administration Regarding the Qualifications of Zhang Weizhong at SPD Bank, which confirmed his qualifications to serve as Chairman and Director of the Bank. Mr. Zhang has since officially assumed his role.

(2) In September 2024, the Bank received the Approval from the National Financial Regulatory Administration Regarding the Qualifications of Xie Wei to Serve as President of SPD Bank, which confirmed his qualifications to serve as President of the Bank. Mr. Xie has since officially assumed his role.

(3) In February 2024, the Bank received the Approval from the National Financial Regulatory Administration Regarding the Qualifications of Zhao Wanbing at SPD Bank, which confirmed his qualifications to serve as Director of the Bank. Mr. Zhao has since officially assumed his role.

(4) In August 2024, the Bank received the Approval from the National Financial Regulatory Administration Regarding the Qualifications of Wu Xiaoqiu to Serve as Independent Director of SPD Bank, which confirmed his qualifications to serve as Independent Director of the Bank. As of the date when Wu Xiaoqiu started to assume his duties as an Independent Director, Mr. Wang Zhe ceased to be an Independent Director of the Bank, whose term of office had expired.

(5) In April 2024, due to work reassignments, Employee Supervisors Mr. Zhang Baoquan and Mr. He Weihai assumed positions at subsidiaries of the Group and received remuneration from the respective subsidiaries, which are related parties.

(6) In November 2024, Mr. Gao Weihua was appointed by superior authorities to serve as Head of the Discipline Inspection and Supervision Office at SPD Bank.

(7) In October 2024, the Bank received the Approval from the National Financial Regulatory Administration Regarding the Qualifications of Ding Wei to Serve as Vice

President of SPD Bank, which confirmed her qualifications to serve as Vice President of the Bank. Ms. Ding has since officially assumed her role.

(8) In September 2024, the Bank received the Approval from the National Financial Regulatory Administration Regarding the Qualifications of Zhang Jian to Serve as Vice President of SPD Bank, which confirmed his qualifications to serve as Vice President of the Bank. Mr. Zhang has since officially assumed his role. In March 2025, the Bank received the Approval from the National Financial Regulatory Administration Regarding Zhang Jian's Qualification to Serve as the Secretary to the Board of Directors of SPD Bank. Vice President Zhang formally assumed the role on 5 March 2025.

(9) In February 2025, the Bank received the Approval from the National Financial Regulatory Administration Regarding the Qualifications of Wang Su'nan to Serve as Corporate Banking Director of SPD Bank and the Approval from the National Financial Regulatory Administration Regarding the Qualifications of Xue Hongli to Serve as Financial Markets Director of SPD Bank, which confirmed Mr. Wang Sunan's qualifications to serve as Corporate Banking Director of the Bank and Mr. Xue Hongli's qualifications to serve as Financial Markets Director of the Bank. They have since officially assumed their role.

(10) In April 2024, Mr. Wang Jianping, Chairman of the Board of Supervisors, resigned from his position as Chairman and related committee roles due to age reasons.

(11) In March 2024, Mr. Chen Zheng'an, Executive Director of the Bank, resigned from the position of Director and related committee roles due to age reasons.

(12) In October 2024, due to organizational transfer, Mr. Jiang Fangping ceased to serve as Head of Discipline Inspection and Supervision Office at SPD Bank. The pre-tax remuneration he received from the Bank during the reporting period included incentive income during his 2019-2021 term.

(13) The remuneration received by newly appointed or departing personnel during the reporting period was calculated based on the duration of their service as directors, supervisors, or Senior Management members of the Bank within the reporting period.

(14) The term of office for the Bank's Seventh Board of Directors and Board of Supervisors has expired. In line with the implementation of the new Company Law and the reform of the Board of Supervisors, the Bank is actively advancing the relevant re-election processes.

(15) As the appraisal of the directors and Senior Management members who receive remuneration from the Bank has not been completed, the remuneration for the reporting period has not yet included the remuneration verified to be paid. The final remuneration for the year 2024 will be contingent upon the confirmation of the appraisal. Any changes will be disclosed separately.

4.2.3.2 Remuneration received by directors, supervisors and Senior Management members after the appraisal and confirmation by competent authorities in the previous year

The annual remuneration of directors, supervisors and Senior Management members has been disclosed in the 2023 Annual Report of the Bank. After appraisal, the remuneration of directors, supervisors, and Senior Management members who served the Bank full-time in 2023 is additionally disclosed as follows:

In RMB10,000

Name	Position	The rest of the pre-tax remuneration for 2023	Employer's contribution to social security, enterprise annuity, supplemental medical insurance, and housing allowance in 2023	Total
Zhang Weizhong	Party Committee Secretary, Chairman, Executive Director	9.17	5.60	14.77
Xie Wei	Deputy Party Committee Secretary, President	39.78	25.97	65.75
Liu Yiyan	Deputy Party Committee Secretary, Executive Director, Vice President, CRO	44.20	25.97	70.17
Zhao Wanbing	Deputy Party Committee Secretary, Employee Director, Chairman of Labor Union	8.88	5.71	14.59
Zhang Baoquan	Employee Supervisor	-	22.22	22.22
He Weihai	Employee Supervisor	-	23.42	23.42
Zhang Yong	Employee Supervisor	-	30.16	30.16
Cui Bingwen	Vice President, Chief Legal Advisor	37.44	25.54	62.98
Kang Jie	Vice President	9.95	6.63	16.58
Zheng Yang	Former Party Committee Secretary, Chairman, Executive Director	27.50	16.89	44.39

Pan Weidong	Former Deputy Party Committee Secretary, Vice Chairman, Executive Director, President	35.10	20.31	55.41
Chen Zheng'an	Former Deputy Party Committee Secretary, Executive Director	26.27	16.59	42.86
Wang Xinhao	Former Vice President, CFO	3.32	2.12	5.44
Li Guangming	Former Employee Supervisor	-	7.92	7.92
Jiang Fangping	Former Head of Discipline Inspection and Supervision Office at SPD Bank	35.64	22.30	57.94

4.2.3.3 Shares held by Senior Management members

In 10,000 shares

Name	Position	Number of shares held at the beginning of the reporting period	Changes during the reporting period	Number of shares held at the end of the reporting period
Xie Wei	Deputy Party Committee Secretary, President	21.70	-	21.70
Liu Yiyan	Deputy Party Committee Secretary, Executive Director, Vice President, CRO	23.59	-	23.59
Cui Bingwen	Vice President, Chief Legal Advisor	20.67	-	20.67
Ding Wei	Vice President	2.45	-	2.45

4.2.4 Main work experience and service information of directors, supervisors and Senior Management members

4.2.4.1 Resumes of Directors

Zhang Weizhong, male, born in 1967, has a Master's degree, is a Senior Economist. He previously served as General Manager of Development Zone Branch of China Construction Bank (CCB) Dalian Branch, Chief Auditor (concurrently Director) of CCB Dalian General Audit Office, Chief Auditor (concurrently Director) of CCB Inner Mongolia General Audit Office, Secretary of the Discipline Inspection Commission, Party Committee Member and Deputy General Manager of CCB Hubei Branch, General Manager of CCB Inclusive Finance Department (Small Business Department) (concurrently Vice President of the Inclusive and Retail Finance Training Institute of CCB Learning Centre), and Director of Corporate Banking at CCB Head Office (concurrently General Manager of CCB Inclusive Finance Department). He is currently Party Committee Secretary and Chairman of SPD Bank.

Liu Yiyan, male, born in 1964, has a Doctorate degree, and is a Senior Economist. He previously served as Party Committee Member and Vice General Manager of Bank of Communications (BoCom) Changchun Branch, Party Committee Secretary and General Manager of SPD Bank Changchun Branch, and General Manager of Personal Banking Headquarters of SPD Bank Head Office, Director and General Manager of Human Resources Department of SPD Bank Head Office, Party Committee Member, Executive Director, Vice President (in charge of daily operations from September 2023 to July 2024) and CRO at SPD Bank Head Office, and Chief Risk Officer of SPD Bank Head Office, and Party Committee Secretary and Chairman of SPDB Financial Leasing Co., Ltd. He is currently Deputy Party Committee Secretary, Executive Director, Vice President, and CRO of SPD Bank.

Zhao Wanbing, male, born in 1970, has an MBA. He previously served as Deputy Director of the Research Office at the Shanghai Municipal Committee of the Communist Youth League of China (CYLC), Head of the Organization Division (Publicity Division and United Front Work Division) at the Shanghai Financial Work Committee of the CPC, Head of the Financial Stability Division at the Shanghai Municipal Finance Office, Deputy Director of the Shanghai Municipal Finance Office, and Deputy Director General of Shanghai Municipal Financial Regulatory Bureau (Shanghai Municipal Finance Bureau). He is currently Deputy Party Committee Secretary, Employee Director, Chairman of the Labor Union Committee, and President of the Party School at SPD Bank.

Guan Wei, female, born in 1971, has a Master's degree, and is a Senior Accountant. She previously served as Assistant Manager of the Financial Management Department at Shanghai Shentong Metro Group Co., Ltd., Deputy Manager and Manager of the Financial Management Department, Discipline Inspection Commission Member, Manager of the Auditing and Supervision Department, and Member of the Board of Supervisors at Shanghai Jiushi (Group) Co., Ltd., Party Branch Secretary and General Manager of Shanghai City Tour Card Development Co., Ltd., CFO of Shanghai Land (Group) Co., Ltd., and CFO of Shanghai International Group Co., Ltd. She is currently as Party Committee Member, Vice President and CFO of Shanghai International Group Co., Ltd., and Party Committee Secretary and Chairman of Shanghai State-owned Assets Operation Co., Ltd.

Bo Jingang, male, born in 1964, has a Doctorate degree, and is a Professor-Level Senior Engineer. He previously served as Chief Engineer and Deputy Director General of Tianjin Municipal Bureau of Telephone Exchange, Deputy General Manager of China Mobile

Communications Group Tianjin Co., Ltd., Chairman of China Mobile Communications Group Jilin Co., Ltd., General Manager and Party Committee Secretary of the Procurement Sharing Service Center of China Mobile Communications Co., Ltd., and Chairman and Party Committee Secretary of China Mobile Communications Group Terminal Co., Ltd. He is currently Director of China Mobile IoT Company Limited.

Zhu Yi, male, born in 1964, has a Master’s degree, and is a Senior Accountant. He previously served as Deputy Director of the Corporate Audit Division of the Audit Bureau of the Ministry of Posts and Telecommunications, Chief of the Infrastructure Finance Division of the General Administration of Posts and Telecommunications of China, Director of the Fund Allocation Center and Deputy General Manager of the Finance Department of China Mobile Communications Corporation, and Party Committee Secretary, Chairman and General Manager of China Mobile Financial Company Limited. He is currently Director of China Mobile State Investment Innovation Investment Management Co., Ltd.

Henry Cai, male, born in 1954, has a Bachelor’s degree. He previously served as Executive Chairman of Deutsche Bank Investment Banking Asia Pacific, Chairman of UBS Investment Banking Asia, Chairman of BNP Paribas Capital (Asia Pacific) Ltd. in China, Senior Vice President and Managing Director of Peregrine’s Investment Banking Division, and Member of the Chinese Enterprise Going Public Abroad Steering Group under the State Commission for Economic Restructuring of the State Council, and Chairman of the Joint Conference for Secretaries to the Boards of Directors of Chinese H-share Enterprises. He currently works as Chairman and co-founder of AGIC Capital, Independent Director of BYD Co., Ltd., Independent Non-executive Director of China Pacific Insurance (Group) Co., Ltd., and External Supervisor of China Merchants Bank Co., Ltd.

Wu Hong, male, born in 1956, has a Doctorate degree. He previously served as Dean of the College of Economic Laws at East China University of Political Science and Law, Vice President of China Association of Banking Law, Member of China Commercial Law Society, Head of Financial Law Study Society, Shanghai Law Society, Deputy Head of Shanghai International Commercial Law Institute, Member of the National Judicial Examination Proposition Committee, Advisory Consultant to the Shanghai Municipal People’s Congress Standing Committee for Legislation, and Member of Shanghai Consumer Council. He currently works as Professor and Doctorate Supervisor of East China University of Political Science and Law, Independent Director of Orient Securities Co., Ltd., and Chairman of the Board of Supervisors at Keboda Technology Co., Ltd.

Sun Lijian, male, born in 1962, has a Doctorate degree. He previously served as Assistant Professor at a Tongji University branch, Design Assistant at Nose Shuji Architectural Research Institute in Japan, and Member of the 7th State Council Academic Degree Committee for Applied Disciplines. He currently works as Director of the Financial Research Center, Professor of the School of Economics, and Doctoral Supervisor at Fudan University, Specially-invested Expert of the Economic and Financial Committee of Shanghai CPPCC, Member of the Central Committee and Deputy Director of the Central Economic Committee of the Zhigong Party, Executive Director of China Society of World Economics, and Executive Director of the Chinese Association of Quantitative Economics.

Ye Jianfang, female, born in 1966, has a Doctorate degree. She previously served as Lecturer and Associate Professor at Shanghai University of Finance and Economics. Currently, she currently works as Professor and Doctoral Supervisor at the School of Accountancy of Shanghai

University of Finance and Economics, Member of the Advisory Committee on Enterprise Accounting Standards, the Ministry of Finance, Independent Director of Shanghai Chlor-Alkali Chemical Co., Ltd., Independent Director of Shanghai AJ Trust Co., Ltd., Independent Director of China Merchants Shekou Industrial Zone Holdings Co., Ltd., Independent Director of CCB Life Insurance Co., Ltd., and External Supervisor of Bank of Suzhou Co., Ltd.

Wu Xiaoqiu, male, born in 1959, holds a Ph.D. in Economics. He previously served as Professor and Director of the Institute of Economics at Renmin University of China (RUC), Vice Dean of the School of Finance and Director of the Institute of Securities at RUC, Assistant to the President of RUC, Executive Dean of the Graduate School at RUC, and Vice President of RUC. He is currently Dean of the National Academy of Financial Research at RUC, Dean of the Research Institute of Capital Market at RUC, National-level First-class Professor, and Independent Director of Sunshine Insurance Group Co., Ltd.

4.2.4.2 Supervisor resumes

Sun Wei, male, born in 1970, has a Master’s degree. He previously served as Deputy General Manager of Shanghai Faiveley Transport Vehicle Equipment Co., Ltd., Manager of Industry Development Department of Shanghai Electric Group Company Limited, Assistant General Manager and Deputy General Manager of Shanghai Rail Traffic Equipment Co., Ltd., General Manager of Screen Door Engineering Company under Shanghai Rail Traffic Equipment Co., Ltd., Deputy Head and Head of Strategic Planning Department of Shanghai Electric (Group) Corp., and Head of Industry Development Department of Shanghai Electric Group Company Limited. He currently works as Vice President of Bailian Group Co., Ltd.

Cao Yijian, male, born in 1976, has a Master’s degree, and is an Economist. He previously served as Manager of the Asset Management Department at Shanghai Huipu Technology Investment Co., Ltd., Assistant Manager, Deputy Manager and Manager of Asset Operation Department of Shanghai Qiangsheng Group Co., Ltd., Manager of the Asset Operation Department of Shanghai Jiushi Real Estate Co., Ltd., Deputy General Manager of the Investment Development Department of Shanghai Jiushi Corporation Co., Ltd., and Deputy General Manager of the Investment Development Department of Shanghai Jiushi (Group) Co., Ltd. He currently works as General Manager of the Investment Development Department at Shanghai Jiushi (Group) Co., Ltd.

Li Qingfeng, male, born in 1971, has a Master’s degree. He previously served as General Manager of Shanghai Jiuheng Futures Brokerage Limited, Chief Economist, Deputy General Manager and Deputy Secretary of General Party Branch of Shanghai Jiulian Group Limited, Party Committee Secretary and Chairman of Shanghai Jiulian Group Limited (concurrently General Manager of Shanghai Petroleum Exchange), and Chairman of Shanghai Gas (Group) Co., Ltd. He currently works as Party Committee Secretary and Chairman of Shanghai Shenergy Nengchuang Energy Development Co., Ltd.

Wu Jian, male, born in 1968, has a Master’s degree. He previously served as Assistant Economist of Shanghai Price Bureau at Shanghai Planning Committee, Legal Advisor to Mcdonald’s China Development Company, Member of Council of the Shanghai Lawyers Association, and Director of YEIG (Shanghai) Energy Development Co., Ltd. He currently works as Vice Chairman of the Governance Council at Shanghai Duan & Duan Law Firm Head Office, Independent Director of Shanghai Waigaoqiao Free Trade Zone Group Co., Ltd., Independent Director of West Shanghai Automotive Service Co., Ltd., and Director of INESA (Group) Co., Ltd.

Wang Yuetang, male, born in 1963, has a Doctorate degree in Management (Accounting), and is a Chinese CPA, and Specially Engaged Professor of “Changjiang Scholars” launched by the Ministry of Education. He previously served as Instructor of Business School, Yangzhou University, Senior Researcher of Faculty of Business, Lingnan University, Visiting Scholar to Cornell University, and Dean of Nanjing University Business School. He currently works as Professor in Accounting and Doctoral Supervisor of Nanjing University Business School, Deputy Head of Jiangsu Association of Accounting, Executive Member of China Empirical Accounting Research Society, Independent Director of Nanjing Central Emporium (Group) Stocks Co., Ltd., Independent Director of Zhuhai Huafa Industrial Share Co., Ltd., Independent Director of Jiangsu Suning Bank Co., Ltd., and Independent Director of Baosheng Science and Technology Innovation Co., Ltd.

Zhang Baoquan, male, born in 1965, has a Master’s degree, and is a Senior Economist. He previously served as Deputy General Manager (in overall charge) of Tianjin Free Trade Zone Branch, Deputy General Manager of Development Zone Branch and Deputy General Manager (in overall charge) of Beichen Sub-branch, General Manager of International Business Department, Head of International Business Division and General Manager of Market Development Department II of Tianjin Branch of Industrial and Commercial Bank of China (ICBC), Party Leadership Group Secretary and Deputy General Manager of Tianjin Branch, Party Leadership Group Secretary and General Manager of Qingdao Branch, Deputy Director of Beijing Representative Office, Director of Beijing Approval Center of the Risk Management Unit of the Head Office, General Manager of Beijing Approval Center of the Credit Approval Department of the Head Office, Party Committee member and Deputy General Manager of Beijing Branch, General Manager of the Credit Management Department and Director of the Business Approval Center of the Head Office of SPD Bank, and Director of Risk Operations and General Manager of the Risk Management Department at SPD Bank Head Office. He currently works as Employee Supervisor of SPD Bank and Chairman of Shanghai International Trust Co., Ltd (with qualifications subject to regulatory approval).

He Weihai, male, born in 1967, has a Master’s degree, and is an Economist, and Certificated Internal Auditor (CIA). He previously served as Deputy General Manager of Beilun District Sub-branch (Bonded Area/Development Area) of CCB Ningbo Branch, Deputy General Manager of CMB Ningbo Sub-branch, General Manager of Jiangbei Sub-branch, General Manager of Zhongxing Sub-branch, and General Manager of the Marketing Management Department at SPD Bank Ningbo Branch, Executive Auditor in Public Reserve Business of the Internal Auditing Department and General Manager of the Trade and Cash Management Department at the Head Office of SPD Bank, Party Committee Secretary and General Manager of SPD Bank Wenzhou Branch, Party Committee Secretary and General Manager of SPD Bank Hangzhou Branch, Party Committee Secretary and General Manager of SPD Bank Nanjing Branch, and General Manager of the Asset Management Department at SPD Bank Head Office. He currently works as Employee Supervisor of SPD Bank, and Party Committee Secretary and Chairman of SPDB Wealth Management Co., Ltd.

Zhang Yong, male, born in 1972, has a Master’s degree. He previously served as General Manager of Corporate Banking Department I at SPD Bank Tianjin Branch and Director of Binhai New Area Business Department (concurrently Executive Deputy General Manager of Direct Equity Fund Business Department at SPD Bank Head Office); Party Committee Member and Deputy General Manager of SPD Bank Tianjin Branch; Deputy Party Committee Secretary and Deputy General Manager of SPD Bank Tianjin Branch (presiding over the operations); Party

Committee Secretary and General Manager of SPD Bank Tianjin Branch; and Party Committee Secretary and General Manager of SPD Bank Qingdao Branch. Currently, he is an Employee Supervisor of SPD Bank as well as Party Committee Secretary and General Manager of SPD Bank Beijing Branch.

4.2.4.3 Senior Management member resumes

Xie Wei, male, born in 1971, has a Master's degree, and is a Senior Economist. He previously acted as General Manager of Corporate Banking Department of CCB Henan Branch, Party Committee Secretary and General Manager of CCB Xuchang Branch, General Manager of Development Management Department of Corporate and Investment Banking Headquarters of SPD Bank, Deputy General Manager of Corporate and Investment Banking Headquarters of SPD Bank and concurrently General Manager of Investment Banking Department, Development Management Department and Key Client Department, Party Committee Secretary and General Manager of SPD Bank Fuzhou Branch, General Manager of SPD Bank Treasury Headquarters, General Manager of SPD Bank Asset Management Department, General Manager of SPD Bank Financial Markets Department, Director of Financial Market Business at SPD Bank Head Office, Party Committee Member, Vice President and Secretary to the Board of Directors at SPD Bank Head Office, and Chairman of AXA SPDB Investment Managers Co., Ltd. He currently works as Deputy Party Committee Secretary and President of SPD Bank, and Dean of SPD Bank Research Institute.

Liu Yiyan, ditto

Cui Bingwen, male, born in 1969, has a Doctorate degree, and is a Senior Economist. He previously acted as Deputy Head of Jinxi Sub-branch, Deputy Head (in overall charge) of Dongli Sub-branch of ICBC Tianjin Branch, Head of the Human Resources Department, General Manager of the Corporate Banking Department, Party Committee Member, Head Assistant, Deputy General Manager, Party Committee Secretary and General Manager of SPD Bank Tianjin Branch, Party Committee Secretary and General Manager of SPD Bank Beijing Branch and concurrently General Manager of the Group Customer Department and General Manager of the Financial Markets Department (Beijing) of SPD Bank Head Office. He currently works as Party Committee Member, Vice President and Chief Legal Advisor of SPD Bank.

Kang Jie, male, born in 1979, has a Bachelor's degree. He previously served as Chief of Cadre Management Section at Human Resources Department of Shanghai Rural Commercial Bank (SHRCB), Deputy Secretary and Secretary of CCYL SHRCB Committee, Deputy General Manager of SHRCB Qingpu Sub-branch, Deputy General Manager of SHRCB Huangpu Sub-branch (in overall charge), and General Manager of SHRCB Huangpu Branch, Vice President of SHRCB, and Party Committee Member and Deputy Director of Shanghai SASAC. Currently, he is Vice President of SPD Bank and Chairman of Shanghai Innovation Bank Co., Ltd.

Gao Weihua, male, born in 1969, holds a Bachelor's degree and is a Senior Political Worker. He previously served as Deputy Director and Director of the Supervision Office at Shanghai Pharmaceuticals Holdings Co., Ltd. (SPH), and Deputy Secretary of the Discipline Inspection Commission at SPH. He later held roles including Deputy Secretary of the Discipline Inspection Commission at Shanghai State-owned Assets Supervision and Administration Commission (Shanghai SASAC), Deputy Head of the Discipline Inspection Group stationed by the Shanghai Municipal Commission for Discipline Inspection to the Shanghai SASAC Party Committee, and Deputy Head of the Discipline Inspection and Supervision Group stationed by the Shanghai Municipal Commission for Discipline Inspection and Supervision to Shanghai SASAC Party

Committee. He also worked as Secretary of the Discipline Inspection Commission, Party Committee Member, and Vice Chairman of the Board of Supervisors at Bright Food (Group) Co., Ltd., and Secretary of the Discipline Inspection Commission, Party Committee Member and Supervisory Commissioner stationed by the Shanghai Municipal Commission for Discipline Inspection and Supervision at Bright Food (Group) Co., Ltd. He currently works as Head of the Discipline Inspection and Supervision Office at SPD Bank dispatched by Shanghai Municipal Discipline Inspection Commission and Supervisory Commission and Party Committee Member of SPD Bank.

Ding Wei, female, born in 1971, holds an MBA and is a Senior Economist. She previously served as Deputy Director of the Long Card Business Processing Center and Deputy General Manager of the Personal Banking Department at CCB Shanghai Branch. At SPD Bank, she held roles including General Manager of the Bank Card Department at the Personal Banking Headquarters, Deputy General Manager of the Personal Banking Headquarters, General Manager of the E-Banking Department (Mobile Finance Department) and General Manager of the Retail Banking Department at SPD Bank Head Office, and Party Committee Member, Retail Banking Director, and General Manager of the Retail Banking Department at SPD Bank Head Office. She currently works as Party Committee Member and Vice President of SPD Bank.

Zhang Jian, male, born in 1975, has a Doctorate degree. He previously served as Deputy General Manager of the Financial Markets Department at SPD Bank Head Office, Deputy Director of the General Office at SPD Bank Head Office, Deputy Party Committee Secretary and Secretary of the Discipline Inspection Commission of SPD Bank Shanghai Branch, Deputy Party Committee Secretary of and Vice General Manager of SPD Bank Shanghai Branch, Party Committee Secretary and General Manager of SPD Bank Nanchang Branch, Party Committee Secretary and General Manager of SPD Bank Zhengzhou Branch, and General Manager of the Asset and Liability Management Department at SPD Bank Head Office, and General Manager of the Asset, Liability, and Financial Management Department at SPD Bank Head Office. He currently works as Vice President and Secretary to the Board of Directors at SPD Bank, and Chairman of AXA SPDB Investment Managers Co., Ltd.

Wang Su’nan, male, born in 1966, has a Doctorate degree and is a Senior Engineer, a Certified Internal Auditor (CIA), and a Certified Information Systems Auditor (CISA). He previously served as Deputy General Manager of the Development Department, General Manager of the Computer Management Department and General Manager of the Business Department at SPD Bank Ningbo Branch, Senior IT Auditor of the Audit Department, Executive Auditor for Information Technology and Operations of the Audit Department, Assistant to the Chief Auditor, Deputy General Manager of the Corporate Banking Headquarters (concurrently General Manager of the SME Business Operations Center), Retail Banking Director (concurrently General Manager of the Retail Banking Management Department) at SPD Bank Head Office, Party Committee Secretary and General Manager of SPD Bank Hangzhou Branch, and Director of the Internet Finance Business Center at SPD Bank Head Office. He currently works as Corporate Banking Director of SPD Bank and Party Committee Secretary and General Manager of SPD Bank Shanghai Branch.

Xue Hongli, male, born in 1972, has a Doctorate degree and is a Senior Economist. He previously served as Head of Investment and Trading Division at the Treasury Department and Head of the Asset-Liability Division and Information Statistics Division of the Planning and Finance Department at China Everbright Bank (CEB), Party Committee Member and Vice General Manager (on secondment) of CEB Langfang Branch, Deputy General Manager of the

Financial Markets Department at the Postal Savings Bank of China (PSBC), and General Manager and Party Committee Member of the Financial Markets Department at SPD Bank Head Office. He is currently Financial Markets Director of SPD Bank, Chief Economist at SPD Bank Head Office, Executive Dean of the SPD Bank Research Institute, and General Manager of the Financial Markets Department at SPD Bank Head Office.

4.2.4.4 Overview of service in the shareholders

Name	Name of shareholder	Posts held in shareholders	Starting date of appointment
Guan Wei	Shanghai International Group Co., Ltd.	Vice President, CFO	December 2018
	Shanghai State-owned Assets Operation Co., Ltd.	Chairman	September 2021
	Guotai Junan Securities Co., Ltd.	Director	July 2019
Sun Wei	Bailian Group Co., Ltd.	Vice President	April 2016
Cao Yijian	Shanghai Jiushi (Group) Co., Ltd.	General Manager of Investment Development Department	April 2018
	Shanghai Sitico Assets Management Co., Ltd.	Director	September 2021

4.2.4.5 Overview of service in other entities

Name	Name of entity	Position
Bo Jingang	China Mobile IoT Company Limited	Director
Zhu Yi	China Mobile State Investment Innovation Investment Management Co., Ltd.	Director
Henry Cai	AGIC Capital	Chairman, co-founder
	BYD Co., Ltd.	Independent Director
	China Pacific Insurance (Group) Co., Ltd.	Independent Non-executive Director
	China Merchants Bank Co., Ltd.	External Supervisor
Wu Hong	East China University of Political Science and Law	Professor and Doctoral Supervisor
	Orient Securities Co., Ltd.	Independent Director
	Keboda Technology Co., Ltd.	Chairman of the Board of Supervisors
Sun Lijian	Fudan University	Professor and Doctoral Supervisor
Ye Jianfang	Shanghai University of Finance and Economics	Professor and Doctoral Supervisor
	Bank of Suzhou Co., Ltd.	External Supervisor
	Shanghai Chlor-Alkali Chemical Co., Ltd.	Independent Director
	Shanghai AJ Trust Co., Ltd.	Independent Director
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Independent Director
	CCB Life Insurance Co., Ltd.	Independent Director
Wu Xiaoqiu	Renmin University of China	Dean of the National Academy of Financial Research at RUC, Dean of the Research Institute of Capital Market, National-level First-class Professor

	Sunshine Insurance Group Co., Ltd.	Independent Director
Sun Wei	Shanghai Bailian Li'an Foods Co., Ltd.	Chairman
	Shanghai Bailian Lingang Construction Development Co., Ltd.	Director
Cao Yijian	Haitong Securities Co., Ltd.	Supervisor
Li Qingfeng	Shanghai Shenergy Nengchuang Energy Development Co., Ltd.	Party Committee Secretary, Chairman
Wu Jian	Duan & Duan	Vice Chairman of the Governance Council
	INESA (Group) Co., Ltd.	Director
	Shanghai Waigaoqiao Free Trade Zone Group Co., Ltd.	Independent Director
	West Shanghai Automotive Service Co., Ltd.	Independent Director
Wang Yuetang	Nanjing University	Professor in Accounting
	Zhuhai Huafa Industrial Share Co., Ltd.	Independent Director
	Nanjing Central Emporium (Group) Stocks Co., Ltd.	Independent Director
	Jiangsu Suning Bank Co., Ltd.	Independent Director
	Baosheng Science and Technology Innovation Co., Ltd.	Independent Director
Zhang Baoquan	Shanghai International Trust Co., Ltd.	Chairman (with qualifications subject to regulatory approval)
He Weihai	SPDB Wealth Management Co., Ltd.	Party Committee Secretary, Chairman

4.2.5 Remuneration of directors, supervisors, and Senior Management members

Decision-making procedure for the remuneration of directors, supervisors, and Senior Management members	The remuneration of the Bank's shareholder directors and shareholder supervisors shall be determined by the shareholder units that appoint them. The remuneration of the Bank's independent directors and external supervisors shall be subject to the Policy on Allowances to Independent Directors and the Policy on

	Allowances to External Supervisors, as deliberated and approved at the Shareholders' Meeting. The remuneration of directors, supervisors, and Senior Management members who are paid by the Bank shall be reviewed by the Nomination and Remuneration Appraisal Committee under the Board of Directors, and be submitted to the Board of Directors for approval. The Board of Directors is responsible for deliberating and adopting the remuneration management policy of the Bank in accordance with the pertinent laws and policies of the State. The Nomination and Remuneration Appraisal Committee under the Board of Directors consists of seven directors and is chaired by an independent director. It shall deliberate the remuneration management regime and policies of the Bank, study and examine the remuneration policies and schemes for directors and Senior Management, and put forth suggestions to the Board of Directors. The Senior Management shall organize the implementation of the Board of Directors' resolutions about remuneration management. Internal and external auditors shall incorporate the design and implementation of remuneration policies into the auditing scope.
Whether directors recuse themselves from the Board of Directors' discussion on their remuneration	Directors are not involved in the process of evaluating their performance of duties and determining their remuneration. In line with this practice, the directors of the Bank recused themselves from voting on their remuneration during the deliberation of the Proposal on the Remuneration of Senior Management Members for 2023.
Specific circumstances under which the Nomination and Remuneration Appraisal Committee or the specialized meeting of independent directors issue recommendations on matters relating to the remuneration of directors, supervisors and senior management members	On 26 April 2024, the 22nd Meeting of the Nomination and Remuneration Appraisal Committee of the Seventh Board of Directors was convened to deliberate and adopt the Proposal on the Remuneration of Senior Management Members for 2023. The meeting confirmed that the remuneration for Senior Management members in 2023 complied with relevant regulations and the established remuneration system for professional managers and recommended enhancements to the incentive and constraint mechanism within the Bank.
Basis for the remuneration of directors, supervisors and Senior Management members	The directors, supervisors, and Senior Management members who are paid by the Bank shall be included in the corresponding remuneration management policies. The remuneration for Chairman (Legal Representative) shall be

	appraised and decided by the superior authority based on the assessment results. The remuneration for other bank leaders shall be subject to the remuneration distribution plan of the Bank approved by the Board of Directors and its Nomination and Remuneration Appraisal Committee. Specifically, the remuneration for other bank leaders appointed by the organization shall be subject to the Performance Appraisal and Remuneration Distribution Plan of Shanghai Pudong Development Bank Co., Ltd. for Other Leaders Appointed and Managed by the Organization; the remuneration for professional managers shall be subject to the Appraisal and Remuneration Measures for Professional Managers of Shanghai Pudong Development Bank Co., Ltd; and the remuneration for employee supervisors and business directors shall be included in the Bank's employee remuneration system, which is implemented in accordance with the Remuneration Management Measures of Shanghai Pudong Development Bank and other relevant policies.
Total remuneration actually received by all directors, supervisors and Senior Management members as at the end of the reporting period	The final competent department in charge of the remuneration of directors, supervisors and Senior Management members who are paid by the Bank and are leaders of SOEs is under confirmation, and the total remuneration (before-tax) paid by the Bank at present is RMB14,718,500.

4.2.6 Establishment and implementation of performance appraisal and incentive mechanisms for Senior Management members

In 2024, the Bank, proceeding from its actual conditions, continued to act on the requirements set out in the remuneration policy reform for professional managers at state-owned enterprises under the management of the Shanghai municipal government. In addition to the remuneration policies for professional managers, the Bank followed the principles of "market-based recruitment, contractual management, differentiated remuneration, and market-oriented exit" in pushing forward the remuneration policy reform for professional managers, so as to further stimulate the creativity of professional managers, make state-owned assets grow larger and stronger, and steer its staff towards long-standing, high-quality development. During the reporting period, the Bank completed the 2023 performance appraisal and remuneration distribution for executives governed under the professional manager system and organizational appointment framework.

4.2.7 Performance of duties by directors and the Board of Directors

4.2.7.1 Attendance of directors at Board meetings

During the reporting period, the Board of Directors held 15 meetings, adopted 99 resolutions, and reviewed 22 special reports.

Director name	Independent Director Y/N	Number of required attendance times at Board meetings	Number of attendance times in person	Number of attendance times via written resolutions	Number of attendance times by proxy	Number of absence times	No attendance in person for two consecutive times Y/N	Number of attendance times at shareholders' meetings
		Overview of attendance at Board meetings						
Zhang Weizhong	No	15	15	10	0	0	No	1
Liu Yiyan	No	15	15	10	0	0	No	1
Zhao Wanbing	No	14	14	9	0	0	No	1
Guan Wei	No	15	15	10	0	0	No	1
Bo Jingang	No	15	15	10	0	0	No	1
Zhu Yi	No	15	15	10	0	0	No	1
Henry Cai	Yes	15	15	10	0	0	No	1
Wu Hong	Yes	15	15	10	0	0	No	1
Sun Lijian	Yes	15	15	10	0	0	No	1
Ye Jianfang	Yes	15	15	10	0	0	No	1
Wu Xiaoqiu	Yes	5	5	4	0	0	No	1

Number of Board meetings held in the year	15
Incl.: Number of onsite meetings	5
Number of meetings held via written resolutions	10
Number of meetings held onsite with attendance via written resolutions	0

4.2.7.2 Performance of duties by independent directors

As at the end of the reporting period, the Board of Directors of the Bank had five independent directors, which constituted more than one third of the members of the Board of Directors. The Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee), the Nomination and Remuneration Appraisal Committee, and the Audit Committee were all chaired by independent directors. In 2024, the Board of Directors held 15 meetings. The special committees of the Board of Directors held 40 meetings, and independent directors actively attended meetings of special committees, where they played a great role. Seven meetings of independent directors were held during the reporting period, with 12 resolutions passed and one report reviewed, and independent directors expressed 23 special independent opinions. With the attitude of being responsible for all shareholders, all these independent directors carefully performed their duties of good-faith and diligence, protected the overall interests of the Bank and the legitimate rights and interests of minority shareholders, and exerted positive role for scientific decision making by the Board of Directors.

4.2.7.3 Objection raised by independent directors against relevant matters of the Bank

During the reporting period, the independent directors of the Bank did not raise objections against any proposal at Board meetings in the year.

4.2.7.4 Duty performance of the special committees of the Board of Directors

During the reporting period, special committees of the Board of Directors held 40 meetings, adopted 105 resolutions, and reviewed 26 reports.

Special committee	Number of meetings	Number of proposals deliberated	Number of reports reviewed
Strategy and Sustainability Committee (Inclusive Finance Development Committee)	13	23	2
Audit Committee	8	21	6
Nomination and Remuneration Appraisal Committee	7	16	-
Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee)	12	45	18

4.2.7.5 Duty performance by the special committees of the Board of Directors

The Board of Directors actively fulfilled its strategic decision-making responsibilities, deepened ESG governance, and continuously enhanced the ESG governance framework. It attached great importance to ESG-related developments and fully, accurately, and comprehensively implemented the new development philosophy. The Board accelerated efforts to establish a new development paradigm and supported the Bank in advancing the five priorities of the financial sector: technology finance, green finance, inclusive finance, pension finance, and digital finance. These efforts fostered the development of new quality productive forces, enhanced the Bank’s ESG capabilities, contributed to ecological progress, and supported the

Chinese economy and society's green transition and sustainable development. The Board regularly reviewed ESG-related proposals, including reports on the Bank's green and inclusive finance businesses, sustainable development strategies and their implementation, comprehensive risk management, CSR performance, consumer protection initiatives, data security management practices, anti-money laundering (AML) measures, performance evaluations of the management in relation to sustainable development, and the ESG performance of the Bank and its major investees.

The Board has established the Strategy and Sustainability Committee (Inclusive Finance Development Committee), which is responsible for reviewing the Bank's strategies and fundamental management policies related to social responsibility, green finance, and ESG. The committee also reviews sustainability reports prepared by the Senior Management and oversees and evaluates the implementation of related sustainability strategies.

4.2.8 Performance of duties by supervisors and the Board of Supervisors

During the reporting period, the Board of Supervisors acted as per the pertinent laws and regulations, regulatory provisions, and the Articles of Association of the Bank. It fulfilled duties diligently according to laws and regulations, supervised the performance of duties of the Board of Directors, the Senior Management and its members as well as financial, risk, internal control and compliance management, and strove to get more out of its supervisory initiatives. No acts that would impair the interests of shareholders were identified during the reporting period.

During the reporting period, the Board of Supervisors focused on deliberating a host of major operation and management matters concerning strategic planning, capital management, periodic reports, risk management, asset loss write-off, and internal control compliance. The Board of Supervisors conducted in-depth research to gain a better understanding of primary-level institutions. It oversaw the performance of duties in accordance with the pertinent law and regulations, to elevate the corporate governance standards of the Bank. The Board of Supervisors organized the annual performance evaluations of directors, supervisors, and Senior Management members, as well as the annual supervisory assessment of the Bank's business operations. It attached great importance to comprehensive risk management and carried out internal control, compliance, and financial supervision. By coordinating efforts across multiple parties, the Board of Supervisors improved the supervisory mechanism and enhanced oversight effectiveness. It also conducted an in-depth study of the new Company Law and relevant regulations, supporting the enhancement of the Bank's governance structure and further improving governance efficiency.

4.2.8.1 Attendance of supervisors at meetings

During the reporting period, the Board of Supervisors of the Bank organized and held 14 meetings to deliberate 99 proposals and review 17 reports. These meetings necessitated the attendance of 116 persons, of which 116 were present in person, representing an attendance rate of 100%. This was in line with the regulatory requirements and the Articles of Association of the Bank.

4.2.8.2 Duty performance by external supervisors

As at the end of the reporting period, the Board of Supervisors had two external supervisors, which complied with regulatory provisions. Both of its two special committees, the Nomination Committee and the Supervision Committee, were chaired by external supervisors.

In 2024, the Board of Supervisors held 14 meetings and the rate of attendance of external supervisors in person reached 100%.

The external supervisors of the Bank were able to perform their supervisory duties independently. During the reporting period, the external supervisors attended the meetings of the Board of Supervisors and the special committees of the Board of Supervisors, participated as non-voting attendees in the meetings of the Board of Directors and the special committees of the Board of Directors, and got involved in the surveying programs of the Board of Directors and the Board of Supervisors. In doing so, they understood the operation and management conditions of the Bank, paid close attention to the decision-making process of operation and management activities, oversaw the performance of duties by the Board of Directors, the Senior Management and their members, while maintaining their independence in the decision-making and supervision process, free from being influenced by major shareholders, Senior Management members, and other entities and individuals who had a stake in the Bank, and making every effort to safeguard the legitimate rights and interests of the Bank, all shareholders, and other stakeholders. The external supervisors were able to make full use of their professional expertise and actively express their supervisory comments and suggestions, thus playing an active role in the performance of supervisory duties by the Board of Supervisors.

4.2.8.3 Duty performance by the special committees of the Board of Supervisors

The Board of Supervisors of the Bank has established the Nomination Committee and the Supervision Committee. During the reporting period, the Board of Supervisors held 15 meetings of the Supervision Committee and the Nomination Committee, where 35 proposals were reviewed.

Special committee	Number of meetings held	Number of proposals deliberated
Nomination Committee	5	11
Supervision Committee	10	24

4.2.9 Information on employees

4.2.9.1 Information on employees of the parent company and main subsidiaries

Person

Total in-service employees of the parent company as at the end of the reporting period	59,859
Total in-service employees of main subsidiaries as at the end of the reporting period	3,128
Total in-service employees as at the end of the reporting period	62,987
Retired employees in the parent company and main subsidiaries during the reporting period	2,725

Incl.: Disciplines of employees of the parent company	
Senior Management members	346
Banking staff	53,488
Technical staff	6,025
Incl.: Education level of employees in the parent company	
Master’s degree and Doctorate degree	14,046
Bachelor’s degree	38,851
Junior college and vocational school	6,962

Notes:

(1) The number of in-service employees at the parent company comprises all types of workers, which are divided into 56,760 contracted employees and 3,099 outsourced service workers.

(2) Management personnel of the parent company refer to individuals holding deputy or higher positions in departments at the Head Office and tier-one branches.

4.2.9.2 Remuneration policy and implementation

The remuneration policy of the Bank is consistent with its development strategies, business plans, and corporate culture, as well as the requirements for corporate governance and industry regulation, and follows the management principles of “supporting strategy implementation, motivating talents, being market & performance-oriented and well-structured, and attaching equal importance to incentive and constraint”.

The staff remuneration policy is regulated by the Remuneration Management Measures of Shanghai Pudong Development Bank and other pertinent policies. The remuneration is divided into basic pay, performance-based pay and benefits. Performance-based pay is linked to the comprehensive performance of an employee and the institution (department) to which the employee belongs, and can reflect various risks, cost offsets, and incentive and constraint requirements for sustainable development of the Bank. In terms of appraisal metrics, key performance indicators such as economic efficiency indicators, risk and cost control indicators, and social responsibility indicators are set to reveal the correlation between employee remuneration and business performance, risk control, and social responsibility. The remuneration policy contains provisions related to deferred payment and clawback of performance-based pay. As to employees who commit violations, incur credit risk events, or fall under other similar situation, their current or deferred pay will be deducted given the accountability decisions. For employees in positions that have a significant impact on the risks of the Bank, the deferred pay shall not be less than 40% of their total performance-based pay for the year and the period of deferral shall not be less than three years. Employees of the Bank’s audit, compliance, and risk management departments are mainly included in the sequences of management and professional positions, and their remunerations remain relatively independent from those of the personnel in business lines under their supervision.

The Bank actively advanced the building of an internationalized remuneration system and improved the remuneration mechanism for overseas institutions and persons dispatched to foreign countries. It advanced remuneration management of subsidiaries according to requirements for conglomeration development and continued to improve the incentive mechanism linking performance with professional post performance remuneration. It intensified accountability management, and used deferred payment of remuneration as an efficient risk constraint.

During the reporting period, the parent company accrued employee remunerations totaling RMB26,121 million for regular employees and other types of employees, totaling 59,859 people.

4.2.9.3 Human resources management

During the reporting period, in response to evolving internal and external conditions, the Bank advanced its digitalization & intelligentization strategy in support of high-quality business development. Organizationally, it explored and refined pathways for transitioning from traditional growth drivers to new ones. At the employee level, the Bank conducted in-depth research on the development patterns of management personnel, strengthened workforce capabilities, and continuously optimized institutions and mechanisms. It completed organizational restructuring and appointed high-caliber leaders to key positions. Breakthroughs were made in talent pipeline development, with innovative training and development mechanisms enriching the talent pool and providing strong organizational and personnel support for achieving the Bank’s strategic objectives.

4.2.9.4 Staff training plan

During the reporting period, the Bank focused on key operational priorities and fully implemented the requirements of its digitalization & intelligentization strategy. An all-employee training system was established, ensuring seamless integration across the full training lifecycle and fostering cross-functional collaboration to provide tiered, categorized training. These efforts enhanced the management, execution, and strategic implementation capabilities of all executives and employees, providing strong intellectual support and training assurance for talent development. First, the Bank remained firm in ideals and convictions by leveraging the guiding role of Party building. It organized thematic seminars, strategic workshops, and training sessions for leadership on the important speech delivered by General Secretary Xi Jinping during his visit to Shanghai, as well as on the guiding principles of the Third Plenary Session of the 20th CPC Central Committee. The Bank also held dedicated briefings on its digitalization & intelligentization strategy. Second, the Bank actively cultivated its youth talent pool through a range of targeted programs, including the “Thousand People Project” training courses conducted in universities, residential communities, and the Head Office, laying the groundwork for a talent supply chain aligned with strategic execution needs. Third, the Bank promoted professional training across the five priority tracks and key business areas, continuously building the capacity of its professional workforce. Fourth, aligned with the Catalog of Position-specific Professional Qualification Certificates at SPD Bank, the Bank organized qualification examinations for all professional roles, refining training content and enhancing employees’ professional competencies. Fifth, the Bank developed the “SPDB Forum” brand, established the “Digital Library”, and diversified talent development channels, thereby enhancing organizational branding and supporting business growth. Sixth, the Bank continued to develop the SPDB Online Learning System, expanding access to learning resources, improving the user experience, and enhancing the overall effectiveness of digital learning.

4.2.10 Profit distribution

4.2.10.1 Formulation and implementation of cash bonus policy

In order to further implement the requirements of regulators including the CSRC and SSE in respect of cash bonus of listed companies, and truly protect the legitimate interests of investors, the Articles of Association of the Bank defines the basic principle, specific policies, decision making procedure, organization and implementation of profit distribution and profit distribution policy changes, and states that the Bank's cash bonus scheme shall meet relevant rules of regulators, and except for special cases, the accumulated distribution of profit from the cash bonus in the past three years shall be no less than 30% of yearly average distributable profit realized in the past three years.

The Bank's decision-making procedure for profit distribution met relevant requirements in the Articles of Association and resolutions made at the shareholders' general meeting, and the cash bonus' criteria and proportions were clear and well defined, and all Independent Directors expressed opinions on the profit distribution scheme. The Bank also listened to the opinions and claims of minority shareholders through various forms. The profit distribution scheme considered the industry features, development stage, profitability and capital needs of the Bank, as well as the investors' requirements for sharing the Bank's growth and development achievements, and obtaining reasonable return on investment.

4.2.10.2 Plan or scheme of the Bank for ordinary shares' dividend distribution in past three years

In RMB millions

Bonus year	Number of bonus shares per 10 shares	Number of dividend payout per 10 shares (tax inclusive)	Number of capital increase per 10 shares	Amount of cash bonus (tax inclusive)	Net profit attributable to the parent company's ordinary shareholders in the consolidated statements in the bonus year	Cash dividend rate (%)
2024	-	4.10	-	12,034	39,905	30.16
2023	-	3.21	-	9,422	31,349	30.05
2022	-	3.20	-	9,393	45,818	20.50

4.2.10.3 Annual profit distribution plan of the Bank

The audited 2024 accounting statement showed that, the parent company realized a total net profit of RMB43,286 million, and after deducting the dividends on SPDB P 1 and SPDB P 2 of RMB1,559 million and on perpetual bonds of RMB3,794 million paid in the year, the actual profit distributable to ordinary shareholders in the year would be RMB37,933 million.

The Bank proposed the 2024 profit distribution plan as follows:

(1) To withdraw statutory surplus reserve at 10% of after-tax profit of the year, RMB4,329 million in total;

(2) Pursuant to the Administrative Measures for Reserve Provisioning of Financial Enterprises issued by the Ministry of Finance, the Bank set aside RMB8.3 billion for general reserve.

(3) To distribute to all shareholders cash dividends at RMB4.1 (tax inclusive) per 10 shares based on the total number of ordinary shares on the day of profit distribution and equity registration. As at 31 December 2024, the Bank's ordinary shares totaled 29,352,178,302, based on which the cash dividends to be distributed were calculated in RMB12,034 million (tax inclusive).

If the total share capital changes due to the conversion of convertible bonds before the record date for profit distribution, the per-share distribution amount will remain unchanged, and the total distribution amount will be adjusted accordingly.

4.2.11 Internal controls

4.2.11.1 Formulation and implementation of internal control policies

The Bank prepared the 2024 Internal Control Evaluation Report and disclosed it on the SSE's website (www.sse.com.cn). During the reporting period, SPD Bank further strengthened internal control management to solidify the foundation for internal control management. First, the Bank launched a policy framework optimization initiative with the objectives of "streamlining volume, ensuring logical coherence, embedding risk controls, and enhancing user experience". This involved a systematic review of main, supporting, and auxiliary policies across major products. Drawing on findings from both internal and external inspections, the Bank comprehensively reassessed and refined its policy system to enhance structure, completeness, efficiency, and practical operability. Second, targeted rectification efforts were undertaken in key risk areas. By integrating institution-level self-inspection and rectification efforts with Head Office-led monitoring reviews, the Bank conducted thorough retrospective checks on operations and management activities to reinforce internal control foundations and ensure regulatory compliance. Third, the Bank advanced digital and intelligent risk management by leveraging cutting-edge technologies to strengthen internal control and compliance capabilities. It reduced manual intervention and developed systems for real-time monitoring and automated alerts on abnormal business activity and staff conduct. Fourth, the Bank enhanced case prevention and staff behavior management by clarifying institutional responsibilities and enforcing accountability through a tiered approach. It implemented root-cause solutions to address recurring issues and closely monitored high-risk areas through a combination of system-based surveillance, manual verification, and big data analysis, aiming to identify and mitigate risks at an early stage.

4.2.11.2 Management and control of subsidiaries

In accordance with relevant internal policies such as the Management Measures of Shanghai Pudong Development Bank for Invested Companies as well as the principles of "legal compliance, categorized, group-wide, see-through, and upgraded management, and market-based and independent operation", the Bank divided investee companies into different categories for management according to their differences in shareholding ratio and degree of control, thus capable of clearly defining the rights, obligations and responsibilities of these enterprises, highlighting priorities of management, and improving management efficiency.

4.2.11.3 Relevant information about internal control audit report

The Bank prepared and disclosed the 2024 Internal Control Evaluation Report. KPMG Huazhen LLP audited the effectiveness of the internal control over financial reporting of the Bank as of

31 December 2024, and issued the Internal Control Audit Report. Full text of the above report has been published on SSE's website (www.sse.com.cn).

4.2.12 Internal audits

In accordance with its Articles of Association, the Bank has established an independent and vertically structured internal audit system. The Board of Directors holds ultimate responsibility for ensuring the independence and effectiveness of internal audit. It is responsible for approving the internal audit charter, medium- and long-term audit plans, annual audit work plans, and related documents. The Board also provides the necessary conditions to guarantee the objective and independent execution of internal audit functions and evaluates the independence and effectiveness of audit activities. The Bank has established an independent internal audit department consisting of seven audit offices. Together, they form an audit framework with clearly defined responsibilities across the department and offices, as well as across the front, middle, and back offices. These front, middle, and back offices carry out project implementation, technical support, and comprehensive management, respectively.

During the reporting period, internal audit efforts were closely aligned with the advancement of the five priorities of the financial sector, the Bank's digitalization & intelligentization strategy, and its five priorities tracks. Audit supervision was strengthened to enhance internal control and support high-quality development. Adopting research-driven audits as a core methodology, the Bank combined issue identification with rectification oversight, thereby expanding the application of audit outcomes across various business lines. In line with the Bank's strategic transformation, the Bank placed greater emphasis on technology-empowered auditing, quality-oriented auditing, and talent-driven auditing in terms of internal audit. These efforts contributed to the continuous enhancement of internal audit capabilities and provided strong supervisory support for the Bank's pursuit of high-quality development.

4.3 Environmental Information

4.3.1 Green finance

Green finance governance

The Board of Directors demonstrates a strong commitment to environmental protection and the advancement of green finance initiatives. Guided by the new development philosophy of "innovation, coordination, green development, openness, and sharing", the Board has led the Bank in advancing green finance as a key component of the five priorities of the financial sector. It has empowered green development through green finance solutions, increased support for green, low-carbon, and circular economies, prevented ESG risks, and enhanced the Bank's ESG capabilities. These efforts have contributed to ecological progress and supported the green transition and sustainable development of China's economy and society. The Board of Directors regularly reviews the reports on operations including the Bank's green finance business, which covers many aspects such as the implementation of green credit strategies, conducting of green credit business, identification and assessment of environmental and social risks, evaluation of performance by the management in green finance, environmental and ESG performance of the Bank and its major investees.

The Board has established the Strategy and Sustainability Committee (Inclusive Finance Development Committee), which is responsible for reviewing the Bank's strategies and fundamental management policies related to green finance as well as the green finance objectives set out by the Senior Management. During the reporting period, the Board reviewed and adopted proposals such as the 2024-2026 Green Finance Development Plan, oversaw and evaluated the implementation of related green finance strategies, and provided a strong institutional safeguard for the Bank’s high-quality development in green finance.

The Green Finance Promotion Committee has been established under the Senior Management to coordinate the implementation of the Bank’s strategies for developing green finance business; the Green Finance Department has been set up at the Head Office to act on the resolutions reached by the Green Finance Promotion Committee; all domestic branches of the Bank have set up inter-departmental deliberative bodies with respect to green finance to promote the development of green finance by their operating institutions in the light of local conditions.

Green finance policies and systems

During the reporting period, the Bank actively responded to call of the state for green and low-carbon development. It continued to deepen the building of its green finance policies and systems, consistently innovated product and service offerings, and enhanced the provision of high-quality financial services to support major strategies, key areas, and weak links. The Bank accelerated efforts to improve the quality and efficiency of its green finance initiatives, strengthened the market influence of the “SPDB Green Innovation” brand, and leveraged high-quality financial services to support the realization of China’s “carbon peaking and carbon neutrality” goal, thereby making strides in the development of green finance.

With the goal of “carbon peaking and carbon neutrality”, the Bank put in place a multi-level strategic planning system for developing green finance. First, the Bank continuously enriched its green finance service system. During the reporting period, it upheld the principles of innovation with integrity and systemic integration, launching an upgraded version of the Comprehensive Service Plan for Green and Low-Carbon Transition Finance. By integrating internal and external products, services and resources, the Bank built a digital and intelligent service platform centered on three core pillars: green finance, transition finance, and carbon finance. Targeting six key low-carbon transition areas—low-carbon energy, energy conservation and carbon emissions reduction, green infrastructure, environmental protection, green services, and recycling—it developed eight product lines: green equity, green bonds, green loans, green asset management, green leasing, green wealth management, green trust, and green consulting. The Bank also continued to innovate scenario-based solutions across a number of sub-segments—including industrial decarbonization, distributed photovoltaics, and water use rights—thus establishing a leading “1+6+8+N” green finance service framework and further elevating the influence of the “SPDB Green Innovation” brand. Second, the Bank continued to deepen its ESG risk management system. It applied the new development philosophy in full, in the right way, and in all fields of endeavor by embedding ESG requirements into management processes and the comprehensive risk management framework. It also proactively carried out carbon emissions audits for both its operations and financing activities, thereby improving ESG performance, facilitating the Group’s green transformation, and supporting the sustainable development of the Chinese economy and society. Third, the Bank expanded its network of green finance partnerships. It joined initiatives such as the China Carbon Neutral Action Alliance (CNNAA) under the Shanghai Environment and Energy Exchange, deepened cooperation with institutions like the National Green Development Fund (NGDF), and expanded ties with green finance associations, professional service providers, and industry peers. These partnerships enabled the Bank to reinforce its green finance network and jointly implement major projects in ecological governance and industrial upgrading.

Innovative green finance services

The Bank consistently pioneered sustainability-linked loans across multiple regions and launched its first structured deposit linked to both green and sustainable development. It also advanced service innovations in distributed photovoltaics, ecology-oriented development (EOD), and environmental rights-guaranteed financing, among other areas.

In the realm of carbon finance, the Bank actively engaged in the building of carbon markets through various dimensions. Leveraging the relaunch of the China Certified Emission Reduction (CCER) market and the expansion of the national carbon allowance trading market to sectors such as steel, cement, and alumina, several branches introduced innovative financing products based on environmental rights, including carbon emission rights, to enrich their portfolio of carbon asset financing products. In the area of transition finance, the Bank actively contributed to the development of regulatory standards and launched innovative products such as industrial low-carbon transition loans, supporting key energy consumers, China’s top 500 manufacturers, and green manufacturing enterprises in their efforts to achieve low-carbon transformation. Furthermore, in EOD business, the Bank officially joined the roster of institutions and was granted access to the pool of projects supported by ecology finance, as initiated by the Ministry of Ecology and Environment of China. This strategic move enabled the Bank to precisely target the customer segments engaged in ecological protection and to channel financial resources toward a greater number of EOD projects aimed at pollution control.

During the reporting period, the Bank continued to improve its SPDB credit card green finance system. It refined its low-carbon credit card use scenario strategies to more accurately identify users’ green behavior, upgraded green and low-carbon campaigns to encourage environmentally friendly consumption, and expanded the scope of green and low-carbon task scenarios—offering users more benefits in areas such as eco-friendly travel, recycling, sporting, and reading. As at the end of the reporting period, over 840,000 customers joined the Green and Low-Carbon Zone, completing more than 22.79 million green tasks and earning a total of over 580 million green bonus points. The Bank also scaled up its lending for new energy vehicles (NEVs). By leveraging the digital and intelligent capabilities of the “iCar Loan” product, it collaborated with major domestic traditional automakers and emerging NEV manufacturers to drive large-scale, branded, and high-quality growth of its auto finance business.

For more information, please refer to green finance-related content under 3.2.7 “Develop five priorities of the financial sectors with solid efforts” in Section III “Management Discussion and Analysis”.

4.3.2 Environmental risk management

During the reporting period, the Bank continued to enhance its institutional framework for ESG risk management by integrating the requirements on environmental risk controls into its comprehensive risk management system. First, the organizational structure was improved, with the Head Office’s Environmental Risk Control Center taking the lead in overseeing ESG risks related to credit customers. Second, related mechanisms were improved by embedding ESG risk management for credit customers into the Bank’s comprehensive risk framework, with regular updates provided in the quarterly comprehensive risk management reports. Third, internal policies were refined, including the revision of the Environmental and Social Risk Management Measures of SPD Bank to align with the latest regulatory requirements. Fourth, customer classification management was enhanced through continuous identification, assessment, and monitoring of ESG risks among credit clients. This included compiling a list of customers with material ESG risks and integrating differentiated management measures into credit business processes. Regarding environmental risk management, the Bank strictly adhered to regulatory requirements by submitting climate risk assessment data, promoting climate risk stress testing projects, establishing a climate risk management database, and optimizing models for stress scenarios, transition risks, and physical risks. These efforts significantly improved the Bank's overall climate risk stress testing program.

Green credit policy

The Bank strategically aligned its credit business with the imperative for high-quality development and pertinent national policies. On the one hand, it conducted rigorous assessments of industries facing overcapacity within the national economy, carefully evaluating customers based on their environmental friendliness. Preference was given to those adhering to environmental protection requirements and relevant national policies. On the other hand, the Bank intensified structural adjustments in order to promote the sustainable development of the national economy. The Bank formulated the Corporate Client Credit Orientation Policy 2025, reaffirming its strategic focus on serving the real economy and advancing green finance. The policy emphasizes supporting the development of green industries, facilitating the transformation of traditional sectors, and actively promoting the concept of sustainable development.

4.3.3 Measures taken by the Bank to reduce its carbon emissions and their effects

The Bank established a sound management system for energy conservation and emission reduction, with clear targets and defined responsibilities. It enhanced budget control, performance evaluation, and oversight over relevant projects, while conducting regular monitoring, analysis, inspections, and supervision. Efforts were made to refine energy consumption data collection, enabling more precise and sustainable management. The Bank actively promoted paperless operations and accelerated the deployment of NEVs for official use. It also strengthened the development of eco-friendly outlets, continuously enhanced the effectiveness of environmental governance, and built a widely accessible, efficient, and well-functioning environmental service network. Energy conservation awareness among employees was further reinforced through targeted training and promotional campaigns. By adopting systematic and well-conceived approaches—such as intelligent building control systems—the Bank consistently improved the energy efficiency of its office facilities and equipment. Through the gradual upgrade of outlets with smart devices, it achieved greater visibility, measurability, adjustability, and controllability of energy consumption at outlet premises, including air conditioning and lighting systems, thereby providing strong digital and technical support for energy consumption management.

ESG Best Practice Case: SPD Bank Anji Sub-branch Achieves "Zero-Carbon" Certification at Both International and Domestic Levels

Huzhou Anji Sub-branch of SPD Bank Hangzhou Branch became a "zero-carbon" bank outlet with certifications from both international and domestic authorities. Meanwhile, it received carbon offset certificates from both the United Nations Framework Convention on Climate Change and the Shanghai Environment and Energy Exchange (SEEE) simultaneously.


上海环境能源交易所

证书编号：20230314-32

Certificate No:20230314-32

碳 抵 消 证 书

Carbon Offset Certificate

经审核，上海浦东发展银行股份有限公司湖州安吉支行完成了103吨核证减排量注销（CDM项目，编号：7497），用于预抵消2023年度上海浦东发展银行股份有限公司湖州安吉支行经营活动所产生的温室气体排放。

After examination, Shanghai Pudong Development Bank(Huzhou Anji Sub-branch), has completed the redemption of 103 tCO_2e of CERs (from CDM Project, N0.7497), to pre-offset GHG Emissions generated from its daily operation in 2023.

上海环境能源交易所

SHANGHAI ENVIRONMENT AND ENERGY EXCHANGE

2023年3月16日


United Nations Framework Convention on Climate Change

Date: 10 March 2023

VOLUNTARY CANCELLATION CERTIFICATE

Presented to:

Reason for cancellation:

Voluntary cancellation by Shanghai Pudong Development Bank(Huzhou Anji Sub-branch) to pre-offset GHG Emissions generated from its daily operation in 2023

Number and type of units cancelled

103 CERs

Equivalent to 103 tonne(s) of CO2

Start serial number:

End serial number:

Promoting green operations through energy conservation and emissions reduction

Photovoltaic system: The rooftop of the sub-branch building is equipped with approximately 300 square meters of distributed photovoltaic panels, complemented by terracotta-colored photovoltaic modules installed on the building's exterior walls. Together, the two generate over 30,000 kilowatt-hours of electricity annually, covering around 70% of the sub-branch's total electricity consumption.

Recyclable wall technology: The sub-branch's office area features prefabricated walls made from environmentally friendly materials. These walls are easy to install, reusable, and highly adaptable for future modifications. In addition to their environmental benefits, they offer excellent fire resistance and sound insulation performance.

Heat recovery fresh air ventilation system: An energy recovery ventilator (ERV) has been installed to capitalize on the temperature and humidity differences between indoor and outdoor air. This facilitates bidirectional air exchange while enabling efficient heat and moisture transfer, significantly reducing the energy required for preconditioning fresh air and improving ventilation efficiency.

Smart power management: The power distribution room and individual circuits are equipped with intelligent switches, air circuit breakers, and molded-case circuit breakers to monitor and manage electricity usage. This intelligent energy management system effectively reduces overall energy consumption.

Energy consumption monitoring: Leveraging a digital intelligence platform for carbon peaking and carbon neutrality, the sub-branch monitors its energy usage, and analyzes historical consumption data and energy parameters, thereby reducing energy loss.

4.4 Fulfillment of CSRs

4.4.1 Support for rural revitalization

In 2024, SPDB rural banks remained true to their founding mission, continuously increasing credit support for key areas such as agriculture, rural areas, and farmers as well as micro and small enterprises. The operational focus on supporting agricultural and small businesses was further solidified, with the principle of small amounts and broad coverage increasingly put into practice. Across the 28 SPDB rural banks, a total of RMB3,913 million in loans was extended to

33,000 rural households, with an outstanding loan balance of RMB8,388 million at the end of the year. To enhance the specialization of rural revitalization efforts, the banks actively worked to improve their product and service offerings. Drawing on practical experience, they issued management measures for products such as “SPD Housing Loan”, “Entrepreneurship Guarantee Loan”, and “Easy Home Loan” (a microloan product). In addition, business management policies were formulated for credit rating of farmers’ cooperatives and comprehensive credit granting to creditworthy villages. Further efforts focused on strengthening the product and business framework, promoting innovation, embedding financial services into agricultural production and daily life scenarios, and exploring sustainable business modes. Therefore, these initiatives generated substantial social value.

In 2024, the Bank continued to actively respond to national initiatives by providing paired assistance and donations in support of rural revitalization. Total donations for the year amounted to RMB13.358 million. Notably, the Bank took part in the third round of the comprehensive assistance initiative for Jinshan District, Shanghai (2023–2027), which focuses on strengthening governance and service capabilities in 73 key villages and promoting sustained and stable income growth for local farmers. The Bank also continued its support for other regions, including Wenshan in Yunnan Province and Xinzhou in Shanxi Province. In 2024 alone, RMB1.46 million was donated to fund infrastructure upgrades, improve living conditions, and increase people’s incomes. These initiatives provided a strong support for advancing rural revitalization and consolidating the progress achieved in poverty elimination.

4.4.2 Participation in public welfare initiatives

During the reporting period, the Group contributed a total of RMB24.12 million through 42 donation projects, translating its philanthropic commitment into tangible social impact.

Guided by the volunteer philosophy of “joy in giving, pride in serving” and the spirit of “dedication, friendship, mutual assistance, and progress”, the Bank held its 17th annual Volunteer Day under the theme “Live Green, Build Tomorrow”. The campaign promoted low-carbon, eco-friendly lifestyles and encouraged broader adoption of sustainable practices, contributing positive momentum toward achieving China’s carbon peaking and carbon neutrality goal. For the first time, the Bank participated in the Shanghai municipal public service initiative “Light Up a Room”—a micro-renovation project for disadvantaged minors—by donating “growth care packages” and supporting children in need. The initiative received extensive media coverage from outlets such as Jiefang Daily, Shanghai Release, and China Youth Daily. The Bank also took part in the Shanghai Sports Development Foundation’s initiative “Loving You in Your World”, which supports children with autism. By combining donations with hands-on volunteer efforts, the Bank encouraged autistic children to engage in physical activities and lead healthier, more active lives. In addition, the Bank promptly provided emergency donations in response to major natural disasters—including the earthquake in Jishishan, Gansu Province and the landslide in Yalachong Village, Yunnan Province—supporting both immediate relief efforts and post-disaster reconstruction.

For more information, please refer to the Bank’s 2024 Sustainability Report available on the websites of the SSE and the Bank.

4.4.3 Financial consumer protection

Upholding a people-centric value orientation, the Bank has practiced the political and people-oriented nature of finance, and attached great importance to the protection of consumers’ rights and interests. During the reporting period, the Bank earnestly implemented regulatory requirements by optimizing its consumer protection organizational structure, improving related working mechanisms, standardizing complaint management processes, deepening monitoring and supervision, and actively promoting financial education. As a result, notable improvements were achieved in the regulatory assessment of the Bank's consumer protection performance. Complaint management efforts delivered remarkable outcomes, reflected in a significant decline in regulator-referred complaints. End-to-end control mechanisms were further reinforced, while the scope and effectiveness of financial literacy initiatives continued to expand. Throughout the year, the Bank continued to improve its consumer protection management framework by allocating more resources to this area. In alignment with regulatory requirements and management priorities, it consistently refined policies, systems, and operational protocols related to key aspects of consumer protection management. These included consumer protection review, dispute resolution mechanisms, internal assessments, and root-cause rectification. Moreover, the Bank diligently fulfilled various tasks related to mechanism development, drafting of contractual texts, marketing and publicity strategies, handling of customer complaints, and conducting inspections and rectifications. Furthermore, it intensified efforts to digitize consumer protection processes and provided comprehensive consumer protection training to all employees to enhance their awareness and competence in this field. These concerted efforts were geared toward enhancing the quality and efficiency of consumer protection measures across the Bank.

During the reporting period, the Bank attached high importance to and continued carrying out financial literacy activities among consumers through both online and offline, centralized and localized, and standardized and characteristic publicity channels to disseminate financial knowledge and raise their awareness of financial risk prevention. In 2024, the Bank launched intensive consumer protection campaigns, including the "March 15 Consumer Protection Awareness Enhancement", the "Journey for Disseminating Financial Knowledge", and the "Financial Consumer Protection Month". Over 50,000 employees from more than 1,700 outlets nationwide participated in these awareness-raising efforts. Collectively, they organized more than 35,056 publicity sessions both online and offline, producing original promotional contents that garnered over 98.41 million clicks and reached an audience of more than 442.19 million people. These initiatives involved financial education on topics such as financial literacy, the prevention of illegal financial activities, and the promotion of value investing, bringing financial knowledge into millions of families. On a regular basis, the Bank proactively issued risk alerts through various platforms—including its official WeChat account, official website, Sina Weibo account, SPDB Mobile Banking app, and other media channels—to enhance consumer awareness of fraud and scams. The Bank continued to make better use of business outlets as a stronghold for financial literacy. All 37 domestic branches set up a "public education zone" with financial knowledge brochures at their business premises, incorporating financial literacy improvement into the entire workflow of consumer-related operations. The Bank also extended its outreach to villages, communities, schools, and business districts, conducting a wide variety of activities to embed financial knowledge into everyday life. To stimulate the endogenous power, the Bank launched a series of themed activities throughout the year, such as "Prevent Financial Fraud and Safeguard Your Funds", "Be a Rational Investor", "Insurance Literacy to Avoid Misleading Sales", "Caring for the Elderly", "A Must-Have Lesson in Finance", and "Caring Financial Services for New Citizens". It also developed innovative platforms, including "Financial Literacy Kiosks" and the "Three Databases and One Platform" framework, to further extend the reach and impact of financial education through both online and offline channels.

During the reporting period, the Bank handled a total of 355,728 consumer complaints. Among these, 77.6% were related to credit card services, 10.3% to personal loan services, and 8.5% to debit card services. The remaining 3.6% involved other business areas, including agency services, payments and settlements, foreign exchange, precious metals, and personal financial information. Geographically, complaints were primarily concentrated in the Yangtze River Delta, the Bohai Rim region, and Western China. With respect to complaint management, the Board of Directors and the Senior Management of the Bank regularly listened to reports on the work done in addressing complaints across the Bank, putting forth requirements and providing guidance on key aspects of work. The lead department for complaint management continuously organized and promoted the work related to complaints across the Bank, refined and improved complaint management mechanisms, policies, and systems of the Bank, got complaint channels unimpeded and standardized the complaint handling process, intensified efforts in team building, enhanced the internal coordination of efforts to deal with complaints, and focused on the areas prone to complaints to strengthen management from the source, thus improving the quality and efficiency of complaint management continuously. The Bank attached great importance to dispute settlement, further improved measures to settle disputes through diversified means, and encouraged all institutions to resolve complaints and disputes through mediation and other methods, thereby enhancing their ability to effectively settle disputes.

Regions where consumer complaints were mainly distributed:

Region	Total complaints	Proportion
Head Office	289,629	81.41%
Yangtze River Delta Region	19,168	5.39%
Bohai Rim	13,319	3.74%
Western China	10,517	2.96%
Central China	9,593	2.70%
Pearl River Delta and West Coast of Taiwan Strait	8,562	2.41%
Northeast China	4,940	1.39%
Total	355,728	100.00%

Note: The total number of consumer complaints at the Head Office included credit card complaints and complaints at the Head Office.

4.4.4 Information disclosure and transparency

The Bank works to protect investors' rights to know by fulfilling its information disclosure obligations according to the law and implementing various related regulatory requirements.

As per the principles of "openness, fairness, and impartiality", the Bank discloses the information on corporate governance and management truly, accurately and completely, ensuring that the disclosed information is concise, clear, and easy to understand, and that the information disclosure remains continual and consistent. The Bank received an "A" rating in the information disclosure evaluation for listed companies initiated by the SSE for 2023-2024.

During the reporting period, the Bank completed four times of disclosure by periodic reports, 72 times of disclosure by temporary announcements, and made timely announcements on resolutions passed by its Board of Directors, Board of Supervisors, and Shareholders' Meeting and major matters such as the implementation of profit distribution and increased shareholding by substantial shareholders. The Bank disclosed annual and interim preliminary earnings estimates, respecting and safeguarding investors' rights to obtain timely and fair information on its operations. In its periodic reports, the Bank proactively strengthened the promotion of its digitalization & intelligentization strategy, added a dedicated section on "Key issues of operational focus", worked to enhance the readability of these reports, and helped investors understand its strategic optimization results, protecting investors' right to information effectively. The Bank further refined its information disclosure management policies, strictly implemented the regulatory provisions on information disclosure of listed companies, and effectively prevented the risk of insider trading, thus doing better in the basic information disclosure management.

During the reporting period, the Bank actively responded to the SSE's initiatives by earnestly fulfilling its social responsibilities and obligations as a listed company. It implemented a range of measures to improve operational quality and profitability, accelerate the development of new quality productive forces, and enhance its overall investment value. Aligned with its development strategies and operational priorities, the Bank formulated the 2024 Special Action Plan to Improve Quality and Efficiency for Greater Returns, which outlines 16 targeted initiatives across five key areas to drive high-quality development and enhance investor value.

4.4.5 Investor relations management

During the reporting period, the Bank responded positively to regulatory guidance by centering its efforts on the core principles of market value management and the primary mission of "value creation, value transmission, and value realization". It advanced the formulation of its Market Value Management Policy through institutional building, model innovations, and methodological upgrades, with the objective of enhancing investment value and improving shareholder returns.

First, the Bank innovated a digital, intelligent, and lean investor relations management mode. At the Group level, it continued to optimize the top-down governance framework involving the Board of Directors, executive management, and investor relations teams. A closed-loop mechanism for efficient internal coordination and external feedback was further refined, with a strong focus on collecting investor insights and leveraging data analytics to improve the relevance and precision of investor communications—thereby contributing to the development of long-term, patient capital.

Second, the Bank enhanced the effectiveness and influence of its investor relations activities. In 2024, it held three performance briefings, with both the annual and interim briefings conducted through a combination of in-person and live-streamed formats, attracting over 200,000 online participants. Through a diverse array of channels—including two rounds of management-led roadshows (annual and interim), investor value communication forums, and participation in regional performance briefings in Shanghai—the Bank engaged in open, in-depth dialogues with a wide range of investors.

Third, the Bank expanded the coverage, quality, and efficiency of its daily investor relations efforts. It actively implemented the 2024 Special Action Plan to Improve Quality and Efficiency for Greater Returns, organized on-site research visits for institutional investors, participated in investor strategy conferences, and hosted "Minority Investors' Visits to Listed Companies" events. A dedicated mechanism was also put in place to track and facilitate the execution of resolutions from shareholders' general meetings. These frequent, high-quality engagements significantly deepened capital market understanding of the Bank's strategic initiatives and reinforced market confidence in its long-term value.

4.4.6 Employee protection

On 4 June 2024, the Bank held the First Session of the Sixth Workers' Congress and the First Session of the Fourth Employee Representative Conference, during which new members were elected to the Sixth Committee, the Expenditure Review Committee, and the Women Workers' Committee.

During the reporting period, to further strengthen employee care and embody a people-oriented service philosophy, the Head Office Labor Union launched the "Serving the People Through Practical Initiatives" campaign across the Bank, mobilizing collective efforts to cultivate a supportive workplace culture.

Guided by its digitalization & intelligentization strategy, the Bank continued to promote talent development and enhance employee competencies during the reporting period. An online knowledge base for job qualification certifications was established to encourage self-directed learning among employees. The Bank also introduced employee mentoring and training management measures to improve job readiness during key periods such as onboarding and rotation. A comprehensive talent development framework was further strengthened through the convening of a bank-wide talent conference and the establishment of a strategic talent reserve. Efforts were initiated to build a structured talent pool comprising ten categories across three levels—intermediate, advanced, and senior—aimed at accelerating the cultivation of key talent in critical business areas.

4.4.7 Information security and privacy protection

The Bank remained committed to building a comprehensive security protection system, with a focus on proactively preventing cyberattacks and data breaches. Adopting a proactive defense approach, it deepened efforts in security infrastructure development. A systematic, automated, and intelligent security architecture was established, clearly defining responsibilities across the three lines of defense. Security measures were continuously upgraded to address the evolving demands of new forms of business and changing external conditions. Unified security standards were implemented across online service systems, encompassing system development, operations, and management as well as the collection and use of personal information, thereby ensuring full compliance with relevant data protection laws and regulations. The Bank enhanced the security of electronic banking through targeted measures, including credential stuffing alerts, brute-force attack prevention, login controls, and transaction limits. Ongoing efforts were made to improve open-source software security governance, safeguarding user information and transaction data. The Bank also advanced its research and knowledge reserves in quantum technologies, exploring their potential applications in strengthening information security. Data security management was comprehensively reinforced through the clear assignment of data protection responsibilities, refinement of the data security policy framework, and intensified data security assessments. Routine data security inspections, employee training programs, and annual performance evaluations were institutionalized. During the reporting period, the Bank carried out dedicated data security audits, with a strong focus on audit effectiveness.

Section V Important Matters

5.1 Disclosure of Undertakings by the Bank or its Shareholders Holding above 5% of Shares on the Designated Newspapers or Websites

On 19 December 2024, the Bank received a notification from its largest shareholder, Shanghai International Group Co., Ltd. (Shanghai International Group). Based on its confidence in the Bank’s future business prospects, Shanghai International Group, through its wholly owned subsidiary Shanghai State-owned Assets Operation Co., Ltd., acquired 7,575,474 ordinary shares of the Bank via centralized bidding on the SSE using self-owned funds on the same day, representing 0.03% of the Bank’s total share capital. Following this initial shareholding increase, Shanghai International Group and its persons acting in concert announced planned to further increase their holdings in the Bank’s ordinary shares by no less than 47 million shares and no more than 94 million shares within a six-month period starting from 19 December 2024.

From 19 December 2024 to 4 March 2025, Shanghai State-owned Assets Operation Co., Ltd. acquired a total of 93,999,979 ordinary shares of the Bank through centralized bidding on the SSE, representing 0.32% of the Bank’s total share capital. As the number of shares purchased reached the upper limit of the planned increase, the shareholding increase plan has been completed.

Shanghai State-owned Assets Operation Co., Ltd. has committed not to reduce its holdings of the Bank’s shares during the implementation period of the shareholding increase plan and for five years following its completion.

5.2 Use of Capital by Controlling Shareholders or Other Related Parties for Non-operating Purposes during the Reporting Period

None.

5.3 Illegal Provision of Guarantees during the Reporting Period

None.

5.4 Influences of Changes in Accounting Policies on the Bank

The Group implemented in 2024 the Interpretation No.17 of the Accounting Standards for Business Enterprises (C.K. [2023] No. 21) and the Interpretation No.18 of the Accounting Standards for Business Enterprises (C.K. [2024] No. 24), two documents issued by the MOF in recent years. The specific changes in accounting policies and the impact on the Bank are described in Note III. 35 Significant Changes in Accounting Policies to the Financial Statements and Auditor’s Report for the Year 2024 Prepared in accordance with the Accounting Standards for Business Enterprises.

5.5 Differences between Accounting Data Prepared as per ASBE and IFRS

The Group’s financial statements, whether prepared under the Accounting Standards for Business Enterprises (ASBE) or the International Financial Reporting Standards (IFRS), display no disparities in net profit for the year 2024 or equity as of 31 December 2024.

5.6 Appointment of and Termination of Relationship with Accounting Firms

In RMB10,000

Whether a new accounting firm is appointed:	No
Name of the accounting firm	KPMG Huazhen LLP
Remuneration for the accounting firm	592
Years for audit of the accounting firm	1 year
Cumulative years for audit of the accounting firm	6 years
Names of certified public accountants from the accounting firm	Xue Chenjun, Ying Chenbin
Consecutive years for audit of certified public accountants from the accounting firm	1 year

In RMB10,000

	Name	Remuneration
Accounting firm for internal control audit	KPMG Huazhen LLP	151

5.7 Bankruptcy Reorganization during the Reporting Period

None.

5.8 Major Litigation and Arbitration

As at the end of the reporting period, the Group as a defendant had 235 pending proceedings, which involved an amount of approximately RMB3,176 million. Meanwhile, the Group as a third-person defendant had 112 pending proceedings, which involved an amount of RMB928 million. The estimated amount of compensation payable is approximately RMB73 million. There were no material non-banking business-related lawsuits or arbitration cases.

The above litigation and arbitration matters are not expected to have a material impact on the financial position and business results of the Bank.

5.9 Violations, Punishments and Rectification Results Related to the Bank and Its Directors, Supervisors, Senior Management Members, Controlling Shareholders, and De Facto Controllers

During the reporting period, neither the Bank nor any of its directors, supervisors, Senior Management members, shareholders holding more than 5% of the shares, and the largest shareholder was subject to any investigation by competent authorities, coercive measures taken by judicial authorities or disciplinary inspection departments, transfer to judicial authorities or investigation for criminal responsibility, investigation or administrative penalty by the CSRC, prohibited access to the market, identification as unqualified, public reprimand by stock exchanges, or penalties from other regulators that have a significant impact on the Bank's operation. During the reporting period, the Bank was not subject to any administrative supervision measures by the CSRC or local offices or request for rectification within a prescribed time limit.

5.10 Related Party Transactions

5.10.1 Overview of related party transactions

According to relevant provisions in the Measures for the Administration of Related Party Transactions by Banking and Insurance Institutions, accounting standards for business enterprises as well as relevant provisions governing related party transactions formulated by the CSRC and the SSE, there were no related parties that had control over the Bank during the reporting period.

During the reporting period, transactions between the Bank and its related parties observed the principles of good faith, openness and fairness, penetrating identification, and clear structure. The Bank implemented the provisions of regulators for the management of related party transactions, refined the related party transaction management framework, optimized the related party transaction management process, and stepped up daily monitoring, statistics and analysis of related party transactions to ensure the standardization of related party transactions and the compliance of information disclosure.

5.10.2 Conditions of material related party transactions

Counterparty	Transaction type	Amount	Percentage of the Bank's net assets	Meeting at which the transaction was approved	Main contents of transactions	Pricing principle
SPDB Financial Leasing Co., Ltd.	Comprehensive credit line	RMB25.4 billion	3.64%	The 66th Meeting of the Seventh Board of Directors	A comprehensive credit line with the maturity date set as 28 December 2024	Specific transaction terms are negotiated and finalized as per the principles of compliance and fairness. The Bank grants credit on terms no better than those for comparable transactions to unrelated parties. Additionally, the Bank does not accept its equity as a pledge, nor guarantee the financing behavior of counterparties, except for their provision of full counter-guarantees in the form of bank certificates of deposit and Chinese government bonds.
SPDB International Holdings Limited	Comprehensive credit line	HKD13,501 million	1.77%	The 66th Meeting of the Seventh Board of Directors	A comprehensive credit line with the maturity date set as 11 January 2025	
Shanghai Shendi (Group) Co., Ltd.	Comprehensive credit line	RMB25 billion	3.45%	The 69th Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term	
China National Tobacco Corporation	Comprehensive credit line	RMB27 billion	3.73%	The 73rd Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term	
China Mobile Communications Group Co., Ltd.	Comprehensive credit line	RMB9 billion	1.24%	The 75th Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term	

Shenergy Group Co., Ltd.	Comprehensive credit line	RMB20 billion	2.76%	The 75th Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term
Guotai Junan Securities Co., Ltd.	Comprehensive credit line	RMB35.74 billion	4.93%	The 75th Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term
China Eastern Airlines Group Co., Ltd.	Comprehensive credit line	RMB27 billion	3.73%	The 75th Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term
Bailian Group Co., Ltd.	Comprehensive credit line	RMB16 billion	2.21%	The 76th Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term
Shanghai International Group Co., Ltd.	Comprehensive credit line	RMB33.14 billion	4.57%	The 76th Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term
Shanghai Jiushi (Group) Co., Ltd.	Comprehensive credit line	RMB24.5 billion	3.38%	The 77th Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term
SPDB Wealth Management Co., Ltd.	Comprehensive credit line	RMB14.6 billion	2.01%	The 77th Meeting of the Seventh Board of Directors	A comprehensive credit line with a one-year term

Note: Net assets of the Bank refer to the latest audited net assets attributable to the parent company’s shareholders as of the date of the Board’s consideration.

5.10.3 Related legal persons and transaction amount

Related legal persons of the Bank mainly comprise: (1) substantial legal person shareholders (i.e. legal person shareholders who directly, indirectly, or jointly hold or control 5% or more of shares or voting rights in the Bank); (2) groups to which major legal person shareholders are affiliated and their subsidiaries; (3) companies that are controlled or greatly influenced by related natural persons; and (4) enterprises in which the Bank controls or on which it has great influence.

As at the end of the reporting period, the balance of credit granted by the Bank to related legal persons amounted to RMB47,747 million. Specifically, the credit balance of substantial shareholders and their controlling shareholders, de facto controllers, persons acting in concert, and ultimate beneficiaries amounted to RMB3,376 million.

5.10.4 Related natural persons and transaction balance

Related natural persons of the Bank mainly include its directors, supervisors, Senior Management members of both the Head Office and major branches, persons with authority to approve or decide on core businesses such as large-value credit extension and asset transfer, and their close relatives, as well as directors, supervisors, senior management members, and relevant natural persons of the Bank's related legal entities (substantial shareholders).

As at the end of the reporting period, related natural persons of the Bank and related party transactions in the credit category with them are set out below:

In RMB millions

Item	End of the reporting period
Number of related natural persons	6,330
Balance of related party transactions	725.97

5.10.5 Related party transactions arising from the acquisition or sales of assets or equity

None.

5.10.6 Material related party transactions with joint outward investment

During the reporting period, SPDB Financial Leasing Co., Ltd., a company initiated by the Bank and a related party, increased its registered capital. At the 51st Meeting of the Seventh Board of Directors of the Bank, it was considered and adopted to increase the capital of SPDB Financial Leasing, and the Senior Management was authorized to complete relevant matters relating to the capital increase. On 29 April 2024, the NFRA Shanghai Office issued the Approval on the Change of Registered Capital and Adjustment of Equity Structure of SPDB Financial Leasing Co., Ltd., approving the increase of SPDB Financial Leasing Co., Ltd.'s registered capital from RMB5,000,000,000 to RMB6,403,574,436. Following the capital increase, the Bank held 4,454,574,436 shares in SPDB Financial Leasing Co., Ltd., representing a 69.56% equity interest.

5.11 During the reporting period, the Bank did not implement any stock ownership incentive plan, employee stock ownership plan, or other employee incentive plan

None.

5.12 Major Contracts and Their Execution

Major custody, contracting and leasing matters: during the reporting period, there was no major custody, contracting or leasing matter.

Major guarantee: during the reporting period, the Bank had no major guarantee matters required to be disclosed, other than financial guarantee business within the business range as approved by the NFRA.

Other major contracts (including guarantee, etc.) and the execution: during the reporting period, major business contracts of the Bank were executed normally, without any major contract dispute.

5.13 Major Entrusted Wealth Management Matters

During the reporting period, the Bank incurred no entrusted wealth management matters outside the scope of normal business.

5.14 Material Assets Acquisition, Sale or Disposal and Enterprise Merger

None.

5.15 Proceeds from Fund-raising Activities

On 23 September 1999, the Bank publicly issued 400 million RMB ordinary shares, with issuing price per share of RMB10, and after the issuing cost was deducted, the fund actually raised was RMB3.955 billion.

On 8 January 2003, the Bank issued additional 300 million RMB ordinary shares, with issuing price per share of RMB8.45, and after the issuing cost was deducted, the fund actually raised was RMB2.494 billion.

On 16 November 2006, the Bank issued 439,882,697 more RMB ordinary shares, with issuing price per share of RMB13.64, and after the issuing cost was deducted, the fund actually raised was RMB5.91 billion.

On 21 September 2009, the Bank privately issued 904,159,132 RMB ordinary shares, with issuing price per share of RMB16.59, and after the issuing cost was deducted, the fund actually raised was RMB14.827 billion.

On 14 October 2010, the Bank privately issued 2,869,764,833 RMB ordinary shares, with issuing price per share of RMB13.75, and after the issuing cost was deducted, the fund actually raised was RMB39.199 billion.

On 28 November 2014, the Bank privately issued 150 million preference shares, with carrying value per share of RMB100, and after the issuing cost was deducted, the fund actually raised was RMB14.96 billion.

On 6 March 2015, the Bank privately issued 150 million preference shares, with carrying value per share of RMB100, and after the issuing cost was deducted, the fund actually raised was RMB14.96 billion.

On 18 March 2016, the Bank issued 999,510,332 RMB ordinary shares to purchase 97.33% shares of Shanghai Trust, with issuing price per share of RMB16.36 and a consideration of RMB16.352 billion.

On 4 September 2017, the Bank privately issued 1,248,316,498 ordinary shares, with issuing price per share of RMB11.88, and after the issuing cost was deducted, the fund actually raised was RMB14.817 billion.

On 12 July 2019, the Bank finished issuing the 2019 Undated Additional Tier 1 Capital Bonds of Shanghai Pudong Development Bank Co., Ltd. in RMB30 billion on the National Interbank Bond Market, and after the issuing cost was deducted, the funds actually raised were RMB29.996 billion.

On 1 November 2019, the Bank finished issuing the A share convertible corporate bonds. The proceeds amounted to RMB50 billion and the net funds stood at some RMB49.912 billion after deducting the issuance expense. On 15 November 2019, the abovementioned A share convertible bonds were listed on the SSE (stoke name: SPDB Convertible Bond, stock code: 110059).

On 23 November 2020, the Bank finished issuing the 2020 Undated Additional Tier 1 Capital Bonds of Shanghai Pudong Development Bank Co., Ltd. in RMB50 billion on the National Interbank Bond Market. After deduction of issuance expenses, the proceeds amounted to RMB49.993 billion.

5.16 Amendments to the Articles of Association

In November 2024, the Bank received the Approval of the National Financial Regulatory Administration on Amendments to the Articles of Association of SPD Bank (J. F. [2024] No. 707). The amended Articles of Association was approved by the NFRA and came into effect on the date of approval.

5.17 Changes in the Scope of Consolidation

With the approval of the NFRA and relevant market regulatory authorities, SPD Silicon Valley Bank Co., Ltd. was renamed Shanghai Innovation Bank Co., Ltd., with a registered capital of RMB1 billion. Effective from 2 September 2024, the Bank included Shanghai Innovation Bank Co., Ltd. within its scope of consolidated financial statements. Accordingly, the accounting treatment of the related long-term equity investment was changed from the equity method to the cost method.

Section VI Changes of Shares and Shareholders

6.1. Ordinary Shares

6.1.1 Changes of ordinary shares

Number of shares

	Before change		Change during the reporting period		After change	
	Quantity	Percentage (%)	Shares converted from convertible bonds	Lifting of restricted shares	Quantity	Percentage (%)
Floating shares without restricted sale conditions						
RMB ordinary shares	29,352,176,848	100.00	+1,454	-	29,352,178,302	100.00
Others	-	-	-	-	-	-
Total ordinary shares	29,352,176,848	100.00	+1,454	-	29,352,178,302	100.00

Notes:

(1) As the convertible corporate bonds of the Bank "SPDB Convertible Bond" entered the conversion period on 6 May 2020, the total share capital of ordinary shares of the Bank increased to 29,352,178,302 as at the end of the reporting period.

(2) The relevant change in registered capital is subject to the approval of the NFRA.

6.1.2 Information on ordinary shareholders

6.1.2.1 Total number of ordinary shareholders

Accounts

Total number of ordinary shareholders at the end of the reporting period	134,311
Of which, total number of preference shareholders with voting rights recovered as at the end of the reporting period	-

Total number of shareholders holding shares with special voting rights at the end of the reporting period	-
Total number of ordinary shareholders as at the end of the month before the annual report disclosure day	128,853
Of which, total number of preference shareholders with voting rights recovered as at the end of the month before the annual report disclosure day	-
Total number of shareholders holding shares with voting rights as at the end of the month before the annual report disclosure day	-

6.1.2.2 Overview of shares held by the top ten shareholders and the top ten shareholders of circulating shares (or shareholders without restricted sale conditions)

Number of shares

Name of shareholder	Increase/decrease during the reporting period	Number of shares by the end of the reporting period	Percentage (%)	Number of shares with restricted sale conditions	Pledged/frozen	Nature of shareholder
Shanghai International Group Co., Ltd.	-	6,331,322,671	21.57	-	-	State-owned legal person
China Mobile Communications Group Guangdong Limited	-	5,334,892,824	18.18	-	-	State-owned legal person
Funde Sino Life Insurance Co., Ltd. – Conventional	-	2,779,437,274	9.47	-	-	Domestic non-state-owned legal person
Funde Sino Life Insurance Co., Ltd. – Capital	-	1,763,232,325	6.01	-	-	Domestic non-state-owned legal person
Shanghai Sitico Assets	-	1,395,571,025	4.75	-	-	State-owned legal person

Management Co., Ltd.						
Funde Sino Life Insurance Co., Ltd. – Universal H	-	1,270,428,648	4.33	-	-	Domestic non-state-owned legal person
China Securities Finance Corporation Limited	-	1,179,108,780	4.02	-	-	State-owned legal person
Hong Kong Securities Clearing Company Limited	+420,804,976	999,331,557	3.40	-	-	Overseas legal person
Shanghai Guoxin Investment Development Co., Ltd.	-	945,568,990	3.22	-	-	State-owned legal person
Central Huijin Asset Management Ltd.	-	387,174,708	1.32	-	-	State-owned legal person
Statement on the connected relations or concerted action relations of the aforesaid shareholders	1. Shanghai International Group Co., Ltd. is the controlling company of Shanghai Sitico Assets Management Co., Ltd. and Shanghai Guoxin Investment Development Co., Ltd. 2. Funde Sino Life Insurance Co., Ltd. – Conventional, Funde Sino Life Insurance Co., Ltd. – Capital and Funde Sino Life Insurance Co., Ltd. – Universal H are under the name of the same legal person. 3. Connected relations or concerted action relations of the aforesaid shareholders apart from the situations mentioned above are unknown to the Bank.					

Note: Funde Sino Life Insurance Co., Ltd. saw its shareholder qualification subject to the approval of the NFRA.

6.1.2.3 Overview of controlling shareholders and de facto controllers

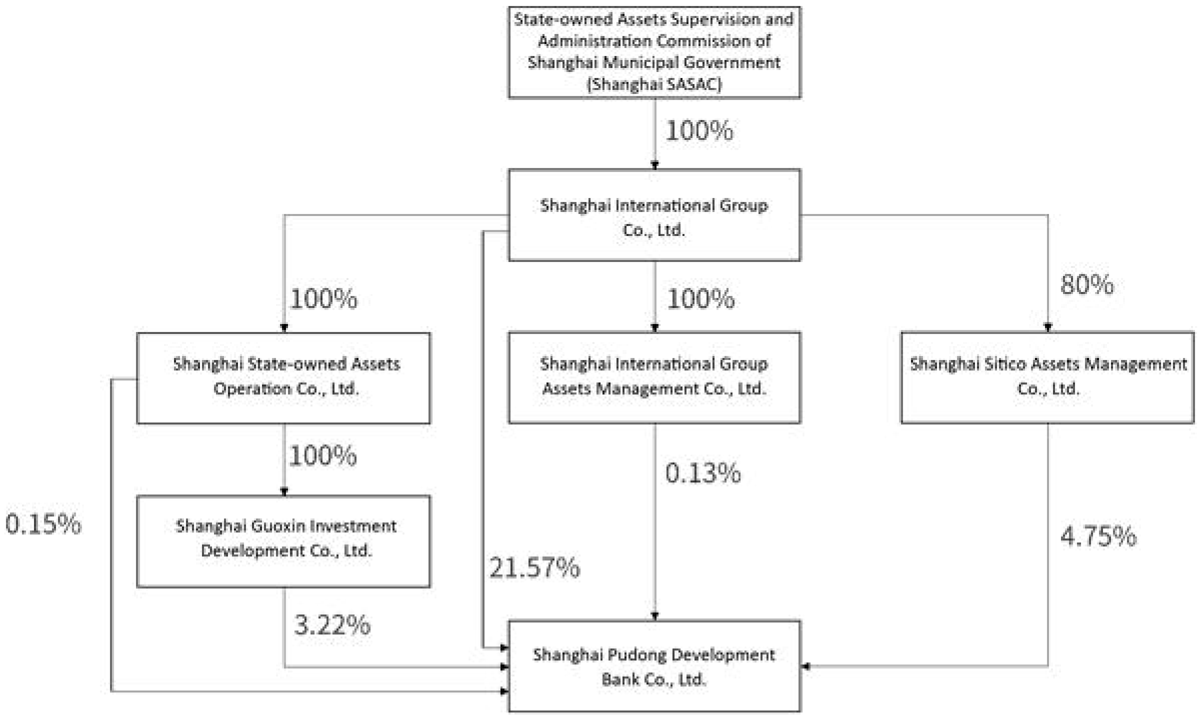
The Bank had no controlling shareholders or de facto controllers.

The largest consolidated shareholder of the Bank was Shanghai International Group Co., Ltd., which was not changed during the reporting period. As at the end of the reporting period, Shanghai International Group Co., Ltd. and its controlled subsidiaries held 29.82% shares of the Bank on a consolidated basis.

Shanghai International Group Co., Ltd. was founded in April 2000 with a registered capital of RMB30 billion. Its registered address is No. 511 Weihai Road, Jing'an District, Shanghai, and its legal representative is Zhou Jie. Its uniform social credit number is 91310000631757739E, and its business scope covers investment with finance business as the main direction and non-finance business as the supporting part, capital operation and asset management, financial research, social and economic consulting, etc.

As at the end of the reporting period, Shanghai International Group Co., Ltd. directly held 6,331,322,671 shares of the Bank, accounting for 21.57% of the total share capital. It, together with the persons acting in concert Shanghai Sitico Assets Management Co., Ltd., Shanghai Guoxin Investment Development Co., Ltd., Shanghai State-owned Assets Operation Co., Ltd., and Shanghai International Group Assets Management Co., Ltd., held 8,753,298,180 shares of the Bank, accounting for 29.82% of the total share capital and serving as the largest shareholder of the Bank. There is no pledge of the shares held by the company. Shanghai SASAC is the sole shareholder, de facto controller, and ultimate beneficiary of Shanghai International Group Co., Ltd.

Block diagram for property right and controlling relations between the Bank and its largest consolidated shareholder



6.1.2.4 Other legal-person shareholders holding more than 5% shares of the Bank

Funde Sino Life Insurance Co., Ltd. was founded in March 2002 with a registered capital of RMB11,752,005,497. Its registered address is 27, 28, 29 and 30/F Life Insurance Tower, No. 1001 Fuzhong Road I, Futian District, Shenzhen and its legal representative is Fang Li. Its unified social credit code is 91440300736677639J. Its business scope covers personal accident insurance, personal fixed-term death insurance, personal mixed life insurance, personal whole life insurance, personal annuity insurance, personal short-term health insurance, personal long-term health insurance, group accident bodily injury insurance, group fixed term life insurance, group whole life insurance, group annuity insurance, group short-term health insurance, group long-term health insurance, other life insurances as approved by the competent regulator, reinsurance for the above insurances, insurance agency (by virtue of business license), and funds application businesses as approved by the competent regulator.

As at the end of the reporting period, Funde Sino Life Insurance Co., Ltd. held 6,064,692,364 shares of the Bank, accounting for 20.66% of its total. There is no pledge of the shares held by the company. Its largest shareholder is Shenzhen Funde Finance Investment Holding Co., Ltd.

China Mobile Communications Group Guangdong Limited (“Guangdong Mobile”) was founded in January 1998 with a registered capital of RMB5,594.84 million. Its registered address is Global Building, No. 11 Zhujiang West Road, Pearl River New City, Tianhe District, Guangzhou, and its legal representative is Ge Songhai. Its unified social credit code is 91440000707653099T. Its business scope falls into two main categories: licensed projects and general business projects. Licensed projects include: basic telecommunications services; Class I and Class II value-added telecommunications services; online cultural operations; internet information services; internet news information services; catering services; accommodation services; contracting of construction projects; and construction project design. (For activities that require legal approval, business operations may only commence upon obtaining authorization from the relevant authorities. The specific business activities are subject to the approved documentation or permits issued by these authorities.) General business activities include: sales of telecommunications equipment; sales of mobile communication devices; network technology services; sales of network equipment; sales of optical communication equipment; specialized maintenance of communication transmission and switching equipment; satellite communication services; sales of satellite mobile communication terminals; big data services; data processing services; industrial internet data services; AI public data platforms; data processing and storage support services; internet data services; information consulting services (excluding licensed consulting services); IT consulting services; public opinion information services; online retail (excluding items requiring special licenses); internet security services; sales of internet-related equipment; information system operation and maintenance services; development of network and information security software; information system integration services; advertising production, publishing, design, and agency services; household services; ticket agency services; sales of general merchandise, daily necessities, household appliances and accessories; installation, retail, and repair of household appliances; sales of electronic products; retail of computer software, hardware, and peripheral devices; sales of wearable smart devices; business training (excluding educational or vocational training that requires licenses); business agency services; personal business support services; conference and exhibition services; leasing services (excluding those requiring special permits); non-residential real estate leasing; and catering management. (Unless otherwise specified by law, these business activities may be carried out independently in accordance with the business license.)

As at the end of the reporting period, Guangdong Mobile held 5,334,892,824 shares of the Bank, accounting for 18.18% of its total. There is no pledge of the shares held by the company. In addition to ordinary shares, Guangdong Mobile also held 90,853,230 convertible bonds of the Bank, accounting for 18.17% of its total. China Mobile Communications Co., Ltd. is the controlling shareholder of Guangdong Mobile, and China Mobile Communications Group Co., Ltd. is the de facto controller and ultimate beneficiary of Guangdong Mobile.

6.1.2.5 Other substantial shareholders under the regulatory standards in the banking industry

According to the Interim Measures for the Equity Management of Commercial Banks, other substantial shareholders of the Bank are those who hold less than 5% of shares but have significant influence on the operation and management of the Bank, by dispatching directors and supervisors to the Bank or adopting other means recognized by regulators.

Bailian Group Co., Ltd. was established in May 2003 with a registered capital of RMB1 billion. Its registered address is 19/F, No.501, Zhangyang Road, China (Shanghai) Pilot Free Trade Zone, and its legal representative is Ye Yongming. Its unified social credit code is 91310000749599465B. Its business scope covers operation of state-owned assets, asset restructuring, investment development, domestic trade (except that subject to special approval), production materials, enterprise management, real estate development, and food sales.

As at the end of the reporting period, Bailian Group Co., Ltd. directly held 271,819,430 shares of the Bank, accounting for 0.93% of the total. It, together with the person acting in concert Shanghai Bailian Group Co., Ltd., held 390,431,854 shares of the Bank, accounting for 1.33% of the total. There is no pledge of the shares held by the company. Shanghai SASAC is the de facto controller and ultimate beneficiary of Bailian Group Co., Ltd.

Shanghai Jiushi (Group) Co., Ltd. was established in December 1987, with a registered capital of RMB60 billion. Its registered address is No.28 Zhongshan South Road, Huangpu District, Shanghai and its legal representative is Guo Jianfei. Its unified social credit code is 9131000013221297X9. Its business scope covers utilization of domestic and foreign capital, urban transportation operation, infrastructure investment & management and resource development & utilization, land and property development & operation, property management, sports and tourism operation, equity investment, management and operation, information technology services, car rental, and consulting business.

As at the end of the reporting period, Shanghai Jiushi (Group) Co., Ltd. directly held 293,691,931 shares of the Bank, accounting for 1.00% of the total. It, together with the person acting in concert Shanghai Qiangsheng Group Co., Ltd., held 305,705,452 shares of the Bank, accounting for 1.04% of the total. There is no pledge of the shares held by the company. Shanghai SASAC is the sole shareholder, de facto controller, and ultimate beneficiary of Shanghai Jiushi (Group) Co., Ltd.

Shanghai Jiulian Group Limited was established in December 1999, with a registered capital of RMB625 million. Its registered address is No.618 Shangcheng Road, China (Shanghai) Pilot Free Trade Zone, and its legal representative is Yao Zhijian. Its unified social credit code is 91310000631672348E. Its business scope covers industrial investment, operation of refined oil, gas operation, domestic trade (except for that subject to special provisions of the State) and related consulting services, self-owned house leasing, wholesale of grain and oil, information technology services (except network), wholesale of coal (raw coal), and import & export of goods.

As at the end of the reporting period, Shanghai Julian Group Limited directly held 88,303,981 shares of the Bank, accounting for 0.30% of the total. It, together with the person acting in concert Shenergy Group Limited, held 161,701,963 shares of the Bank, accounting for 0.55% of the total. There is no pledge of the shares held by the company. In addition to ordinary shares, Shanghai Jiulian Group Limited also held 512,170 convertible bonds of the Bank, accounting for 0.10%. Shenergy (Group) Co., Ltd. is the controlling shareholder of Shanghai

Jiulian Group Limited, and Shanghai SASAC is the de facto controller and ultimate beneficiary of Shanghai Jiulian Group Limited.

6.2. Preference Shares

6.2.1 Issuance and listing of preference shares

Total proceeds from the Bank's two preference share issuances amounted to RMB30 billion, all of which, after deducting issuance expenses, would be used to replenish additional tier-one capital of the Bank.

In 10,000 shares

Code of preference share	Abbreviation of preference share	Issuance date	Issuance price (RMB)	Nominal dividend rate (%)	Number of issued shares	Listing date	Trade volume of listing	Date of delisting
360003	SPDB P 1	28 November 2014	100	4.27	15,000	18 December 2014	15,000	-
360008	SPDB P 2	06 March 2015	100	4.81	15,000	26 March 2015	15,000	-

Notes:

(1) On 3 December 2024, SPDB P 1's nominal dividend rate was adjusted, and that rate for the third five years is 4.27%, which consists of 1.71% as the yield rate arithmetic mean of five-year government bond issued during the 20 trading days before the repricing date of the third dividend rate adjustment period (excluding the repricing date) and the fixed premium of 2.56%. The nominal dividend rate would be adjusted once every five years according to change of the benchmark interest rate.

(2) On 11 March 2025, SPDB P 2's nominal dividend rate was adjusted, and that rate for the third five years is 3.80%. which consists of 1.56% as the yield rate arithmetic mean of five-year government bond issued during the 20 trading days before the repricing date of the third dividend rate adjustment period (excluding the repricing date) and the fixed premium of 2.24%. The nominal dividend rate would be adjusted once every five years according to change of the benchmark interest rate.

6.2.2 Repurchase and conversion of preference shares of the Bank during the reporting period

None.

6.2.3 Overview of shareholders of preference shares

6.2.3.1 Total number of shareholders of preference shares

	Code	Abbreviation	Total number of shareholders (accounts)
	360003	SPDB P 1	42

Total number of shareholders of preference shares as at the end of the reporting period	360008	SPDB P 2	23
Total number of shareholders of preference shares at the end of the month before the date of annual report disclosure	360003	SPDB P 1	42
	360008	SPDB P 2	24

6.2.3.2 Information on the top ten shareholders of preference shares

SPDB P 1

Number of shares

Name of shareholder	Increase or decrease in shareholding during the reporting period	Number of shares held at the end of the period	Percentage (%)	Class of shares held	Pledged/frozen	Nature of shareholder
Sun Life Everbright Asset Management – Sun Life Everbright Assets Juyou No. 2 Equity Asset Management Product	+969,000	13,962,000	9.31	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance	-	11,470,000	7.65	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance	-	11,470,000	7.65	Domestic preference shares	-	Others
Ping An Property & Casualty Insurance Company of China, Ltd. – Conventional – Ordinary Insurance Product	-	11,470,000	7.65	Domestic preference shares	-	Others
Hwabao Trust Co., Ltd. – Multi-strategy Youying No. 5 Securities Investment	+11,465,455	11,465,455	7.64	Domestic preference shares	-	Others

Collective Fund Trust Plan						
China Credit Trust Co., Ltd. – Baofu No. 4 Collective Fund Trust Plan	+11,434,745	11,434,745	7.62	Domestic preference shares	-	Others
BOCOM Schroder Asset Management Co., Ltd. – BOCOM Schroder Asset Management Zhuoyuan No. 1 Collective Asset Management Plan	-	9,180,000	6.12	Domestic preference shares	-	Others
BNB Wealth Management Co., Ltd. – Ningxin Series of Wealth Management Products	-969,000	7,388,000	4.93	Domestic preference shares	-	Others
Everbright Securities Asset Management – Everbright Securities Asset Management Xinyou No. 3 Collective Asset Management Plan	-	6,290,000	4.19	Domestic preference shares	-	Others
Taikang Life Insurance Co., Ltd. – Dividend – Dividends for Individual Insurance – 019L – FH002 Hu	-	5,770,000	3.85	Domestic preference shares	-	Others

Statement on whether there is connected relation among the top ten shareholders of preference shares and between the above shareholders and the top ten shareholders of ordinary shares, and whether they are persons acting in concert	Ping An Life Insurance Company of China, Ltd. – Universal – Universal Individual Insurance, Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance, Ping An Property & Casualty Insurance Company of China, Ltd. – Conventional – Ordinary Insurance Product are persons acting in concert. Connected relations or concerted action relations of the aforesaid shareholders apart from the situations mentioned above are unknown to the Bank.

Number of shares

Name of shareholder	Increase or decrease in shareholding during the reporting period	Number of shares held at the end of the period	Percentage (%)	Class of shares held	Pledged/frozen	Nature of shareholder
People's Insurance Company of China – Conventional – Ordinary Insurance Product – 008C – CT001 Hu	-	34,880,000	23.25	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance	-	20,360,000	13.57	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Self-owned funds	-	19,500,000	13.00	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance	-	19,500,000	13.00	Domestic preference shares	-	Others
Ping An Property & Casualty Insurance Company of China, Ltd. – Conventional	-	10,450,000	6.97	Domestic preference shares	-	Others

– Ordinary Insurance Product						
Sun Life Everbright Asset Management – Sun Life Everbright Assets Juyou No. 2 Equity Asset Management Product	+170,000	9,235,000	6.16	Domestic preference shares	-	Others
Bank of China Shanghai Branch	-1,470,000	8,490,000	5.66	Domestic preference shares	-	Others
Sun Life Everbright Asset Management – Sun Life Everbright Assets Juyou No. 1 Equity Asset Management Product	-	6,580,000	4.39	Domestic preference shares	-	Others
Everbright Securities Asset Management – Everbright Securities Asset Management Xinyou No. 3 Collective Asset Management Plan	-	4,000,000	2.67	Domestic preference shares	-	Others
Everbright Securities Asset Management – Everbright Securities	-	2,970,000	1.98	Domestic preference shares	-	Others

Asset Management Xinyou Collective Asset Management Plan					
Statement on whether there is connected relation among the top ten shareholders of preference shares and between the above shareholders and the top ten shareholders of ordinary shares, and whether they are persons acting in concert	1. Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance, Ping An Life Insurance Company of China, Ltd. – Self-owned Funds, Ping An Life Insurance Company of China, Ltd. – Universal – Universal Individual Insurance, Ping An Property & Casualty Insurance Company of China, Ltd. – Conventional –Ordinary Insurance Product are persons acting in concert. 2. Sun Life Everbright Asset Management – Sun Life Everbright Assets Juyou No. 2 Equity Asset Management Product and Sun Life Everbright Asset Management – Sun Life Everbright Assets Juyou No. 1 Equity Asset Management Product are under the name of the same legal person. 3. Everbright Securities Asset Management – Everbright Securities Asset Management Xinyou No. 3 Collective Asset Management Plan and Everbright Securities Asset Management – Everbright Securities Asset Management Xinyou Collective Asset Management Plan are under the name of the same legal person. Connected relations or concerted action relations of the aforesaid shareholders apart from the situations mentioned above are unknown to the Bank.				

6.2.3.3 Voting right on preference shares recovered during the reporting period

None.

6.2.4 Distribution of dividends on preference shares

6.2.4.1 Distribution of dividends on preference shares during the reporting period

On 24 February 2024, the Bank disclosed the Announcement on Distribution of Dividends on Preference Shares (Tranche II). The equity registration date for distribution in this tranche of preference shares' dividends is 8 March 2024, and the ex-dividend date is 8 March 2024. The start date of interest accrual for dividend distribution is 11 March 2023 and the date of dividend distribution is 11 March 2024. Based on the nominal dividend rate 4.81% of SPDB P 2, the cash dividend to be distributed per share would be RMB4.81 (tax inclusive), and the total dividends would be RMB721.5 million (tax inclusive).

On 23 November 2024, the Bank disclosed the Announcement on Distribution of Dividends on Preference Shares (Tranche I). The equity registration date for distribution in this tranche of preference shares' dividends is 2 December 2024, and the ex-dividend date is 2 December 2024. The start date of interest accrual for dividend distribution is 3 December 2023 and the date of dividend distribution is 3 December 2024. Based on the nominal dividend rate 5.58%

of SPDB P 1, the cash dividend to be distributed per share would be RMB5.58 (tax inclusive), and the total dividends would be RMB837 million (tax inclusive).

Dividends on the Bank's preference shares are non-cumulative. Holders of preference shares are only entitled to dividends at the prescribed nominal dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares.

6.2.4.2 Distribution of dividends on preference shares in the recent three years

In RMB100 millions

Year	Distribution amount of dividends on preference shares	Remarks
2024	15.585	Dividend distribution of SPDB P 1 and SPDB P 2
2023	15.585	Dividend distribution of SPDB P 1 and SPDB P 2
2022	15.585	Dividend distribution of SPDB P 1 and SPDB P 2

6.2.5 Accounting policy adopted by the Bank for preference shares and the reasons

The Bank classified the preference shares into financial assets, financial liabilities or equity instruments at the time of initial recognition, according to the standards of financial instruments, the provisions in contract for issuing preference shares, the economic substance reflected, and based on definitions of financial assets, financial liabilities and equity instruments. If the following conditions are met concurrently, the Bank will classify the financial instruments issued as equity instruments: (1) Such financial instruments do not involve delivering cash or other financial assets to other parties, or the contract obligations of exchanging financial assets or financial liabilities with other parties in potentially adverse conditions; (2) in case the Bank's own equity instruments are to be used or may be used for settling accounts for such financial instruments in the future, and such instruments are non-derivative instruments, there would be no contract obligation of delivering variable quantity of its own equity instruments for settlement; if the instruments are derivative instruments, only the fixed quantity of equity instruments can be used for exchanging for fixed amount of cash or other financial assets may be used for settling accounts of such financial instruments.

On 28 November 2014 and 6 March 2015, the Bank issued non-cumulative preference shares with the offering value of RMB30 billion in total to domestic investors. The proceeds were accrued to other equity instruments with issuance expenses deducted. The Bank has the option to redeem part or all outstanding preference shares on any dividend payment date after five years from the issuance if certain conditions are met, under the approval by the regulatory authority in the banking industry. Holders of the preference shares have no right to require the Bank to redeem the outstanding preference shares. Dividends of the preference shares are payable in cash on an annual basis at a fixed dividend rate which is adjusted every five years. The Bank has the right to not to declare or distribute the dividends of preference shares in part or in full.

Upon occurrence of any of the following triggering events and subject to the approval from the competent regulator, the Bank’s outstanding preference shares shall be mandatorily converted in part or in full to the Bank’s ordinary shares: (1) when the core tier-one capital adequacy ratio of the Bank decreases to 5.125% or below, upon the approval from the Board of Directors, the outstanding preference shares shall be converted to the Bank’s ordinary A shares in part or in full at a pre-determined mandatory conversion price so as to bring the Bank’s core tier-one capital adequacy ratio back to 5.125% and above; (2) when any triggering event of the Bank’s tier-two capital instruments occurs, the outstanding preferred shares shall be converted to the Bank’s ordinary A shares at the pre-determined mandatory conversion price.

Under the approval from the regulator, the outstanding preference shares will be fully or partially converted to ordinary A shares at the price of RMB7.62 per share when meeting the mandatory conversion triggering conditions. Following the date of approving the preference share issuance plan by the Board of Directors, if the Bank subsequently appropriates bonus shares, converts capital reserve to share capital, issues new ordinary shares (excluding any increase of ordinary shares due to conversion of convertible financial instruments issued by the Bank, such as preference shares and convertible corporate bonds) or issues rights, the conversion price shall be adjusted subject to the set formula based on the order of occurrence of the above conditions.

Pursuant to the relevant laws and regulations as well as the Approval from CBRC on SPD Bank’s Non-public Offering of Preference Shares and Corresponding Revisions to the Articles of Association (Y.J.F. [2014] No.564), the proceeds from the issuance of preference shares shall be used to supplement additional tier-one capital of the Bank. Upon liquidation, the holders of the Bank’s preference shares are entitled to the repayment at the par value of the outstanding preference shares prior to any distribution to the holders of the Bank’s ordinary shares. If the remaining assets of the Bank are not sufficient to cover the par value, they are allocated to the holders of preference shares on proportionate basis.

The Bank recognized the preference shares as other equity instruments based on the contract terms and economic substance of the issuance.

Section VII Bonds

7.1 Information on Convertible Corporate Bonds

7.1.1 Issuance of convertible bonds

On 1 November 2019, the Bank finished issuing the A share convertible corporate bonds (hereinafter referred to as "the convertible bonds"). The proceeds amounted to RMB50 billion and the net funds stood at some RMB49,912 million after deducting the issuance expense. On 15 November 2019, the abovementioned A share convertible bonds were listed on the SSE (stock name: SPDB Convertible Bond, stock code: 110059). Pursuant to the convertible bond prospectus, the Bank's convertible bonds became convertible on 6 May 2020, and the conversion period will end on 27 October 2025.

7.1.2 Convertible bond holders and guarantors during the reporting period

Number of convertible bond holders as at the end of the reporting period	16,139
Guarantor of convertible bonds of the Bank	None
Total number of convertible bond holders at the end of the month before the date of annual report disclosure	16,438

Top ten convertible bond holders	Nominal value of bonds held at the end of reporting period	Percentage of bonds held (%)
China Mobile Communications Group Guangdong Limited	9,085,323,000	18.17
Special account for collateralized bond repurchase in the securities depository and clearing system (Industrial and Commercial Bank of China)	6,185,701,000	12.37
Special account for collateralized bond repurchase in the securities depository and clearing system (Bank of China)	3,409,790,000	6.82
Special account for collateralized bond repurchase in the securities depository and clearing system (China Merchants Bank Co., Ltd.)	2,719,750,000	5.44
Special account for collateralized bond repurchase in the securities depository and clearing system (China Construction Bank)	2,289,748,000	4.58

China Merchants Bank Co., Ltd. – BOSERA-CSI Convertible Bond and Exchangeable Bond Traded Open-ended Index Securities Investment Fund	2,199,758,000	4.40
Specific account for collateralized bond repurchase in the securities depository and clearing system (Agricultural Bank of China)	1,738,941,000	3.48
China Securities Co., Ltd.	1,216,963,000	2.43
Special account for collateralized bond repurchase in the securities depository and clearing system (China Minsheng Banking Corp., Ltd.)	1,195,332,000	2.39
Special account for collateralized bond repurchase in the securities depository and clearing system (Bank of Beijing Co., Ltd.)	836,744,000	1.67

7.1.3 Changes in convertible bonds during the reporting period

As at the end of the reporting period, a total of RMB1,431,000 of SPDB Convertible Bonds had been converted into ordinary shares of the Bank, and the cumulative number of converted shares was 97,905, accounting for 0.0003% of the total issued ordinary shares of the Bank before the conversion of SPDB Convertible Bonds. The amount of SPDB Convertible Bonds that have not been converted into shares was RMB49,998,569,000, accounting for 99.9971% of the total amount of SPDB Convertible Bonds issued.

Name of convertible bonds	Before change (RMB)	Change during the reporting period (RMB)			After change (RMB)
		Conversion	Redemption	Back-sell	
SPDB Convertible Bond	49,998,588,000	19,000	-	-	49,998,569,000

Amount of conversion during the reporting period (RMB)	19,000
Number of converted shares during the reporting period (share)	1,454
Accumulated converted shares (share)	97,905

Percentage of accumulative converted shares of total outstanding shares prior to conversion (%)	0.0003
Amount of unconverted convertible bonds (RMB)	49,998,569,000
Proportion of unconverted convertible bonds to total issued convertible bonds (%)	99.9971

7.1.4 Previous adjustments of conversion price

The Bank distributed profit for ordinary A shares for 2023 on 18 July 2024. Pursuant to the Prospectus of Shanghai Pudong Development Bank Co., Ltd. for Public Issuance of Convertible Corporate Bonds as well as pertinent laws and regulations, if the Bank's equity changes, as it distributes cash dividends after the issuance of convertible bonds, the conversion price of convertible bonds shall be adjusted accordingly. Therefore, after the profit distribution, the initial conversion price of SPDB Convertible Bond was adjusted from RMB13.24 per share to RMB12.92 per share as of 18 July 2024 (ex-dividend date).

The adjustments to conversion prices are as follows:

Date of conversion price adjustment	Conversion price after adjustment (RMB/share)	Disclosure date	Disclosed on	Notes on conversion price adjustment
23 July 2020	14.45	16 July 2020	China Securities Journal, Shanghai Securities News, Securities Times, SSE website, the Bank's website	Adjusted due to profit distribution
21 July 2021	13.97	13 July 2021		
21 July 2022	13.56	13 July 2022		
21 July 2023	13.24	13 July 2023		
18 July 2024	12.92	11 July 2024		
Latest conversion price as at the end of the reporting period (RMB/share)				12.92

7.1.5 The Bank's outstanding debts, creditworthiness and availability of cash for repayment of debts in future year

In accordance with the applicable provisions in the Administrative Measures for the Issuance of Securities by Listed Companies, the Administrative Measures for the Issuance and Trading of Corporate Bonds, and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Bank entrusted Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. (hereinafter referred to as "Shanghai Brilliance" for short) to rate the credit standing of the convertible bonds issued in October 2019. Shanghai Brilliance issued the Credit Rating Report of Shanghai Pudong Development Bank Co., Ltd. on A Share Convertible Corporate Bonds, indicating the corporate credit rating at AAA with a stable prospect and the credit rating of the SPDB Convertible Bond as AAA. The Bank managed to remain stable in all aspects of operation, as exemplified by the reasonable asset structure, the basically steady liabilities, and the robust credit position. In future years, cash inflow brought by the income from normal operations, realization of current assets, and others will constitute the principal cash sources for the Bank's debt service. After making a comprehensive analysis and assessment of the Bank's operation and the landscape of the banking industry, the rating agency Shanghai Brilliance issued the Follow-up Rating Report of the Publicly Issued Convertible Corporate Bonds of Shanghai Pudong Development Bank Co., Ltd. on 26 June 2024, which maintained the issuer credit rating of the Bank at "AAA" with a stable rating outlook, and the rating of SPDB Convertible Bond at "AAA". There was no change compared with the last rating.

7.2 Corporate Bonds of the Bank

7.2.1 Financial bonds of the Bank

With the approval of the PBC, the Bank issued the "Shanghai Pudong Development Bank Co., Ltd. 2024 First Tranche of Financial Bonds" (bond abbreviation: 24 SPD Bank Bond 01, bond code: 212380032) in the National Interbank Bond Market during the period from 29 February 2024 to 4 March 2024. The 3-year fixed rate bonds came in a size of RMB30 billion, with a coupon rate of 2.35%, the start date of interest accrual of 4 March 2024, and the maturity date of 4 March 2027.

With the approval of the PBC, the Bank issued the "Shanghai Pudong Development Bank Co., Ltd. 2024 Second Tranche of Financial Bonds" (bond abbreviation: 24 SPD Bank Bond 02, bond code: 212480008) in the National Interbank Bond Market during the period from 26 March 2024 to 28 March 2024. The 3-year fixed rate bonds came in a size of RMB30 billion, with a coupon rate of 2.38%, the start date of interest accrual of 28 March 2024, and the maturity date of 28 March 2027.

All funds raised by the above bonds were used to meet the needs of asset and liability allocation of the Bank, diversify the sources of funds, optimize the maturity structure of liabilities and promote the steady development of its business in line with applicable laws and regulatory approvals. The use of proceeds was consistent with the prospectus.

7.2.2 Capital bonds of the Bank

On 12 July 2024, with the approval of the NFRA, the Bank completed the full redemption of its RMB30 billion perpetual capital bonds originally issued between 10 July 2019 and 12 July 2019.

With the approval of the PBC, the Bank issued the "Shanghai Pudong Development Bank Co., Ltd. 2024 First Tranche of Tier-2 Capital Bonds" (Variety I bond abbreviation: 24 SPD Bank Tier-2 Capital Bond 01A, bond code: 232480052; Variety II bond abbreviation: 24 SPD Bank Tier-2 Capital Bond 01B, bond code: 232480053) in the National Interbank Bond Market during the period from 14 August 2024 to 16 August 2024. The total issuance size was RMB40 billion. Specifically, Variety I comprised RMB35 billion in 5+5 year fixed-rate bonds with a coupon rate of 2.17%, an interest accrual start date of 16 August 2024, and a maturity date of 16 August 2034. Variety II comprised RMB5 billion in 10+5 year fixed-rate bonds with a coupon rate of 2.30%, an interest accrual start date of 16 August 2024, and a maturity date of 16 August 2039.

With the approval of the PBC, the Bank issued the "Shanghai Pudong Development Bank Co., Ltd. 2024 Second Tranche of Tier-2 Capital Bonds" (Variety I bond abbreviation: 24 SPD Bank Tier-2 Capital Bond 02A, bond code: 232480098; Variety II bond abbreviation: 24 SPD Bank Tier-2 Capital Bond 02B, bond code: 232480099) in the National Interbank Bond Market during the period from 6 December 2024 to 10 December 2024. The total issuance size was RMB40 billion. Specifically, Variety I comprised RMB34 billion in 5+5 year fixed-rate bonds with a coupon rate of 2.15%, an interest accrual start date of 10 December 2024, and a maturity date of 10 December 2034. Variety II comprised RMB6 billion in 10+5 year fixed-rate bonds with a coupon rate of 2.34%, an interest accrual start date of 10 December 2024, and a maturity date of 10 December 2039.

All funds raised by the above bonds were used to replenish the tier-two capital of the Bank, improve its capital adequacy ratios, strengthen operational resilience and risk resistance, and support sustainable and sound business development in accordance with applicable laws and regulatory approvals. The use of proceeds was consistent with the prospectus.

Section VIII Financial Report

8.1 Financial Statements and Auditor's Report for the Year Prepared Based on ASBE (See the Appendix)

8.2 Financial Statements and Auditor's Report for the Year Prepared Based on IFRS (See the Appendix)

Zhang Weizhong, Chairman

Board of Directors of Shanghai Pudong Development Bank Co., Ltd.

27 March 2025

Shanghai Pudong Development Bank Co., Ltd.

Financial Statements
For the year ended 31 December 2024

English Translation of the Financial Statements

IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITOR’S REPORT

KPMG Huazhen Shenzi NO. 2507316

The Shareholders of Shanghai Pudong Development Bank Co., Ltd.:

Opinion

We have audited the financial statements of Shanghai Pudong Development Bank Co., Ltd. (“the Bank”) and its subsidiaries (“the Group”) set out on pages 1 to 162, which comprise the consolidated and the Bank’s statement of financial position as at 31 December 2024, the consolidated and the Bank’s statement of profit or loss, the consolidated and the Bank’s statement of cash flows and the consolidated and the Bank’s statement of changes in equity for the year then ended and relevant notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the consolidated and the Bank’s financial positionas at 31 December 2024 and of its consolidated and the Bank’s financial performance and its consolidated and the Bank’s cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the the Ministry of Finance of the People’s Republic of China.

Basis for opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants (“CSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the China Code of Ethics for Certified Public Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters (continued)

<table>
<tr><td colspan="2">Measurement of expected credit loss ("ECL") for loans and advances to customers, debt investments, financial guarantees and loan commitments</td></tr>
<tr><td colspan="2">Refer to Notes III.8.(6), V.6, V.7(b), V.15, V.24, XII.1(1), XII.1(3), XII.1(4) and XII.1(5) to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Measurement of ECL for loans and advances to customers, debt investments, financial guarantees and loan commitments involves significant management judgments.

The Group established internal controls for the ECL measurement.</td><td>Our audit procedures to assess ECL for loans and advances to customers, debt investments, financial guarantees and loan commitments included the following:

• Understanding and evaluating the design and operating effectiveness of the key internal controls over financial reporting related to ECL measurement for loans and advances to customers, debt investments, financial guarantees and loan commitments:

- Understanding and evaluating the design and operating effectiveness of the key internal controls of the financial reporting process, including credit approval, recording, monitoring, periodic re-evaluation of credit grading, and the accrual of loss allowance; in particular, we assessed the design and operating effectiveness of the key internal controls over financial reporting related to the classification of loans by credit quality across all stages, debt investments, credit quality of financial guarantees and loan commitments;

- Understanding and evaluating the design and operating effectiveness of information system controls, including: general information technology control, completeness of key internal historical data, inter-system data transmission, mapping of parameters of ECL model, and system calculation logic of loss allowance for ECL for loans and advances to customers, debt investments, financial guarantees and loan commitments, based on the works of our Information Technology Risk Management ("IRM") Specialists and Financial Risk Management ("FRM") Specialists;</td></tr>
</table>

Key audit matters (continued)

Measurement of ECL for loans and advances to customers, debt investments, financial guarantees and loan commitments (continued)	
Refer to Notes III.8.(6), V.6, V.7(b), V.15, V.24, XII.1(1), XII.1(3), XII.1(4) and XII.1(5) to the financial statements.	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group assesses whether the credit risks of loans and advances to customers, debt investments and financial guarantees and loan commitments have increased significantly since their initial recognition, and applies a three – stage impairment model to measure their ECL. For loans and advances to customers, debt investments and financial guarantees and loan commitments, management assesses loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates.	• Based on the work of FRM Specialists, evaluating the reliability of ECL models and parameters used, including prudently evaluating probability of default, loss given default, exposure at default, discount rate, forward-looking information adjustment and other adjustment factors, and evaluating the reasonableness of key management jugments involved. • Evaluating the completeness and accuracy of key data used by the ECL models. For key internal data related to the original business files, we compared the respective amount of loans and advances to customers, debt investments, financial guarantees and loan commitments used by the management to evaluate the loss allowances with the general ledger amounts, in order to assess the completeness of lists. Select samples and compare the information of the loans and advances to customers, debt investments, financial guarantees and loan commitments with relevant agreements and other relevant documents to assess the accuracy of the lists. For key external data, we compared it with public information to check its accuracy; • Evaluating key parameters involving subjective judgments by seeking evidence from external sources and comparing it with internal records including historical loss scenarios and security types. As part of these procedures, we inquired management about the reasons for modifictions of key estimates and parameters input, and assessed the consistency of judgement used by management;

Key audit matters (continued)

<table>
<tr><td colspan="2">Measurement of ECL for loans and advances to customers, debt investments, financial guarantees and loan commitments (continued)</td></tr>
<tr><td colspan="2">Refer to Notes III.8.(6), V.6, V.7(b), V.15, V.24, XII.1(1), XII.1(3), XII.1(4) and XII.1(5) to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The measurement models of expected credit losses involves significant management judgments and assumptions, primarily including the following:

(1) Division of business operations sharing similar credit risk characteristics into the same group, selection of appropriate models and determination of relevant key parameters;

(2) Criteria for determining a significant increase in credit risk, default and credit impairments;

(3) Application of economic indicators, economic scenarios and their respective weightings for forward-looking information.</td><td>• Comparing the predictive economic indicators used by the management to measure the ECL in the previous year with the actual situation of the current year to consider whether there are indicators of management bias;

• For key internal data which was generated by the system calculation, we selected samples and compared the input data used in the system with the original business files to evaluate the accuracy of the data input. In addition, based on the work of IRM Specialists, we selected samples and tested the logic of preparing overdue information of loans and advances to customers;

• Selecting samples to assess the reasonableness of management judgement on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred. We analysed the loan portfolio by industry sector to select samples in industried sensitive to the current business cycle and regulatory policies. We also focused on loans with perceived higher risk and selected samples from loans credit impairment has occurred, overdue but credit impairment has not occurred, a significant increase in credit risk and borrowers with warning signs, adverse press coverage. On the basis of sample selection, we reviewed the business documents, checked the overdue information, inquired customer managers about about the operation conditions of borrowers, checked the financial information of the borrower and searched for market information about the borrower's business and operation;</td></tr>
</table>

Key audit matters (continued)

Measurement of ECL for loans and advances to customers, debt investments, financial guarantees and loan commitments (continued)	
Refer to Notes III.8.(6), V.6, V.7(b), V.15, V.24, XII.1(1), XII.1(3), XII.1(4) and XII.1(5) to the financial statements.	
The Key Audit Matter	**How the matter was addressed in our audit**
Measurement of ECL for loans and advances to customers, debt investments, financial guarantees and loan commitments is subject to inherent uncertainty and involves management judgments, and has an important influence on operation conditions and capital positions of the Group. In view of these reasons, we identified ECL measurement as a key audit matter.	• Performing credit reviews for the selected credit impaired loans and advances to customers and debt investments by evaluating loss ratio calculation model based on grouping , or assessing the forecast of recoverable cash flows through inquiry, applying professional judgment and performing independent research. We also evaluated the timing and realisation method of collaterals and considered other sources of repayment asserted by the management. We assessed the consistency of the application of key assumptions made by the management and compared the assumptions with our data sources; • Selecting samples and reviewing the calculation of ECL to assess the application of ECL model by the Group; • According to the relevant accounting standards, evaluate the reasonableness of the information disclosure of financial statements in terms of loans and advances to customers, debt investments, financial guarantee contracts and loan commitments.

Key audit matters (continued)

<table>
<tr><td colspan="2">Consolidation of structured entities</td></tr>
<tr><td colspan="2">Refer to Notes III.4 and VII to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities.

The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, an asset-backed security, a trust plan, an asset management plan or a securities investment fund.</td><td>Our audit procedures to assess the recognition of interests in and consolidation of structured entities included the following:

• Making enquiries of management and inspecting documents relating to the judgment process over whether a structured entity is consolidated or not to assess whether the Group has a robust process in this regard;

• Selecting structured entities of each key product type and performing the following procedures for each structured entity selected:

- Inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;

- 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 judgement as to the exposure, or rights, to variable returns from the Group's involvement in such an entity;</td></tr>
</table>

Key audit matters (continued)

<table>
<tr><td colspan="2">Consolidation of structured entities (continued)</td></tr>
<tr><td colspan="2">Refer to Notes III.4 and VII to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>In determining whether the Group should retain any partial interests in a structured entity or should consolidate a structured entity, management is required to consider the risks and rewards retained, the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.

We identified the recognition of interests in and consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and nature of each entity.</td><td>• Selecting structured entities of each key product type and performing the following procedures for each structured entity selected (continued):

- Evaluating management's analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity, to assess management's judgement over the Group's ability to influence its own returns from the structured entity;

- Assessing management's judgement over whether the structured entity should be consolidated or not;

• Evaluating the disclosures relating to structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.</td></tr>
</table>

KPMG Huazhen Shenzi NO. 2507316

Key audit matters (continued)

<table>
<tr><td colspan="2">Valuation of Level 3 financial assets measured at fair value on a recurring basis</td></tr>
<tr><td colspan="2">Refer to Notes III.8, III.23, III.34 described in the accounting policies, and XII.4 to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group classified certain financial instruments without active market quotations – including unlisted equities, unlisted investment funds, certain fund trust and asset management plans, and asset-backed securities – as Level 3 financial assets measured at fair value on a recurring basis. This classification was made because the Group used significant unobservable inputs that materially affected the valuation of these financial instruments.

The Group applied various valuation techniques to assess the fair value of Level 3 financial assets, primarily using income approach, market approach, and net asset value approach. These approaches involve unobservable inputs including cash flows of underlying assets, liquidity discounts, discount rates, and price-to-book ratios.

Due to the material amount of the Level 3 financial assets measured at fair value on a recurring basis, the complexity of fair value measurement techniques, and the significant management judgement required when using unobservable inputs as key assumptions, we identified the Level 3 financial assets measured at fair value on a recurring basis as a key audit matter.</td><td>Our audit procedures relating to the evaluation of valuation of Level 3 financial assets measured at fair value on a recurring basis included the following:

• Understanding and evaluating the design and operating effectiveness of key internal controls over financial reporting related to the application of valuation models and front-to-back reconciliations for these assets;

• Selecting samples and, using the work of our financial risk management experts, gained an understanding of management's valuation models (including whether there were any changes during the year) and evaluated the appropriateness of the valuation methods under relevant accounting standards. These procedures specifically included comparing the Group's valuation models with industry-standard valuation methods we were aware of, independently testing significant inputs used in fair value calculations, assessing the appropriateness of valuation parameters applied, and building parallel valuation models to reperform the calculation;

• Evaluating the reasonableness of the financial statement disclosures relating to these Level 3 financial assets measured at fair value on a recurring basis under relevant accounting standards, including disclosures about the fair value hierarchy.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises all the information included in the 2024 annual report, other than the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

(1) Identify and assess the risks of material misstatement of the 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.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's 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 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.

(5) Evaluate the overall presentation, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG Huazhen Shenzi NO. 2507316

Auditor's Responsibilities for the Audit of the 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People's
Republic of China

Beijing, China

Xue Chenjun

Ying Chenbin

27 March 2025

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Balance Sheets
as at 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Assets					
Cash and balances with central bank	V.1	411,539	537,131	405,297	532,553
Deposits with banks and other financial institutions	V.2	113,772	105,753	88,993	89,196
Placements with banks and other financial institutions	V.3	419,710	451,609	422,452	460,739
Precious metals		23,062	17,526	23,062	17,526
Derivative financial assets	V.4	89,590	56,311	88,838	56,265
Financial assets purchased under resale agreements	V.5	63,879	44,719	63,879	44,719
Loans and advances to customers	V.6	5,269,160	4,904,696	5,146,724	4,796,566
Financial investments:	V.7				
- Financial assets held for trading		691,019	780,226	767,780	740,523
- Debt investments		1,326,638	1,271,082	1,120,026	1,208,379
- Other debt investments		782,438	618,017	767,129	606,606
- Investments in other instruments		9,029	6,730	8,778	6,730
Long-term equity investments	V.8	1,807	2,825	34,868	31,768
Fixed assets	V.9	56,235	45,308	17,246	18,286
Construction in process		1,272	1,982	1,233	1,159
Right-of-use assets	V.10	6,350	7,150	5,858	6,716
Intangible assets	V.11	9,584	9,767	7,117	7,464
Goodwill	V.12	5,351	5,351	-	-
Deferred income tax assets	V.13	75,261	71,598	72,695	69,250
Other assets	V.14	106,184	69,466	98,832	63,671
Total assets		9,461,880	9,007,247	9,140,807	8,758,116

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank’s Balance Sheets (continued)
as at 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Liabilities and equity					
Liabilities					
Borrowing from central bank		118,442	235,242	117,770	234,591
Deposits from banks and other financial institutions	V.16	872,000	991,032	884,529	1,002,087
Placements from banks and other financial institutions	V.17	349,605	302,677	221,830	199,591
Financial liabilities held for trading	V.18	33,172	10,207	29,972	7,869
Derivative financial liabilities	V.4	78,575	52,293	78,434	52,260
Financial assets sold under repurchase agreements	V.19	505,962	519,784	406,346	449,030
Deposits from customers	V.20	5,229,282	5,060,344	5,175,643	5,027,145
Employee benefits payable	V.21	12,373	13,879	10,466	12,067
Taxes payable	V.22	20,535	25,104	19,465	24,239
Debt securities issued	V.23	1,419,972	1,011,653	1,417,346	1,004,010
Deferred income tax liabilities	V.13	630	1,014	-	-
Lease liabilities	V.10	6,013	6,871	5,507	6,423
Provisions	V.24	7,810	7,753	7,805	7,753
Other liabilities	V.25	62,728	36,510	54,324	28,661
Total liabilities		8,717,099	8,274,363	8,429,437	8,055,726

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Balance Sheets (continued)
as at 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Liabilities and equity (continued)					
Equity					
Share capital	V.26	29,352	29,352	29,352	29,352
Other equity instruments	V.27	82,701	112,691	82,701	112,691
Capital reserves	V.28	81,921	81,762	81,719	81,712
Other comprehensive income	V.29	13,036	2,107	12,345	1,893
Surplus reserves	V.30	192,222	188,929	192,222	188,929
General risk reserve	V.31	106,696	101,575	102,500	98,000
Retained earnings	V.32	230,401	208,333	210,531	189,813
Equity attributable to the shareholders of the Bank		736,329	724,749	711,370	702,390
Minority interests		8,452	8,135	-	-
Total equity		744,781	732,884	711,370	702,390
Total liabilities and equity		9,461,880	9,007,247	9,140,807	8,758,116

These financial statements were approved for issue by the Board of Directors of the Bank on 27 March 2025.

Chairman of the board of the directors: Weizhong Zhang

President (in-charge of financial work): Wei Xie

Head of the finance and accounting department: Hui Zhang

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Income Statements
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	Note	The Group 2024	The Group 2023	The Bank 2024	The Bank 2023
Operating income		170,748	173,434	161,807	160,070
Interest income		288,125	297,598	277,751	290,164
Interest expense		(173,408)	(179,163)	(167,227)	(174,351)
Net interest income	V.33	114,717	118,435	110,524	115,813
Fee and commission income		29,788	32,035	26,003	29,077
Fee and commission expense		(6,972)	(7,582)	(6,964)	(7,980)
Net fee and commission income	V.34	22,816	24,453	19,039	21,097
Investment income	V.35	29,141	27,905	28,529	23,656
Including: Income from joint ventures and associates		*217*	*223*	*155*	*186*
Gain or loss from derecognition of financial assets at amortized cost		*3,902*	*2,419*	*3,897*	*2,370*
Other income		839	737	124	184
Gains or losses from change of fair value	V.36	(1,549)	2,563	2,471	2,528
Foreign exchange gains and losses	V.37	988	(3,536)	1,065	(3,477)
Other operating income		3,776	2,805	85	195
Gains or losses on disposal of assets		20	72	(30)	74
Operating expense		(123,305)	(132,698)	(116,609)	(126,558)
Taxes and surcharges		(1,972)	(2,002)	(1,825)	(1,889)
General and administrative expenses	V.38	(49,795)	(51,424)	(46,967)	(49,014)
Impairment on credit losses	V.39	(69,437)	(76,754)	(67,755)	(75,518)
Impairment losses on other assets		(43)	(109)	(40)	(70)
Other operating expenses		(2,058)	(2,409)	(22)	(67)

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Income Statements (continued)
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		The Group		The Bank	
	Note	2024	2023	2024	2023
Operating profit		47,443	40,736	45,198	33,512
Add: Non-operating income		1,184	101	68	83
Less: Non-operating expenses		(261)	(145)	(243)	(138)
Profit before income tax		48,366	40,692	45,023	33,457
Less: Income tax expense	V.40	(2,531)	(3,263)	(1,737)	(524)
Net profit for the year		45,835	37,429	43,286	32,933
1. Classification according to the ability of operation contiuation					
- Continued operation net profit		45,835	37,429	43,286	32,933
- Discontinued operation net profit		-	-	-	-
2. Classification according to shareholders					
- Shareholders of the Bank		45,257	36,702	43,286	32,933
- Minority interests		578	727	-	-

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Income Statements (continued)
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		The Group		The Bank	
	Note	2024	2023	2024	2023
Other comprehensive income after tax	V.29	11,043	4,974	10,452	4,661
Other comprehensive income attributes to shareholders of the Bank, after tax		10,929	4,921	10,452	4,661
Items that may be reclassified to profit or loss		10,051	5,668	9,572	5,408
- Other comprehensive income recognised under equity method		2	(1)	2	(1)
- Changes in fair value of other debt investments		10,795	3,461	10,510	3,339
- Credit impairment allowance of other debt investments		(954)	1,995	(897)	2,019
- Cash flow hedge reserve		167	64	(17)	27
- Translation differences arising from translation of foreign currency financial statements		41	149	(26)	24
Item that will not be reclassified to profit or loss		878	(747)	880	(747)
- Changes in fair value of other equity investments		878	(747)	880	(747)
Other comprehensive income attributes to minority interests, after tax		114	53	-	-
Total comprehensive income		56,878	42,403	53,738	37,594
Attributable to:					
- Shareholders of the Bank		56,186	41,623	53,738	37,594
- Minority interests		692	780	-	-
Earnings per share (Expressed in RMB)	V.41				
Basic earnings per share		1.36	1.07		
Diluted earnings per share		1.25	0.99		

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Cash Flow Statements
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	Note	The Group 2024	The Group 2023	The Bank 2024	The Bank 2023
Cash flows from operating activities					
Net decrease in deposits with central bank, banks and other financial institutions		31,778	19,449	35,216	24,579
Net decrease in placements with banks and other financial institutions		13,933	-	15,093	-
Net decrease in resale activities		316	-	316	-
Net decrease in financial assets held for trading purposes		30,198	-	22,727	-
Net increase in borrowing from central banks		-	69,274	-	69,328
Net increase in deposits from customers and deposits from banks and other financial institutions		23,914	376,776	23,509	374,267
Net increase in placements from banks and other financial institutions		41,353	-	17,040	-
Net increase in repurchase activities		-	169,458	-	143,923
Cash received from interest		238,033	243,981	232,223	236,539
Cash received from fee and commissions		31,241	34,250	27,225	31,034
Cash received from other operating activities		36,326	22,606	31,787	19,809
Subtotal of cash inflows		447,092	935,794	405,136	899,479
Net increase in placements with banks and other financial institutions		-	(67,157)	-	(70,745)
Net increase in resale activities		-	(1,703)	-	(1,703)
Net increase in loans and advances to customers		(411,592)	(162,894)	(405,430)	(158,494)
Net increase in financial assets held for trading		-	(18,910)	-	(13,888)
Net decrease in borrowing from central banks		(116,098)	-	(116,118)	-
Net decrease in placement from banks and other financial institutions		-	(37,206)	-	(52,634)
Net decrease in repurchase business		(13,761)	-	(42,624)	-
Cash paid for interest		(132,990)	(133,716)	(127,248)	(129,244)
Cash paid for fee and commission		(7,454)	(8,133)	(7,383)	(8,459)
Cash paid to and on behalf of employees		(28,296)	(30,677)	(26,276)	(28,936)
Cash paid for taxes		(30,221)	(30,349)	(27,396)	(25,531)
Cash paid for other operating activities		(40,334)	(56,652)	(39,841)	(53,109)
Subtotal of cash outflows		(780,746)	(547,397)	(792,316)	(542,743)
Net cash flows (used in) / generated from operating activities	V.43	(333,654)	388,397	(387,180)	356,736

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Cash Flow Statements (continued)
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	The Group		The Bank	
	2024	2023	2024	2023
Cash flows from investing activities				
Proceeds from disposal of investments	2,001,177	2,037,428	1,900,627	1,986,357
Cash received from investment income	87,157	73,492	83,110	73,091
Cash received from equity transactions of subsidiaries	5,145	6,408	-	-
Cash received from other investing activities	1,717	290	32	170
Subtotal of cash inflows	2,095,196	2,117,618	1,983,769	2,059,618
Payment for acquisition of investments	(2,158,620)	(2,134,534)	(2,023,483)	(2,058,874)
Cash paid to purchase fixed assets, intangible assets and other long-term assets	(20,128)	(12,865)	(3,241)	(5,483)
Subtotal of cash outflows	(2,178,748)	(2,147,399)	(2,026,724)	(2,064,357)
Net cash flows used in investing activities	(83,552)	(29,781)	(42,955)	(4,739)

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Cash Flow Statements (continued)
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	Note	The Group 2024	The Group 2023	The Bank 2024	The Bank 2023
Cash flows from financing activities					
Proceeds from issuance of bonds and interbank deposit certificates		1,607,199	886,846	1,607,199	886,846
Subtotal of cash inflows		1,607,199	886,846	1,607,199	886,846
Cash payment of debt repayment		(1,219,376)	(1,212,680)	(1,214,349)	(1,209,688)
Cash paid for dividends, profit and interest of bond issued		(57,414)	(41,710)	(57,066)	(41,286)
Payment for other financing activities		(2,930)	(3,150)	(2,919)	(3,143)
Subtotal of cash outflows		(1,279,720)	(1,257,540)	(1,274,334)	(1,254,117)
Net cash flows generated from / (used in) financial activities		327,479	(370,694)	332,865	(367,271)
Effect of exchange rate changes on cash and cash equivalents		1,224	1,901	1,164	1,996
Net decrease in cash and cash equivalents	V.43	(88,503)	(10,177)	(96,106)	(13,278)
Add: Cash and cash equivalents at the beginning of the year	V.43	362,127	372,304	354,943	368,221
Cash and cash equivalents at the end of the year	V.42	273,624	362,127	258,837	354,943

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated statement of changes in owners' equity
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		Equity attributable to the shareholder of Bank									
	Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Subtotal	Minority interests	Total
Balance at 1 January 2024		29,352	112,691	81,762	2,107	188,929	101,575	208,333	724,749	8,135	732,884
Changes in equity during the year											
Net profit		-	-	-	-	-	-	45,257	45,257	578	45,835
Other comprehensive income	V.29	-	-	-	10,929	-	-	-	10,929	114	11,043
Investment and reduction of shareholder capital											
- Redemption of open-term capital bonds	V.27	-	(29,990)	(10)	-	-	-	-	(30,000)	-	(30,000)
Profit appropriation											
- Appropriation to surplus reserves	V.30	-	-	-	-	3,293	-	(3,293)	-	-	-
- Appropriation to general risk reserves	V.31	-	-	-	-	-	5,121	(5,121)	-	-	-
- Cash dividends to paid to ordinary shareholders	V.32	-	-	-	-	-	-	(9,422)	(9,422)	-	(9,422)
- Cash dividends to paid to preference shareholders	V.32	-	-	-	-	-	-	(1,559)	(1,559)	-	(1,559)
- Interests payment of open-term capital bonds	V.32	-	-	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Capital increase by subsidiary shareholders		-	-	169	-	-	-	-	169	(169)	-
Dividends of subsidiaries		-	-	-	-	-	-	-	-	(206)	(206)
Balance at 31 December 2024		29,352	82,701	81,921	13,036	192,222	106,696	230,401	736,329	8,452	744,781

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated statement of changes in owners' equity (continued)
For the year ended 31 December 2023
(Expressed in millions of RMB unless otherwise stated)

	Note	*Equity attributable to the shareholder of Bank*								Minority interests	Total
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Subtotal		
Balance at 1 January 2023		29,352	112,691	81,762	(3,053)	174,385	99,515	203,220	697,872	8,903	706,775
Changes in equity during the year											
Net profit		-	-	-	-	-	-	36,702	36,702	727	37,429
Other comprehensive income	V.29	-	-	-	4,921	-	-	-	4,921	53	4,974
Profit appropriation											
- Appropriation to surplus reserves	V.30	-	-	-	-	14,544	-	(14,544)	-	-	-
- Appropriation to general risk reserves	V.31	-	-	-	-	-	3,786	(3,786)	-	-	-
- Cash dividends to paid to ordinary shareholders	V.32	-	-	-	-	-	-	(9,393)	(9,393)	-	(9,393)
- Cash dividends to paid to preference shareholders	V.32	-	-	-	-	-	-	(1,559)	(1,559)	-	(1,559)
- Interests payment of open-term capital bonds	V.32	-	-	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Internal transfer in equity											
- Transfer of other comprehensive income to retained earnings		-	-	-	239	-	-	(239)	-	-	-
Dividends of subsidiaries		-	-	-	-	-	-	-	-	(231)	(231)
Disposal of equity in subsidiaries		-	-	-	-	-	(1,726)	1,726	-	(1,317)	(1,317)
Balance at 31 December 2023		29,352	112,691	81,762	2,107	188,929	101,575	208,333	724,749	8,135	732,884

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Statement of changes in owners' equity
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	Note	Share Capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Total
Balance at 1 January 2024		29,352	112,691	81,712	1,893	188,929	98,000	189,813	702,390
Changes in equity during the year									
Net profit		-	-	-	-	-	-	43,286	43,286
Other comprehensive income	V.29	-	-	-	10,452	-	-	-	10,452
Investment and reduction of shareholder capital									
- Redemption of open-term capital bonds	V.27	-	(29,990)	(10)	-	-	-	-	(30,000)
- Others		-	-	17	-	-	-	-	17
Profit appropriation									
- Appropriation to surplus reserves	V.30	-	-	-	-	3,293	-	(3,293)	-
- Appropriation to general risk reserves	V.31	-	-	-	-	-	4,500	(4,500)	-
- Cash dividends to paid to ordinary shareholders	V.32	-	-	-	-	-	-	(9,422)	(9,422)
- Cash dividends to paid to preference shareholders	V.32	-	-	-	-	-	-	(1,559)	(1,559)
- Interests payment of open-term capital bonds	V.32	-	-	-	-	-	-	(3,794)	(3,794)
Balance at 31 December 2024		29,352	82,701	81,719	12,345	192,222	102,500	210,531	711,370

The notes on pages 14 to 162 form part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Statement of changes in owners' equity (continued)
For the year ended 31 December 2023
(Expressed in millions of RMB unless otherwise stated)

	Note	Share Capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Total
Balance at 1 January 2023		29,352	112,691	81,712	(3,007)	174,385	93,500	190,909	679,542
Changes in equity during the year									
Net profit		-	-	-	-	-	-	32,933	32,933
Other comprehensive income	V.29	-	-	-	4,661	-	-	-	4,661
Profit appropriation									
- Appropriation to surplus reserves	V.30	-	-	-	-	14,544	-	(14,544)	-
- Appropriation to general risk reserves	V.31	-	-	-	-	-	4,500	(4,500)	-
- Cash dividends to paid to ordinary shareholders	V.32	-	-	-	-	-	-	(9,393)	(9,393)
- Cash dividends to paid to preference shareholders	V.32	-	-	-	-	-	-	(1,559)	(1,559)
- Interests payment of open-term capital bonds	V.32	-	-	-	-	-	-	(3,794)	(3,794)
Internal transfer in equity									
- Transfer of other comprehensive income to retained earnings		-	-	-	239	-	-	(239)	-
Balance at 31 December 2023		29,352	112,691	81,712	1,893	188,929	98,000	189,813	702,390

The notes on pages 14 to 162 form part of these financial statements.

I GENERAL INFORMATION

Shanghai Pudong Development Bank Co., Ltd. (the “Bank”) is a joint-stock commercial bank incorporated in Shanghai, the People’s Republic of China (“the PRC”) on 28 August 1992 in accordance with the approval from the People’s Bank of China (“the PBOC” or “Central Bank”) (Yin Fu [1992] No.350). The Address of the head office is 12 First East Zhongshan Road, Shanghai. The Bank obtained its business licence from Shanghai Municipal Administration of Industry and Commerce on 19 October 1992 and commenced its business on 9 January 1993. On 10 November 1999, the Bank’s share capital denominated in RMB were listed and traded on the Shanghai Stock Exchange.

The unified social credit code of the Bank is 9131000013221158XC, and the financial service certificate No. of the Bank is B0015H131000001.

The Bank and its subsidiaries (collectively referred to as “the Group”) are mainly engaged in financial businesses. The scope of business mainly includes commercial banking services, financial leasing businesses, trust services and wealth management business approved by the PBOC and the National Financial Regulatory Administration (the “NFRA”), investment banking and fund management business defined by relevant licenses issued by Securities & Futures Commission of Hong Kong. The Bank’s principal regulator is the NFRA. The Bank’s overseas branches and subsidiaries are subject to the supervision by local regulators.

The major subsidiaries are consolidated in the Group’s financial statements are disclosure in Note VI.

II BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared on the going concern basis.

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance (the “MOF”). These financial statements present truly and completely the consolidated financial position and financial position of the Bank as at 31 December 2024, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Bank for the year then ended.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2023.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines the materiality of the financial statement disclosures, both in terms of nature and amount. In determining the materiality of the nature, the Group considers whether the matter is part of the Group’s daily activities and whether it significantly affects the Group’s financial position, financial performance, cash flows and other factors. In determining the materiality of the amount, the Group considers the proportion of the amount to the amount of the relevant items (such as total assets, total liabilities, total owners’ equity, operating income, operating expenses, net profit, total comprehensive income), or to the amount of a separate item in the financial statements to which it belongs.

1 Accounting period

The accounting period is from 1 January to 31 December.

2 Functional Currency

The functional currency of the Group’s operations in Mainland China is Renminbi (RMB), the currency used for preparing financial statements is RMB. Items included in the financial statements of each of the Group’s operations oversea are measured using the currency of the primary economic environment in which the entity operates. The Group translates the financial statements of overseas subsidiaries from their respective functional currencies into the Group's functional currency (see Note III.5).

3 Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, when the acquirer determines whether acquired set of assets constitute a business, it may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business. When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against surplus reserves and retained earnings sequentially. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note III.20) after taking into account deferred tax impact. If (1) is less than (2), the difference is recognised in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified to profit or loss are transferred to investment income at the date of acquisition (see Note III.14(2)(b)); Any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

4 Criteria of control and preparation of consolidated financial statements

General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries (including a structured entity). Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity interests is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognised as investment income for the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained.

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

Changes in non-controlling interests

Where the Bank acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

5 Foreign currency transactions and translation of foreign currency financial statements

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

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. For monetary items denominated in foreign currency and classified as financial assets measured at fair value and whose changes are included in other comprehensive income, the foreign currency translation difference is decomposed into the translation difference caused by the change of amortized cost and the translation difference caused by the change of other book amounts of these items.

The translation difference arising from the change of amortized cost is included in the current profit and loss, and the translation difference arising from the change of other carrying amount is included in other comprehensive income. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. The exchange differences are recognised in profit or loss or in other comprehensive income, depending on the nature of non-monetary items.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed of.

6 Criteria for determining cash and cash equivalents

Cash and cash equivalents refer to cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

7 Precious metals

Precious metals comprise gold, silver and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in the statement of profit or loss.

8 Financial instruments

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

(1) Recognition and initial measurement of financial assets and financial liabilities

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

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

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

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

- Financial assets at amortised cost

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

- Debt investments at FVOCI

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

- Equity investments at FVOCI

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

(3) Classification and subsequent measurement of financial liabilities

- Financial liabilities at FVTPL

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

  Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless:

  - The financial liability is part of a hedging relationship;
  - The financial liability is a financial liability designated at fair value through profit or loss, and changes in fair value arising from changes in the Group’s credit risks are included in other comprehensive income.

- Other financial liabilities

  Other financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities, financial guarantee contracts and loan commitments arising from transfers of financial assets that do not qualify for the derecognition conditions or continue to be involved in the transferred financial assets.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

The financial assets have been transferred. If the group neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and retains the control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the corresponding liabilities shall be recognized.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment

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

- Financial assets measured at amortised cost;
- Contract assets;
- Debt investments measured at FVOCI;
- Loan commitments and financial guarantee contracts issued, which are not measured at FVTPL;
- Lease receivables.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated as at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses for financial instruments with a risk of default. Credit losses are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

The group's method of measuring the ECLs of financial instruments reflects the following elements: (I) the unbiased probability weighted average amount determined by evaluating a series of possible results; (II) the time value of money; (III) reasonable and reliable information about past events, current situation and prediction of future economic conditions that can be obtained without unnecessary additional costs or efforts on the balance sheet date.

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

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

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

Refer to Note XII.1(3) for more detailed explanations of measuring ECL.

Presentation of allowance for ECL

ECL are remeasured at the end of each reporting period to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt investments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income. For loan commitments and financial guarantee contracts issued, which are not measured at FVTPL, the Group recognizes loss reserves in estimated liabilities (Refer to Note V.24).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Modification of financial contracts

In some cases (such as renegotiating loans), the Group may renegotiate or otherwise modify the financial assets contracts. The Group would assess whether or not the modified or new contractual 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' financial asset under the revised terms.

If the modified contract terms do not change substantially, but lead to changes in the contract cash flow, when assessing whether the credit risk of relevant financial instruments has increased significantly, the group shall recalculate the book balance of the financial assets and record the relevant gains or losses into the current profits and losses. The recalculated book balance of the financial asset shall be determined according to the present value of the modified or renegotiated contract cash flow discounted at the original effective interest rate of the financial asset (or the purchased or originated financial asset with credit impairment shall be discounted at the effective interest rate adjusted by credit). For all costs or expenses incurred in modifying or renegotiating the contract, the group adjusts the book value of the modified financial asset and amortizes it within the remaining period of the modified financial asset. When assessing whether the credit risk of relevant financial instruments has increased significantly, the group compares the risk of default on the balance sheet date based on the changed contract terms with the risk of default on the initial recognition based on the original contract terms.

(8) Equity instrument

The Bank recorded equity instruments it issued at their actual issue prices in shareholders' equity and deducted the related transaction costs from shareholders' equity (capital reserves). Where capital reserves were insufficient to absorb these costs, the Bank offset them against surplus reserves and retained earnings sequentially. Consideration and transaction costs paid by the Bank for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Bank repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognised in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

9 Financial guarantee contracts and loan commitments

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

The financial guarantee contract shall be initially recognized at fair value on the date of providing the guarantee. After initial recognition, the relevant income of the financial guarantee contract shall be amortized and included in the current profit and loss in accordance with the accounting policies described in Note III. 26. Financial guarantee liabilities are subsequently measured according to the higher of the amount of loss reserves determined according to the impairment principle of financial instruments (Refer to Note III. 8(6)) and the balance of its initially recognized amount after deducting the accumulated amortization of the income related to the financial guarantee contract.

Loan commitments

Loan commitment refers to the definite commitment to provide credit according to the pre-defined terms and conditions.

Loan commitments provided by the Group are measured as the amount of the loss allowance. 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.

The Group's expected credit losses of financial guarantees and loan commitments are presented as “provisions”.

10 Derivatives and hedge accounting

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments with positive fair value are recognized as an asset, and those with negative fair value are recognized as a liability.

If the main contract included in the hybrid contract is an asset within the scope of financial instrument standards, the embedded derivative will no longer be separated from the main contract of financial assets, but the relevant provisions on the classification of financial assets will be applied to the hybrid financial instruments as a whole. If the main contract included in the hybrid contract is not an asset within the scope of the financial instrument standard, when some embedded derivative financial instruments are not closely related to the economic characteristics and risks of their main contract, the separate instrument with the same terms as the embedded derivative meets the definition of derivative financial instrument, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss, Then the embedded derivative financial instrument shall be separated from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at fair value, and the changes in fair value are included in the current profit and loss.

If the profits and losses derived from the changes in the fair value of derivative financial instruments do not meet the requirements of hedge accounting, they shall be directly included in the current profits and losses.

Hedge accounting

Hedge accounting is a method which recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group's hedged items include fixed-rate borrowings that expose the Group to the risk of changes in fair value, floating rate borrowings that expose the Group to the risk of variability in cash flows, a firm commitment that is settled with a fixed amount of foreign currency and that exposes the Group to foreign currency risk.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from the economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;
- The hedging instrument expires or is sold, terminated or exercised;
- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
- The hedging relationship no longer meets other criteria for applying hedge accounting.

(1) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from inception of the hedge;

- the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognised in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognised in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy;

- If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(2) Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortised to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost. The amortisation is based on a recalculated effective interest rate at the date that amortisation begins.

(3) Hedges of a net investment in a foreign operation

A hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When disposing a foreign operation, in whole or in part, the aforesaid gain or loss on the hedging instrument will be transferred from equity to profit or loss as a reclassification adjustment. The portion of the gain or loss on the hedging instrument that is determined to be ineffective is recognised in profit or loss.

11 Convertible instruments

<u>Convertible instruments containing an equity component</u>

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognised in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognised in equity if it relates to the equity component.

Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognised as the liability component.

The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognised in profit or loss. The liability component is subsequently carried at amortised cost using the effective interest method.

On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognised in profit or loss.

12 Preference shares and open-term capital bonds

At initial recognition, the Group classifies the preference shares, open-term capital bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preference shares and open-term capital bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares and open-term capital bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

13 Financial assets purchased under resale agreements and Financial assets sold under repurchase agreements

The financial assets purchased under resale agreements refers to the funds raised by the Group to buy financial assets first and then resell them at a fixed price according to the resale agreement. The financial assets sold under repurchase agreements refer to the funds incorporated into the Group's financial assets sold first according to the repurchase agreement and then repurchased at a fixed price.

The financial assets purchased under resale agreements and financial assets sold under repurchase agreements shall be recorded according to the actual payment or receipt at the time of business and reflected in the balance sheet. The purchased target assets purchased for resale are not recognized and recorded off balance sheet; The underlying assets sold and repurchased are still reflected in the balance sheet.

The bid ask price difference of buy for resale and sell for repurchase business is amortized by the effective interest method during the relevant transaction period and recognized as interest income and interest expense respectively.

14 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to surplus reserves and retained earnings sequentially. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any excess adjusted to retained earnings.

- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Bank's individual financial statements, the Bank use the cost approach to measure long-term equity investments in subsidiaries. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Bank recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current year.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses. For the impairment of the investments in subsidiaries, refer to Note III.21.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.4.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.14(3)) and rights to the net assets of the arrangement.An associate is an entity over which the Group has significant influence (see Note III.14(3)).An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in joint ventures and associates, refer to Note III.21.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

15 Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in supply of services for rental or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.16.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life unless the fixed assets meet the conditions for holding for sale.The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life	Residual value rate	Depreciation rate
Plant and buildings	30 - 40 years	3 - 5%	2.40 - 3.23%
Motor vehicles	5 years	3 - 5%	19.00 - 19.40%
Electronic computers and other equipments	3 - 5 years	0 - 5%	19.00 - 33.33%
Equipments such as airplanes and ships	8 - 25 years	0 - 10%	3.60 - 12.50%

Useful lives,estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of the fixed assets, refer to Note III.21.

(4) Disposal of fixed assets

When fixed assets meet one of the following conditions, the carrying amount of a fixed asset is derecognised:

- When the fixed asset is holding for disposal; or
- When no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

16 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs , and any other costs directly attributable to bringing the asset to working condition for its intended use. A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.21).

17 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.21). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

- Land use right is amortized since the month of acquisition using straight-line method within its statutory useful life. The useful life of the land use right is 27 to 70 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.
- Software is amortized since month of acquisition using straight-line method over its beneficial life. The useful life of the software is 1 to 10 years.
- Where data resources met the recognition criteria of intangible assets, the Group commenced amortization from the month of acquisition or the month when the assets became available for use. The amortization method reflected the expected pattern of consumption of the future economic benefits. In determining the useful lives, the Group gave particular consideration to the factors such as business models, limitation of rights, update frequency and timeliness, iterations of relevant products or technologies, and similar competing products of the same kind of the data resources, etc.
- Brand are intangible assets with no expected useful lives, which are not subject to amortization.

Useful lives and amortisation methods of intangible assets with finite useful lives are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

18 Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet of financial position at cost less accumulated amortisation and impairment losses (refer to Note III. 21).

19 Repossessed assets

Repossessed assets refer to the physical assets or property rights of the group that are compensated to the debtor, guarantor or a third party by exercising creditor's rights or security interests according to law.

For the transferred financial asset of repossessed assets, the group initially measures them at their fair value, and classifies and subsequently measures them in accordance with the accounting policies described in Note III. 8(2).

For the transferred non-financial asset debt paying assets, the Group makes initial measurement according to the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the assets, and makes subsequent measurement according to the lower of the cost and the net realizable value of the repossessed assets. Refer to Note III. 21 for the impairment test method and the impairment provision method.

20 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control. The Group's goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.21). Goodwill is transferred out and recognized in the current period's profit or loss upon disposal of its related asset groups or asset group combinations.

21 Impairment of assets other than financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- long-term equity investments
- goodwill
- long-term deferred expenses
- non-financial-asset-linked repossessed assets, etc

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value less costs to dispose and its present value of expected future cash flows (see Note III.23).

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

22 Provisions and contingent liabilities

Contingent liabilities refer to the potential obligations formed by past transactions or events, and their existence must be confirmed by the occurrence or non occurrence of future uncertain events; Or the current obligation formed by past transactions or events, the performance of the obligation is not likely to lead to the outflow of economic benefits from the group or the amount affected by the obligation cannot be measured reliably. The Group does not recognize these obligations and only discloses contingent liabilities in Note IX, commitments and contingencies to the financial statements.

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

23 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

24 Dividend distribution

After the balance sheet date, the dividends or profits to be distributed in the profit distribution plan which has been examined and approved are not really considered as liabilities on the balance sheet date and shall be disclosed separately in the notes.

25 Fiduciary activities

The Group acts as the manager, trustee or agent of customers in the entrusted business. The balance sheet of the group does not include the assets held by the Group due to entrusted business and the commitment to return such assets to customers. The risks and benefits of such assets are borne by customers.

The Group signed an entrusted loan agreement with the customer, and the customer provided funds to the group (hereinafter referred to as "entrusted loan funds"), and the Group issued loans to third parties (hereinafter referred to as "entrusted loans") according to the customer's instructions. As the Group does not bear the risks and rewards of entrusted loans and related entrusted loan funds, entrusted loans and entrusted loan funds are recorded as off balance sheet items according to their principal, and no impairment provision is made for these entrusted loans.

26 Revenue recognition

Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the book value of the financial asset, or the amortised cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

Interest income is calculated by applying the effective interest rate to the book value of financial assets and is included in interest income, except for:

(i) For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortised cost;

(ii) Financial assets that are not purchased or originated credit-impaired 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 book value.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income is recognised when its performance obligation in contracts is satisfied. The income is recognized at the time point or period when the customer obtains the control right of relevant services.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met; otherwise, the Group recognizes the income at a certain point of time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

Dividend income

Dividend income from equity instruments is recognized in the current profit and loss when the group's right to receive dividends is established.

27 Expenses

Interest expenses

Interest expenses on financial liabilities are calculated based on the amortised cost of financial liabilities and the timing of capital occupation using the effective interest method, and is recognised in the corresponding period.

Other expenses

Other expenses are recognised on an accrual basis.

28 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group. A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income in the periods in which the expenses or losses are recognised. Or included in other income directly.

29 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, and social security contributions such as medical insurance and work injury insurance, and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits

Basic pension insurance

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participates in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable is recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Annuity plan

The Group also participate in a defined contribution retirement benefit plan (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to profit or loss when it is incurred. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

Supplementary retirement benefits

The Group pays supplementary retirement benefits for certain retired employees, which is the defined benefit plans. The Group recognises its liabilities based on the actuarial results, the related actuarial gains and losses are recognised in other comprehensive income and shall not be reversed to profit or loss in subsequent accounting period.

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(4) Other long-term employee benefits

According to the actual payment of employees' salaries or services during the accounting period when employees provide services, the amount accrued or paid by employees shall be recognized as a liability, and included in the current profit and loss or related asset costs.

30 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax 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, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

31 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly speicied in a contrat and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the ecomonic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains multiple separate lease componets, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.21.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (leases with lower value when a single lease asset is a brand new asset). The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note III.8. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases are recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

32 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Bank determines related parties based on the disclosure requirements of Administrative Measurement on the Information Disclosures of Listed Companies issued by the CSRC.

33 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group’s internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment’s products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

34 Significant accounting and judgements and estimates

In preparing the financial statements, the management of the Group is required to apply estimates and assumptions which affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. The reality may differ from these estimates. The Group's management continuously evaluates the judgment of the key assumptions and uncertainties involved in the estimates, and the impact of changes in accounting estimates is recognized in the current and future periods of the changes.

In the process of implementing the Group's accounting policies, the management will make judgments and assumptions on the impact of future uncertainties on the financial statements. On the balance sheet date, the management makes the following judgments and main assumptions on major future uncertainties, which may lead to significant adjustments to the book value of assets and liabilities in the next accounting period.

Measurement of ECL

For loans and debt instrument investments measured at amortized cost and at fair value with changes included in other comprehensive income, as well as loan commitments and financial guarantee contracts, complex models and a large number of assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the possibility of customer default and corresponding losses). Note XII. 1 specify the parameters, assumptions and estimation techniques used in the measurement of expected credit loss.

Goodwill impairment

The Group tests whether goodwill is impaired at least annually, and impairment test is also required when there are signs that goodwill may be impaired. During the impairment test, it is necessary to allocate goodwill to the corresponding asset group or combination of asset groups, and estimate the recoverable amount of the asset group or combination of asset groups. Information of impairment tests on the Group's goodwill is set out in Note V.12.

Income tax

The Group needs to make judgments on the future tax treatment of certain transactions to confirm income tax. In accordance with relevant tax laws and regulations, the group carefully judges the income tax impact corresponding to the transaction and accrues income tax accordingly. Deferred income tax assets can only be recognized when it is possible to have future taxable income and can be used to offset relevant temporary differences. In this regard, it is necessary to make a significant judgment on the tax treatment of some transactions and make a significant estimation on whether there are enough future taxable income to offset the possibility of deferred income tax assets.

Fair value of financial instruments

For financial instruments that lack an active market, the Group uses valuation methods to determine their fair value. The valuation method includes referring to the transaction price determined during the fair transaction between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or estimating by using discounted cash flow analysis and option pricing model. The valuation method makes maximum use of observable market information. However, when observable market information is unavailable, the management will estimate the significant unobservable information included in the valuation method.

Judgment on whether the structured entities has control

The Group manages or invests in multiple fund investments, equity investments, trust and asset management plans, asset-backed securities, financial products and other investments. When judging whether to control such structured entities, the Group determines whether it exercises its decision-making power as the main responsible person or agent, and evaluates its overall economic benefits to such structured entities (including the income generated by direct holding and expected management fees) and the scope of decision-making power to such structured entities. When the other party has the decision-making power, it is also necessary to determine whether the other party exercises the decision-making power as its agent.

For fund investments, equity investments, trust and asset management plans, asset-backed securities, financial products and other investments in which the group has interests or is the initiator but is not included in the scope of the consolidated financial statements, see Note VII.

35 Changes in significant accounting policies and accounting estimates

(1) Description of and reasons for changes in accounting policies

In 2024, the Group has adopted the following revised accounting requirements and guidanceunder CASs newly issued by the MOF.

- "Classification of Liabilities as Current or Non-current" in CAS Bulletin No. 17 (Caikuai[2023] No. 21) ("CAS Bulletin No. 17"), and;

- "The Accounting Treatment of Assurance-type Warranty that is not a Single PerformanceObligation " in CAS Bulletin No. 18 (Caikuai [2024] No. 24) ("CAS Bulletin No. 18").

The adoption of this requirement does not have a significant effect on the financial position and financial performance of the Group.

(2) Changes in accounting estimates

In order to reflect the financial position and operating results of the operating leased-out aircraft business more objectively and accurately, the Group has changed the amortization period and estimated net residual value rate of certain types of operating leased-out aircraft according to the current usage status, service life and market conditions of these operating leased-out aircraft. The change does not have a significant effect on the financial position and financial performance of the Group.

IV TAXATION

The main applicable taxes and tax rates of the Group's domestic business are as follows:

Value-added tax (VAT)	Output VAT is calculated on 6%~13% of the product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period. Part of VAT is calculated on 3% or 5% of the product sales and taxable services revenue.
City maintenance and construction tax	1%-7% of VAT paid.
Educational surcharge	3%-5% of VAT paid.
Income tax	25% of taxable income. The domestic subsidiaries pay income tax according to local regulations.

The applicable taxes and tax rates of the Group's overseas business in accordance with the local regulation.

V Notes to the main items of the financial statements

1 Cash and deposits with central bank

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash		5,724	6,333	5,606	6,198
Statutory reserves with central bank	(1)	296,486	324,091	293,867	321,710
Surplus reserves with central bank	(2)	107,378	206,375	103,873	204,313
Fiscal deposits with central bank		1,799	167	1,799	167
Accrued interest		152	165	152	165
Total		411,539	537,131	405,297	532,553

(1) The Group is required to place statutory reserves with the PBOC and overseas central banks, including RMB and foreign currency deposit reserves and foreign exchange risk reserves for forward foreign exchange sales businesses, which are not allowed to be used in the Group's daily operations.

(2) The surplus reserves refer to money deposited by the Group with the PBOC and overseas central banks for the purpose of funds liquidation.

2 Deposits with banks and other financial institutions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deposits with domestic banks	72,192	65,378	47,061	48,769
Deposits with overseas banks	40,375	39,487	41,215	39,648
Deposits with domestic non-bank financial institutions	650	634	359	599
Accrued interest	748	448	402	294
Less: impairment allowance	(193)	(194)	(44)	(114)
Total	113,772	105,753	88,993	89,196

As at 31 December 2024 and 31 December 2023, the Group's due from banks and other financial institutions included refundable deposits and risk reserves, and were restricted in usage.

3 Placements with banks and other financial institutions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Placements with domestic banks	31,023	42,532	29,514	42,532
Placements with overseas banks	49,160	57,470	49,160	57,470
Placements with domestic non-bank financial institutions	334,974	346,351	339,133	355,417
Placements with overseas non-bank financial institutions	474	1,263	474	1,263
Accrued interest	4,213	4,346	4,301	4,409
Less: impairment allowance	(134)	(353)	(130)	(352)
Total	419,710	451,609	422,452	460,739

4 Derivative financial instruments

The Group

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,891,771	37,371	(36,810)
Exchange rate derivatives	3,091,321	30,901	(27,347)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		89,590	(78,575)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
- Currency swap contracts	15,150	28	(195)
Cash flow hedges			
- Interest rate swap contracts	452	12	-
- Currency swap contracts	64,829	974	(153)
Total		1,069	(481)

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	4,694,725	17,002	(16,037)
Exchange rate derivatives	2,213,084	16,508	(18,251)
Precious metal and other derivatives	666,916	22,801	(18,005)
Total		56,311	(52,293)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,375	106	(72)
- Currency swap contracts	7,447	18	(39)
Cash flow hedges			
- Interest rate swap contracts	422	22	-
- Currency swap contracts	52,760	117	(135)
Total		263	(246)

The Bank

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,889,179	37,357	(36,803)
Exchange rate derivatives	3,057,730	30,163	(27,213)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		88,838	(78,434)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
Cash flow hedges			
- Currency swap contracts	44,691	318	(153)
Total		373	(286)

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	4,694,282	16,980	(16,044)
Exchange rate derivatives	2,202,907	16,484	(18,211)
Precious metal and other derivatives	666,916	22,801	(18,005)
Total		56,265	(52,260)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,375	106	(72)
Cash flow hedges			
- Currency swap contracts	49,710	111	(134)
Total		217	(206)

The notional amounts of certain types of financial instruments on the balance sheet date provide a basis for comparison with instruments recognized on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. With fluctuations in foreign exchange rates, market interest rates, precious metal prices, and other market prices related to the terms of derivative financial product contracts, the valuation of derivative financial products may have favorable (recognized as assets) or unfavorable (recognized as liabilities) effects on the Group, which may have significant fluctuations in different periods.

Fair value hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge a portion of its exposure to changes in fair value due to changes in interest rates or changes in foreign exchange rates respectively. Hedged items include other debt investments, debt securities issued and entrusted loans. The Group mainly adopts the regression analysis method and the key terms comparison method to evaluate the effectiveness of hedging. The management of the Group considers the hedging relationship is highly effective after the testing.

Cash flow hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge the cash flow fluctuations due to the interest rate risk and foreign currency risk respectively. Hedged items include loans to customers, debt investments , deposits and placements with banks and other financial institutions, deposits and placements from banks and other financial institutions and debt securities issued. The Group mainly adopts the regression analysis method and the key terms comparison method to evaluate the effectiveness of hedging. The management of the Group considers the hedging relationship is highly effective after the testing. During the reporting period, gains and losses arising from the ineffective portion of hedges recognised in the cash flow hedges were not significant, and there were no instances of discontinuing the use of hedge accounting due to highly probable expected cash flows that are no longer expected to occur.

5 Financial assets purchased under resale agreements

The Group and the Bank

	31 December 2024	31 December 2023
Bonds	51,495	38,184
Bills	12,399	6,473
Accrued interest	17	76
Less: impairment allowance	(32)	(14)
Total	63,879	44,719

6 Loans and advances to customers

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Loans and advances to customers measured at:				
- amortized cost (a)	5,056,985	4,639,222	4,929,774	4,525,042
- FVOCI (b)	331,012	370,748	331,012	370,748
- FVTPL (c)	3,533	7,784	1,405	7,784
Subtotal	5,391,530	5,017,754	5,262,191	4,903,574
Accrued interest	15,528	16,362	14,752	15,622
Less: impairment allowances				
- Loans and advances to customers mearsured at amortized cost	(136,602)	(128,424)	(128,923)	(121,634)
- Accrued interest of loans and advances to customers measured at amortized cost	(1,296)	(996)	(1,296)	(996)
Subtotal	(137,898)	(129,420)	(130,219)	(122,630)
Net loans and advances to customers	5,269,160	4,904,696	5,146,724	4,796,566

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
(a) Loans and advances to customers measured at amortized cost				
Corporates loans				
Corporate loans and advances	3,167,423	2,772,749	3,054,011	2,673,243
Discounted bills	295	651	295	650
Retail loans				
Mortgage loans	864,360	838,152	859,223	832,371
Business loans	455,267	467,994	451,177	463,633
Credit card and overdraft	370,223	385,617	370,223	385,617
Consumer loans and others	199,417	174,059	194,845	169,528
Subtotal	5,056,985	4,639,222	4,929,774	4,525,042
(b) Loans and advances to customers measured at FVOCI				
Corporates loans				
Corporate loans and advances	9,048	62,588	9,048	62,588
Discounted bills	321,964	308,160	321,964	308,160
Subtotal	331,012	370,748	331,012	370,748
(c) Loans and advances to customers measured at FVTPL				
Corporates loans				
Corporate loans and advances	2,683	5,662	555	5,662
Discounted bills	850	2,122	850	2,122
Subtotal	3,533	7,784	1,405	7,784
Total loans and advances to customers	5,391,530	5,017,754	5,262,191	4,903,574

6.1 Loans and advances to customers analysed by industry

The Group

	31 December 2024		31 December 2023	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Manufacturing	684,214	12.70	572,695	11.42
Lease and commercial service	649,273	12.04	548,048	10.92
Real estate	397,011	7.36	345,744	6.89
Water conservancy, environment and public facilities management	215,743	4.00	196,775	3.92
Wholesale and retail	210,354	3.90	189,398	3.77
Transportation, warehouse and postal services	201,696	3.74	193,132	3.85
Construction	190,723	3.54	176,645	3.52
Electricity, heat, gas, water production and supply	174,549	3.24	165,020	3.29
Financial services	146,268	2.71	193,704	3.86
Information transmission, software and IT services	89,029	1.65	75,275	1.50
Mining	88,356	1.64	78,825	1.57
Research and technology services	46,694	0.87	36,334	0.72
Culture, sports and entertainment	21,293	0.39	20,169	0.40
Education	20,499	0.38	16,443	0.33
Healthcare and social welfare	17,530	0.33	13,420	0.27
Agriculture, forestry, farming and fishery	16,701	0.31	12,721	0.25
Hotels and catering services	6,344	0.12	5,043	0.10
Residential services, repairs and other services	1,790	0.03	1,288	0.03
Others	1,087	0.02	320	0.01
Subtotal	3,179,154	58.97	2,840,999	56.62
Discounted bills	323,109	5.99	310,933	6.20
Retail loans	1,889,267	35.04	1,865,822	37.18
Total	5,391,530	100.00	5,017,754	100.00

The Bank

	31 December 2024		31 December 2023	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Manufacturing	654,479	12.44	549,615	11.22
Lease and commercial service	639,650	12.16	543,491	11.08
Real estate	396,985	7.54	345,727	7.05
Water conservancy, environment and public facilities management	214,263	4.07	194,741	3.97
Wholesale and retail	207,248	3.94	186,732	3.81
Construction	186,310	3.54	171,831	3.50
Transportation, warehouse and postal services	165,595	3.15	157,999	3.22
Electricity, heat, gas, water production and supply	160,377	3.05	145,914	2.98
Financial services	148,318	2.82	196,769	4.01
Mining	82,827	1.57	73,462	1.50
Information transmission, software and IT services	81,765	1.55	73,012	1.49
Research and technology services	43,232	0.82	35,014	0.71
Culture, sports and entertainment	20,954	0.40	19,737	0.40
Education	20,200	0.38	16,287	0.33
Healthcare and social welfare	17,194	0.33	13,215	0.27
Agriculture, forestry, farming and fishery	15,311	0.29	11,522	0.23
Hotels and catering services	6,154	0.12	4,879	0.10
Residential services, repairs and other services	1,694	0.03	1,246	0.03
Others	1,058	0.02	300	0.01
Subtotal	3,063,614	58.22	2,741,493	55.91
Discounted bills	323,109	6.14	310,932	6.34
Retail loans	1,875,468	35.64	1,851,149	37.75
Total	5,262,191	100.00	4,903,574	100.00

6.2 Loans and advances to customers analysed by security type

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Unsecured loans	2,034,367	1,967,646	2,004,128	1,932,734
Guaranteed loans	1,238,069	1,048,876	1,176,498	995,336
Collateralized loans	1,857,201	1,770,621	1,842,574	1,755,742
Pledged loans	261,893	230,611	238,991	219,762
Total	5,391,530	5,017,754	5,262,191	4,903,574

6.3 Overdue loans and advances to customers

The Group

	31 December 2024				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	21,001	10,707	2,266	1,577	35,551
Guaranteed loans	4,204	4,802	7,839	686	17,531
Collateralized loans	21,342	16,352	9,340	4,306	51,340
Pledged loans	1,282	2,465	1,123	1,604	6,474
Total	47,829	34,326	20,568	8,173	110,896

	31 December 2023				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	16,668	12,325	1,585	1,708	32,286
Guaranteed loans	5,181	5,823	10,304	1,063	22,371
Collateralized loans	16,278	14,004	9,605	1,946	41,833
Pledged loans	643	316	3,462	416	4,837
Total	38,770	32,468	24,956	5,133	101,327

The Bank

	31 December 2024				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	20,554	10,544	2,029	975	34,102
Guaranteed loans	3,777	4,738	7,730	586	16,831
Collateralized loans	21,244	16,231	8,929	4,301	50,705
Pledged loans	1,279	2,421	1,123	1,566	6,389
Total	46,854	33,934	19,811	7,428	108,027

	31 December 2023				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	16,224	12,221	1,346	876	30,667
Guaranteed loans	5,049	5,672	9,896	958	21,575
Collateralized loans	16,185	13,608	9,462	1,933	41,188
Pledged loans	643	316	3,461	416	4,836
Total	38,101	31,817	24,165	4,183	98,266

The Group and the Bank classify the total loans with principal or interest overdue 1 day above (including 1 day) as overdue loans.

6.4 Movements of ECL allowance

(a) Movements of ECL allowance of loans and advances to customers at amortized cost

The Group

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024		38,847	21,298	68,279	128,424
Transfers during the year:					
- Transfer to stage 1		4,163	(4,004)	(159)	-
- Transfer to stage 2		(3,517)	5,692	(2,175)	-
- Transfer to stage 3		(2,592)	(10,481)	13,073	-
Net (decrease) / increase for the year	(1)	(497)	17,334	38,887	55,724
Written-offs and disposals during the year		-	-	(59,464)	(59,464)
Recovery of original written off loans and advances		-	-	11,739	11,739
Others		59	18	102	179
Balance at 31 December 2024		36,463	29,857	70,282	136,602

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023		38,285	23,056	56,742	118,083
Transfers during the year:					
- Transfer to stage 1		2,664	(2,390)	(274)	-
- Transfer to stage 2		(2,676)	4,175	(1,499)	-
- Transfer to stage 3		(1,250)	(11,798)	13,048	-
Net increase for the year	(1)	1,818	8,255	45,916	55,989
Written-offs and disposals during the year		-	-	(56,783)	(56,783)
Recovery of original written off loans and advances		-	-	10,980	10,980
Others		6	-	149	155
Balance at 31 December 2023		38,847	21,298	68,279	128,424

The Bank

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024		36,032	19,451	66,151	121,634
Transfers during the year:					
- Transfer to stage 1		3,968	(3,810)	(158)	-
- Transfer to stage 2		(3,349)	5,517	(2,168)	-
- Transfer to stage 3		(2,588)	(10,178)	12,766	-
Net (decrease) / increase for the year	(1)	(313)	16,102	38,796	54,585
Written-offs and disposals during the year		-	-	(58,704)	(58,704)
Recovery of original written off loans and advances		-	-	11,410	11,410
Others		7	1	(10)	(2)
Balance at 31 December 2024		33,757	27,083	68,083	128,923

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023		35,324	21,533	54,616	111,473
Transfers during the year:					
- Transfer to stage 1		2,633	(2,363)	(270)	-
- Transfer to stage 2		(2,564)	4,035	(1,471)	-
- Transfer to stage 3		(1,241)	(11,712)	12,953	-
Net increase for the year	(1)	1,876	7,958	45,487	55,321
Written-offs and disposals during the year		-	-	(56,186)	(56,186)
Recovery of original written off loans and advances		-	-	10,929	10,929
Others		4	-	93	97
Balance at 31 December 2023		36,032	19,451	66,151	121,634

(1) This item includes changes of Probability of Default ("PD"), Exposure At Default ("EAD"), Loss Given Default ("LGD") due to routine updates to model parameters, and the impact of stage changes on the measurement of ECL.

(2) Financial instruments whose credit risks haven't significantly increased since the initial recognition are classified into stage 1, then they will be transferred into stage 2 if their credit risks have significantly increased since the initial recognition with no objective evidence for impairment, and will be further transferred into stage 3 where there is objective impairment evidence on the balance sheet date. Refer to Note XII 1.(3) for ECL measurement.

(b) Movements of ECL allowance of loans and advances to customers measured at FVOCI

The Group and the Bank

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	311	4	-	315
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Net decrease for the year	(166)	(3)	-	(169)
Balance at 31 December 2024	145	1	-	146

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	583	-	8	591
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Net (decrease)/increase for the year	(272)	4	(8)	(276)
Balance at 31 December 2023	311	4	-	315

7 Financial investments

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial assets held for trading	(a)	691,019	780,226	767,780	740,523
Debt investments	(b)	1,326,638	1,271,082	1,120,026	1,208,379
Other debt investments	(c)	782,438	618,017	767,129	606,606
Investments in other instruments	(d)	9,029	6,730	8,778	6,730
Financial investments, net		2,809,124	2,676,055	2,663,713	2,562,238

(a) Financial assets held for trading

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Fund investments		485,481	434,606	541,561	491,401
Government bonds		39,813	63,521	39,813	63,521
Bonds issued by financial institutions		20,312	10,288	18,427	7,551
Equity investment		17,268	17,329	12,122	12,318
Beneficiary certificates of securities companies		11,913	39,723	11,913	39,723
Trust and asset management plans		9,811	14,801	119,568	86,671
Deposit certificates issued by other financial institutions		8,579	3,303	8,579	3,303
Corporate bonds		7,084	21,435	6,411	21,190
Assets backed securities (“ABS”)		2,222	2,290	2,222	2,290
Bonds issued by policy banks		1,332	5,150	1,332	5,150
Other investment	(1)	87,204	167,780	5,832	7,405
Total		691,019	780,226	767,780	740,523

(1) Other investments mainly include the Group's investments in structured entities included in the scope of consolidation, the long-term employee benefits payable to Changjiang Pension Insurance Co., Ltd. for investment entrusted by the Group and other wealth management products. The Group's investments in structured entities included in the scope of consolidation include fund products, trust and asset management plans controlled by the Group, which are mainly invested in assets such as various types of bonds and equity investments with third-party repurchase arrangements; as at 31 December 2024, the size of the underlying assets of the Group's above investments in the structured entities included in the scope of consolidation amounted to RMB 81,391 million (as at 31 December 2023: RMB 159,916 million).

(b) Debt investments

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Government bonds		537,943	583,862	537,747	583,862
Bonds issued by policy banks		278,855	270,330	278,514	270,330
ABS		106,449	124,770	106,327	124,648
Trust and asset management plans	(1)	100,700	161,425	97,199	157,821
Bonds issued by financial institutions		61,320	50,006	61,248	50,006
Corporate bonds		35,865	30,812	34,720	30,767
Deposit certificates issued by other financial institutions		13,134	2,602	12,738	2,154
Other investments	(2)	198,282	57,903	-	-
Subtotal		1,332,548	1,281,710	1,128,493	1,219,588
Accrued interest		18,683	17,874	15,635	17,178
Impairment allowance					
- Principal of financial investments		(24,253)	(28,345)	(23,773)	(28,236)
-Accrued interest of financial Investments		(340)	(157)	(329)	(151)
Subtotal of impairment allowance		(24,593)	(28,502)	(24,102)	(28,387)
Debt investments, net		1,326,638	1,271,082	1,120,026	1,208,379

(1) As at 31 December 2024 and 31 December 2023, the trust and asset management plans were primarily invested in debt instruments with fixed or determinable repayment amounts.

(2) Other investments mainly consist of investments in structured entities and other debt investments that the Group included in the scope of consolidation. The Group's investments in structured entities included in the scope of consolidation were asset management plans controlled by the Group, which are mainly invested in various types of bonds; as at 31 December 2024, the size of the underlying assets of the Group's above investments in the structured entities included in the scope of consolidation amounted to RMB 198,282 million (as at 31 December 2023: RMB 57,600 million)

(i) Movement for ECL allowance of debt investments:

The Group

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	962	1,051	26,332	28,345
Transfers for the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(337)	337	-
Net (decrease) / increase for the year	(359)	(110)	12,121	11,652
Write-off and disposals during the year	-	-	(15,898)	(15,898)
Recovery of original written off investments	-	-	143	143
Others	2	-	9	11
Balance at 31 December 2024	492	717	23,044	24,253

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	2,109	1,081	16,241	19,431
Transfers for the year:				
- to stage 1	292	(292)	-	-
- to stage 2	(104)	559	(455)	-
- to stage 3	(95)	(887)	982	-
Net (decrease) / increase for the year	(1,241)	590	13,547	12,896
Write-off and disposals during the year	-	-	(4,035)	(4,035)
Recovery of original written off investments	-	-	48	48
Others	1	-	4	5
Balance at 31 December 2023	962	1,051	26,332	28,345

The Bank

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	940	1,046	26,250	28,236
Transfers for the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(331)	331	-
Net (decrease) / increase for the year	(355)	(110)	11,748	11,283
Write-off and disposals during the year	-	-	(15,898)	(15,898)
Recovery of original written off investments	-	-	143	143
Others	2	-	7	9
Balance at 31 December 2024	474	718	22,581	23,773

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	2,054	1,056	16,642	19,752
Transfers for the year:				
- to stage 1	292	(292)	-	-
- to stage 2	(104)	559	(455)	-
- to stage 3	(52)	(861)	913	-
Net (decrease) / increase for the year	(1,251)	584	13,133	12,466
Write-off and disposals during the year	-	-	(4,035)	(4,035)
Recovery of original written off investments	-	-	48	48
Others	1	-	4	5
Balance at 31 December 2023	940	1,046	26,250	28,236

(c) Other debt investments

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Government bonds	388,424	286,412	382,514	283,385
Corporate bonds	140,216	122,163	134,450	113,796
Bonds issued by financial	110,231	82,357	107,816	82,406
Bonds issued by policy banks	84,996	79,886	84,149	79,886
Deposit certificates issued by other financial institutions	31,421	33,438	31,421	33,438
ABS	19,660	6,302	19,373	6,302
Trust and asset management plans	16	20	-	-
Subtotal	774,964	610,578	759,723	599,213
Accrued interest	7,474	7,439	7,406	7,393
Total	782,438	618,017	767,129	606,606

(i) Movements of ECL allowance of other debt investments:

The Group

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	428	216	5,331	5,975
Transfers for the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(137)	137	-
Net (decrease)/incease for the year	(69)	6	533	470
Write-off and disposals during the year	-	-	(1,300)	(1,300)
Recovery of original written off investments	-	-	3	3
Others	9	1	23	33
Balance at 31 December 2024	363	91	4,727	5,181

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	590	227	2,921	3,738
Transfers for the year:				
- to stage 1	1	(1)	-	-
- to stage 2	(22)	22	-	-
- to stage 3	(27)	(126)	153	-
Net (decrease)/incease for the year	(118)	92	2,602	2,576
Write-off and disposals during the year	-	-	(366)	(366)
Others	4	2	21	27
Balance at 31 December 2023	428	216	5,331	5,975

The Bank

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	378	180	4,905	5,463
Transfer for the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(120)	120	-
Net (decrease)/ increase for the year	(69)	11	506	448
Write-off and disposals during the year	-	-	(1,300)	(1,300)
Recovery of original written off investments	-	-	3	3
Others	7	-	6	13
Balance at 31 December 2024	311	76	4,240	4,627

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	530	193	2,476	3,199
Transfer for the year:				
- to stage 1	1	(1)	-	-
- to stage 2	(14)	14	-	-
- to stage 3	-	(115)	115	-
Net (decrease)/ increase for the year	(142)	87	2,530	2,475
Write-off and disposals during the year	-	-	(230)	(230)
Others	3	2	14	19
Balance at 31 December 2023	378	180	4,905	5,463

(d) Investments in other equity instruments

The Group and the Bank

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Other investment	7,623	5,164	7,372	5,164
Repossessed equity instruments	1,406	1,566	1,406	1,566
Total	9,029	6,730	8,778	6,730

(1) The Group and the Bank designated certain equity investments that are not held for trading as financial assets at fair value through other comprehensive income.

(2) In 2024, the Group and the Bank recognised dividend income from investments in such equity instruments of RMB 58 million (2023: RMB 67 million). In 2024, neither the Group nor the Bank recorded any reclassification of accumulated losses from the disposal of such equity instrument investments from other comprehensive income to retained earnings (2023: recorded accumulated losses of RMB 239 million).

8 Long-term equity investments

8.1 The classification of long-term equity investments is as follow:

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Investments in joint ventures	VI.2	1,464	2,458	1,464	2,458
Investments in associates	VI.2	343	367	-	-
Investment in subsidiaries		-	-	33,404	29,310
Total		1,807	2,825	34,868	31,768

8.2 The changes in long-term equity investments are as follows:

The Group

	1 January 2024	Decrease in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2024
AXA SPDB Investment Managers Co., Ltd.	1,386	-	130	(1)	(51)	-	1,464
SPD Silicon Valley Bank Co., Ltd. (the "SSVB")	1,072	-	25	3	-	(1,100)	-
Others	367	(1)	62	-	(85)	-	343
Total	2,825	(1)	217	2	(136)	(1,100)	1,807

	1 January 2023	Increase in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2023
AXA SPDB Investment Managers Co., Ltd.	1,286	-	151	-	(51)	-	1,386
SSVB	1,033	-	35	(1)	-	5	1,072
Others	336	-	37	-	(6)	-	367
Total	2,655	-	223	(1)	(57)	5	2,825

The Group and the Bank conduct impairment tests on long-term equity investments, and the recoverable amount is determined based on the present value of the expected future cash flows of the relevant subsidiaries. The expected future cash flows are determined based on financial forecasts approved by the management of the corresponding subsidiaries. The average growth rate, discount rate, and other assumptions used to forecast cash flows all reflect the specific risks associated with them.

With approvals from the national financial regulatory authority and relevant market supervision authorities, SSVB changed its name to Shanghai Innovation Bank Co., Ltd., with registered capital remaining at RMB 1 billion. From 2 September 2024, Shanghai Innovation Bank Co., Ltd. was included in the Group's consolidation scope, resulting in the change of accounting method for the corresponding long-term equity investments from the equity method to the cost method.

9 Fixed assets

The Group

	Plant and buildings	Motor vehicles	Electronic computers and other equipments	Equipments such as airplanes and ships	Total
Cost					
1 January 2023	17,285	444	10,717	27,141	55,587
Additions	1,035	15	1,351	6,156	8,557
Transferred in	3,274	-	9	-	3,283
Disposals	(126)	(23)	(663)	-	(812)
31 December 2023	21,468	436	11,414	33,297	66,615
Additions	80	29	820	14,405	15,334
Transferred in	824	-	32	-	856
Disposals	-	(27)	(1,205)	(2,245)	(3,477)
31 December 2024	22,372	438	11,061	45,457	79,328
Accumulated depreciation					
1 January 2023	(5,592)	(350)	(7,356)	(5,132)	(18,430)
Charge	(625)	(27)	(1,367)	(1,500)	(3,519)
Disposals	43	21	616	-	680
31 December 2023	(6,174)	(356)	(8,107)	(6,632)	(21,269)
Charge	(707)	(24)	(1,222)	(1,635)	(3,588)
Disposals	-	26	1,143	613	1,782
31 December 2024	(6,881)	(354)	(8,186)	(7,654)	(23,075)
Impairment allowance					
1 January 2023	-	-	-	-	-
Charge	-	-	-	(38)	(38)
31 December 2023	-	-	-	(38)	(38)
Disposals	-	-	-	20	20
31 December 2024	-	-	-	(18)	(18)
Net book value					
31 December 2024	15,491	84	2,875	37,785	56,235
31 December 2023	15,294	80	3,307	26,627	45,308

The Bank

	Plant and buildings	Motor vehicles	Electronic computers and other equipments	Total
Cost				
1 January 2023	16,801	413	10,402	27,616
Additions	1,035	12	1,314	2,361
Transferred in	3,274	-	9	3,283
Disposals	(108)	(19)	(594)	(721)
31 December 2023	21,002	406	11,131	32,539
Additions	80	25	790	895
Transferred in	-	-	12	12
Disposals	-	(24)	(1,190)	(1,214)
31 December 2024	21,082	407	10,743	32,232
Accumulated depreciation				
1 January 2023	(5,455)	(325)	(7,115)	(12,895)
Charge	(613)	(24)	(1,345)	(1,982)
Disposals	43	17	564	624
31 December 2023	(6,025)	(332)	(7,896)	(14,253)
Charge	(675)	(21)	(1,189)	(1,885)
Disposals	-	22	1,130	1,152
31 December 2024	(6,700)	(331)	(7,955)	(14,986)
Net book value				
31 December 2024	14,382	76	2,788	17,246
31 December 2023	14,977	74	3,235	18,286

As of December 31 2024, the plant and buildings with original cost of RMB 3,448 million (December 31 2023: RMB 5,331 million) and net book value of RMB 3,196 million (December 31 2023: RMB 5,137 million) were already in use by the Group and the Bank while the property registration were still in progress.

The Group regularly performs impairment testing on certain fixed assets leased out under operating leases. If the results of the impairment testing indicate that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made in accordance with the differences and recognised in impairment losses. The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The management obtained the value of the assets at the end of the lease term from a professional evaluation authority, the costs of disposal include legal costs, related taxes and other expenses. In calculating the present value of the expected future cash flows from the assets, the management uses the rental amount agreed in the lease contract and the value of the assets at the end of the lease term as the basis for the estimate of future cash flows and selects an appropriate discount rate to determine the present value of the future cash flows, as well as estimating the future cash flows under different scenarios for certain lessees. Except for certain fixed assets leased out under operating leases as mentioned above, there were no significant indications of impairment of the Group's other fixed assets at the end of 2024 and 2023.

10 Lease

(1) Right-of-use assets

The Group

	Plant & buildings	Equipment & others	Total
Cost			
1 January 2023	16,998	152	17,150
Additions	2,196	10	2,206
Decreases	(2,930)	(25)	(2,955)
31 December 2023	16,264	137	16,401
Additions	2,072	15	2,087
Decreases	(3,446)	(56)	(3,502)
31 December 2024	14,890	96	14,986
Accumulated amortisation			
1 January 2023	(9,046)	(82)	(9,128)
Additions	(2,896)	(27)	(2,923)
Decreases	2,776	24	2,800
31 December 2023	(9,166)	(85)	(9,251)
Additions	(2,790)	(22)	(2,812)
Decreases	3,374	53	3,427
31 December 2024	(8,582)	(54)	(8,636)
Net book value			
31 December 2024	6,308	42	6,350
31 December 2023	7,098	52	7,150

The Bank

	Plant & buildings	Equipment & others	Total
Cost			
1 January 2023	16,123	152	16,275
Additions	2,121	10	2,131
Decreases	(2,861)	(25)	(2,886)
31 December 2023	15,383	137	15,520
Additions	1,884	15	1,899
Decreases	(3,246)	(56)	(3,302)
31 December 2024	14,021	96	14,117
Accumulated amortisation			
1 January 2023	(8,698)	(82)	(8,780)
Additions	(2,777)	(27)	(2,804)
Decreases	2,756	24	2,780
31 December 2023	(8,719)	(85)	(8,804)
Additions	(2,641)	(22)	(2,663)
Decreases	3,155	53	3,208
31 December 2024	(8,205)	(54)	(8,259)
Net book value			
31 December 2024	5,816	42	5,858
31 December 2023	6,664	52	6,716

(2) Lease liabilities

The analysis based on the remaining maturity date on the balance sheet date is as follows:

The Group

	31 December 2024	31 December 2023
Within 3 months	669	760
3 months to 1 year	1,863	1,967
1 year to 5 years	3,704	4,285
More than 5 years	83	252
Total undiscounted lease liabilities	6,319	7,264
Book value of lease liabilities at year-end	6,013	6,871

The Bank

	31 December 2024	31 December 2023
Within 3 months	628	714
3 months to 1 year	1,756	1,875
1 year to 5 years	3,339	4,033
More than 5 years	52	174
Total undiscounted lease liabilities	5,775	6,796
Book value of lease liabilities at year-end	5,507	6,423

(3) Short-term leases or leases of low-value assets

The Group's short-term leases and low-value asset leases mainly include houses, buildings and other equipment. See note V. 38 for relevant lease expenses.

(4) As a lessor

Item	2024	2023
Operating lease income	3,710	2,593
Finance lease income	4,822	4,468

The Group conducts the finance leasing business and operating leasing business in accordance with relevant regulatory requirements. The leased items involved mainly include leased equipment such as aircraft and vessels, and the lessees are primarily corporate customers.

11 Intangible assets

The Group

	Land use rights	Software and others	Brands and franchising	Total
Cost				
1 January 2023	6,800	10,080	2,236	19,116
Additions	-	1,091	-	1,091
Disposals	-	(127)	-	(127)
31 December 2023	6,800	11,044	2,236	20,080
Additions	14	1,255	-	1,269
Disposals	-	(3)	-	(3)
31 December 2024	6,814	12,296	2,236	21,346
Accumulated amortisation				
1 January 2023	(974)	(7,793)	-	(8,767)
Charge	(174)	(1,451)	-	(1,625)
Disposals	-	79	-	79
31 December 2023	(1,148)	(9,165)	-	(10,313)
Charge	(176)	(1,274)	-	(1,450)
Disposals	-	1	-	1
31 December 2024	(1,324)	(10,438)	-	(11,762)
Net book value				
31 December 2024	5,490	1,858	2,236	9,584
31 December 2023	5,652	1,879	2,236	9,767

In 2024, the Group performed an impairment testing for the brand and franchise rights (with indefinite useful lives) of Shanghai International Trust Co., Ltd. (“Shanghai International Trust”), and concluded that no provisions for impairment were required. In the impairment testing, the recoverable amount is determined by reference to its fair value less costs of disposal. The management selected comparable company cases and evaluated the fair value of such brands and franchise rights with a price to book value ratio method, and corrected the price to book value ratio according to specific risk factors.

The Bank

	Land use rights	Software and others	Total
Cost			
1 January 2023	6,797	9,204	16,001
Additions	-	1,039	1,039
Disposals	-	(2)	(2)
31 December 2023	6,797	10,241	17,038
Additions	14	1,057	1,071
Disposals	-	-	-
31 December 2024	6,811	11,298	18,109
Accumulated amortisation			
1 January 2023	(973)	(6,992)	(7,965)
Charge	(173)	(1,438)	(1,611)
Disposals	-	2	2
31 December 2023	(1,146)	(8,428)	(9,574)
Charge	(176)	(1,242)	(1,418)
Disposals	-	-	-
31 December 2024	(1,322)	(9,670)	(10,992)
Net book value			
31 December 2024	5,489	1,628	7,117
31 December 2023	5,651	1,813	7,464

12 Goodwill

	31 December 2024	31 December 2023
Goodwill		
- Shanghai International Trust Co., Ltd. ("Shanghai International Trust")	5,351	5,351
Less: impairment allowances	-	-
Total	5,351	5,351

The goodwill is recognized as a result of the Bank's issuance of share capital to acquire 97.33% equity of Shanghai International Trust in March 2016.

The goodwill allocated to the cash generateing unit ("CGU") or CGUs on transcation date according to operating segments are summarised as follows:

	31 December 2024	31 December 2023
Shanghai International Trust	4,739	4,739
Subsidiaries of Shanghai International Trust	612	612
Total	5,351	5,351

(1) Asset groups or asset group combinations related to goodwill

It mainly represents the Shanghai International Trust asset group and the asset group of Shanghai International Trust's related subsidiaries. At the end of 2024, the cash flows of the above asset groups were basically independent of cash inflows generated by other assets or asset groups, and belonged to the trust business segment, monetary brokerage segment and investment management segment respectively. The asset group to which the Group's goodwill was allocated remained unchanged during the year.

(2) Method used to determine the recoverable amount:

As at the reportingdate, the recoverable amount of the Shanghai International Trust asset group was determined by reference to its fair value less costs of disposal.

Item	*Carrying amount (RMB)*	*Recoverable amount (RMB)*	*Impairment amount*	*The method used to determine the fair value and the cost of disposal*	*Key parameters*	*Basis for determining the key parameters*
Shanghai International Trust	30.1 billion	35.0 billion	-	Use the comparable transaction method to determine fair value and consider related costs of disposal	Price-to-book ratio (P/B) (1.3 times to 1.8times)	Determine based on the comparable trading P/B multiples and adjust the P/B in accordance with specific risk factors

As at the reportingdate, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was determined by reference to the present value of expected future cash flows. Key parameters used to calculate the present value of future cash flows include revenue growth rate, earnings before interest, tax, depreciation and amortisation (EBITDA) margin, gross margin, pre-tax discount rate, etc. The Group comprehensively determines the revenue growth rate, EBITDA margin and gross margin for the five-year forecast period based on historical experience and market development, and on the basis of the realised financial performance in the year prior to the forecast period, taking into account the expected limitations on the scope of the future operations as well as the level of the related expenses; the Group determines the revenue growth rate for the future stable period based on the level of long-term inflation rate for the PRC economy, and the EBITDA margin and gross margin for the stable period based on the forecast level for the last period of the forecast period; the pre-tax discount rate reflects the risks specific to the future cash flows of the underlying asset group. As at the reportingdate, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was higher than the carrying amount, no impairment was recognised.

13 Deferred income tax

13.1 The table below includes the deferred income tax assets and liabilities of the Group and the Bank after offsetting qualifying amounts:

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deferred income tax assets	75,261	71,598	72,695	69,250
Deferred income tax liabilities	(630)	(1,014)	-	-

13.2 Deferred income tax assets/liabilities and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

The Group

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Impairment allowances for assets	312,228	78,058	271,862	67,957
Fair value changes of derivative financial liabilities	78,434	19,609	52,293	13,073
Fair value changes of financial assets measured at FVOCI	6,906	1,726	8,829	2,138
Employee benefits payable	4,996	1,249	8,435	2,109
Provisions	7,806	1,951	7,753	1,938
Fair value changes of financial instruments measured at FVTPL	6,860	1,715	2,940	736
Others	12,226	3,056	12,885	3,220
Subtotal	429,456	107,364	364,997	91,171
Offset amounts		(32,103)		(19,573)
Deferred income tax assets after offsetting		75,261		71,598

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Fair value changes of derivative financial assets	(88,854)	(22,214)	(56,311)	(14,077)
Fair value changes of financial instruments measured at FVTPL	(15,859)	(3,964)	(12,723)	(3,181)
Fair value changes of financial assets measured at FVOCI	(17,843)	(4,471)	(4,127)	(1,032)
Differences between fair value and carrying amount of identifiable net assets arising from business combinations of entities not under common control	(2,464)	(616)	(2,441)	(610)
Others	(5,876)	(1,468)	(6,749)	(1,687)
Subtotal	(130,896)	(32,733)	(82,351)	(20,587)
Offset amounts		32,103		19,573
Deferred tax liabilities after offsetting		(630)		(1,014)

The Bank

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Impairment allowances for assets	304,702	76,176	265,863	66,466
Fair value changes of derivative financial liabilities	78,434	19,609	52,260	13,065
Fair value changes of financial assets measured at FVOCI	6,386	1,596	8,017	2,004
Provisions	7,805	1,951	7,753	1,938
Employee benefits payable	3,368	842	6,878	1,719
Fair value changes of financial instruments measured at FVTPL	6,869	1,717	2,782	696
Others	11,505	2,877	11,659	2,916
Subtotal	419,069	104,768	355,212	88,804
Offset amounts		(32,073)		(19,554)
Deferred income tax assets after offsetting		72,695		69,250

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Fair value changes of derivative financial assets	(88,838)	(22,210)	(56,265)	(14,066)
Fair value changes of financial instruments measured at FVTPL	(15,857)	(3,964)	(11,131)	(2,783)
Fair value changes of financial assets measured at FVOCI	(17,739)	(4,435)	(4,102)	(1,026)
Others	(5,858)	(1,464)	(6,716)	(1,679)
Subtotal	(128,292)	(32,073)	(78,214)	(19,554)
Offset amounts		32,073		19,554
Deferred tax liabilities after offsetting		-		-

13.3 The movement of the deferred income tax account is as follows:

	Note	The Group 2024	The Group 2023	The Bank 2024	The Bank 2023
Balance at the beginning of the year		70,584	68,049	69,250	66,867
Charged to profit or loss	V.40	7,688	4,198	6,944	4,006
Charged to other comprehensive income	V.29	(3,641)	(1,663)	(3,499)	(1,623)
Balance at the end of the year		74,631	70,584	72,695	69,250

14 Other assets

	The Group 31 December 2024	The Group 31 December 2023	The Bank 31 December 2024	The Bank 31 December 2023
Margin deposits	42,953	21,483	42,378	21,483
Suspense accounts	41,843	21,443	40,261	21,004
Other receivables	9,478	14,360	8,158	13,066
Interest receivable	3,940	3,622	3,940	3,621
Prepayment for land-use rights and constructions	2,892	3,115	1,123	1,101
Long-term deferred expenses	1,334	1,488	1,262	1,414
Payments to Trust Protection Fund	658	872	-	-
Repossessed assets	582	448	298	361
Others	2,504	2,635	1,412	1,621
Total	106,184	69,466	98,832	63,671

15 Impairment allowances for assets

The Group

	1 January 2024	Charges	Write-off and disposal	Others	31 December 2024
Deposits with banks and other financial institutions	190	(2)	-	-	188
Placements with banks and other financial institutions	353	(220)	-	-	133
Financial assets purchased under resale agreements	14	18	-	-	32
Loans and advances to customers measured at amortized cost	128,424	55,724	(59,464)	11,918	136,602
Loans and advances to customers measured at FVOCI	315	(169)	-	-	146
Debt investments	28,345	11,652	(15,898)	154	24,253
Other debt investments	5,975	470	(1,300)	36	5,181
Accrued interest and interest receivable	4,928	1,386	(1,461)	250	5,103
Other assets	5,124	614	(222)	(170)	5,346
Financial guarantees and loan commitments	7,726	7	-	-	7,733
Total	181,394	69,480	(78,345)	12,188	184,717

	1 January 2023	Charges	Write-off and disposal	Others	31 December 2023
Deposits with banks and other financial institutions	241	(51)	-	-	190
Placements with banks and other financial institutions	328	25	-	-	353
Financial assets purchased under resale agreements	15	(1)	-	-	14
Loans and advances to customers measured at amortized cost	118,083	55,989	(56,783)	11,135	128,424
Loans and advances to customers measured at FVOCI	591	(276)	-	-	315
Debt investments	19,431	12,896	(4,035)	53	28,345
Other debt investments	3,738	2,576	(366)	27	5,975
Accrued interest and interest receivable	3,270	1,890	(232)	-	4,928
Other assets	2,964	2,318	(264)	106	5,124
Financial guarantees and loan commitments	6,229	1,497	-	-	7,726
Total	154,890	76,863	(61,680)	11,321	181,394

The Bank

	1 January 2024	Charges	Write-off and disposal	Others	31 December 2024
Deposits with banks and other financial institutions	111	(67)	-	-	44
Placements with banks and other financial institutions	352	(223)	-	-	129
Financial assets purchased under resale agreements	14	18	-	-	32
Loans and advances to customers measured at amortized cost	121,634	54,585	(58,704)	11,408	128,923
Loans and advances to customers measured at FVOCI	315	(169)	-	-	146
Financial investment at amortised cost	28,236	11,283	(15,898)	152	23,773
Debt investments at FVOCI	5,463	448	(1,300)	16	4,627
Accrued interest and interest receivable	4,907	1,400	(1,460)	240	5,087
Other assets	4,921	514	(222)	(187)	5,026
Financial guarantees and loan commitments	7,726	6	-	-	7,732
Total	173,679	67,795	(77,584)	11,629	175,519

	1 January 2023	Charges	Write-off and disposal	Others	31 December 2023
Deposits with banks and other financial institutions	213	(102)	-	-	111
Placements with banks and other financial institutions	326	26	-	-	352
Financial assets purchased under resale agreements	15	(1)	-	-	14
Loans and advances to customers measured at amortized cost	111,473	55,321	(56,186)	11,026	121,634
Loans and advances to customers measured at FVOCI	591	(276)	-	-	315
Financial investment at amortised cost	19,752	12,466	(4,035)	53	28,236
Debt investments at FVOCI	3,199	2,475	(230)	19	5,463
Accrued interest and interest receivable	3,192	2,021	(306)	-	4,907
Other assets	2,920	2,159	(264)	106	4,921
Financial guarantees and loan commitments	6,227	1,499	-	-	7,726
Total	147,908	75,588	(61,021)	11,204	173,679

16 Deposits from banks and other financial institutions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deposits from domestic banks	99,083	197,810	108,093	204,861
Deposits from overseas banks	1,659	2,393	1,659	2,393
Deposits from domestic non-bank financial institutions	752,408	770,439	754,990	773,728
Deposits from overseas non-bank financial institutions	14,680	16,028	15,602	16,743
Accrued interest	4,170	4,362	4,185	4,362
Total	872,000	991,032	884,529	1,002,087

17 Placements from banks and other financial institutions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Placements from domestic banks	278,883	262,430	161,988	168,802
Placements from overseas banks	67,811	38,847	57,674	29,757
Placements from domestic non-bank financial institutions	1,185	600	1,185	600
Accrued interest	1,726	800	983	432
Total	349,605	302,677	221,830	199,591

18 Financial liabilities held for trading

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial liabilities related to short selling of bonds		24,787	7,750	24,787	7,750
Financial liabilities related to precious metals		5,185	119	5,185	119
Interest of other unitholders in consolidated structured entities	(1)	3,200	2,338	-	-
Total		33,172	10,207	29,972	7,869

(1) The Group designated interests attributable to other unit holders in consolidated structured entities as financial liabilities measured at FVTPL.

(2) As at 31 December 2024 and 31 December 2023, no significant fair value changes have occurred due to changes in the Group's own credit risk.

19 Financial assets sold under repurchase agreements

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Bonds	347,787	427,511	252,390	361,394
Bills	153,761	87,381	153,761	87,381
Interbank certificates of deposit	4,219	4,637	-	-
Accrued interest	195	255	195	255
Total	505,962	519,784	406,346	449,030

20 Deposits from customers

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current deposits				
- Corporate	1,620,275	1,813,631	1,606,476	1,808,067
- Retail	414,676	354,015	411,861	351,177
Time deposits				
- Corporate	1,943,073	1,765,364	1,928,882	1,761,829
- Retail	1,160,310	1,049,278	1,138,522	1,029,042
Other deposits	7,625	2,342	7,592	2,328
Subtotal	5,145,959	4,984,630	5,093,333	4,952,443
Accrued interest	83,323	75,714	82,310	74,702
Total	5,229,282	5,060,344	5,175,643	5,027,145

21 Employee benefits payable

The Group

	1 January 2024	Additions during the year	Decreased and other changes during the year	31 December 2024
1.Salaries				
Salaries, bonuses, allowances	13,373	19,989	(21,454)	11,908
Staff welfare	-	1,200	(1,200)	-
Social insurance				
- Medical and maternity insurance	53	1,099	(1,103)	49
- Work- related injury insurance	1	26	(26)	1
Housing fund	14	1,755	(1,756)	13
Labour union fee, staff and workers' education fee	204	433	(432)	205
Others	46	691	(686)	51
2.Post employment benefits				
Basic pension insurance	174	1,986	(2,021)	139
Unemployment insurance	14	61	(69)	6
Annuity	-	990	(989)	1
Total	13,879	28,230	(29,736)	12,373

	1 January 2023	Additions during the year	Decreased during the year	31 December 2023
1.Salaries				
Salaries, bonuses, allowances	12,088	20,435	(19,150)	13,373
Staff welfare	-	1,156	(1,156)	-
Social insurance				
- Medical and maternity insurance	56	1,099	(1,102)	53
- Work- related injury insurance	2	22	(23)	1
Housing fund	57	1,652	(1,695)	14
Labour union fee, staff and workers' education fee	219	477	(492)	204
Others	41	797	(792)	46
2.Post employment benefits				
Basic pension insurance	185	1,851	(1,862)	174
Unemployment insurance	20	52	(58)	14
Annuity	4	966	(970)	-
Total	12,672	28,507	(27,300)	13,879

The Bank

	1 January 2024	Additions during the year	Decreased during the year	31 December 2024
1.Salaries				
Salaries, bonuses, allowances	11,619	18,373	(19,929)	10,063
Staff welfare	-	1,121	(1,121)	-
Social insurance				
- Medical and maternity insurance	49	1,042	(1,045)	46
- Work- related injury insurance	1	25	(25)	1
Housing fund	12	1,675	(1,675)	12
Labour union fee, staff and workers' education fee	203	401	(400)	204
Others	-	635	(635)	-
2.Post employment benefits				
Basic pension insurance	169	1,884	(1,920)	133
Unemployment insurance	14	58	(66)	6
Annuity	-	907	(906)	1
Total	12,067	26,121	(27,722)	10,466

	1 January 2023	Additions during the year	Decreased during the year	31 December 2023
1.Salaries				
Salaries, bonuses, allowances	10,246	18,962	(17,589)	11,619
Staff welfare	-	1,123	(1,123)	-
Social insurance				
- Medical and maternity insurance	51	1,025	(1,027)	49
- Work- related injury insurance	2	21	(22)	1
Housing fund	56	1,599	(1,643)	12
Labour union fee, staff and workers' education fee	205	450	(452)	203
Others	-	775	(775)	-
2.Post employment benefits				
Basic pension insurance	181	1,751	(1,763)	169
Unemployment insurance	20	50	(56)	14
Annuity	3	883	(886)	-
Total	10,764	26,639	(25,336)	12,067

(1) Salaries, bonuses, allowances and subsidies and other social security payable to employees mentioned above are paid in accordance with the timeframes set forth in relevant laws, regulations and the Group's policies.

22 Taxes payable

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Corporate income tax	17,060	21,798	16,484	21,371
Value added tax	2,607	2,460	2,486	2,374
Withholding tax and others	868	846	495	494
Total	20,535	25,104	19,465	24,239

23 Debt securities issued

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Interbank deposit certificates and deposit certificates issued	(1)	1,010,322	636,053	1,010,322	636,053
Bonds issued					
2020 Tie II First Financial bond	(2)	32,000	32,000	32,000	32,000
2020 Tier II Second Financial Bond	(3)	8,000	8,000	8,000	8,000
2020 Tier II Third Financial Bond	(4)	30,000	30,000	30,000	30,000
2020 Tier II Fourth Financial Bond	(5)	10,000	10,000	10,000	10,000
2021 First Financial Bond	(6)	-	60,000	-	60,000
2021 Second Financial Bond	(7)	-	40,000	-	40,000
2022 First Financial Bond (Variety I)	(8)	25,000	25,000	25,000	25,000
2022 First Financial Bond (Variety II)	(8)	5,000	5,000	5,000	5,000
2022 Third Financial Bond	(9)	30,000	30,000	30,000	30,000
2022 Fourth Financial Bond	(10)	30,000	30,000	30,000	30,000
2023 Green Financial Bond	(11)	30,000	30,000	30,000	30,000
2024 First Financial Bond	(12)	29,990	-	30,000	-
2024 Second Financial Bond	(13)	30,000	-	30,000	-
2024 Tier II Capital Notes (Serise 1) (Variety I)	(14)	35,000	-	35,000	-
2024 First Tier II Capital Notes (Serise 1) (Variety II)	(14)	5,000	-	5,000	-
2024 Second Tier II Capital Notes (Serise 2) (Variety I)	(15)	34,000	-	34,000	-
2024 Tier II Capital Notes (Serise 2) (Variety II)	(15)	6,000	-	6,000	-
Hong Kong medium-term note	(16)	3,600	4,964	3,600	4,964
Singapore medium-term note	(17)	2,190	2,128	2,190	2,128
London medium-term note	(18)	2,920	2,837	2,920	2,837
SPDB Convertible corporate bonds	(19)	49,998	49,998	49,998	49,998
2020 Tier II SPDB Financial Leasing Financial Bond	(20)	1,100	1,100	-	-
2021 SPDB Financial Leasing Financial Green Bond	(21)	-	3,000	-	-
2021 First SPDB Financial Leasing Financial Bond	(22)	-	2,000	-	-
2022 First SPDB Financial Leasing Financial Bond	(23)	1,500	1,450	-	-
Subtotal		401,298	367,477	398,708	359,927
Add: Unamortized issue cost and others		2,346	2,462	2,348	2,468
Debt securities issued		403,644	369,939	401,056	362,395
Accrued interest		6,006	5,661	5,968	5,562
Total		1,419,972	1,011,653	1,417,346	1,004,010

(1) As at 31 December 2024, the Group and the Bank issued a total of 182 interbank deposit certificates in the domestic inter-bank market which have not yet expired, with the longest term to maturity being 366 days and interest rates falling within a range from 1.60% to 2.47% (As at 31 December 2023, the Group and the Bank issued a total of 181 interbank deposit certificates in the domestic inter-bank market which have not yet expired, with the longest term to maturity being 366 days and interest rates falling within a range from 2.00% to 2.76%).

The deposit certificates of the Group were all publicly issued by overseas institutions of the Group. As at 31 December 2024, the number of deposit certificates publicly issued but not yet expired were 122 in total, with the longest term to maturity being 387 days and interest rates falling within a range from 2.08% to 5.65% (As at 31 December 2023, the number of deposit certificates publicly issued but not yet expired were 112 in total, with the longest term to maturity being 365 days and interest rates falling within a range from 2.87% to 6.01%).

(2) The Bank issued Tier II capital instruments in the amount of RMB 32 billion in the domestic inter-bank market on 30 July 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 3.87%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions.

(3) The Bank issued Tier II capital instruments in the amount of RMB 8 billion in the domestic inter-bank market on 30 July 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.18%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(4) The Bank issued Tier II capital instruments in the amount of RMB 30 billion in the domestic inter-bank market on 15 September 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.27%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions.

(5) The Bank issued Tier II capital instruments in the amount of RMB 10 billion in the domestic inter-bank market on 15 September 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.52%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(6) The Bank issued “2021 First Financial Bond” in the amount of RMB 60 billion in the domestic inter-bank market on 23 March 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 3.48%. As at 31 December 2024, the Bank has completed the redemption.

(7) The Bank issued “2021 Second Financial Bond” in the amount of RMB 40 billion in the domestic inter-bank market on 2 December 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.97%. As at 31 December 2024, the Bank has completed the redemption.

(8) The Bank issued “2022 First Financial Bond (Variety I)” in the amount of RMB 25 billion and “2022 First Financial Bond (Variety II)” in the amount of RMB 5 billion in the domestic inter-bank market on 21 January 2022. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 2.69%.

(9) The Bank issued “2022 Second Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 24 February 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.78%.

(10) The Bank issued “2022 Third Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 9 November 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.45%.

(11) The Bank issued “2023 Frist Green Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 24 March 2023 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.79%.

(12) The Bank issued “2024 First Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 29 Februray 2024 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.35%. On December 31, 2024, the actual amount of the bond issued by the Group was RMB 29.99 billion.

(13) The Bank issued “2024 Second Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 26 March 2024 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.38%.

(14) The Bank issued Tier II capital Notes with a total amount of RMB 35 billion and RMB 5 billion respectively in the domestic inter-bank market on 14 August 2024. The bond have a maturity of 10 years and 15 years respectively, and the bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.17% and 2.30%, respectively.

(15) The Bank issued Tier II capital Notes with a total amount of RMB 34 billion and RMB 6 billion respectively in the domestic inter-bank market on 6 December 2024. The bond have a maturity of 10 years and 15 years respectively, and the bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.15% and 2.34%, respectively.

(16) The Bank issued USD 700 million medium-term note in Hong Kong Stock Exchange on 13 July 2021 which has a term of 3 years through maturity, with a fixed coupon rate of 0.875%. In 2024, the Bank has exercised the redemption option on the above-mentioned notes. On 20 March 2024, the bank issued medium-term notes with a total amount of HKD 1.5 billion and USD 300 million on the Hong Kong Stock Exchange. The notes have a maturity of 2 years and 3 years respectively, and the coupon rates are fixed rate 4.60% and floating rate of SOFR+59BPS.

(17) The Bank issued medium-term notes totaling USD 300 million on the Singapore Exchange on 19 January 2021; the notes have a term of 3 years and a fixed coupon rate of 1.056% per annum. In 2024, the Bank has exercised the redemption option on the above-mentioned notes. On 28 October 2024, the Bank issued a medium-term note with a total amount of 300 million US dollars on the Singapore Exchange. The note has a term of 3 years and a floating interest rate of SOFR+60BPS.

(18) The Bank issued USD 400 million medium-term notes on London Stock Exchange on 14 July 2022 which has a term of 3 years through maturity, with a fixed coupon rate of 3.25% per annum.

(19) The Bank made a public offering of RMB 50 billion, A-share convertible corporate bonds on 15 November 2019 on the Shanghai Stock Exchange. The convertible corporate bonds have a term of six years from 28 October 2019 to 27 October 2025, at coupon rates of 0.20% for the first year, 0.80% for the second year, 1.50% for the third year, 2.10% for the fourth year, 3.20% for the fifth year and 4.00% for the sixth year. The bond is payable on an annual basis, with principal and last year's interest due. The conversion of these convertible corporate bonds begins from the first trading day after six months upon the completion date of the offering (4 May 2020) to the maturity date (27 October 2025).

In accordance with formulas set out in the prospectus of the convertible corporate bonds, the initial conversion price of the convertible corporate bonds is RMB 15.05 per share, and the price of the convertible corporate bonds will be adjusted to reflect the impact of cash dividends and change in paid-in capital under specified circumstances (excluding the conversion of convertible bonds due to this issue). The holder of this bond applies for a conversion within the conversion period. The number of conversions is calculated by dividing the total amount of the bond faced by the bond holder applying for the conversion by the effective conversion price on the day of application for the conversion. Within five trading days after the expiration of the convertible bonds issued by the Bank, the Bank will redeem all unconverted convertible bonds at 110% of the face value of the bonds' convertible bonds (including the interest of the last year). For the specific issuance terms of this bond, please refer to the relevant issuance announcement.

As at 31 December 2024, a total of RMB 1,431,000 covertible corporate bonds were converted to ordinary share of the Bank, and the accumulated numbers of shares converted were 97,905.

The liabilities and equity components of the convertible corporate bonds issued by the Group and the Bank are as follows:

	Liability	Equity (Note V.27)	Total
Issued amount of convertible bonds	47,214	2,786	50,000
Direct issuance expenses	(78)	(4)	(82)
Balance at the issuance date	47,136	2,782	49,918
Accumulated amortisation at the beginning of the year	5,446	-	5,446
Accumulated converted bonds at the beginning of the year	(2)	-	(2)
Balance at 1 January 2024	52,580	2,782	55,362
Amortisation in the current period	364	-	364
Balance at 31 December 2024	52,944	2,782	55,726

(20) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank issued Tier II capital instruments in the amount of RMB 1.1 billion in the domestic inter-bank market on 11 August 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.20%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions.

(21) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2021 Green Finance Bonds" in the amount of RMB 3 billion in the domestic inter-bank market on 6 July 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 3.38%. As at 31 December 2024, the bond has matured the Bank has completed the redemption.

(22) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2021 First Financial Bond" in the amount of RMB 2 billion in the domestic inter-bank market on 21 October 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 3.30%. As at 31 December 2024, the bond has matured the Bank has completed the redemption.

(23) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2022 First Financial Bond (Freight and logistics)" in the amount of RMB 1.5 billion in the domestic inter-bank market on 8 July 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.93%.

(24) As at the reportingdate, the Group has not defaulted on any of its issued debt securities.

24 Provisions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Impairment allowance for financial guarantees and loan commitments	7,733	7,726	7,732	7,726
Losses from pending lawsuits	73	27	73	27
Others	4	-	-	-
Total	7,810	7,753	7,805	7,753

25 Other liabilities

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Suspense accounts	47,755	21,347	47,504	21,347
Advance from performance deposits and other deposits	3,797	3,624	678	993
Accrued charges	2,501	2,022	2,389	1,965
Contract liabilities	2,469	2,649	1,920	2,130
Dividends payable	55	42	45	36
Others	6,151	6,826	1,788	2,190
Total	62,728	36,510	54,324	28,661

26 Share capital

The Group and the Bank

	31 December 2024	31 December 2023
Domestic listed RMB ordinary share (A shares)	29,352	29,352

A shares issued by the Bank are all ordinary share, with par value of RMB 1 per share. All shares rank pari passu in all respects with each other.

27 Other equity instrument

The Group and the Bank

	Note	31 December 2024	31 December 2023
Other equity instruments included in the tier 1 capital of the Bank-Equity of SPDB convertible corporate bonds	(1)	2,782	2,782
Other equity instruments included in other tier 1 capital of the Bank	(2)	79,919	109,909
Total		82,701	112,691

(1) As at 31 December 2024, the Equity of convertible corporate bonds issued by the Bank was RMB 2,782 million (31 December 2023: RMB 2,782 million), see Note V.23(19) for specific information.

(2) Other equity instruments included in other tier 1 capital of the Bank

Name of other equity instruments outstanding	Dividend rate	Issuance Price (RMB)	Number	Opening amount	Movements during the year	Closing amount	Maturity date or renewals	Conversion (Yes/No)
Pufayou 1 (a)	6% for the first five years; 5.58% for the second five years 4.27% for the third five years	100	150 million	15,000	-	15,000	No maturity date	No
Pufayou 2 (a)	5.5% for the first five years 4.81% for the second five years	100	150 million	15,000	-	15,000	No maturity date	No
19 SPDB open-term capital bonds (b)	4.73% for the first five years	100	300 million	30,000	(30,000)	-	No maturity date	No
20 SPDB open-term capital bonds (b)	4.75% for the first five years	100	500 million	50,000	-	50,000	No maturity date	No
Less: Issue expenses				(91)	10	(81)		
Carrying amount				109,909	(29,990)	79,919		

(a) On 28 November 2014 and 6 March 2015, the Bank issued non-cumulative preference shares with a total par value of RMB 30 billion. The proceeds after deducting transaction costs amounted to RMB 29.92 billion and were recorded as other equity instruments. The Bank has the option to redeem part or all outstanding preference shares on any dividend payment date after five years from the issuance if certain conditions are met, under the regulatory approval. Holders of the preference shares have no right to require the Bank to redeem the outstanding preference shares. Dividends of the preference shares are payable in cash on annual basis at a fixed dividend rate which is adjusted every five years. The Bank at its discretion has the right not to declare and distribute the dividends of the preference shares in part or full.

Upon occurrence of any of the following triggering events and subject to the regulatory approval, the Bank's outstanding preference shares shall be mandatorily converted in part or full to the Bank's ordinary shares:

1. When the core tier 1 capital adequacy ratio of the Bank decreases to 5.125% or below, upon the approval from the Board of Directors, the outstanding preference share shall be converted into the Bank's ordinary shares in part or full at a pre-determined mandatory conversion price so as to bring the Bank's core tier 1 capital adequacy ratio back to above 5.125%;

2. When any triggering event of the Bank's tier 2 capital instruments occurs, the outstanding preference shares shall be converted to the Bank's ordinary A shares at the pre-determined mandatory conversion price.

Under the approval from regulatory authority, the outstanding preference shares will be fully or partially converted to ordinary A shares at the price of RMB 7.62 per share when meeting the mandatory conversion triggering conditions. If the Bank subsequently appropriates bonus shares, transfers retained earnings to ordinary shares, issues new ordinary shares (excluding any increase of ordinary shares due to conversion of convertible financial instruments issued by the Bank, such as preference shares and convertible bonds, etc.) or issue rights, the conversion price shall be adjusted subject to the terms and formula provided by the offering documents to adjust for the dilutive effects of these specified increases in ordinary shares.

Pursuant to the relevant laws and regulations, and the Approval from China Banking and Insurance Regulatory Commission (CBIRC) on the Bank’s Non-Public Offering of Preference Shares and Corresponding Revisions to the Article of Association (YJF [2014] No.564), the proceeds from the issuance of preference shares shall be used to supplement the other tier 1 capital of the Bank.

Upon liquidation, the holders of the Bank’s preference shares are entitled to the repayment at the par value of the outstanding preference shares prior to any distribution to the holders of the Bank’s ordinary shares. If the remaining assets of the Bank are not sufficient to cover the par value, they are allocated to the holders of preference shares on proportionate basis.

(b) The Bank issued “2019 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd. ” (RMB 30 billion) and “2020 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd.” (RMB 50 billion) in the inter-bank market on July 2019 and November 2020 respectively, which were all accounted for as other equity instruments after deducting issuance expenses .The duration of this open-term capital bonds was consistent with the duration of the Bank's continuing operations. The Bank shall have the right to redeem the open-term capital bonds in whole or in part on the fifth distribution payment date since the issuance, provided that prerequisite for redemption is met and such redemption is approved by the regulatory authorities, and the bond investors have no right to request the Bank to redeem the capital bonds with unfixed terms. The Bank shall have the right to cancel, in whole or in part, declaration and distributions on the open-term capital bonds.

Pursuant to applicable laws and regulations and the “China Banking and Insurance Regulatory Commission's Reply on the Issuance of Open-Term Capital Bonds by SPDB” (Yinbao Jianfu [2019] No. 596) and the “China Banking and Insurance Regulatory Commission's Reply on the Issuance of Open-Term Capital Bonds by SPDB” (Yinbao Jianfu [2020] No. 595), the funds raised from open-term capital bonds are used to supplement other Tier 1 capital of the Bank.

The compensation order of the open-term capital bonds is behind of depositors, general creditors and subordinated debts that are prior than the capital bonds with unfixed terms, and ahead of all types of shares held by shareholders of the Bank; the open-term capital bonds will be compensated in the same order with other Tier 1 capital instruments which have the same compensation order.

As for the “2019 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd.”, the Bank has the right to write down the bonds without obtaining the consent of the open-term capital bonds investor when the Bank triggers the following trigger events as deemed by the regulatory authorities or relevant departments and obtains regulatory approval

1. Upon the occurrence of an Additional Tier 1 Capital Trigger Event (Core Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), with the consent of the regulatory authorities and without the consent of the bondholders, the Bank has the right to write down all or part of the above open-term capital bonds issued and existing at that time in accordance with the total par value, in order to restore the Core Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%.

2. When any triggering event of the Bank’s tier 2 capital instruments occurs, the Bank has the right to write down all the above open-term capital bonds issued and existing at that time in accordance with the total par value without the consent of the bond holders.

As for the “2020 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd.”, if the trigger events does not occurr, the Bank has the right to write down the bonds in whole or in part. without obtaining the consent of the bond holder.

No occurrence of trigger events refers to the earlier of the below situation: (1) regulatory authorities determine that the issuer will not survive without written-off; or (2) the relevant departments determine that the issuer will not survive without the capital contribution from public sector or equivalent support.

With approval from relevant regulatory authorities, the Bank redeemed its 2019 Open-term capital bonds in 2024, with the exercise payment date on 12 July 2024.

28 Capital reserves

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Share premium	81,691	81,691	81,691	81,691
Other capital surplus				
- Capital increase of subsidiaries	219	50	-	-
- Others	11	21	28	21
Total	81,921	81,762	81,719	81,712

As mentioned in Note V. 23(19), with the regulatory approval and other relevant institutions, the Bank publicly issued A-share convertible corporate bonds with a face value of RMB 50 billion in 2019. As of December 31, 2024, about RMB 1,431,000 of convertible corporate bonds had been converted into A-share ordinary shares, accumulatively increasing the Bank's share capital to 97,905 shares, and increasing the Bank's share capital premium accordingly.

29 Other comprehensive income

The Group

	Opening balance of other comprehensive income attributable to the Bank's Shareholders	For the year from 1 January 2024 to 31 December 2024					Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: transfer out	Less: income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	
Items that may be reclassified to profit or loss							
Financial assets at FVOCI							
- Fair value changes	(3,645)	17,699	(3,412)	(3,492)	10,795	-	7,150
- Impairment allowance	5,371	120	(1,300)	226	(954)	-	4,417
Exchange differences from the translation of foreign operations	469	74	-	-	41	33	510
Cash flow hedge reserve	70	330	-	(82)	167	81	237
Others	-	2	-	-	2	-	2
Item that will not be reclassified to profit or loss							
Changes in fair value of investments in other equity instruments	(158)	1,171	-	(293)	878	-	720
	2,107	19,396	(4,712)	(3,641)	10,929	114	13,036

	Opening balance of other comprehensive income attributable to the Bank's Shareholders	For the year from 1 January 2023 to 31 December 2023 Transfer in before tax	Less: transfer out	Less: income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	Internal transfer of owner's equity	Ending balance of other comprehensive income attributable to the Bank's Shareholders
Items that may be reclassified to profit or loss								
Financial assets at FVOCI								
- Fair value changes	(7,106)	4,988	(395)	(1,133)	3,461	(1)	-	(3,645)
- Impairment allowance	3,376	3,030	(366)	(669)	1,995	-	-	5,371
Exchange differences from the translation of foreign operations	320	179	-	-	149	30	-	469
Cash flow hedge reserve	6	118	-	(30)	64	24	-	70
Others	1	(1)	-	-	(1)	-	-	-
Item that will not be reclassified to profit or loss								
Changes in fair value of investments in other equity instruments	350	(916)	-	169	(747)	-	239	(158)
	(3,053)	7,398	(761)	(1,663)	4,921	53	239	2,107

The Bank

	Opening balance of other comprehensive income	For the year from 1 January 2024 to 31 December 2024				Ending balance of other comprehensive income
		Transfer in before tax	Less: transfer out	Less: income tax	After tax	
Items that may be reclassified to profit or loss						
Financial assets at FVOCI						
- Fair value changes	(2,802)	17,336	(3,316)	(3,510)	10,510	7,708
- Impairment allowance	4,863	104	(1,300)	299	(897)	3,966
Exchange differences from the translation of foreign operations	(20)	(26)	-	-	(26)	(46)
Cash flow hedge reserve	10	(22)	-	5	(17)	(7)
Others	-	2	-	-	2	2
Item that will not be reclassified to profit or loss						
Changes in fair value of investments in other equity instruments	(158)	1,173	-	(293)	880	722
	1,893	18,567	(4,616)	(3,499)	10,452	12,345

	Opening balance of other comprehensive income	For the year from 1 January 2023 to 31 December 2023 Transfer in before tax	Less: transfer out	Less: income tax	After tax	Internal transfer of owner's equity	Ending balance of other comprehensive income
Items that may be reclassified to profit or loss							
Financial assets at FVOCI							
- Fair value changes	(6,141)	4,950	(501)	(1,110)	3,339	-	(2,802)
- Impairment allowance	2,844	2,922	(230)	(673)	2,019	-	4,863
Exchange differences from the translation of foreign operations	(44)	24	-	-	24	-	(20)
Cash flow hedge reserve	(17)	36	-	(9)	27	-	10
Others	1	(1)	-	-	(1)	-	-
Item that will not be reclassified to profit or loss							
Changes in fair value of investments in other equity instruments	350	(916)	-	169	(747)	239	(158)
	(3,007)	7,015	(731)	(1,623)	4,661	239	1,893

30 Surplus reserves

The Group and the Bank

	1 January 2024	Addition	31 December 2024
Statutory reserve	22,206	3,293	25,499
Discretionary reserve	166,723	-	166,723
Total	188,929	3,293	192,222

	1 January 2023	Addition	31 December 2023
Statutory reserve	22,206	-	22,206
Discretionary reserve	152,179	14,544	166,723
Total	174,385	14,544	188,929

Pursuant to related PRC regulations, the Bank is required to appropriate 10% of its annual net profit to a statutory reserve until such reserve has reached 50% of ordinary shares. After the appropriation of statutory reserve, the Bank may further appropriate discretionary reserve.

31 General risk reserve

The Group

	1 January 2024	Addition	31 December 2024
General risk reserve	101,575	5,121	106,696

	1 January 2023	Addition	31 December 2023
General risk reserve	99,515	2,060	101,575

The Bank

	1 January 2024	Addition	31 December 2024
General risk reserve	98,000	4,500	102,500

	1 January 2023	Addition	31 December 2023
General risk reserve	93,500	4,500	98,000

Pursuant to Caijin [2012] No. 20 “Administration Rules on Appropriation to General Risk Reserve for Financial Institutions” issued by MOF, the Bank is required to make appropriation to a general risk reserve.

General risk reserve of the Group also includes appropriation of the Bank’s subsidiaries required by industry or district regulations.

32 Profit appropriations

(1) Profit distribution for the year ended 31 December 2023

Pursuant to the approval at the Shareholders’ meeting on 28 June 2024, the Bank’s profit distribution plan for the year ended 31 December 2023 is as follows:

(i) The Bank appropriated for discretionary surplus reserve at 10% of the profit after tax, amounting to RMB 3,293 million;

(ii) Appropriate RMB 4.5 billion as general reserve;

(iii) The Bank declared and distributed cash dividends of RMB 3.21 (tax included) for every 10 shares to all shareholders based on the total share capital of common stock on the date of equity registration for profit distribution.

(2) Profit distribution for the year ended 31 December 2022

Pursuant to the approval at the Shareholders’ meeting on 28 June 2023, the Bank’s profit distribution plan for the year ended 31 December 2022 is as follows:

(i) The Bank appropriated for discretionary surplus reserve at 30% of the profit after tax, amounting to RMB 14,544 million;

(ii) Appropriate RMB 4.5 billion as general reserve;

(iii) The Bank declared and distributed cash dividends of RMB 3.2 (tax included) for every 10 shares to all shareholders based on the total share capital of common stock on the date of equity registration for profit distribution.

(3) Dividend distribution for preference shares

On 29 October 2024, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB 837 million in total (tax included) on 3 December 2024, which were calculated according to the coupon rate of Pufayou 1 (5.58%).

On 23 February 2024, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB 721.5 million in total (tax included) on 11 March 2024, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

On 27 October 2023, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB 837 million in total (tax included) on 4 December 2023, which were calculated according to the coupon rate of Pufayou 1 (5.58%).

On 24 February 2023, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB 721.5 million in total (tax included) on 13 March 2023, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

(4) Interests payment of open-term capital bonds

In November 2024, the Bank has declared the distribution of RMB 2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital capital bonds.

In July 2024, the Bank has declared the distribution of RMB 1.419 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2019 open-term capital bonds.

In November 2023, the Bank has declared the distribution of RMB 2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In July 2023, the Bank has declared the distribution of RMB 1.419 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2019 open-term capital bonds.

33 Net interest income

	The Group		The Bank	
	2024	2023	2024	2023
Interest income				
Loans and advances to customers				
- Corporate loans	110,307	102,076	104,674	96,781
- Retail loans	87,913	98,636	87,234	97,847
- Discounted bills	5,117	5,837	5,117	5,837
Financial investments				
- Debt investments	41,264	45,699	38,010	44,736
- Other debt investments	19,227	20,197	18,836	19,826
Placements from banks and other financial institutions	12,881	13,911	13,102	14,132
Deposits from central bank	4,964	5,570	4,932	5,541
Deposits from banks and other financial institutions	4,286	3,581	3,683	3,373
Financial assets purchased under resale agreements	2,166	2,091	2,163	2,091
Subtotal	288,125	297,598	277,751	290,164

	The Group		The Bank	
	2024	2023	2024	2023
Interest expense				
Deposits from customers	(96,452)	(105,378)	(95,602)	(104,704)
Debt securities issued	(32,959)	(33,894)	(32,759)	(33,535)
Deposits from banks and other financial institutions	(22,845)	(19,280)	(22,489)	(19,563)
Placements from banks and other financial institutions	(9,477)	(9,758)	(5,929)	(6,185)
Financial assets sold under repurchase agreements	(6,627)	(5,879)	(5,414)	(5,401)
Borrowing from central bank	(5,048)	(4,974)	(5,034)	(4,963)
Subtotal	(173,408)	(179,163)	(167,227)	(174,351)
Net interest income	114,717	118,435	110,524	115,813

34 Net fee and commission income

	The Group		The Bank	
	2024	2023	2024	2023
Fee and commission income				
Fees from bank cards	11,462	13,344	11,462	13,344
Custodian and other fiduciary activities commissions	6,038	5,382	2,430	2,681
Agency commission	4,026	5,292	3,983	5,278
Fees from investment banking activities	3,836	3,293	3,779	3,246
Credit commitment fees	2,307	2,424	2,307	2,424
Settlement and clearing fees	880	1,017	878	965
Others	1,239	1,283	1,164	1,139
Subtotal	29,788	32,035	26,003	29,077
Fee and commission expense	(6,972)	(7,582)	(6,964)	(7,980)
Net fee and commission income	22,816	24,453	19,039	21,097

35 Investment income

	Note	The Group 2024	The Group 2023	The Bank 2024	The Bank 2023
Financial investments and derivative instruments					
- Financial assets held for trading	(1)	21,138	19,849	20,660	19,523
- Debt investments		3,902	2,419	3,897	2,370
- Other debt investments		2,004	(729)	1,908	(623)
- Investments in other equity instruments		61	67	59	67
Loans and advances to customers		1,484	1,534	1,484	1,534
Long-term equity investments accounted for using the equity method		217	223	155	186
Dividends from subsidiaries		-	-	159	296
Others		335	4,542	207	303
Total		29,141	27,905	28,529	23,656

(1) The tradable financial instruments include gains and losses from financial assets held for trading, derivative financial instruments, and precious metal investments measured at FVTPL.

36 Gains or losses from change of fair value

	Note	The Group 2024	The Group 2023	The Bank 2024	The Bank 2023
Tradable financial instruments	(1)	(1,597)	2,162	2,463	2,127
Loans and advances to customers measured at FVTPL		49	(31)	9	(31)
Hedged bonds		18	451	18	451
Others		(19)	(19)	(19)	(19)
Total		(1,549)	2,563	2,471	2,528

(1) The tradable financial instruments include gains and losses from financial assets held for trading, derivative financial instruments, and precious metal investments measured at FVTPL.

37 Foreign exchange gains / (losses)

	The Group		The Bank	
	2024	2023	2024	2023
Gains or losses from investment in foreign exchange derivatives and others	(4,459)	(2,059)	(4,265)	(2,000)
Gains or losses from changes in fair values of foreign exchange derivatives	5,447	(1,477)	5,330	(1,477)
Total	988	(3,536)	1,065	(3,477)

38 General and administrative expenses

	The Group		The Bank	
	2024	2023	2024	2023
Staff costs				
- Employee benefits	25,193	25,638	23,272	23,955
- Post-employment benefits	3,037	2,869	2,849	2,684
Depreciation and amortisation	6,652	7,075	6,453	6,876
Short-term and low-value asset lease fees and Rental expenses	307	344	267	308
Others	14,606	15,498	14,126	15,191
Total	49,795	51,424	46,967	49,014

39 Impairment on credit losses

	The Group		The Bank	
	2024	2023	2024	2023
Loans and advances to customers	55,555	55,713	54,416	55,045
Financial investments				
- Debt investments	11,652	12,896	11,283	12,466
- Other debt investments	470	2,576	448	2,475
Others	1,760	5,569	1,608	5,532
Total	69,437	76,754	67,755	75,518

40 Income tax expense

	The Group		The Bank	
	2024	2023	2024	2023
Current income tax expense	10,219	7,461	8,681	4,530
Deferred income tax expense	(7,688)	(4,198)	(6,944)	(4,006)
Total	2,531	3,263	1,737	524

The relationship between the Group's income tax expenses and profit before income tax as follows:

	The Group		The Bank	
	2024	2023	2024	2023
Profit before income tax	48,366	40,692	45,023	33,457
Tax calculated at statutory tax rate of the PRC	12,092	10,173	11,256	8,364
Tax effect from other various tax rates adopted by subsidiaries	56	45	-	-
Tax effect of non-deductible expenses	565	3,275	497	3,178
Tax effect of non-taxable income	(9,796)	(10,172)	(9,685)	(10,013)
Other tax adjustments	(386)	(58)	(331)	(1,005)
Income tax expense	2,531	3,263	1,737	524

41 Earnings per share

(1) Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing net profit for the year attributable to the holders of the Bank's share capital by the weighted average number of share capital outstanding during the year. The conversion feature of preference shares is considered to fall within the category of contingently issuable share capital. As at 31 December 2024, the triggering events of share conversion did not occur. Therefore, the conversion feature of preference shares has no effect on the calculation of basic and diluted earnings per share in the current period.

The Group

	2024	2023
Profit for the year attributable to shareholders of the Bank	45,257	36,702
Less: Profit for the year attributable to preference shareholders of the Bank	(1,559)	(1,559)
Payment of interests of non-fixed term capital bonds	(3,794)	(3,794)
Profit for the year attributable to the holders of the Bank's share capital	39,904	31,349
Weighted average number of outstanding share capital (million)	29,352	29,352
Basic EPS (RMB)	1.36	1.07

(2) Diluted earnings per share

The diluted earnings per share is calculated on the assumption that the RMB 50 billion convertible corporate bonds publicly issued by the Bank in 2019 deemed to have all been converted to ordinary shares upon issuance and by dividing, after adjustments for the interest expenses of the convertible corporate bonds for the year the net profit of the year attributable to ordinary shareholders of the Bank by the adjusted weighted average number of ordinary shares outstanding during the year.

The Group

	2024	2023
Net profit for the current year attributable to shareholders of the Bank	39,904	31,349
Add: Interest expenses of convertible corporate bonds in the current year (after tax)	1,530	1,504
Net profit for calculating diluted earnings per share this year	41,434	32,853
Weighted average number of outstanding ordinary shares (million)	29,352	29,352
Add: Assume that convertible corporate bonds are entirely converted to weighted average number of ordinary shares (million)	3,776	3,687
Weighted average number of outstanding ordinary shares of the year for calculating diluted earnings per share (million)	33,128	33,039
Diluted earnings per share (RMB)	1.25	0.99

42 Cash and cash equivalents

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash	5,724	6,333	5,606	6,198
Surplus resrves with central bank	107,378	206,375	103,873	204,313
Deposits with banks and other financial institutions with original maturities no more than three months	77,060	66,048	68,480	59,856
Placements with banks and other financial institutions with original maturities no more than three months	20,955	40,417	18,371	41,622
Financial assets purchased under resale agreements with original maturities no more than three months	62,507	42,954	62,507	42,954
Total	273,624	362,127	258,837	354,943

43 Supplementary information of statement of cash flow

(a) Supplementary information of statement of cash flow

Reconciliation of net profit to cash flows from operating activities:

	The Group		The Bank	
	2024	2023	2024	2023
Net profit	45,835	37,429	43,286	32,933
Add: Impairment on credit losses	69,437	76,754	67,755	75,518
Impairment losses on other assets	43	109	40	70
Depreciations and amortizations	8,287	8,575	6,453	6,876
Interest expense on lease liabilities	210	257	198	247
Net (gains) / losses from disposal of fixed assets, intangible assets and other long-term assets	(20)	(72)	30	(74)
Net losses / (gains) from changes in fair value	1,549	(2,563)	(2,471)	(2,528)
Foreign exchange (gains) / losses	(5,447)	1,477	(5,330)	1,477
Interest expenses on debt securities issued	32,959	33,894	32,759	33,535
Interest income from investment in debt instruments and other debt investments	(60,491)	(65,896)	(56,846)	(64,562)
Net investment gains	(25,862)	(20,056)	(25,223)	(16,213)
Increase in deferred tax assets	(7,304)	(4,571)	(6,944)	(4,006)
(Decrease) / Increase in deferred tax liabilities	(384)	373	-	-
Increase in operating receivables	(368,527)	(279,302)	(362,567)	(253,174)
(Decrease) / Increase in operating payables	(23,939)	601,989	(78,320)	546,637
Net cash flows (used in) / generated from operating activities	(333,654)	388,397	(387,180)	356,736

(b) Changes in cash and cash equivalents

	The Group		The Bank	
	2024	2023	2024	2023
Cash and cash equivalents at the end of the year	273,624	362,127	258,837	354,943
Less: Cash and cash equivalents at the beginning of the year	(362,127)	(372,304)	(354,943)	(368,221)
Net decrease in cash and cash equivalents	(88,503)	(10,177)	(96,106)	(13,278)

(c) Monetary funds other than cash and cash equivalents

	The Group		The Bank	
	2024	2023	2024	2023
Balances with central bank	298,285	324,258	295,666	321,877
Deposits with banks and other financial institutions	36,136	39,451	20,155	29,160
Placements with banks and other financial institutions	385,358	407,199	390,986	415,060
Financial assets purchased under resale agreements	1,387	1,703	1,387	1,703
Total	721,166	772,611	708,194	767,800

The above funds are not cash and cash equivalents as they have weak liquidity due to the fact that they cannot be withdrawn at any time, their usages are restricted, or with the original maturities term over 3 months.

(d) Liabilities arising from financing activities

The Group's liabilities arising from financing activities include all types of liabilities related to financing activities, such as debt securities issued, and information on the related changes is detailed in the consolidated statement of cash flows.

44 Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to special purpose vehicles. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognize the transferred assets.

Assets backed securitization transaction

The Group sells loan assets to structured entities, which then issue asset-backed securities to investors. The partial securitization transactions conducted by the Group will result in the Group terminating the recognition of all transferred financial assets. For the year ended 31 December 2024, the Group transferred financial assets amounted to RMB 29,621 million through assets backed securitization transactions, and all have met the requirement of derecognition (31 December 2023: RMB 26,141 million).

As at 31 December 2024, except for the aforementioned securitised transactions, the Group transferred credit assets of a original book value of RMB 35,874 million (31 December 2023: RMB 35,874 million) to securitised entities. The Group neither transfers nor retains substantially all of the risks and rewards related to ownership of the credit assets, but it retains control over the credit assets. The Group will recognise the assets on the statement of financial positionaccording to the degree of its continued involvement, and the rest will be derecognised. As at 31 December 2024, the assets value of the Group's continued recognition was RMB 4,650 million (31 December 2023: RMB 4,650 million).

Transfer of non-performing financial assets

In 2024, the Group directly transferred non-performing loans and financial investments totaling RMB 20,508 million to third-party asset management companies, with all such assets derecognized (2023: directly transferred non-performing loans and financial investments totaling RMB 9,515 million to third-party asset management companies, with all such assets derecognized).

Securities lending transaction

In the securities lending transaction, the counterparty may sell or re-use the above securities in the condition that no default exists, but at the same time bear the obligation to return the above securities on the expiration date specified in the agreement. For the above business, the Group believes that the Group retains most of the risks and rewards of the relevant securities and therefore does not derecognize the relevant securities. As at 31 December 2024, the carrying amount of the assets transferred by the Group in securities lending transactions was RMB 51,405 million (31 December 2023: RMB 64,575 million).

Financial assets sold under repurchase agreements

Sale and repurchase agreements represent transactions in which the Group sells financial assets while simultaneously entering into an agreement to repurchase the same or substantially identical assets at a predetermined price on a specified future date. As the repurchase price is fixed, the Group retains substantially all credit and market risks and rewards associated with the sold assets. The sold financial assets (which remain unavailable to the Group during the repurchase period) are not derecognized in the financial statements. Instead, they are classified as collateral for corresponding secured borrowings, given the Group's retention of substantially all risks and rewards. Furthermore, the Group recognizes a financial liability for the consideration received. Please see Note V.19.

VI Interests in other entities

1 Interests in major subsidiaries

1.1 Major subsidiaries of the Group

Name of subsidiaries	***Place of main business***	***Place of registration***	***Registered capital***	***Obtaining method***	***Share-holding percentage (direct)***
SPDB Financial Leasing Co., Ltd.	Shanghai	Shanghai	CNY 6,403,574,436	Establishment	69.56%
Shanghai International Trust	Shanghai	Shanghai	CNY 5,000,000,000	Acquisition	97.33%
SPDB International Holding, Ltd.	Hong Kong	Hong Kong	HKD 505,000,000	Acquisition	100.00%
SPDB Wealth Management Co., Ltd.	Shanghai	Shanghai	CNY 5,000,000,000	Establishment	100.00%
Shanghai Innovation Bank Co., Ltd.	Shanghai	Shanghai	CNY 1,000,000,000	Establishment	100.00%
Mianzhu SPD Rural Bank Co., Ltd.	Mianzhu, Sichuan	Mianzhu, Sichuan	CNY 50,000,000	Establishment	55.00%
Liyang SPD Rural Bank Co., Ltd.	Liyang, Jiangsu	Liyang, Jiangsu	CNY 150,000,000	Establishment	51.00%
Gongyi SPD Rural Bank Co., Ltd.	Gongyi, Henan	Gongyi, Henan	CNY 150,000,000	Establishment	51.00%
Shanghai Fengxian SPD Rural Bank Co., Ltd.	Fengxian, Shanghai	Fengxian, Shanghai	CNY 150,000,000	Establishment	51.00%
Zixing SPD Rural Bank Co., Ltd.	Zixing, Hunan	Zixing, Hunan	CNY 150,000,000	Establishment	51.00%
Chongqing Banan SPD Rural Bank Co., Ltd.	Banan, Chongqing	Banan, Chongqing	CNY 50,000,000	Establishment	51.00%
Zouping SPD Rural Bank Co., Ltd.	Zouping, Shandong	Zouping, Shandong	CNY 150,000,000	Establishment	51.00%
Zezhou SPD Rural Bank Co., Ltd.	Jincheng, Shanxi	Jincheng, Shanxi	CNY 150,000,000	Establishment	51.00%
Dalian Ganjingzi SPD Rural Bank Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	CNY 50,000,000	Establishment	51.00%
Hancheng SPD Rural Bank Co., Ltd.	Hancheng Shaanxi	Hancheng Shaanxi	CNY 50,000,000	Establishment	51.00%
Jiangyin SPD Rural Bank Co., Ltd.	Jiangyin, Jiangsu	Jiangyin, Jiangsu	CNY 100,000,000	Establishment	51.00%
Zhejiang Pingyang SPD Rural Bank Co., Ltd.	Pingyang, Zhejiang	Pingyang, Zhejiang	CNY 100,000,000	Establishment	51.00%
Zhejiang Xinchang SPD Rural Bank Co., Ltd.	Xinchang, Zhejiang	Xinchang, Zhejiang	CNY 100,000,000	Establishment	51.00%
Yuanjiang SPD Rural Bank Co., Ltd.	Yuanjiang, Hunan	Yuanjiang, Hunan	CNY 50,000,000	Establishment	51.00%
Chaling SPD Rural Bank Co., Ltd.	Zhuzhou, Hunan	Zhuzhou, Hunan	CNY 50,000,000	Establishment	51.00%
Linchuan SPD Rural Bank Co., Ltd.	Fuzhou, Jiangxi	Fuzhou, Jiangxi	CNY 100,000,000	Establishment	51.00%
Linwu SPD Rural Bank Co., Ltd.	Chenzhou, Hunan	Chenzhou, Hunan	CNY 50,000,000	Establishment	51.00%
Hengnan SPD Rural Bank Co., Ltd.	Hengyang, Hunan	Hengyang, Hunan	CNY 50,000,000	Establishment	51.00%
Haerbin Hulan SPD Rural Bank Co., Ltd.	Haerbin, Heilongjiang	Haerbin, Heilongjiang	CNY 100,000,000	Establishment	51.00%
Gongzhuling SPD Rural Bank Co., Ltd.	Siping, Jilin	Siping, Jilin	CNY 50,000,000	Establishment	51.00%
Yuzhong SPD Rural Bank Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	CNY 50,000,000	Establishment	51.00%
Fumin SPD Rural Bank Co., Ltd.	Fumin, Yunnan	Fumin, Yunnan	CNY 50,000,000	Establishment	51.00%
Ningbo Haishu Rural Bank Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	CNY 100,000,000	Establishment	51.00%
Urumchi Midong SPD Rural Bank Co., Ltd.	Urumchi, Xinjiang	Urumchi, Xinjiang	CNY 100,000,000	Establishment	51.00%
Tianjin Baodi SPD Rural Bank Co., Ltd.	Baodi, Tianjin	Baodi, Tianjin	CNY 100,000,000	Establishment	51.00%
Chongqing Tongliang SPD Rural Bank Co., Ltd.	Tongliang, Chongqing	Tongliang, Chongqing	CNY 50,000,000	Establishment	51.00%
Qianxinan yilong SPD Rural Bank Co., Ltd.	Yilong, Guizhou	Yilong, Guizhou	CNY 50,000,000	Establishment	51.00%
Fufeng SPD Rural Bank Co., Ltd.	Baoji, Shaanxi	Baoji, Shaanxi	CNY 50,000,000	Establishment	51.00%

With approvals from the national financial regulatory authority and relevant market supervision authorities, SSVB changed its name to Shanghai Innovation Bank Co., Ltd., with registered capital remaining at RMB 1 billion. Effective 2 September 2024, Shanghai Innovation Bank Co., Ltd. was included in the Group’s consolidation scope, resulting in the change of accounting method for the corresponding long-term equity investments from the equity method to the cost method.

The above-mentioned subsidiaries are all non-listed companies.

1.2 Relevant information of major partly-owned subsidiaries

After individual assessment, the Group concluded that no subsidiary has minority interest that is material to the Group.

2 Interests in joint ventures and associates

2.1 General information of major joint ventures and associates

Name of the investee	Note	Place of main business	Place of registration	Strategic investment	Share-holding percentage (Direct)	Business nature
Joint ventures:						
AXA SPDB Investment Managers Co., Ltd.	(a)	Shanghai	Shanghai	Y	51%	Financial industry

Equity investments above-mentioned are all accounted for by equity method.

(a) According to the Articles of Association of AXA SPDB Investment Managers Co., Ltd., resolutions on certain significant operations and finance decisions shall be approved by shareholders representing more than two-thirds voting shares. These resolutions are involved with the Company's strategic plans, investment plans, authorization on the Board of Directors for approval of annual financial budget and settlement plans, approval of profit appropriations and plans to cover accumulated losses, and approval of equity transfers and modification of the Articles of Association, etc. Although the Group owns 51% voting shares of AXA SPDB Investment Management Co., Ltd., it has to exercise influences over the company jointly with other major shareholders.

2.2 Key financial information of major joint ventures and associates

The Group's joint ventures and associates are all unlisted companies. The Group is of the view that these joint ventures and associates are not material to the Group in terms of their aggregated net profit and net assets.

VII Involvement with unconsolidated structured entities

1 Structured entities sponsored by third party institutions in which the Group holds an interest

The Group directly holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include fund investment, equity investment , trust and asset management plans, ABS and other investments, the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

	The Group	
Carrying amount	31 December 2024	31 December 2023
Financial assets held for trading		
Fund investments	485,481	434,606
Equity investment	11,100	11,109
Trust and asset management plans	3,990	10,220
ABS	2,211	1,927
Other investments	4,099	6,613
Debt investments		
Trust and asset management plans	94,314	133,648
ABS	101,171	124,628
Other debt investments		
ABS	19,660	6,302
Investments in other equity instruments		
Repossessed equity instruments	495	502
Other investments	2,591	1,575

The maximum exposures to loss in the above trust and asset management plans and ABS are the amortised cost or fair value of the assets held by the Group at the reporting date. The maximum exposures to loss in the fund investment and other investments are the fair value of the assets held by the Group at the reporting date.

2 Structured entities sponsored by the Group which the Group did not consolidate but held an interest

The types of unconsolidated structured entities sponsored by the Group include wealth management products, trust plan, fund investment and ABS. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes investments in notes issued by these structured entities and fees charged by providing management services.

As at 31 December 2024, the amount of assets held by the unconsolidated wealth management products, which are sponsored by the Group, were RMB 1,395,127 million (31 December 2023: RMB 1,079,618 million).

During the year of 2024 and 2023, the Group did not provide significant financial support to the wealth management products sponsored by the Group.

As at 31 December 2024, the amount of assets held by the unconsolidated trust plans, which are sponsored by the Group, were RMB 768,245 million (31 December 2023: RMB 370,713 million).

As at 31 December 2024, the amount of assets held by the unconsolidated fund investments, which are sponsored by the Group, were RMB 22,772 million (31 December 2023: RMB 39,220 million).

As at 31 December 2024, the amount of assets held by the unconsolidated ABS, which are sponsored by the Group, were RMB 118,262 million (31 December 2023: RMB 114,637 million).

In 2024, the Group’s commission income from providing services to the wealth management products and Trust plans was RMB 3,279 million and RMB 652 million, respectively. (In 2023: RMB 2,394 million and RMB 802 million).The commission income from other non-consolidated structured entities managed by the Group is not material.

3 Unconsolidated structured entities sponsored by the Group during the year in which the Group does not have an interest at 31 December 2024

The total amount of the wealth management products issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB 139,445 million (The total amount of the wealth management products issued by the Group after 1 January 2023 but matured before 31 December 2023 was RMB 57,116 million).

The total amount of ABS issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB 285 million (The total amount of ABS issued by the Group after 1 January 2023 but matured before 31 December 2023 was RMB 753 million).

The total amount of the trust plans or investments in funds issued by the Group after 1 January 2024 and expired before 31 December 2024 was not significant.

VIII SEGMENT REPORTING

Top management of the Group reviews the performance of the Bank's branches and subsidiaries in different economic regions from geographic perspective. The branches and subsidiaries of the Bank mainly provide services to local customers domiciled in respective geographic areas and very few customers from other regions, therefore operating segments are analysed principally based on the location of the assets. The Group's business segments primarily derive revenue from providing commercial banking services and investment activities, including deposit-taking and lending, bill transactions, trade finance, money market operations, and securities investments.

The Group's operating segments of different regions are set out as follows:

Headquarter:	Headquarters (including the direct institutions under headquarters)
Yangtze River Delta:	Branches in Shanghai, Jiangsu, Zhejiang, Anhui
Pearl River Delta and West Side of Taiwan Strait:	Branches in Guangdong and Fujian
Bohai Rim:	Branches in Beijing, Tianjin, Hebei and Shandong
Central China:	Branches in Shanxi, Henan, Hubei, Hunan, Jiangxi and Hainan
Western China:	Branches in Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongoli and Tibet
North-east China:	Branches in Liaoning, Jilin and Heilongjiang
Overseas and subsidiaries:	Overseas branches and domestic and overseas subsidiaries

	For the year from 1 January 2024 to 31 December 2024									
	Headquarter	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
I. Operating income	66,988	39,256	12,323	14,944	11,384	11,260	3,857	10,865	(129)	170,748
Interest income	118,527	90,603	27,514	33,907	21,007	26,022	8,472	21,497	(59,424)	288,125
Including:										
External interest income	106,691	61,557	23,224	24,843	20,019	25,050	6,732	20,741	(732)	288,125
Internal interest income	11,836	29,046	4,290	9,064	988	972	1,740	756	(58,692)	-
Interest expense	(90,399)	(57,317)	(17,949)	(20,110)	(10,702)	(14,907)	(4,747)	(16,716)	59,439	(173,408)
Including:										
External interest expense	(52,852)	(48,880)	(14,061)	(19,347)	(10,075)	(8,854)	(4,735)	(15,348)	744	(173,408)
Internal interest expense	(37,547)	(8,437)	(3,888)	(763)	(627)	(6,053)	(12)	(1,368)	58,695	-
Net fee and commission income / (expense)	10,206	4,997	2,422	709	744	(314)	(108)	4,161	(1)	22,816
Investment income	26,057	726	243	327	224	303	78	1,186	(3)	29,141
Including:										
Investments in associates and joint ventures	155	-	-	-	-	-	-	62	-	217
Other income	19	48	8	18	8	19	4	715	-	839
Gains or losses from change of fair value	2,255	(135)	26	(19)	59	114	142	(3,991)	-	(1,549)
Foreign exchange gains and losses	338	323	60	94	30	23	27	93	-	988
Other operating income	10	8	-	13	7	7	1	3,870	(140)	3,776
Gains or losses on disposal of assets	(25)	3	(1)	5	7	(7)	(12)	50	-	20
II. Operating expense	(53,320)	(17,457)	(12,952)	(8,194)	(6,668)	(11,942)	(3,138)	(9,763)	129	(123,305)
Taxes and surcharges	(389)	(546)	(214)	(212)	(188)	(211)	(61)	(151)	-	(1,972)
General administrative expenses	(19,410)	(9,677)	(3,347)	(4,454)	(3,286)	(4,424)	(1,559)	(3,767)	129	(49,795)
Including:										
Depreciation and amortisation expenses	(2,431)	(1,120)	(633)	(782)	(481)	(598)	(244)	(363)	-	(6,652)
Impairment on credit losses	(33,522)	(7,218)	(9,390)	(3,518)	(3,185)	(7,304)	(1,495)	(3,805)	-	(69,437)
Impairment losses on other assets	(1)	(11)	-	-	(7)	(2)	(20)	(2)	-	(43)
Other operating expense	2	(5)	(1)	(10)	(2)	(1)	(3)	(2,038)	-	(2,058)
III.Operating profit / (losses)	13,668	21,799	(629)	6,750	4,716	(682)	719	1,102	-	47,443
Add: Non-operating income	7	17	8	9	5	10	4	1,124	-	1,184
Less: Non-operating expenses	(154)	(29)	(22)	(10)	(11)	(14)	(2)	(19)	-	(261)
IV.Total segment profits / (losses) before tax	13,521	21,787	(643)	6,749	4,710	(686)	721	2,207	-	48,366

	31 December 2024									
	Headquarter	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	467,759	1,819,076	677,446	683,677	539,842	683,491	180,413	220,514	(3,058)	5,269,160
Investments in associate and joint ventures	1,464	-	-	-	-	-	-	343	-	1,807
Total segment assets	4,859,101	2,879,811	754,997	1,052,634	607,397	740,412	280,258	565,939	(2,278,669)	9,461,880
Deposits from customers	(69,231)	(2,345,633)	(583,455)	(855,908)	(516,853)	(511,605)	(229,798)	(117,004)	205	(5,229,282)
Total segment liabilities	(4,176,436)	(2,857,950)	(755,618)	(1,046,164)	(602,665)	(741,395)	(280,327)	(535,213)	2,278,669	(8,717,099)
Segment net position of assets and liabilities	682,665	21,861	(621)	6,470	4,732	(983)	(69)	30,726	-	744,781

	For the year from 1 January 2023 to 31 December 2023									
	Headquarter	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
I. Operating income	67,701	38,381	12,554	13,922	11,807	10,971	3,057	15,305	(264)	173,434
Interest income	134,215	89,228	33,607	35,024	22,552	26,518	8,349	18,555	(70,450)	297,598
Including:										
External interest income	120,161	61,110	23,118	24,075	21,122	24,469	6,503	17,040	-	297,598
Internal interest income	14,054	28,118	10,489	10,949	1,430	2,049	1,846	1,515	(70,450)	-
Interest expense	(98,699)	(56,081)	(24,264)	(22,433)	(11,760)	(15,652)	(5,225)	(15,507)	70,458	(179,163)
Including:										
External interest expense	(52,994)	(49,789)	(15,656)	(21,451)	(11,191)	(9,387)	(5,050)	(13,645)	-	(179,163)
Internal interest expense	(45,705)	(6,292)	(8,608)	(982)	(569)	(6,265)	(175)	(1,862)	70,458	-
Net fee and commission income / (expense)	12,181	4,416	2,796	944	811	(334)	(93)	3,733	(1)	24,453
Investment income	20,093	1,401	296	278	195	296	118	5,230	(2)	27,905
Including:										
Investments in associates and joint ventures	186	-	-	-	-	-	-	37	-	223
Other income	12	41	12	18	12	88	2	552	-	737
Gains or losses from change of fair value	3,369	(121)	(31)	(62)	(43)	26	(112)	(463)	-	2,563
Foreign exchange gains and losses	(3,533)	(520)	60	96	35	19	19	288	-	(3,536)
Other operating income	68	11	1	58	11	5	1	2,919	(269)	2,805
Gains or losses on disposal of assets	(5)	6	77	(1)	(6)	5	(2)	(2)	-	72
II. Operating expense	(69,126)	(15,434)	(7,485)	(9,871)	(11,162)	(9,593)	(1,176)	(9,115)	264	(132,698)
Taxes and surcharges	(468)	(547)	(212)	(206)	(179)	(210)	(64)	(116)	-	(2,002)
General administrative expenses	(17,616)	(10,946)	(4,009)	(5,304)	(3,820)	(4,722)	(1,816)	(3,455)	264	(51,424)
Including:										
Depreciation and amortisation expenses	(2,755)	(1,130)	(641)	(804)	(492)	(627)	(262)	(364)	-	(7,075)
Impairment on credit losses	(51,042)	(3,904)	(3,259)	(4,313)	(7,154)	(4,659)	739	(3,162)	-	(76,754)
Impairment losses on other assets	-	(32)	(2)	-	(3)	-	(33)	(39)	-	(109)
Other operating expense	-	(5)	(3)	(48)	(6)	(2)	(2)	(2,343)	-	(2,409)
III.Operating (losses)/profit	(1,425)	22,947	5,069	4,051	645	1,378	1,881	6,190	-	40,736
Add: Non-operating income	26	19	3	9	7	14	4	19	-	101
Less: Non-operating expenses	(35)	(65)	(2)	(5)	(15)	(6)	(9)	(8)	-	(145)
IV.Total segment (losses) / profits before tax	(1,434)	22,901	5,070	4,055	637	1,386	1,876	6,201	-	40,692

	31 December 2023									
	Headquarter	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	473,394	1,644,988	655,933	624,499	510,431	614,887	181,805	202,147	(3,388)	4,904,696
Investments in associates and joint ventures	2,458	-	-	-	-	-	-	367	-	2,825
Total segment assets	4,862,615	2,648,207	847,115	1,062,367	574,144	677,805	249,311	475,107	(2,389,424)	9,007,247
Deposits from customers	(85,165)	(2,189,911)	(642,747)	(841,035)	(503,646)	(475,563)	(209,478)	(113,155)	356	(5,060,344)
Total segment liabilities	(4,192,761)	(2,625,461)	(842,033)	(1,058,587)	(573,483)	(676,594)	(248,186)	(446,682)	2,389,424	(8,274,363)
Segment net position of assets and liabilities	669,854	22,746	5,082	3,780	661	1,211	1,125	28,425	-	732,884

IX CONTINGENCIES AND COMMITMENTS

1 Credit commitments

The Group's credit commitments are listed as follows:

	31 December 2024	31 December 2023
Bank acceptance bills	760,672	679,362
Credit cards commitments	586,705	659,296
Letters of credit issued	277,511	261,517
Other loan commitments	246,865	300,182
Letters of guarantee issued	113,713	108,672
Total	1,985,466	2,009,029

2 Commitment on redemption of treasury saving bonds

The Group is entrusted by the MOF to underwrite certificate treasury saving bonds. The investors of these treasury saving bonds have a right to redeem the bonds in advance and the Group is committed to redeem these treasury saving bonds. The redemption price is the principal value of the saving bonds plus unpaid interest. As at 31 December 2024, the outstanding principal value of the commitment on redemption treasury saving bonds sold by the Group amounted to RMB 2,833 million (31 December 2023: RMB 4,665 million). The original maturities of these treasury saving bonds vary from three to five years. The management expects the amount of saving bonds to be eventually redeemed by the Group before the maturity date will not be material.

3 Capital commitments

As at 31 December 2024, the major capital commitments the Group had signed but not paid amounted to RMB 6,348 million (31 December 2023: RMB 10,395 million). Additionally, as at 31 December 2024, the amount of the procurement plan of operating fixed assets that the Bank's subsidiaries had signed but not paid was RMB 426 million (31 December 2023: RMB 2,324 million).

As at 31 December 2024, the major capital commitments the Group had approved but not signed amounted to RMB 1,075 million (31 December 2023: RMB 4,337 million).

4 Legal proceedings

As at 31 December 2024, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 235 and 112, respectively. The corresponding amount involved was about RMB 3,176 million and RMB 928 million, respectively, the estimated compensation amount is approximately RMB 73 million (As at 31 December 2023, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 162 and 134, respectively. The corresponding amount involved was about RMB 4,212 million and RMB 610 million, respectively, the estimated compensation amount is approximately RMB 27 million).

X FIDUCIARY BUSINESSES

The Group provides entrusted loan businesses to independent third party customers. The assets arising from these businesses are not recorded on the Group's balance sheet. As at 31 December 2024, the balance of entrusted loan business was RMB 65,111 million (As at 31 December 2023: RMB 61,420 million).

XI RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Major shareholders holding more than 5% shares of the Bank

As at 31 December 2024 and 31 December 2023, major shareholders holding more than 5% ordinary shares of the Bank are as follows:

	Direct shareholding percentage	Major business
Shanghai International Group Co., Ltd.	21.57%	Investment Management
China Mobile Group Guangdong Company Limited	18.18%	Mobile and Communication
Funde Sino Life Insurance Co., Ltd. – Traditional	9.47%	Insurance Business
Funde Sino Life Insurance Co., Ltd. – Capital	6.01%	Insurance Business

2 Subsidiaries

For general information of the Group's subsidiaries, please refer to Note VI.1 "Interests in major subsidiaries".

3 Joint ventures and associates

For general information of the joint ventures and associates, please refer to Note VI.2 "Interests in joint ventures and associates".

4 Other major related parties

Other related parties mainly include respective group companies of shareholders who hold 5%, other substantial shareholders and the Group to which they belong that have significant influence on the Group, key management personnel of the Bank (including the directors, supervisors and senior executives) and their close family members, and the companies that are controlled or jointly controlled by these key management personnel and their close family members, or the companies in which key management personnel and their close family members serve as directors (excluding independent directors in both parties) or senior executives.

5 Transactions and balances with related parties

The amounts of material transactions between the Group and its related parties and related balances at the balance sheet date are summarised as follows:

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions / balances
Amounts of significant transactions from 1 January 2024 to 31 December 2024 are listed below:							
Interest income	-	-	10	24	1	35	0.01%
Interest expense	(852)	(2)	(392)	(154)	(1)	(1,401)	0.81%
Fee and commission income	2	41	2	1	1	47	0.16%
Investment income	-	217	-	302	-	519	1.78%
Gains or losses from change of fair value	-	(4)	-	(237)	-	(241)	15.56%
Foreign exchange gains or losses	-	(5)	-	(54)	-	(59)	(5.97%)
General and administrative expenses	(11)	-	(260)	-	-	(271)	0.54%
Other comprehensive income	14	-	-	1,070	-	1,084	9.82%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions / balances
Significant item balances at 31 December 2024:							
Deposits with banks and other financial institutions	-	-	-	101	-	101	0.09%
Placements with banks and other financial institutions	-	-	906	653	25	1,584	0.03%
Loans and advances to customers	-	-	-	273	-	273	0.30%
Derivative financial assets							
Financial investments:	-	-	-	1,203	-	1,203	0.17%
- Financial assets held for trading	-	-	40	121	-	161	0.01%
- Other debt investments	386	-	-	170	-	556	0.07%
- Investments in other equity instruments	-	-	-	2,544	-	2,544	28.18%
Long-term equity investments	-	1,807	-	-	-	1,807	100.00%
Other assets	-	-	3	-	-	3	0.01%
Deposits from banks and other financial institutions	-	(128)	(21,244)	(9,038)	-	(30,410)	3.49%
Derivative financial liabilities	-	-	-	(217)	-	(217)	0.28%
Deposits from customers	(35,805)	(11)	(12,807)	(6,578)	(20)	(55,221)	1.06%
Other liabilities	(1)	-	(77)	-	-	(78)	0.12%
Significant off-balance item at 31 December 2024:							
Letters of guarantee issued	-	-	157	-	-	157	0.14%
Credit card and loan commitments	-	-	-	-	14	14	0.01%
Guarantees provided for credit business	-	-	906	10,919	-	11,825	0.35%
Bank acceptance bill	-	-	-	210	-	210	0.03%
Issuing wealth management products funds	-	-	-	145	-	145	0.01%
Notional principal of derivative financial instruments	-	-	-	24,460	-	24,460	0.26%

Note (1): As at 31 December 2024, key management of the Bank possessed a total number of 684,100 shares of common stock issued by the Bank and regularly received corresponding cash dividends.

Note (2): On 31 December 2024, China Mobile Group Guangdong Co., Ltd., directly holds 18.17% of shares of convertible corporate bonds issued by the Bank.

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions / balances
Amounts of significant transactions from 1 January 2023 to 31 December 2023 are listed below:							
Interest income	-	-	373	27	1	401	0.13%
Interest expense	(330)	(16)	(1,513)	(65)	(1)	(1,925)	1.07%
Fee and commission income	7	1	35	6	1	50	0.16%
Investment income	-	223	-	174	-	397	1.42%
Gains or losses from change of fair value	-	147	8	10	-	165	6.44%
Foreign exchange gains or losses	-	(10)	(24)	110	-	76	-2.15%
General and administrative expenses	(11)	-	(328)	-	-	(339)	0.66%
Other comprehensive income	1	-	-	-	-	1	0.02%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions / balances
Significant item balances at 31 December 2023:							
Deposits with banks and other financial institutions	-	-	27	61	-	88	0.08%
Placements with banks and other financial institutions	-	-	9,100	1,994	-	11,094	2.46%
Loans and advances to customers	-	-	2,438	997	17	3,452	0.07%
Derivative financial assets	-	11	48	379	-	438	0.78%
Financial investments:							
- Financial assets held for trading	-	-	-	3,049	-	3,049	0.39%
- Other debt investments	371	-	-	-	-	371	0.06%
- Investments in other equity instruments	-	-	-	1,474	-	1,474	21.90%
Long-term equity investments	-	2,825	-	-	-	2,825	100.00%
Other assets	-	-	2	-	-	2	0.01%
Deposits from banks and other financial institutions	-	(1,596)	(25,092)	(4,593)	-	(31,281)	3.16%
Derivative financial liabilities	-	(19)	(28)	(279)	-	(326)	0.62%
Deposits from customers	(32,668)	(4,324)	(70,429)	(9,932)	(27)	(117,380)	2.32%
Other liabilities	(2)	-	(8)	-	-	(10)	0.03%
Significant off-balance item at 31 December 2023:							
Letters of guarantee issued	-	-	94	-	-	94	0.09%
Credit card and loan commitments	-	-	629	-	13	642	0.07%
Fiduciary business	-	-	1,338	-	-	1,338	2.18%
Guarantees provided for credit business	-	-	3,562	12,757	-	16,319	0.54%
Bank acceptance bill	-	-	457	-	-	457	0.07%
Issuing wealth management products funds	-	-	-	200	-	200	0.02%
Notional principal of derivative financial instruments	-	2,440	9,544	63,349	-	75,333	0.99%

Note (1): As at 31 December 2023, key management of the Bank possessed a total number of 659,600 shares of common stock issued by the Bank and regularly received corresponding cash dividends.

Note (2): On 31 December 2023, China Mobile Group Guangdong Co., Ltd., directly holds 18.17% of shares of convertible corporate bonds issued by the Bank.

6 Related parties that are controlled by the Bank

Related parties that are controlled by the Bank are the subsidiaries of the Bank. Major transactions with these subsidiaries and their balances are eliminated in the consolidated financial statements, and are summarised as follows:

Balances at the year end:	31 December 2024	31 December 2023
Deposits with banks and other financial institutions	100	101
Placements with banks and other financial institutions	8,225	9,373
Loans and advances to customers	3,058	3,388
Other debt investments	-	1
Derivative financial assets	11	-
Deposits to and placements from banks and other financial institutions	12,529	11,055
Derivative financial liabilities	96	8
Deposits from customers	205	356
Other current accounts	52	86

Transactions during the year:	2024	2023
Interest income from deposits with banks and other financial institutions	1	2
Interest income from placements with banks and other financial institutions	283	205
Gains or losses from change of fair value	-	(8)
Interest income from loans and advances to customers	165	140
Interest income from other debt investments	-	8
Interest expenses on deposits from banks and other financial institutions	293	281
Interest expenses from placements from banks and other financial institutions	1	-
Interest expenses on deposits from customers	-	8
Fee and commission income	61	83
Fee and commission expense	69	43
Other operating income	4	4
General and administrative expenses	127	257

7 Compensation of key management personnel

Key management personnel are those people having authority and responsibility for planning, directing, and controlling the activities of the Group, either directly or indirectly, including directors, supervisors and senior executives.

Compensation of key management personnel for the respective periods (excluding the social insurance charges paid by the Bank) is as follows:

	2024	2023
Compensation of key management personnel	14	20

The compensation of key management personnel are remuneration without social insurance paid-in 2024 to the directors, supervisor and senior management of the Bank in past 12 months or will do so in the next 12 months according to the relevant contract arrangement.

8 Transactions with the annuity plan

In terms of the enterprise annuity funds established by the Group, in addition to the normal contribution, there has been no other related party transactions during the reporting period.

9 Major credit related transactions

Major credit related transactions to related parities refer to transactions in which the amount of a single transaction between the Bank and a related party accounts for more than 1% of the latest audited net assets of the Bank, or the accumulated transaction amount between the Bank and a related party accounts for more than 5% of the latest audited net assets of the Bank.

In 2024, the newly added major related party credit in major credited related transations between the Bank and related parties outside the Group are as follows:

Related parties	Total credit limit to related parties and other companies in their group
Guotai Junan Securities Co., Ltd.	35,740
Shanghai International Group Co., Ltd.	33,140
China Mobile Communications Group Co.,Ltd.	9,000

For details of major credit related transactions, please refer to the relevant resolutions of the board of directors publicly disclosed by the Bank.

XII FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks in its operating activities. The Group analyses, evaluates, accepts and manages certain degree of risks or risk portfolios. Managing financial risk is critical to the financial industry, and the inherent risks is an inevitable consequence of business operation. The Group’s aim is therefore to strike an appropriate balance between risk and return and minimise potential adverse impact on the Group’s financial performance.

The Group has designed a series of risk management policies to identify and analyse these risks, so as to set appropriate risk limits and formulate control procedures. It has also monitored the risks and their limits through reliable information systems.

The most significant types of risks to the Group are credit risk, market risk and liquidity risk. Market risk mainly consists of foreign currency risk, interest rate risk and commodity price risk.

The Board of Directors of the Bank is responsible for determining the Group's overall risk appetite. Within this framework, the senior management of the Bank designs risk management policies and procedures for credit risk, market risk and liquidity risk accordingly. After the policies and procedures are approved by the Board of Directors, relevant departments of the headquarters are responsible for the implementation.

1 Credit risk

Credit risk is the risk of loss that a customer or counterparty may fail to fulfil an obligation or commitment to the Group.

(1) Credit risk management

(i) Loans

The Group manages, restricts and controls the concentration of credit risk identified, especially with regards to concentration on singular counterparty, group, industry and region.

The Group continuously optimizes the credit risk structure by setting limits on the borrower, group of borrowers, geographical and industry segments. Concentration risks are monitored on ongoing basis and subject to an annual or more frequent review where necessary.

The Group manages the exposure to credit risk through regular analysis of borrowers' ability to repay principal and interest payments and amends the credit facilities where appropriate.

The Group has established relevant policies and various measures to mitigate credit risk. Obtaining collateral, pledged assets, guarantee deposits or guarantees from corporates or individuals has been one of the main strategies to control credit risk. The Group provides guidelines on the specific types of acceptable collateral or pledged assets, mainly include the following:

- Residential property and land tenure
- Commercial assets, such as commercial property, inventory and accounts receivable
- Financial instruments, such as bonds and equity shares

Fair value of collaterals or pledged assets is generally assessed by professional evaluation agencies designated by the Group. When there are indications of impairment, the value of collaterals or pledged assets will be re-examined by the Group to assess whether the collaterals or pledged assets could adequately cover the credit risks associated with loans. To mitigate the credit risk, the Group has implemented loan-to-value ratio requirement based on type of collaterals or pledged assets. The main types of collaterals or pledged assets for corporate loans and retail loans and their corresponding maximum loan-to-value ratio are as follows:

Collaterals or pledged assets	Maximum loan-to-value ratio
Time deposits	90% - 100%
Government bonds	90% - 100%
Financial bonds	90% - 100%
Corporate bonds (including financial institutions)	80%
Right to collect fees	60% - 70%
Franchise right	50%
Commercial property and standard plant	60%
Residential property	70%
Land use right	50% - 60%

Management assesses fair value of collaterals or pledged assets based on the latest available external valuation results, and adjusts the fair value with reference to experience, current market conditions and disposal expenses to be incurred.

For loans guaranteed by third parties, the Group evaluates the financial condition and credit record of guarantors and guarantor’s ability to meet obligations.

(ii) Bonds and other bills

The Group manages the credit risk exposure of bonds and other bills through mechanisms include controlling the investment scale, setting access list of issuers, rating access, establishing post-investment management, etc. Generally, external credit rating of the issuer of foreign currency bonds at the time of purchase (by Standard & Poor’s or equivalent rating agencies) should be at BBB- or above. Overseas investments in RMB bonds are limited to those issuers with external credit rating at BBB+ or above (by rating agencies identified by the PBOC). Rating of domestic middle to long-term RMB bonds should be at AA or above and rating of short-term RMB bonds, their credit ratings should be at A-1 (by rating agencies identified by the PBOC). The Bank independently manages the credit risk exposure of bonds and other bills through mechanisms include controlling the investment scale, setting access list of issuers, rating access, establishing post-investment management, etc.

(iii) Other financial assets measured at amortized cost

Other financial assets measured at amortized cost mainly include trust and asset management plans. The Group implement an admission system on the trust companies, security companies and fund companies with the set credit facility for ultimate investors of trust plans and asset management plans, and performs post-lending management periodically. Setting limit management for the ultimate financing parties of trust plans and asset management plans in which the Bank's proprietary funds are invested independently, and conducting regular subsequent risk management.

(iv) Inter-bank transactions

The Group reviews and manages the credit risk of individual financial institution on regularly basis and sets credit limit for individual bank or non-banking financial institution which has credir risk exposure in the Group. The Bank regularly reviews and manages the credit risks of individual financial institution.

(v) Derivative financial instruments

The Group strictly restricts transactions in derivative financial instruments. For corporate customers, the Group mitigates credit risk associated with derivative financial instruments by acquiring margin deposits.

(vi) Credit commitments

The primary purpose of credit commitments is to ensure that funds are available to customers as required. Letters to guarantee, bill acceptance and letters of credit are irrevocable commitment from the Group. The Group undertakes credit risks similar to loans and commits to pay third parties on behalf on customers or make payments in the event that customers cannot meet obligations to third parties. When the requested amount of credit commitment exceeds the original credit limit, margin deposits are required to mitigate the credit risk. The Group's potential credit exposure is equivalent to the total amount of credit commitments. In addition, cash outflows may occur when customers spend credit card and loan commitment granted by the Group in the future.

(vii) Trust plan

The main credit risk of the trust plan is the potential loss of fiduciary estate when the counterparties fail, cannot or be unwilling to fulfil the contract commitments in the course of transactions. The Group strictly enforces the policy “pre-loan investigation, in-process review, post-lending inspection” over trust plan. In the design of the product trade structure, the Group introduces guarantee mechanism including financial institution credit, property mortgage, rights pledge to comprehensively manages risks through avoidance, prevention, dispersion, transfer and compensation, and disperses and transfers credit risks of financing entities to reduce risk exposure.

(2) Credit risk measurement

To ensure the Group’s current financial asset risk classification mechanism complies with the “Rules on Risk Classification of Financial Assets of Commercial Banks” (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and People’s Bank of China, hereafter referred to as the “Rules”), the Group implements dynamic, real-time adjustments to the financial asset risk classifications with quarterly reviews as the minimum frequency. During the reporting period, the Group classified the relevant financial assets into five categories, including: pass, special-mention, substandard, doubtful and loss, among which credit assets with the grading of substandard, doubtful and loss are regarded as non-performing loans

During the reporting period, the Group established a sound long-term mechanism for the prevention and resolution of significant risks, actively prevented and controlled risks in key areas and continued to improve asset quality.

(3) ECL measurement

Pursuant to the new accounting standards, the Group divides the loss allowance for expected credit losses on financial assets into three stages:

Stage 1 (no significant increase in credit risk since initial recognition): measure the loss at an amount equal to 12-month ECL;

Stage 2 significant increase in credit risk since initial recognition; and

Stage 3 (credit- impaired assets): measure the loss allowance at an amount equal to the lifetime ECL.

The Group has developed the impairment model to calculate ECL in accordance with the new accounting standards. A top-down development method was adopted to establish a logistic regression model of risk parameters and macroeconomic indicators such as gross domestic product “GDP” and consumer price index “CPI”. The Group periodically forecasts three kind of macroeconomic scenarios (optimistic, basic and pessimistic) and measures ECL based on different scenarios.

<u>Credit risk grading</u>

The Group has established a comprehensive internal rating system in accordance with the “Measures for the Capital Management of Commercial Banks”, employing statistical models, expert judgement, or a combination of both approaches, along with standardized and uniform evaluation and criteria. This system includes internal rating frameworks for sovereign, financial institution, and corporate risk exposures (i.e., non-retail risk exposures), as well as a risk-pooling system for retail risk exposures. Through investigation, analysis and judgement of the Bank’s credit customers’ or retail debt obligations’ solvency and performance ability, the Bank achieves internal estimation of probability of default and qualification of credit risk.

The Group has no financial assets recognized as "low risk" and subject to credit risk management in accordance with the relevant requirements of the Accounting Standards.

<u>Stage division</u>

Significant increase in credit risk ("SICR")

The Group assesses on each balance sheet date whether the credit risk of the relevant financial assets has increased significantly since initial recognition. When considering the ECL stage of financial assets, the Group considering all reasonable and supportable information, including that which is forward-looking. The main factors to be considered are regulatory and operational environment, internal and external credit rating, solvency, operational capability, loan contract terms, repayment behaviour, etc.

The Group considers that there has been a significant increase in credit risk of financial instrument when one or more of the following quantitative, qualitative or upper limits criteria have been met:

Quantitative criteria:

The Group assesses whether credit risk has significantly increased for corporate loans and financial investments by evaluating changes in counterparties' credit ratings from the initial recognition date to the reportingdate. Specifically, the Group considers whether these ratings have declined to Grade B or lower. For personal loans, the Group determines a significant increase in credit risk by comparing the probability of default (PD) on the reportingdate against threshold values or the initial PD levels. This assessment includes identifying if the PD has risen to 8-14 times the initial PD.

Qualitative criteria:

For corporate loans and financial investments, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operational results of the borrower
- Early signs of cashflow/liquidity problems such as delay in repayment of payables/loans

Upper limit:

If the borrower fails to make payment for more than 30 days after contractual payment date.

According to the relevant policies from regulators, the Group has carefully evaluated the deferred loan payment applications for whom are influenced by COVID-19 in order to offer temporary convenience for qualified borrowers. Meanwhile, the Group has analysed if the credit risks of the relevant financial assets will increase after the borrowers received their first approval, based on the policy of deferred loan payment, the repayment ability of borrowers, and other relevant factors.

Default and credit-impaired

In alignment with the “Measures for the Capital Management of Commercial Banks”, the Group has established unified internal policies for default management – precisely defining default events, standardizing identification protocols, and ensuring consistent enforcement across all business lines. The Group defines a financial asset as credit impaired when it meets one or more of the following criteria:

Qualitative criteria:

The borrower meets “capability to repay is apparently in question” criteria, which indicates the borrower is in significant financial difficulty and examples include:

- The issuer or borrower is in significant financial difficulties
- The borrower has breached financial contract(s), such as past due of interest or principal repayments
- Concessions have been made by the lender relating to the borrower’s financial difficulty with consideration of economy and contract
- The borrower is likely to head towards bankruptcy or other debts restructuring
- Issuer or borrower’s financial difficulties lead to disappearance of active market for financial assets
- Financial assets are purchased or originated at substantial discount that reflects the incurred credit losses

Upper limit:

If the borrower fails to make payment for more than 90 days after contractual payment date.

The criteria above have been applied to all financial instruments held by the Group and are consistent with internal credit risk management purposes. The default definition has been consistently applied to establish models for the PD, Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group’s ECL measurement.

<u>Grouping of credit risk exposure</u>

To calculate the relevance between ECL allowance and macro-economic indicators, a grouping of exposure is performed for assets with similar credit risk characteristics. In performing this grouping, the Group has obtained sufficient information to ensure the data reliability for statistical purposes and group the credit risk exposure according to the credit risk characteristics such as product types, client types and client industries. The Group re-examines and corrects the reasonableness of the groupings and conduct quantitative and qualitative assessments on a regular basis. When the credit risk characteristics of risk exposures in the portfolio change, the Group shall re-examine the reasonableness of the groupings in a timely manner, and re-group the assets according to the risk characteristics of relevant credit risk exposures when necessary.

Explanation of parameters, assumptions and estimation techniques of ECL model

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the PD, EAD and LGD, and the relevant definitions are as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or the remaining lifetime (Lifetime PD) of the obligation.
- The EAD is the amounts the Group expects to be repaid at the time of default.
- LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by projecting the PD, LGD and EAD for individual future exposure, which effectively calculates the ECL for each future month.

The Lifetime PD is based on expiry information derived from 12M PD. Maturity analysis covers the change of loan default situation from initial recognition to maturity. Maturity portfolio is based on historical observed data with the assumption of same portfolio and identical credit rating assets. The above analysis is supported by historical data.

The Group determines LGD based on factors affecting recovery after default, which vary by product type.

Forward-looking economic information should be considered in determining the 12M and lifetime ECL.

There have been no significant changes in estimation techniques or significant assumptions during the reporting period.

Forward-looking information incorporated in the ECL models

Both the assessment of SICR and the calculation of ECL incorporate forward-looking information. The Group identifies the key economic indicators impacting credit risk and ECL for each portfolio through historical data analysis.

The Group has selected a series of macroeconomic indicators based on industry best practices and the Group’s internal experts’ judgement, and has formed forecasts of macroeconomic indicators under multiple scenarios such as standard, optimistic and pessimistic. The Group also establishes statistical relationship between actual PD, LGD and macro indicators for each model exposure, and calculates the actual PD and LGD by using forecasted economic indicators.

The number and attributes of scenarios are reassessed at each reporting date. The scenario weightings are determined by combination of statistical analysis and expert judgement, taking into account of the range of possible outcomes represented by scenarios. The Group adopts the base and lifetime PD with scenario weightings, along with qualitative and upper limit criteria to determine whether the credit risk has increased significantly. The determination of financial instrument stage indicates the measurement of the loss allowance at an amount equal to the 12-month or lifetime ECL accordingly. The Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

Macroeconomic information used by the Group includes macro indicators such as gross domestic product (GDP), consumer price index (CPI) and producer price index (PPI). The GDP year-on-year growth rate for 2025 under the standard scenario is 4.50%, and the GDP year-on-year growth rate for 2025 under the optimistic and pessimistic scenarios are formed by adjusting upward and downward by a certain level, respectively, from the standard scenario projections.

The Group considers these projections have represented the best estimate of the possible outcomes and analyses the non-linearities and asymmetries within the Group’s different portfolios to determine that selected scenarios adequately represent scenarios that might occur. Similar to other economic projections, there are inherent uncertainties regarding estimates of projected values and likelihood of occurrence, thus substantial differences may occur between actual results and projections.

<u>Combination method for evaluation of expected credit risk</u>

When analysing the relevance of ECL with macroeconomic indicators, the Group has classified the assets with similar credit risk characteristics into the same portfolio. The Group has obtained sufficient information to ensure the statistical reliability for the portfolio classification. Where sufficient information is not available internally, the Group establishes the model with reference to internal or external supplementary data. The characteristics and any supplementary data used to determine portfolio classification are outlined below:

Corporate loans and financial investments

- Industry
- Collateral type

Retail loans

- Product type (i.e. mortgage loans, consumer loan and credit card)
- Repayment type
- Utilisation percentage range
- The range of mortgage rate (loan balance / collateral value)

<u>Assessment of ECLs on other receivables</u>

The Group measures its loss provision for other receivables that meet relevant requirements at an amount equivalent to the ECL over the entire period of existence.The Group uses the ECL model to calculate the ECLs on the above financial assets based on the historical credit loss experience, and the related methodology is the same as the "ECL measurement" in this section.

(4) Maximum exposure to credit risk

Financial assets and financial guarantee commitment subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The book value of financial assets below represents the Group’s maximum exposure to credit risk on these assets.

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances with central bank	405,815	-	-	405,815
Deposits with banks and other financial institutions	113,772	-	-	113,772
Placements with banks and other financial institutions	410,787	-	-	410,787
Financial assets purchased under resale agreements	63,879	-	-	63,879
Loans and advances to customers measured at:				
- Amortized cost	4,695,922	216,456	22,237	4,934,615
- FVOCI	330,515	479	18	331,012
Financial investments				
- Debt investments	1,262,375	24,787	39,476	1,326,638
- Other debt investments	778,694	2,136	1,608	782,438
Other financial assets	95,957	645	2,270	98,872
Total	8,157,716	244,503	65,609	8,467,828

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances with central bank	530,798	-	-	530,798
Deposits with banks and other financial institutions	105,753	-	-	105,753
Placements with banks and other financial institutions	423,947	-	-	423,947
Financial assets purchased under resale agreements	44,719	-	-	44,719
Loans and advances to customers measured at:				
- Amortized cost	4,314,830	178,093	33,241	4,526,164
- FVOCI	367,765	2,965	18	370,748
Financial investments				
- Debt investments	1,189,091	25,646	56,345	1,271,082
- Other debt investments	614,041	1,497	2,479	618,017
Other financial assets	58,330	137	3,313	61,780
Total	7,649,274	208,338	95,396	7,953,008

	31 December 2024 Maximum exposure to credit risk	31 December 2023 Maximum exposure to credit risk
Commitment and guarantee:		
Bank acceptance notes	758,120	678,155
Credit cards commitments	583,169	654,332
Letters of credit issued	277,356	261,413
Other loan commitments	245,579	298,859
Letters of guarantee issued	113,509	108,544
Total	1,977,733	2,001,303

Financial assets not included in impairment assessment

The analysis of maximum credit risk exposure of those financial assets which are not included in expected credit losses assessment are as follows.

	31 December 2024 Maximum exposure to credit risk	31 December 2023 Maximum exposure to credit risk
Financial assets at fair value through profit or loss		
Financial assets held for trading	691,019	780,226
Derivative financial assets	89,590	56,311
Loans and advances to customers	3,533	7,784
Total	784,142	844,321

(5) Credit-impaired loans and advances to customers

The Group closely monitors collateral held for financial assets considered to be credit-impaired, because the Group is more likely to confiscate these collateral to reduce potential credit losses comparing to other collaterals. As at 31 December 2024, carrying amount of the Group’s loans and advances to customers that are credit-impaired is RMB 92,537 million (31 December 2023: RMB 101,538 million), in which the loans covered by collaterals are amounting to RMB 52,847 million (31 December 2023: RMB 51,023 million).

(6) Restructured loans

According to the Rules, restructured loans refer to loans where the Group modifies the original loan contract terms to accommodate borrowers experiencing financial difficulties or provides refinancing for existing loans to urge the borrowers to repaythe debt, including new loans to refinance existing debts and additional financing. As at 31 December 2024, the Group’s restructured loans balance meeting the Rules effective requirements and involving renegotiated written contract terms amounted to RMB 36,932 million.

(7) Bonds and other investments

The table below analyses the Group's investment securities by external rating agencies, including S&P or equivalent credit agencies identified by the PBOC.

	31 December 2024			
	Financial assets held for trading	Debt investments	Other debt investments	Total
Medium or long-term				
AAA	23,561	514,560	347,409	885,530
AA+ to AA-	1,908	5,268	30,429	37,605
A+ to A-	1,578	8,447	34,545	44,570
Below A-	3,025	787	17,714	21,526
Short-term				
AAA	12	10,959	396	11,367
AA+ to AA-	182	106	4,113	4,401
A or below A	318	2,666	10,322	13,306
Unrated-Bonds	70,482	783,845	337,510	1,191,837
	101,066	1,326,638	782,438	2,210,142

	31 December 2023			
	Financial assets held for trading	Debt investments	Other debt investments	Total
Medium or long-term				
AAA	17,800	557,419	192,382	767,601
AA+ to AA-	29	5,276	18,598	23,903
A+ to A-	259	1,658	17,586	19,503
Below A-	14	6,549	33,220	39,783
Short-term				
AAA	1,501	12,482	2,986	16,969
AA+ to AA-	383	155	2,746	3,284
A or below A	1,588	1,396	22,233	25,217
Unrated-Bonds	213,564	686,147	328,266	1,227,977
	235,138	1,271,082	618,017	2,124,237

2 Market risk

Market risk is the risk of losses of on and off-balance sheet businesses arising from adverse movements in market prices, such as interest rates, exchange rates, price of stock and commodity. Both the Group's trading book and banking book is exposed to market risk, which mainly consists of interest rate risk, currency risk and commodity price risk. The Group considers the exposure to the commodity price risk to be insignificant.

The Board of Directors of the Bank is ultimately responsible for monitoring the market risk management and ensuring the Group can effectively identify, measure, monitor and control the market risk associated with the Group's business activities. Under the authorisation of the Board of Directors, the senior management of the Group is responsible for establishing the group-wide market risk management system, organisational structure with well-defined roles and responsibilities, authorisation structures and accountability mechanism. Relevant departments of headquarters are responsible for carrying out detailed market risk management activities including policies and procedures, measurement approaches and models, analyses and reporting and monitoring of various limits in order to timely and accurately identify, measure, monitor and control the market risk exposures in respective business areas and reporting to the senior management and Board of Directors on timely basis.

Meanwhile, the established internal controls and independent inspections are integrated in the group-wide market risk management system. Relevant business units are responsible for executing the daily control activities. A three-line defence system includes the market risk management, the compliance department and the review department.

The Group measures market risk based on established standards and current management capabilities. The major measurement approaches include stress testing, gap analysis and sensitivity analysis etc. The market risk of new products and businesses should be identified before these new products and businesses are launched according to relevant policies.

(1) Currency risk

The Group mainly operates in the PRC and its main business activities are conducted in RMB. Majority of its foreign currency business are conducted in USD. The table below summarises the Group’s exposure to currency risk. Included in the table are the Group’s financial assets and liabilities at carrying amounts in RMB, categorised by original currency.

	31 December 2024				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	401,765	1,232	8,174	368	411,539
Deposits with banks and other financial institutions	60,450	43,861	1,739	7,722	113,772
Placements with banks and other financial institutions	366,050	40,684	482	3,571	410,787
Derivative financial assets	84,145	5,390	49	6	89,590
Financial assets purchased under resale agreements	57,932	5,947	-	-	63,879
Loans and advances to customers	5,131,927	97,930	22,820	16,483	5,269,160
Financial investments:					
- Financial assets held for trading	676,922	13,401	194	502	691,019
- Debt investments	1,302,636	21,720	-	2,282	1,326,638
- Other debt investments	656,879	117,119	4,404	4,036	782,438
- Investments in other equity instruments	9,029	-	-	-	9,029
Other financial assets	80,253	18,089	305	225	98,872
Total financial assets	8,827,988	365,373	38,167	35,195	9,266,723
Borrowing from central bank	118,442	-	-	-	118,442
Deposits from banks and other financial institutions	790,943	70,356	3,498	7,203	872,000
Placements from banks and other financial institutions	139,828	118,002	19,524	4,587	281,941
Financial liabilities at profit or loss	21,604	11,568	-	-	33,172
Derivative financial liabilities	75,121	3,396	54	4	78,575
Financial assets sold under repurchase agreement	485,607	18,586	-	1,769	505,962
Deposits from customers	4,992,970	214,767	9,642	11,903	5,229,282
Debt securities issued	1,393,136	23,038	3,115	683	1,419,972
Lease liabilities	5,239	43	714	17	6,013
Other financial liabilities	53,604	2,708	224	178	56,714
Total financial liabilities	8,076,494	462,464	36,771	26,344	8,602,073
Net position of financial instruments	751,494	(97,091)	1,396	8,851	664,650
Currency derivatives	(57,932)	72,424	(1,118)	1,905	15,279
Credit commitments	1,923,149	43,956	5,644	4,984	1,977,733

	31 December 2023				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	496,759	39,332	705	335	537,131
Deposits with banks and other financial institutions	53,725	40,445	3,544	8,039	105,753
Placements with banks and other financial institutions	378,590	38,962	297	6,098	423,947
Derivative financial assets	53,257	3,020	9	25	56,311
Financial assets purchased under resale agreements	34,151	10,568	-	-	44,719
Loans and advances to customers	4,743,406	115,548	29,967	15,775	4,904,696
Financial investments:					
- Financial assets held for trading	771,404	8,811	-	11	780,226
- Debt investments	1,255,468	14,776	691	147	1,271,082
- Other debt investments	496,665	111,498	4,580	5,274	618,017
- Investments in other equity instruments	6,730	-	-	-	6,730
Other financial assets	55,857	4,652	1,268	3	61,780
Total financial assets	8,346,012	387,612	41,061	35,707	8,810,392
Borrowing from central bank	235,242	-	-	-	235,242
Deposits from banks and other financial institutions	952,061	26,398	6,338	6,235	991,032
Placements from banks and other financial institutions	210,877	67,750	10,480	6,357	295,464
Financial liabilities at profit or loss	10,207	-	-	-	10,207
Derivative financial liabilities	50,979	1,299	9	6	52,293
Financial assets sold under repurchase agreement	502,717	16,338	-	729	519,784
Deposits from customers	4,811,052	228,368	16,448	4,476	5,060,344
Debt securities issued	986,427	23,200	1,939	87	1,011,653
Lease liabilities	5,888	3	914	66	6,871
Other financial liabilities	27,199	2,258	502	1,282	31,241
Total financial liabilities	7,792,649	365,614	36,630	19,238	8,214,131
Net position of financial instruments	553,363	21,998	4,431	16,469	596,261
Currency derivatives	25,055	(16,115)	(761)	(11,567)	(3,388)
Credit commitments	1,955,729	34,139	6,134	5,301	2,001,303

The Group measures the possible effect on net profit arising from foreign exchange rate fluctuation using sensitivity analysis. The table below shows the result of sensitivity analysis of the balance sheet date.

Net profit	31 December 2024		31 December 2023	
	Exchange rate fluctuation %		Exchange rate fluctuation %	
(Decrease) / Increase	-1%	1%	-1%	1%
USD against RMB	185	(185)	(44)	44
Other currencies against RMB	(83)	83	(64)	64

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities, and calculated the impact on the net profit from changes in exchange rates of other foreign currencies against RMB. The assumptions are shown as below:

- Exchange rate sensitivity represents the exchange gain or loss resulting from the 1% change in daily closing exchange rates (middle) on the financial reporting date;
- Changes in exchange rates of other foreign currencies means the exchange rates of other foreign currencies against RMB are fluctuating simultaneously and in the same direction;
- Foreign currency exposure contains spot exchange exposure and forward exchange exposure. Based on the above assumption, Group net profit may differ from the sensitivity analysis results.

(2) Interest rate risk

Interest rate risk is the risk of losses in overall earnings and economic value arising from adverse movements in factors such as interest rates, term structure, etc., including interest rate risk in the banking book and trading book.

Interest rate risk of bank book refers to the risk that adverse changes in interest rate level and term structure will lead to loss of economic value and overall income of bank book.The Group has established a sound interest rate risk management system for banking books.The Board of Directors of the Bank is responsible for approving the interest rate risk appetite and material policies and procedures in the banking books, and bears the ultimate responsibility for managing the interest rate risk in the banking books. The senior management of the bank is responsible for developing the appropriate management mechanism for interest rate risk in the banking book, the organizational structure, systems and processes in accordance with the risk appetites for interest rate risk in the banking book approved by the Board of Directors to ensure the achievement of management objectives. The Bank's Asset-Liability Management Committee formulates policies and strategies for interest rate risks in the banking book management. The Asset-Liability and Financial Management Department leads the daily processes of risk identification, measurement, monitoring, control, and mitigation. The Risk Management Department of the Bank independently validates the interest rate risks in the banking book models, while the Audit Department of the Bank conducts internal audits of the interest rate risks in the banking book management.

The Group mainly uses appropriate measurement methods and tools (such as repricing gap analysis, duration analysis, sensitivity analysis, scenario simulation and other suitable measurement) to measure and monitor the interest rate riskin the banking book. During the reporting period, the Group adhered to the neutral and prudent risk appetite for interest rate risk in the banking book, enhanced the research and judgment on domestic and foreign macro policies as well as monetary policies, carried out dynamic monitoring and forward-looking risk management based on interest rate liberalization, trends of interest rate curve reform; During the reporting period, the Group guided the adjustments of business scale and term structure based on risk management strategies as well as asset and liability business objectives through asset and liability active configuration tools and price tools, maintained the interest rate riskin the banking book indicators within the risk appetite of the Board of Directors and kept sustainable operation.

The table below summarises the Group’s exposures to interest rate risk. The table presents the Group’s financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	31 December 2024						
	Within a month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	395,188	-	-	-	-	16,351	411,539
Deposits with banks and other financial institutions	74,215	17,846	16,484	4,484	-	743	113,772
Placements with banks and other financial institutions	83,733	98,909	214,354	9,579	-	4,212	410,787
Derivative financial assets	-	-	-	-	-	89,590	89,590
Financial assets purchased under resale agreements	18	62,474	657	730	-	-	63,879
Loans and advances to customers	820,522	492,198	1,992,188	1,328,397	620,799	15,056	5,269,160
Financial investments:							
- Financial assets held for trading	9,694	11,353	27,600	30,926	23,111	588,335	691,019
- Debt investments	33,145	34,984	151,053	449,268	639,845	18,343	1,326,638
- Other debt investments	5,987	29,534	102,482	379,221	257,251	7,963	782,438
- Investments in other equity instruments	-	-	-	-	-	9,029	9,029
Other financial assets	3,953	-	42,866	-	-	52,053	98,872
Total financial assets	1,426,455	747,298	2,547,684	2,202,605	1,541,006	801,675	9,266,723
Liabilities							
Borrowing from central bank	20,527	33,128	63,346	-	-	1,441	118,442
Deposits from banks and other financial institutions	784,218	29,416	54,195	-	-	4,171	872,000
Placements from banks and other financial institutions	120,356	93,946	50,519	9,386	6,008	1,726	281,941
Financial liabilities held for trading	-	-	-	-	-	33,172	33,172
Derivative financial liabilities	-	-	-	-	-	78,575	78,575
Financial assets sold under repurchase agreements	434,845	48,739	22,184	-	-	194	505,962
Deposits from customers	2,487,241	547,553	1,035,142	1,076,023	-	83,323	5,229,282
Debt securities issued	120,265	244,524	795,214	94,690	159,273	6,006	1,419,972
Lease liabilities	256	665	1,827	3,199	66	-	6,013
Other financial liabilities	1,153	1,916	923	-	-	52,722	56,714
Total financial liabilities	3,968,861	999,887	2,023,350	1,183,298	165,347	261,330	8,602,073
Total interest repricing gap	(2,542,406)	(252,589)	524,334	1,019,307	1,375,659	540,345	664,650

	31 December 2023						
	Within a month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	524,207	-	-	-	-	12,924	537,131
Deposits with banks and other financial institutions	73,597	8,776	18,358	4,578	-	444	105,753
Placements with banks and other financial institutions	69,348	76,884	247,220	26,149	-	4,346	423,947
Derivative financial assets	-	-	-	-	-	56,311	56,311
Financial assets purchased under resale agreements	38,376	5,913	354	-	-	76	44,719
Loans and advances to customers	1,049,042	839,142	2,109,744	784,271	107,131	15,366	4,904,696
Financial investments:							
- Financial assets held for trading	14,925	16,307	44,281	32,693	13,855	658,165	780,226
- Debt investments	109,745	37,224	104,277	449,164	552,955	17,717	1,271,082
- Other debt investments	11,889	24,925	108,668	332,444	132,652	7,439	618,017
- Investments in other equity instruments	-	-	-	-	-	6,730	6,730
Other financial assets	3,628	-	21,448	-	-	36,704	61,780
Total financial assets	1,894,757	1,009,171	2,654,350	1,629,299	806,593	816,222	8,810,392
Liabilities							
Borrowing from central bank	11,931	43,220	177,947	-	-	2,144	235,242
Deposits from banks and other financial institutions	854,775	46,128	85,767	-	-	4,362	991,032
Placements from banks and other financial institutions	128,732	73,584	80,063	7,039	5,246	800	295,464
Financial liabilities held for trading	-	-	-	-	-	10,207	10,207
Derivative financial liabilities	-	-	-	-	-	52,293	52,293
Financial assets sold under repurchase agreements	427,039	29,481	63,009	-	-	255	519,784
Deposits from customers	2,886,979	437,437	737,225	922,981	8	75,714	5,060,344
Debt securities issued	42,718	221,995	483,405	176,795	81,079	5,661	1,011,653
Lease liabilities	319	438	1,938	3,977	199	-	6,871
Other financial liabilities	408	1,526	1,916	-	-	27,391	31,241
Total financial liabilities	4,352,901	853,809	1,631,270	1,110,792	86,532	178,827	8,214,131
Total interest repricing gap	(2,458,144)	155,362	1,023,080	518,507	720,061	637,395	596,261

Note: Financial assets listed as within 1 month include overdue amount at 31 December 2024 and 31 December 2023 (less provision for impairment).

The Group performs sensitivity analysis to measure the potential impact of changes in interest rate on net profit and equity. The table below shows the results of the sensitivity analysis on the balance sheet date.

	31 December 2024		31 December 2023	
	Interest rate fluctuation (Basis points)		Interest rate fluctuation (Basis points)	
	-100	+100	-100	+100
(Decrease) / increase in net profit	(3,312)	3,312	2,454	(2,454)
Increase / (decrease) in other comprehensive income under equity	8,213	(7,703)	13,036	(12,292)

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's assets and liabilities within the one-year period.

Based on the following assumptions:

- Except for current deposits, assets and liabilities, whose maturity dates are within three months or more than three months but will be repricing within one year, are assumed to be re-priced in the middle of each specified period;
- The interest rates of current deposits and statutory deposit reserves with central bank remain unchanged;
- The yield curve moves in parallel with interest rate;
- There are no changes in assets and liabilities at year end.

Based on the above assumptions, the actual change in net profit may be different from the sensitivity analysis results.

Based on the assumption of the parallel movement of the yield curve along with interest rate change, the sensitivity analysis of the equity is derived by remeasuring the fair value of debt instruments at fair value through other comprehensive income as a result of changes in interest rate with a certain percentage.

3 Liquidity risk

The Group’s liquidity risk management is intended to meet the obligations to serve customers for withdrawal and payment, to achieve the balance between the total amount and structure of assets and liabilities; to reduce the liquidity cost, avoid liquidity crisis of the Group, and to effectively respond to systematic liquidity risk by active management.

The Group has established a relatively complete liquidity risk governance system. The Board of Directors of the bank is responsible for reviewing and approving liquidity risk appetite and important policies and procedures, and bears the ultimate responsibility for liquidity risk management and the supervisory board of the bank is responsible for supervising the performance of the board of directors and senior management in liquidity risk management. The senior management of the Bank is responsible for developing appropriate liquidity risk management mechanisms, organisational structures, systems and processes, risk limits, key assumptions for stress test, and emergency plans based on the liquidity risk appetite approved by the board of directors, to ensure the Bank achieves its management objectives. The Asset and Liability Management Committee of the Bank is responsible for reviewing liquidity risk management strategies, risk limits, key assumptions for stress test, etc. The Asset-Liability and Financial Management Department of the Headquarters of the Bank is responsible for drafting liquidity risk management policies and procedures at a group level and leading specific management of the liquidity risk management, such as qualitative and quantitative analysis. Audit Department of the the Headquarters of the Bank is responsible for the internal audit on liquidity risks. The Group has a prudent liquidity risk preference which complies with the regulatory requirements and management requirements of the Group.

The Group’s liquidity risk management system comprises mainly regular and contingent management system which includes 10 components, such as policies and strategies, management framework, regulations, management tools, daily operation, stress tests, system construction, risk monitoring, risk report, and emergency management and drilling.

During the Reporting Period, the Group implemented forward-looking and proactive management of liquidity risk at different levels in accordance with the requirements of the balance in the total amount and structure; it carries out real-time monitoring on daily position accounts in local and foreign currencies, and made centralised allocation of positions in local and foreign currencies; it established a beforehand declaration system for large-amount positions, and established a monitoring mechanism for total liquidity level; it prepared a cash flow gap table on a daily basis, used the gap management method to predit cash flow gap changes in future assets and liabilities’s on and off-balance sheet items, and conducted liquidity risk assessments on both internal and external items of the statement of financial position in a timely manner, and in accordance with the liquidity risk policy and risk limit requirements of the Group, adjust the total amount, structure, and pace of the Group's business development to meet the requirements of liquidity safety through active financing arrangements and asset liability portfolio adjustments.

The following table presents the contractual undiscounted cash flows of the Group’s non-derivative financial assets and non-derivative financial liabilities by remaining maturity. The actual remaining maturities of these financial instruments may differ materially from the analysis presented below. For instance, while demand deposits are classified as repayable on demand in the table, they are expected to maintain stable or even growing balances.

	31 December 2024								
	Repayable on demand	Within a month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assests									
Cash and deposits with central bank	112,755	-	-	-	-	-	-	298,784	411,539
Deposits with banks and other financial institutions	66,153	10,259	27,103	37,006	24,961	-	-	-	165,482
Placements with banks and other financial institutions	-	85,074	100,524	218,723	10,095	-	-	-	414,416
Financial assets purchased under resale agreements	-	62,616	676	758	-	-	-	-	64,050
Loans and advances to customers	-	770,144	444,330	1,540,511	1,544,195	1,587,159	110,896	-	5,997,235
Financial investments:									
Financial assets held for trading	564,849	1,930	12,136	30,272	35,520	25,010	2,715	26,524	698,956
Debt investments	-	25,609	42,381	182,394	571,848	741,828	28,683	-	1,592,743
Other debt investments	-	7,145	32,412	117,902	426,311	268,119	4,498	-	856,387
Investments in other equity instruments	-	-	-	-	-	-	-	9,029	9,029
Other financial assets	55,136	-	-	-	-	-	8,524	42,953	106,613
Total financial assets	798,893	962,777	659,562	2,127,566	2,612,930	2,622,116	155,316	377,290	10,316,450
Liabilities									
Borrowing from central bank	-	21,043	33,942	64,624	-	-	-	-	119,609
Deposits from banks and other financial institutions	747,401	40,797	30,132	56,104	-	-	-	-	874,434
Placements from banks and other financial institutions	805	120,130	95,214	52,369	10,613	7,933	-	-	287,064
Financial liabilities held for trading	5,185	2,543	24,826	-	-	618	-	-	33,172
Financial assets sold under repurchase agreements	-	436,126	49,055	22,352	-	-	-	-	507,533
Deposits from customers	2,066,194	438,856	564,614	1,083,600	1,219,231	-	-	-	5,372,495
Debt securities issued	-	122,383	249,650	802,894	120,355	283,483	-	-	1,578,765
Lease liabilities	-	256	411	1,863	3,705	83	-	-	6,318
Other financial liabilities	53,268	661	2,143	1,587	1,042	515	-	-	59,216
Total financial liabilities	2,872,853	1,182,795	1,049,987	2,085,393	1,354,946	292,632	-	-	8,838,606
Net liquidity	(2,073,960)	(220,018)	(390,425)	42,173	1,257,984	2,329,484	155,316	377,290	1,477,844
Derivative financial instruments									
- Inflow	-	116,374	104,859	321,413	88,596	38	-	-	631,280
- Outflow	-	122,416	104,775	314,133	91,184	48	-	-	632,556
Net value of derivative financial instruments	-	(6,042)	84	7,280	(2,588)	(10)	-	-	(1,276)
Credit commitments	609,984	187,655	305,753	620,412	86,599	175,063	-	-	1,985,466

	31 December 2023								
	Repayable on demand	Within a month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assests									
Cash and deposits with central bank	212,708	-	165	-	-	-	-	324,258	537,131
Deposits with banks and other financial institutions	66,363	7,295	8,939	18,985	5,008	-	-	-	106,590
Placements with banks and other financial institutions	-	71,514	78,255	253,324	27,424	-	-	-	430,517
Financial assets purchased under resale agreements	-	38,466	5,990	360	-	-	-	-	44,816
Loans and advances to customers	-	526,570	651,953	1,450,912	1,439,459	1,439,010	101,327	-	5,609,231
Financial investments:									
Financial assets held for trading	634,663	8,164	22,548	46,655	35,031	15,790	3,026	21,925	787,802
Debt investments	-	54,230	43,127	129,695	554,973	665,505	83,533	-	1,531,063
Other debt investments	-	12,902	27,883	125,609	374,256	144,568	183	-	685,401
Investments in other equity instruments	-	-	-	-	-	-	-	6,730	6,730
Other financial assets	40,387	-	-	-	-	-	7,689	21,483	69,559
Total financial assets	954,121	719,141	838,860	2,025,540	2,436,151	2,264,873	195,758	374,396	9,808,840
Liabilities									
Borrowing from central bank	-	12,245	44,293	181,295	-	-	-	-	237,833
Deposits from banks and other financial institutions	791,484	65,115	47,213	88,855	-	-	-	-	992,667
Placements from banks and other financial institutions	-	129,240	74,291	80,797	7,886	7,312	-	-	299,526
Financial liabilities held for trading	1,780	-	-	849	4,352	3,226	-	-	10,207
Financial assets sold under repurchase agreements	-	427,181	29,600	63,415	-	-	-	-	520,196
Deposits from customers	2,210,213	709,106	452,075	772,045	1,047,980	10	-	-	5,191,429
Debt securities issued	-	56,067	227,407	488,500	246,928	91,736	-	-	1,110,638
Lease liabilities	-	319	441	1,967	4,285	252	-	-	7,264
Other financial liabilities	26,393	94	1,768	2,354	1,285	831	-	-	32,725
Total financial liabilities	3,029,870	1,399,367	877,088	1,680,077	1,312,716	103,367	-	-	8,402,485
Net liquidity	(2,075,749)	(680,226)	(38,228)	345,463	1,123,435	2,161,506	195,758	374,396	1,406,355
Derivative financial instruments									
- Inflow	-	147,599	118,700	197,506	42,847	47	-	-	506,699
- Outflow	-	147,392	117,101	197,523	42,119	75	-	-	504,210
Net value of derivative financial instruments	-	207	1,599	(17)	728	(28)	-	-	2,489
Credit commitments	672,462	147,386	293,865	582,519	89,347	223,450	-	-	2,009,029

4 Fair value of financial instruments

(1) Fair value hierarchy

According to the the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement, the levels are defined as follows:

- Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities. The financial instruments of this level include listed equity securities, debt instruments and open-end fund investments;

- Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities. The financial instruments of this level include most OTC derivatives and bonds. The sources of the yield curve or counterparty credit risk input value parameters are Thomson Reuters, Bloomberg and ChinaBond.com.

- Level 3 inputs: inputs that are unobservable for underlying assets or liabilities. The financial instruments of this level include equity instruments and debt instruments with significant non-observable components.

(2) Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value in the statement of financial position mainly include: deposits with central banks, deposits and placements with banks and other financial institutions, financial assets purchased under resale agreements, loans and advances to customers (measured at amortized cost), debt investments, borrowing from central bank, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

The book value and corresponding fair value of financial investment not measured at fair value (debt investments) and debt securities issued as at 31 December 2024 and 31 December 2023 are listed in the following table.

	31 December 2024				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Debt investments	1,326,638	15,650	1,256,618	109,788	1,382,056
Financial liabilities:					
Debt securities issued	1,419,972	54,497	1,375,798	-	1,430,295

	31 December 2023				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Debt investments	1,271,082	-	995,423	367,242	1,362,665
Financial liabilities:					
Debt securities issued	1,011,653	-	1,008,697	-	1,008,697

(i) Debt investments

The fair value of debt investments is based on market quotes, and therefore belongs to the first level. If the relevant market information of debt investments cannot be obtained, then the discounted cash flow model is used for the valuation of fair value, which belongs to Level 3. Where applicable, the fair value of debt investments are determined with reference to the valuation results of China Central Depository & Clearing Co., Ltd., China Securities Index Co., Ltd. or Bloomberg, which belongs to Level 2.

(ii) Debt securities issued

The fair value of bonds issued is based on public quotes on the market. For bonds that cannot be quoted in the market, the fair value is determined by the discounted cash flow method and is based on the actual return rate matching the remaining maturity of the bond.

In addition to the above financial assets and financial liabilities, the fair value of other financial assets and financial liabilities that are not at fair value in the statement of financial position are deteremined with the discounted future cash flow method. There is no significant difference between their book value and fair value because these financial instruments have a shorter duration, or their interest rates fluctuate with market interest rates.

(3) Assests and liabilities measured at fair value a recurring basis

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Financial assets held for trading				
- Fund	482,620	712	2,149	485,481
- Bonds	3,411	63,974	1,156	68,541
- Equity	1,748	-	15,520	17,268
- Beneficiary certificates	-	11,913	-	11,913
- Trust and asset management plans	-	8,672	1,139	9,811
- Interbank Certificates of Deposit	-	8,579	-	8,579
- ABS	-	2,216	6	2,222
- Other investment	79,841	2,154	5,209	87,204
Other debt investments				
- Bonds	71,814	652,053	-	723,867
- Interbank Certificates of Deposit	2,308	29,113	-	31,421
- ABS	540	19,120	-	19,660
- Trust and asset management plans	-	-	16	16
Investments in other equity instruments				
- Other investments	251	-	7,372	7,623
- Repossessed equity instruments	1	-	1,405	1,406
Loans and advances to customers:				
FVOCI				
- Discounted bills	-	321,964	-	321,964
- Corporate loans and advances	-	9,048	-	9,048
FVTPL				
- Corporate loans and advances	-	2,683	-	2,683
- Discounted bills	-	850	-	850
Derivative financial assets	-	89,590	-	89,590
Total financial assets	642,534	1,222,641	33,972	1,899,147
Derivative financial liabilities	-	78,575	-	78,575
Financial liabilities held for trading				
- Financial liabilities associated with bonds	805	23,982	-	24,787
- Financial liabilities related to precious metals	-	5,185	-	5,185
- Interest of other unit holders in consolidated structured entities	-	2,582	618	3,200
Deposits from customers	-	5,222	-	5,222
Total financial liabilities	805	115,546	618	116,969

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Financial assets held for trading				
- Fund	433,741	643	222	434,606
- Bonds	29	99,269	1,096	100,394
- Beneficiary certificates	-	39,723	-	39,723
- Equity	2,904	-	14,425	17,329
- Trust and asset management plans	-	10,563	4,238	14,801
- Interbank Certificates of Deposit	-	3,303	-	3,303
- ABS	-	2,210	80	2,290
- Other	80,614	75,879	11,287	167,780
Other debt investments				
- Bonds	55,775	515,043	-	570,818
- Interbank Certificates of Deposit	-	33,438	-	33,438
- ABS	-	6,302	-	6,302
- Trust and asset management plans	-	-	20	20
Investments in other equity instruments				
- Other investments	-	-	5,164	5,164
- Repossessed equity instruments	1	-	1,565	1,566
Loans and advances to customers:				
FVOCI				
- Discounted bills	-	308,160	-	308,160
- Corporate loans and advances	-	62,588	-	62,588
FVTPL				
- Corporate loans and advances	-	5,662	-	5,662
- Discounted bills	-	2,122	-	2,122
Derivative financial assets	-	56,311	-	56,311
Total financial assets	573,064	1,221,216	38,097	1,832,377
Derivative financial liabilities	-	52,293	-	52,293
Financial liabilities held for trading				
- Financial liabilities associated with bonds	7,750	-	-	7,750
- Interest of other unit holders in consolidated structured entities	1,661	119	558	2,338
- Financial liabilities related to precious metals	119	-	-	119
Total financial liabilities	9,530	52,412	558	62,500

The Group takes the date of the event that caused the transfer between levels as the date of the transfer. There is no transfer between the first and second levels this year.

(i) Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market (such as OTC derivatives) is determined using valuation techniques. Valuation techniques use observable market data (if any) as much as possible, and rely as little as possible on the entity's specific estimates. If all significant inputs required to calculate the fair value of a financial instrument are observable data, the financial instrument is included in level 2. If one or more significant inputs are not based on observable market data, the financial instrument is included in level 3.

The financial instruments classified by the Group as level 2 mainly include bonds, foreign exchange forwards and swaps, interest rate swaps and foreign exchange options. 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. Foreign exchange forwards and swaps, interest rate swaps, foreign exchange options are valued using cash flow discounts and the Blair-Scholes model. All significant valuation parameters are obtained from observable market information.

(ii) Level 3 financial instruments

The changes in the Group's Level 3 assets and liabilities as follows:

	Financial assets held for trading	Other debt investments	Investments in other equity instruments	Financial liabilities held for trading	Total
1 January 2024	31,348	20	6,729	(558)	37,539
Additions	1,505	-	251	-	1,756
Disposals or settlements	(7,762)	(4)	-	59	(7,707)
Total gains / (losses) recorded in profit or loss	88	-	-	(119)	(31)
Total gains recorded in other comprehensive income	-	-	1,797	-	1,797
31 December 2024	25,179	16	8,777	(618)	33,354
Unrealised losses recognised in profit or loss for the year ended 31 December 2024 for the positions held at 31 December 2024	(1,024)	-	-	(32)	(1,056)

	Financial assets held for trading	Other debt investments	Investments in other equity instruments	Financial liabilities held for trading	Total
1 January 2023	30,515	-	7,668	(474)	37,709
Additions	14,003	20	-	(508)	13,515
Disposals or settlements	(12,661)	-	-	493	(12,168)
Total losses recorded in profit or loss	(509)	-	-	(69)	(578)
Total losses recorded in other comprehensive income	-	-	(939)	-	(939)
31 December 2023	31,348	20	6,729	(558)	37,539
Unrealised losses recognised in profit or loss for the year ended 31 December 2023 for the positions held at 31 December 2023	(1,367)	-	-	(34)	(1,401)

The relevant information of Level 3 of fair value measurement using important unobservable input values is as follows:

	31 December 2024		
	Fair value	Valuation method	Unobservable inputs
Financial investment:			
Financial assets held for trading			
- Fund	2,149	Refer to recent transactions	Liquidity discount
- Bonds	1,156	Income approach	Discount rate
- Trust and asset management plan	1,139	Income approach	Discount rate
- Equity	13,716	Net Asset Based Method	Discount rate
	1,575	Refer to recent transactions	Liquidity discount P/B ratio
	229	Refer to recent transactions	Liquidity discount P/S ratio
- ABS	6	Income approach	Discount rate
- Other	5,209	Refer to recent transactions	Liquidity discount
	25,179		
Other debt investments			
- Trust and asset management plan	16	Income approach	Discount rate
	16		
Investments in other equity instruments			
- Other equity investments	5,378	Net Asset Based Method	Liquidity discount
	1,874	Refer to recent transactions	Liquidity discount P/B ratio
	120	Income approach	Discount rate
- Repossessed equity instruments	953	Refer to recent transactions	Liquidity discount P/B ratio
	448	Net Asset Based Method	Liquidity discount
	4	Discounted cash flow method	Discount rate
	8,777		
Financial liabilities held for trading			
- Interest of other unit holders in consolidated structured entities	618	Note1	Note1

	31 December 2023		
	Fair value	Valuation method	Unobservable inputs
Financial investment:			
Financial assets held for trading			
- Fund	222	Refer to recent transactions	Liquidity discount
- Bonds	1,096	Income approach	Discount rate
- Trust and asset management plan	4,238	Income approach	Discount rate
- Equity	11,895	Income approach	Discount rate
	2,530	Refer to recent transactions	Liquidity discount
- ABS	80	Income approach	Discount rate
- Other	11,287	Refer to recent transactions	Liquidity discount
	31,348		
Other debt investments			
- Trust and asset management plan	20	Income approach	Discount rate
	20		
Investments in other equity instruments			
- Repossessed equity instruments	1,104	Market approach	Liquidity discount P/B ratio
	457	Net Asset Based Method	Liquidity discount
	4	Discounted cash flow method	Discount rate
- Other equity investments	4,093	Net Asset Based Method	Liquidity discount
	956	Market approach	Liquidity discount P/B ratio
	115	Income approach	Discount rate
	6,729		
Financial liabilities held for trading			
- Interest of other unit holders in consolidated structured entities	558	Note1	Note1

Note1: The fair value of the interest of other unit holders in consolidated structured entities is the amount attributable to the investor of the structured entity based on the net value of the structured entity.

5 Offsetting of financial assets and financial liabilities

Some financial assets and financial liabilities in the Group follow executable net amount settlement arrangements or similar agreements. Such arrangements with the Group and counterparties normally allow the net amount settlement under agreements of both parties. If no agreement is reached, it would be settled in full amount. But one party could choose to settle in net amount under the condition that the other party violates the agreement. According to the requirements of the Accounting Standards for Business Enterprises, the Group did not offset these financial assets and financial liabilities.

As at 31 December 2024, the amount of the Group's financial assets and financial liabilities following executable net amount settlement arrangements or similar agreements is not significant.

6 Capital management

The objectives of the Group's capital management are to:

(1) Satisfy regulatory requirements for capital adequacy ratio on an ongoing basis, ensure operational compliance to ultimately optimise capital stock and structure.
(2) Ensure adequate capital for resisting corresponding risks, realise the operational safety, and keep capital at an adequate and reasonable level.
(3) Establish a capital allocation and management system that focuses on economic capital, optimise the resource allocation and management control mechanism at the group level, achieve capital intensive management to ultimately maximise shareholders' value.

The Group manages its capital structure and adjust it based on the changes in economic condition and the risk characteristics. Generally, the mechanism of adjusting the capital structure comprises dividend distribution policies and issuance of additional capital instruments such as tier 1 capital instruments and tier 2 capital instruments, etc.

As at 31 December 2024, commercial banks in China should meet the minimum requirements for capital adequacy ratio set out in the Administrative Measures on the Capital of Commercial Banks which required the capital adequacy ratio of core tier 1 capital shall not be less than 7.5%, capital adequacy ratio of tier 1 capital shall not be less than 8.5% and capital adequacy ratio shall not be less than 10.5%.

In addition, the PBOC and related regulatory departments have formulated evaluation of systemically important banks and the Additional Regulatory Rules for Systemically Important Banks (for Trial Implementation). According to the above provisions, systemically important banks shall meet certain additional capital requirements in addition to minimum capital requirements, reserve capital and counter-cyclical capital requirements, which are satisfied by core Tier 1 capital. Systemically important banks are divided into five groups, and the additional capital requirements of 0.25%, 0.5%, 0.75%, 1% and 1.5% shall apply to the banks in Group I to Group V respectively. According to the List of Domestic Systemically Important Banks issued by the PBOC and the NFRA in September 2023, the Bank was identified as systemically important banks in Group II . Therefore, after considering the additional capital requirements of systemically important banks, the Group should meet the minimum requirement of 8% of core tier 1 capital adequacy, 9% of tier 1 capital adequacy and 11% of capital adequacy.

As at December 31, 2024, the Group's core tier 1 capital ratio, tier 1 capital ratio, and capital ratio all meet the requirements of the Administrative Measures on the Capital of Commercial Banks and other relevant regulations.

XIII ASSET PLEDGED AS COLLATERAL

Certain financial assets of the Group are pledged as collateral for financial liabilities, and the analysis of these assets are as follows:

	31 December 2024	31 December 2023
Financial investments	712,451	943,312
Bills	154,078	87,619
Deposits with banks and other financial institutions	9,056	4,411
Loans	1,045	2,143
Total	876,630	1,037,485

Apart from the aforementioned collaterals and the Group's assets for operating leases, the amount of assets with restricted ownership or usage due to pledges, seizures, freezes, or detentions was not significant as the end of 2024 (at the end of 2023: not significant).

XIV POST BALANCE SHEET DATE EVENTS

1 Profit distribution plan

The Bank convened the board of directors on 27 March 2025, approved the profit distribution plan for 2024 and submitted it to the annual general meeting for consideration and approval.

XV COMPARATIVE FIGURES

In order to be consistent with the presentation of financial statements for the current year, a number of comparative figures have been reclassified.

Shanghai Pudong Development Bank Co., Ltd.

Supplementary Information to the Financial Statements For the year ended 31 December 2024

(Expressed in millions of RMB unless otherwise stated)

I Earnings per share

In accordance with "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share" (2010 revised) (The Rules for the Information Disclosure and Reporting No.9) issued by the CSRC and relevant accounting standards, the Group's earnings per share are calculated as follows:

	2024	2023
Earnings per share before deducting extraordinary gains and losses		
- Net profit attributable to shareholders of the Bank	39,904	31,349
- Basic earnings per share attributable to shareholders of the Bank (in RMB)	1.36	1.07
- Diluted earnings per share attributable to shareholders of the Bank (in RMB)	1.25	0.99
Earnings per share after deducting extraordinary gains and losses		
- Net profit attributable to shareholders of the Bank	38,854	28,529
- Basic earnings per share attributable to shareholders of the Bank (in RMB)	1.32	0.97
- Diluted earnings per share attributable to shareholders of the Bank (in RMB)	1.22	0.91

II Return on equity

In accordance with "The Rules for the Information Disclosure and Reporting No.9" issued by the CSRC and relevant accounting standards, the Group's return on net assets are calculated as follows:

	2024	2023
Before deducting extraordinary gains and losses		
- Net profit attributable to shareholders of the Bank	39,904	31,349
- Weighted average of return on net assets	6.28%	5.21%
After deducting extraordinary gains and losses		
- Net profit attributable to shareholders of the Bank	38,854	28,529
- Weighted average of return on net assets	6.12%	4.75%

III Extraoridinary gains and losses

Extraordinary gains and losses listed below are presented in accordance with Interpretive Pronouncement on the Preparation of Information Disclosure of Companies Issuing Public Shares No.1 – Extraordinary Gains and Losses (Revised in 2023):

	2024	2023
Government grants	180	737
Profits arising from the disposal of non current assets	20	4,309
Other non - operating income / (expenses)	923	(44)
The impact of income tax on extraordinary gain and loss	(42)	(1,988)
Total	1,081	3,014
Including:		
Net amount of extraordinary gains and losses affecting the net profit of the Bank's shareholders	1,050	2,820
Net amount of extraordinary gains and losses affecting the net profit of the Group's minority shareholders	31	194

The offsetting portion of the provision for impairment of assets generated by the normal operation of the Group, as well as other income closely related to the normal operation and having a sustained impact on the Group's profit and loss, and the income from custodial fees obtained from entrusted operations, have not been disclosed as non recurring gains and losses.

IV Explanations on differences between the PRC accounting standards and the International Financial Reporting Standards (IFRS)

There is no difference between the Group's net profit for 2024 as presented in the financial statements prepared in accordance with the PRC accounting standards and the financial statements prepared in accordance with IFRS (2023: no difference), and there is no difference in shareholders' equity as at 31 December 2024 (31 December 2023: no difference).

V Leverage ratio

For more detailed information about leverage ratios, please refer to the column on investor relations at the Bank's website: www.spdb.com.cn.

VI Regulatory capital

For more information about regulatory capital, please refer to the report under the third pillar of 2024 on investor relations at the Bank's website: www.spdb.com.cn.

Shanghai Pudong Development Bank Co., Ltd.

Financial Statements
for the year ended 31 December 2024

English Translation of the Financial Statements

IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

Independent Auditor's Report
To the Shareholders of Shanghai Pudong Development Bank Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

KPMG Huazhen Tongzi NO. 2500100

Opinion

We have audited the financial statements of Shanghai Pudong Development Bank Co., Ltd. ("the Bank") and its subsidiaries ("the Group") set out on pages 1 to 147, which comprise the consolidated and the Bank's statement of financial position as at 31 December 2024, and the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Bank's financial position as at 31 December 2024, and its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the IASB. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements regarding audit of financial statements in China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters (continued)

<table>
<tr><td colspan="2">Measurement of expected credit losses ("ECL") for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments</td></tr>
<tr><td colspan="2">Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments involves significant management judgments.

The Group established internal controls for the ECL measurement.</td><td>Our audit procedures to assess ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments included the following:

• Understanding and evaluating the design and operating effectiveness of the key internal controls over financial reporting related to ECL measurement for loans and advances to customers, financial investment at amortized cost, financial guarantees and loan commitments:

- Understanding and evaluating the design and operating effectiveness of the key internal controls of the financial reporting process, including credit approval, recording, monitoring, periodic re-evaluation of credit grading, and the accrual of loss allowance; in particular, we assessed the design and operating effectiveness of the key internal controls over financial reporting related to the classification of loans by credit quality across all stages, financial investment at amortized cost, credit quality of financial guarantees and loan commitments;

- Utilizing the work of our information technology experts and financial risk management experts to understand and evaluate the design and operating effectiveness of information system controls, including: general information technology control, completeness of key internal historical data, inter-system data transmission, mapping of parameters of ECL model, and system calculation logic of loss allowance for ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments, based on the works of our Information Technology Risk Management ("IRM") Specialists and Financial Risk Management ("FRM") Specialists;</td></tr>
</table>

Key audit matters (continued)

<table>
<tr><td colspan="2">Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments (continued)</td></tr>
<tr><td colspan="2">Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group assesses whether the credit risks of loans and advances to customers, financial investments at amortized cost and financial guarantees and loan commitments have increased significantly since their initial recognition, and applies a three-stage impairment model to measure their ECL. For loans and advances to customers, financial investments at amortized cost and financial guarantees and loan commitments, management assesses loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates.</td><td>Based on the work of FRM Specialists, evaluating the reliability of ECL models and parameters used by management, including prudently evaluating probability of default, loss given default, exposure at default, discount rate, forward-looking information adjustment and other adjustment factors, and evaluating the reasonableness of key management jugments involved;
Evaluating the completeness and accuracy of key data used by the ECL models. For key internal data related to the original business files, we compared the respective amount of loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments used by the management to evaluate the loss allowances with the general ledger amounts, in order to assess the completeness of lists. Select samples and compare the information of the loans and advances to customers and financial investment at amortized cost, financial guarantees and loan commitments with relevant agreements and other relevant documents to assess the accuracy of the lists. For key external data, we compared it with public information to check its accuracy;
Evaluating key parameters involving subjective judgments by seeking evidence from external sources and comparing it with internal records including historical loss scenarios and security types. As part of these procedures, we inquired management about the reasons for modifictions of key estimates and parameters input, and assessed the consistency of judgement used by management;</td></tr>
</table>

Key audit matters (continued)

<table>
<tr><td colspan="2">Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments (continued)</td></tr>
<tr><td colspan="2">Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The measurement models of expected credit losses involves significant management judgments and assumptions, primarily including the following:

(1) Division of business operations sharing similar credit risk characteristics into the same group, selection of appropriate models and determination of relevant key parameters;

(2) Criteria for determining a significant increase in credit risk, default and credit impairments;

(3) Application of economic indicators, economic scenarios and their respective weightings for forward-looking information.</td><td>• Comparing the predictive economic indicators used by the management to measure the ECL in the previous year with the actual situation of the current year to consider whether there are indicators of management bias;

• For key internal data which was generated by the system calculation, we selected samples and compared the input data used in the system with the original business files to evaluate the accuracy of the data input. In addition, based on the work of IRM Specialists, we selected samples and tested the logic of preparing overdue information of loans and advances to customers;

• Selecting samples to assess the reasonableness of management judgement on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred. We analysed the loan portfolio and financial investments at amortized cost by industry sector to select samples in industried sensitive to the current business cycle and regulatory policies. We also focused on loans and financial investments at amortized cost with perceived higher risk and selected samples from loans credit impairment has occurred, overdue but credit impairment has not occurred, a significant increase in credit risk and borrowers with warning signs, adverse press coverage. On the basis of sample selection, we reviewed the business documents, checked the overdue information, inquired customer managers about about the operation conditions of borrowers, checked the financial information of the borrower and searched for market information about the borrower's business and operation;</td></tr>
</table>

Key audit matters (continued)

<table>
<tr><td colspan="2">Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments (continued)</td></tr>
<tr><td colspan="2">Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Measurement of ECL for loans and advances to customers, financial investment at amortized cost, financial guarantees and loan commitments is subject to inherent uncertainty and involves management judgments, and has an important influence on operation conditions and capital positions of the Group. In view of these reasons, we identified the ECL measurement of loans and advances to customers, financial investments measured at amortized cost, financial guarantees and loan commitments as a key audit matter.</td><td>• Performing credit reviews for the selected credit impaired loans and advances to customers and financial investment at amortized cost by evaluating loss ratio calculation model based on grouping, or assessing the forecast of recoverable cash flows through inquiry, applying professional judgment and performing independent research, including the timing and realisation method of collaterals and other sources of repayment asserted by the management. We also assessed the consistency of the application of key assumptions made by the management and compared the assumptions with our data sources;

• Selecting samples and reviewing the calculation of ECL to assess the application of ECL model by the Group;

• According to the relevant accounting standards, evaluate the reasonableness of the information disclosure of financial statements in terms of loans and advances to customers, financial investments measured at amortised cost, financial guarantee contracts and loan commitments.</td></tr>
</table>

Key audit matters (continued)

<table>
<tr><td colspan="2">Consolidation of structured entities</td></tr>
<tr><td colspan="2">Refer to Notes II.4(1) and III.37 to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities.

The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, an asset-backed security, a trust plan, an asset management plan or a securities investment fund.</td><td>Our audit procedures to assess the recognition of interests in and consolidation of structured entities included the following:

• Making enquiries of management and inspecting documents relating to the judgment process over whether a structured entity is consolidated or not to assess whether the Group has a robust process in this regard;

• Selecting significant structured entities of each key product type and performing the following procedures for each structured entity selected:

- Inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;

- 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 judgement as to the exposure, or rights, to variable returns from the Group's involvement in such an entity;</td></tr>
</table>

Key audit matters (continued)

<table>
<tr><td colspan="2">Consolidation of structured entities (continued)</td></tr>
<tr><td colspan="2">Refer to Notes II.4(1) and III.37 to the financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>In determining whether the Group should retain any partial interests in a structured entity or should consolidate a structured entity, management is required to consider the risks and rewards retained, the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.

We identified the recognition of interests in and consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and nature of each entity.</td><td>• Selecting significant structured entities of each key product type and performing the following procedures for each structured entity selected (continued):

- Evaluating management's analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity, to assess management's judgement over the Group's ability to influence its own returns from the structured entity;

- Assessing management's judgement over whether the structured entity should be consolidated or not;

• Evaluating the disclosures relating to structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.</td></tr>
</table>

Key audit matters (continued)

Valuation of Level 3 financial assets measured at fair value on a recurring basis	
Refer to Note II.4.(8), Note II.4.(22), Note II.4.(31) of the accounting policy to the financial statements, and Note VIII.4.	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group classified certain financial instruments without active market quotations – including unlisted equities, unlisted investment funds, certain fund trust and asset management plans, and asset-backed securities – as Level 3 financial assets measured at fair value on a recurring basis. This classification was made because the Group used significant unobservable inputs that materially affected the valuation of these financial instruments. The Group applied various valuation techniques to assess the fair value of Level 3 financial assets, primarily using income approach, market approach, and net asset value approach. These approaches involve unobservable inputs including cash flows of underlying assets, liquidity discounts, discount rates, and price-to-book ratios. Due to the material amount of the Level 3 financial assets measured at fair value on a recurring basis, the complexity of fair value measurement techniques, and the significant management judgement required when using unobservable inputs as key assumptions, we identified the Level 3 financial assets measured at fair value on a recurring basis as a key audit matter.	Our audit procedures relating to the evaluation of valuation of Level 3 financial assets measured at fair value on a recurring basis included the following: • Understanding and evaluating the design and operating effectiveness of key internal controls over financial reporting related to the application of valuation models and front-to-back reconciliations for these assets; • Selecting samples and, using the work of our financial risk management experts, gained an understanding of management's valuation models (including whether there were any changes during the year) and evaluated the appropriateness of the valuation methods under relevant accounting standards. These procedures specifically included comparing the Group's valuation models with industry-standard valuation methods we were aware of, independently testing significant inputs used in fair value calculations, assessing the appropriateness of valuation parameters applied, and building parallel valuation models to reperform the calculation; • Evaluating the reasonableness of the financial statement disclosures relating to these Level 3 financial assets measured at fair value on a recurring basis under relevant accounting standards, including disclosures about the fair value hierarchy.

Other Information

Management is responsible for the other information. The other information comprises all the information included in the 2024 annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs issued by IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. "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 financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the 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 management.

- Conclude on the appropriateness of management's 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 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, including the disclosures, structure and content of the financial statements, and whether the 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 the purposes of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the 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 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 Xue Chen Jun.

KPMG Huazhen LLP

Beijing, the People's Republic of China
27 March 2025

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Statement of Profit or Loss
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		The Group		The Bank	
	Note	2024	2023	2024	2023
Interest income		288,125	297,598	277,751	290,164
Interest expense		(173,408)	(179,163)	(167,227)	(174,351)
Net interest income	III.1	114,717	118,435	110,524	115,813
Fee and commission income		29,788	32,035	26,003	29,077
Fee and commission expense		(6,972)	(7,582)	(6,964)	(7,980)
Net fee and commission income	III.2	22,816	24,453	19,039	21,097
Net trading gains	III.3	20,912	19,587	24,403	19,287
Net gains arising from financial investments	III.4	7,451	7,122	7,507	3,234
Other net operating income		5,884	3,740	310	561
Operating expenses	III.5	(54,151)	(56,005)	(49,120)	(51,133)
Impairment losses	III.6	(69,480)	(76,863)	(67,795)	(75,588)
Net gains arising from associates and joint ventures		217	223	155	186
Profit before income tax		48,366	40,692	45,023	33,457
Income tax expense	III.7	(2,531)	(3,263)	(1,737)	(524)
Net profit		45,835	37,429	43,286	32,933
Net profit attributable to:					
Shareholders of the Bank		45,257	36,702	43,286	32,933
Non-controlling interests		578	727	-	-
Earnings per share attributable to the shareholders of the Bank：					
Basic earnings per share (expressed in RMB)	III.8	1.36	1.07		
Diluted earnings per share (expressed in RMB)	III.8	1.25	0.99		

The notes on pages 13 to 147 are an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Statement of Comprehensive Income
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	Note	The Group 2024	The Group 2023	The Bank 2024	The Bank 2023
Net profit		45,835	37,429	43,286	32,933
Other comprehensive income	III.34				
Items that may be reclassified to profit or loss					
Other comprehensive income recognised under equity method		2	(1)	2	(1)
Changes in fair value of debt investments at fair value through other comprehensive income recognised		10,795	3,460	10,510	3,339
Credit impairment allowance of debt investments at fair value through other comprehensive income		(954)	1,995	(897)	2,019
Cash flow hedge reserve		248	88	(17)	27
Exchange differences from the translations of foreign financial statements		74	179	(26)	24
Item that will not be reclassified to profit or loss					
Changes in fair value of equity investments at fair value through other comprehensive income		878	(747)	880	(747)
Other comprehensive income, net of tax		11,043	4,974	10,452	4,661
Total comprehensive income		56,878	42,403	53,738	37,594
Total comprehensive income attributable to:					
Shareholder of the Bank		56,186	41,623	53,738	37,594
Non-controlling interests		692	780	-	-

The notes on pages 13 to 147 are an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's statement of Financial position
as at 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Assets					
Cash and deposits with central bank	III.9	411,539	537,131	405,297	532,553
Deposits and placements with banks and other financial institutions	III.10	533,482	557,362	511,445	549,935
Precious metals		23,062	17,526	23,062	17,526
Derivative financial assets	III.11	89,590	56,311	88,838	56,265
Financial assets purchased under resale agreements	III.12	63,879	44,719	63,879	44,719
Loans and advances to customers	III.13	5,269,160	4,904,696	5,146,724	4,796,566
Financial investments:	III.14				
-Financial investments at fair value through profit or loss		691,019	780,226	767,780	740,523
-Financial investments at amortized cost		1,326,638	1,271,082	1,120,026	1,208,379
-Financial investments at fair value through other comprehensive income		791,467	624,747	775,907	613,336
Investments in associates and joint ventures	III.15	1,807	2,825	1,464	2,458
Investments in controlled subsidiaries		-	-	33,404	29,310
Fixed assets	III.16	56,235	45,308	17,246	18,286
Construction in progress		1,272	1,982	1,233	1,159
Right-of-use assets	III.17	6,350	7,150	5,858	6,716
Intangible assets	III.18	9,584	9,767	7,117	7,464
Goodwill	III.19	5,351	5,351	-	-
Deferred income tax assets	III.20	75,261	71,598	72,695	69,250
Other assets	III.21	106,184	69,466	98,832	63,671
Total assets		9,461,880	9,007,247	9,140,807	8,758,116

The notes on pages 13 to 147 are an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's statement of Financial position (continued)
as at 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Liabilities					
Borrowing from central bank		118,442	235,242	117,770	234,591
Deposits and placements from banks and other financial institutions	III.22	1,221,605	1,293,709	1,106,359	1,201,678
Financial liabilities at fair value through profit or loss	III.23	33,172	10,207	29,972	7,869
Derivative financial liabilities	III.11	78,575	52,293	78,434	52,260
Financial assets sold under repurchase agreements	III.24	505,962	519,784	406,346	449,030
Deposits from customers	III.25	5,229,282	5,060,344	5,175,643	5,027,145
Income tax payable		17,060	21,798	16,484	21,371
Debt securities issued	III.26	1,419,972	1,011,653	1,417,346	1,004,010
Deferred income tax liabilities	III.20	630	1,014	-	-
Lease liabilities	III.17	6,013	6,871	5,507	6,423
Provisions	III.27	7,810	7,753	7,805	7,753
Other liabilities	III.28	78,576	53,695	67,771	43,596
Total liabilities		8,717,099	8,274,363	8,429,437	8,055,726

The notes on pages 13 to 147 are an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's statement of Financial position (continued)
as at 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Equity					
Share capital	III.29	29,352	29,352	29,352	29,352
Other equity instruments	III.30	82,701	112,691	82,701	112,691
Capital reserves	III.31	81,921	81,762	81,719	81,712
Surplus reserves	III.32	192,222	188,929	192,222	188,929
General risk reserve	III.33	106,696	101,575	102,500	98,000
Other reserves	III.34	13,036	2,107	12,345	1,893
Retained earnings	III.35	230,401	208,333	210,531	189,813
Equity attributable to the shareholders of the Bank		736,329	724,749	711,370	702,390
Non-controlling interests		8,452	8,135	-	-
Total equity		744,781	732,884	711,370	702,390
Total liabilities and equity		9,461,880	9,007,247	9,140,807	8,758,116

These financial statemens were approved for issue by the Board of Directors of the Bank on 27 March 2025:

Chairman of the board of the directors: Weizhong Zhang

President (in-charge of financial work): Wei Xie

Head of the finance and accounting department: Hui Zhang

The notes on pages 13 to 147 are an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's statement of Changes in Equity
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	Equity attributable to the shareholders of the Bank									
	Ordinary Shares	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Subtotal	Non-controlling interests	Total
Balance at 1 January 2024	29,352	112,691	81,762	188,929	101,575	2,107	208,333	724,749	8,135	732,884
Net profit	-	-	-	-	-	-	45,257	45,257	578	45,835
Other comprehensive income	-	-	-	-	-	10,929	-	10,929	114	11,043
Total comprehensive income	-	-	-	-	-	10,929	45,257	56,186	692	56,878
Appropriation to surplus reserves and general risk reserves	-	-	-	3,293	5,121	-	(8,414)	-	-	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,422)	(9,422)	-	(9,422)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)	-	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Capital increase by subsidiary shareholders	-	-	169	-	-	-	-	169	(169)	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(206)	(206)
Redemption of open-term capital bonds	-	(29,990)	(10)	-	-	-	-	(30,000)	-	(30,000)
Balance at 31 December 2024	29,352	82,701	81,921	192,222	106,696	13,036	230,401	736,329	8,452	744,781

The notes on pages 13 to 147 are an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's statement of Changes in Equity (continued)
For the year ended 31 December 2023
(Expressed in millions of RMB unless otherwise stated)

	Equity attributable to the shareholders of the Bank									
	Ordinary Shares	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Subtotal	Non-controlling interests	Total
Balance at 1 January 2023	29,352	112,691	81,762	174,385	99,515	(3,053)	203,220	697,872	8,903	706,775
Net profit	-	-	-	-	-	-	36,702	36,702	727	37,429
Other comprehensive income	-	-	-	-	-	4,921	-	4,921	53	4,974
Total comprehensive income	-	-	-	-	-	4,921	36,702	41,623	780	42,403
Appropriation to surplus reserves and general risk reserves	-	-	-	14,544	3,786	-	(18,330)	-	-	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,393)	(9,393)	-	(9,393)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)	-	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Other reserves carried forward to retained earnings	-	-	-	-	-	239	(239)	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(231)	(231)
Disposal of equity in subsidiaries	-	-	-	-	(1,726)	-	1,726	-	(1,317)	(1,317)
Balance at 31 December 2023	29,352	112,691	81,762	188,929	101,575	2,107	208,333	724,749	8,135	732,884

The notes on pages 13 to 147 are an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
The Bank's statement of Changes in Equity
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	Share capital	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2024	29,352	112,691	81,712	188,929	98,000	1,893	189,813	702,390
Net profit	-	-	-	-	-	-	43,286	43,286
Other comprehensive income	-	-	-	-	-	10,452	-	10,452
Total comprehensive income	-	-	-	-	-	10,452	43,286	53,738
Appropriation to surplus reserves and general risk reserves	-	-	-	3,293	4,500	-	(7,793)	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,422)	(9,422)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)
Redemption of open-term capital bonds	-	(29,990)	(10)	-	-	-	-	(30,000)
Others	-	-	17	-	-	-	-	17
Balance at 31 December 2024	29,352	82,701	81,719	192,222	102,500	12,345	210,531	711,370

The notes on pages 13 to 147 are an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
The Bank's statement of Changes in Equity (continued)
For the year ended 31 December 2023
(Expressed in millions of RMB unless otherwise stated)

	Share capital	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2023	29,352	112,691	81,712	174,385	93,500	(3,007)	190,909	679,542
Net profit	-	-	-	-	-	-	32,933	32,933
Other comprehensive income	-	-	-	-	-	4,661	-	4,661
Total comprehensive income	-	-	-	-	-	4,661	32,933	37,594
Appropriation to surplus reserves and general risk reserves	-	-	-	14,544	4,500	-	(19,044)	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,393)	(9,393)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)
Other reserves carried forward to retained earnings	-	-	-	-	-	239	(239)	-
Balance at 31 December 2023	29,352	112,691	81,712	188,929	98,000	1,893	189,813	702,390

The notes on pages 13 to 147 are an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Cash Flow Statements
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	The Group		The Bank	
	2024	2023	2024	2023
Cash flows from operating activities				
Profit before income tax	48,366	40,692	45,023	33,457
Adjustment for:				
Depreciation and amortization	8,287	8,575	6,453	6,876
Interest expense on lease liability	210	257	198	247
Assets impairment losses	69,480	76,863	67,795	75,588
Interest expense from financing activities	32,959	33,894	32,759	33,535
Interest income from financial investments	(60,491)	(65,896)	(56,846)	(64,562)
Net profit or loss on disposal of fixed assets	(20)	(72)	30	(74)
Net investment profit from associates and joint ventures	(217)	(223)	(155)	(186)
Unrealized net profit or loss on derivative financial instruments	(6,927)	6,732	(6,802)	6,732
Net profit or loss arising from financial investments	(7,451)	(7,122)	(7,507)	(3,234)
Net trading profit or loss	(15,143)	(20,533)	(18,538)	(20,580)
Foreign exchange gain or loss arising from investing and financing activities	(22)	4	(22)	4
Changes in operating assets:				
Statutory reserves with central bank	27,605	21,260	27,843	21,723
Deposits and placements with banks and other financial institutions	18,106	(68,968)	22,466	(67,889)
Financial assets held for trading	30,198	(18,910)	22,727	(13,888)
Financial assets purchased under resale agreements	316	(1,703)	316	(1,703)
Loans and advances to customers	(411,592)	(162,894)	(405,430)	(158,494)
Other operating assets	(33,160)	(48,087)	(30,489)	(32,923)

The notes on pages 13 to 147 form an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Cash Flow Statements (continued)
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	The Group		The Bank	
	2024	2023	2024	2023
Cash flows from operating activities (continued)				
Changes in operating liabilities:				
Borrowing from central bank	(116,098)	69,274	(116,118)	69,328
Deposits and placements from banks and other financial institutions	(96,062)	181,418	(100,341)	164,334
Financial assets sold under repurchase agreements	(13,761)	169,458	(42,624)	143,923
Deposits from customers	161,329	158,152	140,890	157,299
Other operating liabilities	45,403	29,218	44,767	17,074
Cash generated from operating activities before income tax payment	(318,685)	401,389	(373,605)	366,587
Income tax paid	(14,969)	(12,992)	(13,575)	(9,851)
Net cash (used) / generated from operating activities	(333,654)	388,397	(387,180)	356,736
Cash flows from investing activities				
Cash received from redemption of investment	2,001,177	2,037,428	1,900,627	1,986,357
Investment income received	87,157	73,492	83,110	73,091
Proceeds from disposal of fixed assets	1,717	290	32	170
Purchase of fixed assets, intangible assets and other long-term assets	(20,128)	(12,865)	(3,241)	(5,483)
Cash received from equity transactions of subsidiaries	5,145	6,408	-	-
Cash payment of investment	(2,158,620)	(2,134,534)	(2,023,483)	(2,058,874)
Net cash used in investing activities	(83,552)	(29,781)	(42,955)	(4,739)

The notes on pages 13 to 147 form an intergral part of these financial statements.

Shanghai Pudong Development Bank Co., Ltd.
Consolidated and the Bank's Cash Flow Statements (continued)
For the year ended 31 December 2024
(Expressed in millions of RMB unless otherwise stated)

	The Group		The Bank	
	2024	2023	2024	2023
Cash flows from financing activities				
Proceeds from issurance of bonds and interbank deposits	1,607,199	886,846	1,607,199	886,846
Cash payment of debt repayment	(1,219,376)	(1,212,680)	(1,214,349)	(1,209,688)
Cash paid for dividends, profit and interest of bond issued	(57,414)	(41,710)	(57,066)	(41,286)
Payment for other financing activities	(2,930)	(3,150)	(2,919)	(3,143)
Net cash generated / (used) in financing activities	327,479	(370,694)	332,865	(367,271)
Effect of exchange rate changes on cash and cash equivalents	1,224	1,901	1,164	1,996
Net decrease in cash and cash equivalents	(88,503)	(10,177)	(96,106)	(13,278)
Cash and cash equivalents at the beginning of the year	362,127	372,304	354,943	368,221
Cash and cash equivalents at the end of the year	273,624	362,127	258,837	354,943
Cash flows from operating activities include:				
Interest received	238,033	243,981	232,223	236,539
Interest paid	(132,990)	(133,716)	(127,248)	(129,244)

Composition of cash and cash equivalents:	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash	5,724	6,333	5,606	6,198
Surplus resrves with central bank	107,378	206,375	103,873	204,313
Deposits and placements with banks and other financial institutions with original term no more than three months	98,015	106,465	86,851	101,478
Financial assets purchased under resale agreements with original term no more than three months	62,507	42,954	62,507	42,954
Total	273,624	362,127	258,837	354,943

The notes on pages 13 to 147 form an intergral part of these financial statements.

I General Information

Shanghai Pudong Development Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank incorporated in Shanghai, the People's Republic of China ("the PRC") on 28 August 1992 in accordance with the approval from the People's Bank of China ("the PBOC" or "Central Bank") (Yin Fu [1992] No.350). The Address of the head office is 12 First East Zhongshan Road, Shanghai. The Bank obtained its business licence from Shanghai Municipal Administration of Industry and Commerce on 19 October 1992 and commenced its business on 9 January 1993. On 10 November 1999, the Bank's share capital denominated in RMB were listed and traded on the Shanghai Stock Exchange.

The unified social credit code of the Bank is 9131000013221158XC, and the financial service certificate No. of the Bank is B0015H131000001.

The Bank and its subsidiaries (collectively referred to as "the Group") are mainly engaged in financial businesses. The scope of business mainly includes commercial banking services, financial leasing businesses, trust services, wealth management business approved by the PBOC and the National Financial Regulatory Administration (the "NFRA"), investment banking and fund management business defined by relevant licenses issued by Securities & Futures Commission of Hong Kong. The Bank's principal regulator is the NFRA. The Bank's overseas branches and subsidiaries are subject to the supervision by local regulators.

The major subsidiaries are consolidated in the Bank's financial statements are disclosure in Note III. 38(1).

II Basis of preparation and accounting policies

1. Basis of preparation

The accounting year of the Group is from 1 January to 31 December.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Interpretations promulgated by the International Accounting Standards Board ("IASB"), on the basis of going concern.The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL") , financial assets measured at fair value through other comprehensive income ("FVOCI") and precious metals and commodities held for trading purposes.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note II. 4(31).

2. Changes in significant accounting policies

The Group has adopted the following amendments to the IFRS issued by the IASB in the current year.

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

The above amended IFRSs that are effective in 2024 has been initially adopted in the financial report. The initial adoption of the above amendments did not have any material impact on the financial position and financial performance of the Group.

3. Impact of issued but not yet effective International Financial Reporting Standards

The Group has not adopted the following issued but not yet effective standards and amendments in the financial statements.

- *Lack of Exchangeability - Amendments to IAS 21* (1)
- *Classification and Measurement of Financial Instruments - Amenedments to IFRS 9 and IFRS 7* (2)
- *Annual Improvements to IFRS Accounting Standards - Volume 11* (2)
- *IFRS 18* (3) *- Presentation and Disclosurein Financial Statements*
- *IFRS 19* (3) *- Subsidiaries without Public Accountability: Disclosures*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28* (4)

(1) Effective for accounting periods beginning on or after 1 January 2025.
(2) Effective for accounting periods beginning on or after 1 January 2026.
(3) Effective for accounting periods beginning on or after 1 January 2027.
(4) Effective date indefinitely deferred.

The adoption of the above amendments will not have a material impact on the Group’s consolidated financial statements.

4. Summary of significant accounting policies

The Group determines the materiality of the financial statement disclosures, both in terms of nature and amount. In determining the materiality of the nature, the Group considers whether the matter is part of the Group’s daily activities and whether it significantly affects the Group’s financial position, financial performance, cash flows and other factors. In determining the materiality of the amount, the Group considers the proportion of the amount to the amount of the relevant items (such as total assets, total liabilities, total owners’ equity, operating income, operating costs, net profit, total comprehensive income), or to the amount of a separate item in the financial statements to which it belongs.

(1) Subsidiaries

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

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

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

In the Bank’s statement of financial position, its investments in subsidiaries are stated at cost less impairment losses (see Note II. 4(20)).

(2) Non-controlling interests

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Bank, and net profit attributable to non-controlling interests and shareholders of the Bank is presented separately in the consolidated statement of profit or loss.

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

(3) Associates and joint ventures

An associate is an entity in which the Group has significant influence.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

The Group's investments in associates or joint ventures are accounted for under the equity method of accounting. Under the equity method, an investment in an associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, less any impairment losses. The consolidated statement of profit or loss reflects the share of the results of operations of the associate or joint venture. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Under the equity method, unrealised profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see Note II.4(20)).

(4) Functional currency

The Group's domestic institutions functional currency is Renminbi and these financial statements are presented in Renminbi. Items included in the financial statements of each of the Group's operations oversea are measured using the currency of the primary economic environment in which the entity operates.Their financial statements have been translated based on the accounting policy set out in Note II.4(5).

(5) Foreign currency translation

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

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the reporting date. For monetary items denominated in foreign currency and classified as financial assets measured at fair value and whose changes are included in other comprehensive income, the foreign currency translation difference is decomposed into the translation difference caused by the change of amortized cost and the translation difference caused by the change of other book amounts of these items. The translation difference arising from the change of amortized cost is included in the current profit and loss, and the translation difference arising from the change of other carrying amount is included in other comprehensive income. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets.

Non-monetary items that are measured at historical cost in a foreign currency are still translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. The exchange differences are recognised in profit or loss or in other comprehensive income, depending on the nature of non-monetary items.

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

(6) Criteria for determining cash and cash equivalents

Cash and cash equivalents refer to cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(7) Precious metals

Precious metals comprise gold, silver and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in the statement of profit or loss.

(8) Financial instruments

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

(i) Recognition and initial measurement of financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets measured at FVTPL

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

- Financial assets measured at amortised cost

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

- Debt investments measured at FVOCI

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

- Equity investments measured at FVOCI

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

(iii) Classification and subsequent measurement of financial liabilities

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as a financial liability designated at fair value through profit or loss (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless:

- The financial liability is part of a hedging relationship;
- The financial liability is a financial liability designated at fair value through profit or loss, and changes in fair value arising from changes in the Group’s credit risks are included in other comprehensive income.

- Other financial liabilities

Other financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities, financial guarantee contracts and loan commitments arising from transfers of financial assets that do not qualify for the derecognition conditions or continue to be involved in the transferred financial assets

(iv) Offsetting

Financial assets and financial liabilities are generally presented separately in the statement of financial position, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial positionwhen both of the following conditions are satisfied：

- The Group currently has a legally enforceable right to set off the recognised amounts;

- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(v) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group’s contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

The financial assets have been transferred. If the Group neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and retains the control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the corresponding liabilities shall be recognized.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment measured at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(vi) Impairment

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

- Financial assets measured at amortised cost;
- Contract assets;
- Debt instruments measured at FVOCI;
- Loan commitments and financial guarantee contracts that are not measured at FVTPL; and
- Lease receivables.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated as at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses for financial instruments with a risk of default. Credit losses are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

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

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

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

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

Refer to Note VIII.1(3) for more detailed explanations of measuring ECL.

<u>Presentation of allowance for ECL</u>

ECL are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt investments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income. For loan commitments and financial guarantee contracts that are not measured at fair value and whose changes are included in current profits and losses, the Group recognizes loss reserves in estimated liabilities (Refer to Note III.27).

<u>Write-off</u>

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(vii) Modification of financial asset contracts

In some cases (such as renegotiating loans), the Group may renegotiate or otherwise modify the financial assets contracts. The Group would assess or renegotiate whether or not the new contractual 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 financial asset under the revised terms.

If the modified contract terms do not change substantially, but lead to changes in the contract cash flow, when assessing whether the credit risk of relevant financial instruments has increased significantly, the Group shall recalculate the book balance of the financial assets and record the relevant gains or losses into the current profits and losses. The recalculated book balance of the financial asset shall be determined according to the present value of the modified or renegotiated contract cash flow discounted at the original effective interest rate of the financial asset (or the purchased or originated financial asset with credit impairment shall be discounted at the effective interest rate adjusted by credit). For all costs or expenses incurred in modifying or renegotiating the contract, the Group adjusts the book value of the modified financial asset and amortizes it within the remaining period of the modified financial asset. When assessing whether the credit risk of relevant financial instruments has increased significantly, the Group compares the risk of default on the reporting date based on the changed contract terms with the risk of default on the initial recognition based on the original contract terms.

(viii) Equity instrument

The Bank recorded equity instruments it issued at their actual issue prices in shareholders’ equity and deducted the related transaction costs from shareholders’ equity (capital reserves). Where capital reserves were insufficient to absorb these costs, the Bank offset them against surplus reserves and retained earnings in that order. Transaction consideration and costs paid by the Bank for repurchasing self-issued equity instruments are deducted from shareholders’ equity.

(9) Financial guarantee contracts and loan commitments

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

The financial guarantee contract shall be initially recognized at fair value on the date of providing the guarantee. After initial recognition, the relevant income of the financial guarantee contract shall be amortized and included in the current profit and loss in accordance with the accounting policies described in Note II. 4(25). Financial guarantee liabilities are subsequently measured according to the higher of the amount of loss reserves determined according to the impairment principle of financial instruments (Refer to Note II. 4(8)) and the balance of its initially recognized amount after deducting the accumulated amortization of the income related to the financial guarantee contract.

Loan commitments

Loan commitment refers to the definite commitment to provide credit according to the pre-defined terms and conditions.

Loan commitments provided by the Group are measured as the amount of the loss allowance. 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.

The Group's expected credit losses of financial guarantees and loan commitments are presented as “provisions”.

(10) Derivatives and hedge accounting

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments with positive fair value are recognized as an asset, and those with negative fair value are recognized as a liability.

If the main contract included in the hybrid contract is an asset within the scope of financial instrument standards, the embedded derivative will no longer be separated from the main contract of financial assets, but the relevant provisions on the classification of financial assets will be applied to the hybrid financial instruments as a whole. If the main contract included in the hybrid contract is not an asset within the scope of the financial instrument standard, when some embedded derivative financial instruments are not closely related to the economic characteristics and risks of their main contract, the separate instrument with the same terms as the embedded derivative meets the definition of derivative financial instrument, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss, Then the embedded derivative financial instrument shall be separated from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at fair value, and the changes in fair value are included in the current profit and loss.

If the profits and losses derived from the changes in the fair value of derivative financial instruments do not meet the requirements of hedge accounting, they shall be directly included in the current profits and losses.

Hedge accounting

Hedge accounting is a method which recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group’s hedged items include fixed-rate borrowings that expose the Group to the risk of changes in fair value, floating rate borrowings that expose the Group to the risk of variability in cash flows, a firm commitment that is settled with a fixed amount of foreign currency and that exposes the Group to foreign currency risk.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from the economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;
- The hedging instrument expires or is sold, terminated or exercised;
- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
- The hedging relationship no longer meets other criteria for applying hedge accounting.

(i) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from inception of the hedge;

- the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognised in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognised in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy;

- If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(ii) Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortised to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost. The amortisation is based on a recalculated effective interest rate at the date that amortisation begins.

(iii) Hedges of a net investment in a foreign operation

A hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When disposing a foreign operation, in whole or in part, the aforesaid gain or loss on the hedging instrument will be transferred from equity to profit or loss as a reclassification adjustment. The portion of the gain or loss on the hedging instrument that is determined to be ineffective is recognised in profit or loss.

(11) Convertible instruments

Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognised in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognised in equity if it relates to the equity component.

Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognised as the liability component.

The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognised in profit or loss. The liability component is subsequently carried at amortised cost using the effective interest method.

On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognised in profit or loss.

(12) Preference shares and open-term capital bonds with unfixed terms

At initial recognition, the Group classifies the preference shares, open-term capital bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preference shares and open-term capital bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares and open-term capital bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

(13) Financial assets purchased under resale agreements and Financial assets sold under repurchase agreements

The financial assets purchased under resale agreements refers to the funds raised by the Group to buy financial assets first and then resell them at a fixed price according to the resale agreement. The financial assets sold under repurchase agreements refer to the funds incorporated into the Group's financial assets sold first according to the repurchase agreement and then repurchased at a fixed price.

The financial assets purchased under resale agreements and financial assets sold under repurchase agreements shall be recorded according to the actual payment or receipt at the time of business and reflected in the statement of financial position. The purchased target assets purchased for resale are not recognized and recorded off statement of financial position; The underlying assets sold and repurchased are still reflected in the statement of financial position.

The bid ask price difference of buy for resale and sell for repurchase business is amortized by the effective interest method during the relevant transaction period and recognized as interest income and interest expense respectively.

(14) Fixed assets

Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in supply of services, for rental or for administrative purposes with useful lives over one accounting year.

The initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The initial cost of self-constructed assets is measured in accordance with the policy set out in Note II.4(15).

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed assets is classified as held-for-sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimate useful life	Expected residual value rate	Depreciation rate
Plant and buildings	30 – 40 years	3 - 5%	2.40 - 3.23%
Motor vehicles	5 years	3 - 5%	19.00 - 19.40%
Electronic computers and other equipments	3 – 5 years	0 - 5%	19.00 - 33.33%
Equipments such as airplanes and ships	8 – 25 years	0 - 10%	3.60 – 12.50%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end by the Group.

For the impairment of the fixed assets, refer to Note II.4(20).

Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal;
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

(15) Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs , and any other costs directly attributable to bringing the asset to working condition for its intended use.A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the statement of financial positionat cost less accumulated impairment losses (see Note II.4(20)).

(16) Intangible assets

Intangible assets are stated in the statement of financial positionat cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.4(20)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held-for-sale.

- Land use right is amortized since the month of acquisition using straight-line method within its statutory useful life. The useful life of the land use right is 27 to 70 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

- Software is amortized since month of acquisition using straight-line method over its beneficial life. The useful life of the software is 1 to 10 years.

- Where data resources met the recognition criteria of intangible assets, the Group commenced amortization from the month of acquisition or the month when the assets became available for use. The amortization method reflected the expected pattern of consumption of the future economic benefits. In determining the useful lives, the Group gave particular consideration to the factors such as business models, limitation of rights, update frequency and timeliness, iterations of relevant products or technologies, and similar competing products of the same kind of the data resources, etc.

- Brand and franchise right are intangible assets with no expected useful lives, which are not subject to amortization.

The Group at least reviews the useful life and amortization method of a finite useful life intangible assets at the end of each year.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

(17) Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognised as long-term deferred expenses. Long-term deferred expenses are stated in the statement of financial position at cost less accumulated amortisation and impairment losses.

(18) Repossessed assets

Repossessed assets refer to the physical assets or property rights of the Group that are compensated to the debtor, guarantor or a third party by exercising creditor's rights or security interests according to law.

For the transferred financial asset of repossessed assets, the Group initially measures them at their fair value, and classifies and subsequently measures them in accordance with the accounting policies described in Note II. 4(8).

For the transferred non-financial asset debt paying assets, the Group makes initial measurement according to the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the assets, and makes subsequent measurement according to the lower of the cost and the net realizable value of the debt paying assets. Refer to Note II. 4(20) for the impairment test method and the impairment provision method.

(19) Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control. The Group's goodwill is not amortised and is stated in the statement of financial positionat cost less accumulated impairment losses (see Note II.4(20)). On disposal of an asset group or a set of asset groups, goodwill shall be transferred out and included in the calculation of the profit or loss on disposal.

(20) Impairment of assets other than financial assets

The carrying amounts of the following assets are reviewed at each reportingdate based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- long-term equity investments
- goodwill
- long-term deferred expenses
- non-financial-asset-linked repossessed assets, etc

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note II.4(22)) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(21) Provisions and contingent liabilities

Contingent liabilities refer to the potential obligations formed by past transactions or events, and their existence must be confirmed by the occurrence or non occurrence of future uncertain events; Or the current obligation formed by past transactions or events, the performance of the obligation is not likely to lead to the outflow of economic benefits from the Group or the amount affected by the obligation cannot be measured reliably. The Group does not recognize these obligations and only discloses contingent liabilities in Note V, contingencies and commitments to the financial statements.

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the reportingdate and adjusts the carrying amount to the current best estimate.

(22) Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(23) Dividend distribution

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.

(24) Fiduciary activities

The Group acts as the manager, trustee or agent of customers in the entrusted business. The statement of financial positionof the Group does not include the assets held by the Group due to entrusted business and the commitment to return such assets to customers. The risks and benefits of such assets are borne by customers.

The Group signed an entrusted loan agreement with the customer, and the customer provided funds to the Group (hereinafter referred to as "entrusted loan funds"), and the Group issued loans to third parties (hereinafter referred to as "entrusted loans") according to the customer's instructions. As the Group does not bear the risks and rewards of entrusted loans and related entrusted loan funds, entrusted loans and entrusted loan funds are recorded as off-balance sheet items according to their principal, and no impairment provision is made for these entrusted loans.

(25) Revenue recognition

Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the book value of the financial asset, or the amortised cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

The Group determines the interest income is calculated by applying the effective interest rate to the book value of financial assets and reports it as interest income, except for:

(i) For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortised cost;

(ii) Financial assets that are not purchased or originated credit-impaired 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 book value.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income is recognised when its performance obligation in contracts is satisfied. The income is recognized at the time point or period when the customer obtains the control right of relevant services.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met; otherwise, the Group recognizes the income at a certain point of time:

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as theGroup performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

Dividend income

Dividend income from equity instruments is recognized in the current profit and loss when the Group's right to receive dividends is established.

Net trading income

Net trading income includes gains and losses arising from holding financial assets and liabilities measured at fair value through profit or loss, holding derivative financial instruments, trading precious metals and bulk commodities, etc.

(26) Expenses

Interest expenses

Interest expenses on financial liabilities are calculated based on the amortised cost of financial liabilities and the timing of capital occupation using the effective interest method, and is recognised in the corresponding period.

Other expenses

Other expenses are recognised on an accrual basis.

(27) Employee benefits

Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accured at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Post-employment benefits

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of the assets or charged to profit or loss as the related services are rendered by the employees.

In addition, employees also participate in a defined contribution retirement benefit plan established by the Group (the “Annuity Plan”). The Group and its employees are required to contribute a certain percentage of the employees’ previous year basic salaries to the Annuity Plan. The contribution is charged to profit or loss when it is incurred. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

The Group pays supplementary retirement benefits for certain retired employees, which is the defined benefit plans. The Group recognises its liabilities based on the actuarial results, the related actuarial gains and losses are recognised in other comprehensive income and shall not be reversed to profit or loss in subsequent accounting period.

Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Other long-term employee benefits

According to the actual payment of employees' salaries or services during the accounting period when employees provide services, the amount accrued or paid by employees shall be recognized as a liability, and included in the current profit and loss or cost of related assets.

(28) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the end of the reporting period, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax 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, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the end of the reporting period, the Group measured the carrying amount of deferred tax assets and liabilities based on the expected recovery or settlement method of the deferred tax assets and liabilities, in accordance with the tax laws and regulations that have been promulgated, at the applicable tax rate during the expected period of recovery of the assets or settlement of the liabilities.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

At the end of the reporting period, deferred tax assets and liabilities are shown in net offset amounts at the end of the reporting period when both of the following conditions are met:

- That taxpayer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities;
- Deferred tax assets and liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or to different taxpayer, but within the period of the reversal of each deferred tax asset and liability of importance in the future, the involved taxpayer intends to settle the current income tax assets and liabilities on a net basis or acquire assets and pay off liabilities at the same time.

(29) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified when the assets are available for use by the customer in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the ecomonic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- The lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components.

1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note II.4(20).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or the exercise of the extension or termination option is inconsistent with the original assessment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will recognize the remaining amount into the profit and loss of current period.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low-value assets (a lease of a single leased asset with relatively low value when the single leased asset is a new asset). The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

2) As a lessor

The Group determines at lease inception whether each lease is a financial leasing or an operating lease. A lease is classified as a financial leasing if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a financial leasing.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a financial leasing, at the commencement date, the Group recognises the financial leasing receivable and derecognises the financial leasing asset. The financial leasing receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the financial leasing receivable are recognised in accordance with the accounting policy in Note II.4(8). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method or other systematic and reasonable methods over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

(30) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or of a parent of the Group;

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;
(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
(iii) the entity and the Group are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

(31) Significant accounting estimates and judgements

In preparing the financial statements, the management of the Group is required to apply estimates and assumptions which affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. The reality may differ from these estimates. The Group's management continuously evaluates the judgment of the key assumptions and uncertainties involved in the estimates, and the impact of changes in accounting estimates is recognized in the current and future periods of the changes.

In the process of implementing the Group's accounting policies, the management will make judgments and assumptions on the impact of future uncertainties on the financial statements. On the reportingdate, the management makes the following judgments and main assumptions on major future uncertainties, which may lead to significant adjustments to the book value of assets and liabilities in the next accounting period.

Measurement of ECL

For debt instrument investments measured at amortized cost and at fair value with changes included in other comprehensive income, as well as loan commitments and financial guarantee contracts, complex models and a large number of assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the possibility of customer default and corresponding losses). Note VIII. 1 specify the parameters, assumptions and estimation techniques used in the measurement of expected credit loss.

Goodwill impairment

The Group tests whether goodwill is impaired at least annually, and impairment test is also required when there are signs that goodwill may be impaired. During the impairment test, it is necessary to allocate goodwill to the corresponding asset group or combination of asset groups, and assess the recoverable amount generated by the asset group or combination of asset groups. Information of impairment tests on the Group's goodwill is set out in Note III.19.

Income tax

The Group needs to make judgments on the future tax treatment of certain transactions to confirm income tax. In accordance with relevant tax laws and regulations, the Group carefully judges the income tax impact corresponding to the transaction and accrues income tax accordingly. Deferred income tax assets can only be recognized when it is possible to have future taxable profits and can be used to offset relevant temporary differences. In this regard, it is necessary to make a significant judgment on the tax treatment of some transactions and make a significant estimation on whether there are enough future taxable profits to offset the possibility of deferred income tax assets.

Fair value of financial instruments

For financial instruments that lack an active market, the Group uses valuation methods to determine their fair value. The valuation method includes referring to the transaction price determined during the fair transaction between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or estimating by using discounted cash flow analysis and option pricing model. The valuation method makes maximum use of observable market information. However, when observable market information is unavailable, the management will estimate the significant unobservable information included in the valuation method.

Judgment on whether the structured entities has control

The Group manages or invests in multiple fund investments, equity investments, trust and asset management plans, asset-backed securities, financial products and other investments. When judging whether to control such structured entities, the Group determines whether it exercises its decision-making power as the main responsible person or agent, and evaluates its overall economic benefits to such structured entities (including the income generated by direct holding and expected management fees) and the scope of decision-making power to such structured entities. When the other party has the decision-making power, it is also necessary to determine whether the other party exercises the decision-making power as its agent.

For fund investments, equity investments, trust and asset management plans, asset-backed securities and financial products and other investments in which the Group has interests or is the initiator but is not included in the scope of the consolidated financial statements, see Note III.(37).

5. Changes in significant accounting estimates

To present more objectively and accurately the financial position and operating results of airplane operating leases, the Group changed the estimate useful life and expected residual value rate of certain airplane model based on their current usage conditions, remaining useful lives, and market circumstances. The adoption of the changes does not have a material impact on the financial position and operating results of the Group.

III NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

1 Net interest income

	The Group		The Bank	
	2024	2023	2024	2023
Interest income				
Loans and advances to customers				
-Corporate loans	110,307	102,076	104,674	96,781
-Retail loans	87,913	98,636	87,234	97,847
-Discounted bills	5,117	5,837	5,117	5,837
Financial investments				
-at amortiazed cost	41,264	45,699	38,010	44,736
-at fair value through other comprehensive income	19,227	20,197	18,836	19,826
Deposits and placements with banks and other financial institutions	17,167	17,492	16,785	17,505
Deposits with central bank	4,964	5,570	4,932	5,541
Financial assets purchased under resale agreements	2,166	2,091	2,163	2,091
Subtotal	288,125	297,598	277,751	290,164
Interest expense				
Deposits from customers	(96,452)	(105,378)	(95,602)	(104,704)
Debt securities issued	(32,959)	(33,894)	(32,759)	(33,535)
Deposits and placements from banks and other financial institutions	(32,322)	(29,038)	(28,418)	(25,748)
Financial assets sold under repurchase agreements	(6,627)	(5,879)	(5,414)	(5,401)
Borrowing from central bank	(5,048)	(4,974)	(5,034)	(4,963)
Subtotal	(173,408)	(179,163)	(167,227)	(174,351)
Net interest income	114,717	118,435	110,524	115,813

2 Net fee and commission income

	The Group		The Bank	
	2024	2023	2024	2023
Fee and commission income				
Fees from bank cards	11,462	13,344	11,462	13,344
Custodian and other fiduciary activities commissions	6,038	5,382	2,430	2,681
Agency commissions	4,026	5,292	3,983	5,278
Fees from investment banking activities	3,836	3,293	3,779	3,246
Credit commitment fees	2,307	2,424	2,307	2,424
Settlement and clearing fees	880	1,017	878	965
Others	1,239	1,283	1,164	1,139
Subtotal	29,788	32,035	26,003	29,077
Fee and commission expense	(6,972)	(7,582)	(6,964)	(7,980)
Net fee and commission income	22,816	24,453	19,039	21,097

3 Net trading gains and losses

	The Group		The Bank	
	2024	2023	2024	2023
Financial investments measured at FVTPL	19,590	21,980	23,132	21,619
Exchange gains and losses	988	(3,536)	1,065	(3,477)
Hedged bonds	18	451	18	451
Others	316	692	188	694
Total	20,912	19,587	24,403	19,287

4 Net gains and losses arising from financial investments

	The Group		The Bank	
	2024	2023	2024	2023
Financial investments measured at amortized cost	3,902	2,419	3,897	2,370
Financial investments measured at FVOCI	3,488	395	3,392	501
Dividend income	61	67	218	363
Others	-	4,241	-	-
Total	7,451	7,122	7,507	3,234

5 Operating expenses

	The Group		The Bank	
	2024	2023	2024	2023
Staff costs				
- Employee benifits	25,193	25,638	23,272	23,955
- Post-employment benifits	3,037	2,869	2,849	2,684
Subtotal	28,230	28,507	26,121	26,639
Depreciation and amortization	6,652	7,075	6,453	6,876
Taxes and surcharges	1,972	2,002	1,825	1,889
Others	17,297	18,421	14,721	15,729
Total	54,151	56,005	49,120	51,133

6 Impairment losses

	The Group		The Bank	
	2024	2023	2024	2023
Loans and advances to customers	55,555	55,713	54,416	55,045
Financial investments measured at:				
- Amortized cost	11,652	12,896	11,283	12,466
- FVOCI	470	2,576	448	2,475
Others	1,803	5,678	1,648	5,602
Total	69,480	76,863	67,795	75,588

7 Income tax expense

	The Group		The Bank	
	2024	2023	2024	2023
Current income tax expense	10,219	7,461	8,681	4,530
Deferred income tax expense	(7,688)	(4,198)	(6,944)	(4,006)
Total	2,531	3,263	1,737	524

Reconciliation between the Group and the Bank's total income tax expenses and the product of accounting profit multiplied by the applicable tax rates:

	The Group		The Bank	
	2024	2023	2024	2023
Profit before income tax	48,366	40,692	45,023	33,457
Tax calculated at statutory tax rate of the PRC	12,092	10,173	11,256	8,364
Tax effect from other various tax rates adopted by subsidiaries	56	45	-	-
Tax effect of non-deductible expenses	565	3,275	497	3,178
Tax effect of non-taxable income	(9,796)	(10,172)	(9,685)	(10,013)
Other income tax adjustments	(386)	(58)	(331)	(1,005)
Income tax expense	2,531	3,263	1,737	524

8 Earnings per share

(1) Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing net profit for the year attributable to the holders of the Bank's share capital by the weighted average number of share capital outstanding during the year. The conversion feature of preference shares is considered to fall within the category of contingently issuable share capital. As at 31 December 2024, the triggering events of share conversion did not occur. Therefore, the conversion feature of preference shares has no effect on the calculation of basic and diluted earnings per share in the current period.

The Group

	2024	2023
Profit for the year attributable to shareholders of the Bank	45,257	36,702
Less: Profit for the year attributable to preference shareholders of the Bank	(1,559)	(1,559)
Payment of interests of open-term capital bonds	(3,794)	(3,794)
Profit for the year attributable to the holders of the Bank's share capital	39,904	31,349
Weighted average number of outstanding share capital (million)	29,352	29,352
Basic EPS (RMB)	1.36	1.07

(2) Diluted earnings per share

The diluted earnings per share is calculated on the assumption that the RMB 50 billion convertible corporate bonds publicly issued by the Bank in 2019 deemed to have all been converted to ordinary shares upon issuance and by dividing, after adjustments for the interest expenses of the convertible corporate bonds for the year the net profit of the year attributable to ordinary shareholders of the Bank by the adjusted weighted average number of ordinary shares outstanding during the year.

The Group

	2024	2023
Net profit for the current year attributable to shareholders of the Bank	39,904	31,349
Add: Interest expenses of convertible corporate bonds in the current year (after tax)	1,530	1,504
Net profit for calculating diluted earnings per share this year	41,434	32,853
Weighted average number of outstanding ordinary shares issued by the Bank (million)	29,352	29,352
Add: Assume that convertible corporate bonds are entirely converted to weighted average number of ordinary shares (million)	3,776	3,687
Weighted average number of outstanding ordinary shares of the year for calculating diluted earnings per share (million)	33,128	33,039
Diluted earnings per share (RMB)	1.25	0.99

9 Cash and deposits with central bank

		The Group		The Bank	
	Notes	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash		5,724	6,333	5,606	6,198
Statutory reserves with central bank	(1)	296,486	324,091	293,867	321,710
Surplus reserves with central bank	(2)	107,378	206,375	103,873	204,313
Fiscal deposits with central bank		1,799	167	1,799	167
Accrued interest		152	165	152	165
Total		411,539	537,131	405,297	532,553

(1) The Group is required to place statutory reserves with the PBOC and overseas central banks, including RMB and foreign currency deposit reserves and foreign exchange risk reserves for forward foreign exchange sales businesses, which are not allowed to be used in the Group's daily operations.

(2) The surplus reserves refer to money deposited by the Group with the PBOC and overseas central banks for the purpose of funds liquidation.

10 Deposits and placements with banks and other financial institutions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deposits with domestic banks	72,192	65,378	47,061	48,769
Deposits with overseas banks	40,375	39,487	41,215	39,648
Deposits with domestic non-bank financial institutions	650	634	359	599
Placements with domestic banks	31,023	42,532	29,514	42,532
Placements with overseas banks	49,160	57,470	49,160	57,470
Placements with domestic non-bank financial institutions	334,974	346,351	339,133	355,417
Placements with overseas non-bank financial institutions	474	1,263	474	1,263
Accrued interest	4,961	4,794	4,703	4,703
Less: Impairment allowance	(327)	(547)	(174)	(466)
Total	533,482	557,362	511,445	549,935

As at 31 December 2024 and 31 December 2023, the Group's due from and placements with banks and other financial institutions included refundable deposits and risk reserves, and were restricted in usage.

11 Derivative financial instruments

The Group

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,891,771	37,371	(36,810)
Exchange rate derivatives	3,091,321	30,901	(27,347)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		89,590	(78,575)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
- Currency swap contracts	15,150	28	(195)
Cash flow hedges			
- Interest rate swap contracts	452	12	-
- Currency swap contracts	64,829	974	(153)
Total		1,069	(481)

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	4,694,725	17,002	(16,037)
Exchange rate derivatives	2,213,084	16,508	(18,251)
Precious metal and other derivatives	666,916	22,801	(18,005)
Total		56,311	(52,293)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,375	106	(72)
- Currency swap contracts	7,447	18	(39)
Cash flow hedges			
- Interest rate swap contracts	422	22	-
- Currency swap contracts	52,760	117	(135)
Total		263	(246)

The Bank

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,889,179	37,357	(36,803)
Exchange rate derivatives	3,057,730	30,163	(27,213)
Precious metal derivatives and other derivatives	534,488	21,318	(14,418)
Total		88,838	(78,434)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
Cash flow hedges			
- Currency swap contracts	44,691	318	(153)
Total		373	(286)

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	4,694,282	16,980	(16,044)
Exchange rate derivatives	2,202,907	16,484	(18,211)
Precious metal derivatives and other derivatives	666,916	22,801	(18,005)
Total		56,265	(52,260)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,375	106	(72)
Cash flow hedges			
- Currency swap contracts	49,710	111	(134)
Total		217	(206)

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statement of financial positionbut do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group’s exposure to credit or market risks. With fluctuations in foreign exchange rates, market interest rates, precious metal prices, and other market prices related to the terms of derivative financial product contracts, the valuation of derivative financial products may have favorable (recognized as assets) or unfavorable (recognized as liabilities) effects on the Group, which may have significant fluctuations in different periods.

Fair value hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge a portion of its exposure to changes in fair value due to changes in interest rates or changes in foreign exchange rates respectively. Hedged items include financial investments measured at FVOCI , debt securities issued and entrusted loans. The Group mainly adopts the regression analysis method and the key terms comparison method to evaluate the effectiveness of hedging. The management of the Group considers the hedging relationship is highly effective after the testing.

Cash flow hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge the cash flow fluctuations due to the interest rate risk and foreign currency risk respectively. Hedged items include loans to customers, financial investments measured at amortized cost , deposits and placements with banks and other financial institutions, deposits and placements from banks and other financial institutions and debt securities issued. The Group mainly adopts the regression analysis method and the key terms comparison method to evaluate the effectiveness of hedging. The management of the Group considers the hedging relationship is highly effective after the testing. During the reporting period, gains and losses arising from the ineffective portion of hedges recognised in the cash flow hedges were not significant, and there were no instances of discontinuing the use of hedge accounting due to highly probable expected cash flows that are no longer expected to occur.

12 Financial assets purchased under resale agreements

The Group and the Bank

	31 December 2024	31 December 2023
Bonds	51,495	38,184
Bills	12,399	6,473
Accrued interest	17	76
Less: Impairment allowance	(32)	(14)
Total	63,879	44,719

13 Loans and advances to customers

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Loans and advances to customers measured at				
- Amortized cost (a)	5,056,985	4,639,222	4,929,774	4,525,042
- FVOCI (b)	331,012	370,748	331,012	370,748
- FVTPL (c)	3,533	7,784	1,405	7,784
Subtotal	5,391,530	5,017,754	5,262,191	4,903,574
Accrued interest	15,528	16,362	14,752	15,622
Impairment allowances				
-Loans and advances to customers measured at amortized cost	(136,602)	(128,424)	(128,923)	(121,634)
- Accrued interest of loans and advances to customers measured at amortized cost	(1,296)	(996)	(1,296)	(996)
Subtotal	(137,898)	(129,420)	(130,219)	(122,630)
Net loans and advances to customers	5,269,160	4,904,696	5,146,724	4,796,566

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
(a) Loans and advances to customers measured at amortized cost				
Corporates loans				
Corporate loans and advances	3,167,423	2,772,749	3,054,011	2,673,243
Discounted bills	295	651	295	650
Retail loans				
Mortgage loans	864,360	838,152	859,223	832,371
Business loans	455,267	467,994	451,177	463,633
Credit card and overdraft	370,223	385,617	370,223	385,617
Consumer loans and others	199,417	174,059	194,845	169,528
Subtotal	5,056,985	4,639,222	4,929,774	4,525,042
(b) Loans and advances to customers measured at FVOCI				
Corporates loans				
Corporate loans and advances	9,048	62,588	9,048	62,588
Discounted bills	321,964	308,160	321,964	308,160
Subtotal	331,012	370,748	331,012	370,748
(c) Loans and advances to customers measured at FVTPL				
Corporates loans				
Corporate loans and advances	2,683	5,662	555	5,662
Discounted bills	850	2,122	850	2,122
Subtotal	3,533	7,784	1,405	7,784
Total loans and advances to customers	5,391,530	5,017,754	5,262,191	4,903,574

13.1 Loans and advances to customers analysed by industry

The Group

	31 December 2024		31 December 2023	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Manufacturing	684,214	12.70	572,695	11.42
Lease and commercial service	649,273	12.04	548,048	10.92
Real estate	397,011	7.36	345,744	6.89
Water conservancy, environment and public facilities management	215,743	4.00	196,775	3.92
Wholesale and retail	210,354	3.90	189,398	3.77
Transportation, warehouse and postal services	201,696	3.74	193,132	3.85
Construction	190,723	3.54	176,645	3.52
Electricity, heat, gas, water production and supply	174,549	3.24	165,020	3.29
Financial services	146,268	2.71	193,704	3.86
Information transmission, software and IT services	89,029	1.65	75,275	1.50
Mining	88,356	1.64	78,825	1.57
Research and technology services	46,694	0.87	36,334	0.72
Culture, sports and entertainment	21,293	0.39	20,169	0.40
Education	20,499	0.38	16,443	0.33
Healthcare and social welfare	17,530	0.33	13,420	0.27
Agriculture, forestry, farming and fishery	16,701	0.31	12,721	0.25
Hotels and catering services	6,344	0.12	5,043	0.10
Residential services, repairs and other services	1,790	0.03	1,288	0.03
Others	1,087	0.02	320	0.01
Subtotal	3,179,154	58.97	2,840,999	56.62
Discounted bills	323,109	5.99	310,933	6.20
Retail loans	1,889,267	35.04	1,865,822	37.18
Total	5,391,530	100.00	5,017,754	100.00

The Bank

	31 December 2024		31 December 2023	
	Amount	(%)	Amount	(%)
Corporate loans				
Manufacturing	654,479	12.44	549,615	11.22
Lease and commercial service	639,650	12.16	543,491	11.08
Real estate	396,985	7.54	345,727	7.05
Water, environment and public facilities management	214,263	4.07	194,741	3.97
Wholesale and retail	207,248	3.94	186,732	3.81
Transportation, warehouse and postal services	165,595	3.15	157,999	3.22
Construction	186,310	3.54	171,831	3.50
Electricity, heat, gas, water production and supply	160,377	3.05	145,914	2.98
Financial services	148,318	2.82	196,769	4.01
Information transmission, software and IT services	81,765	1.55	73,012	1.49
Mining	82,827	1.57	73,462	1.50
Research and technology services	43,232	0.82	35,014	0.71
Culture, sports and entertainment	20,954	0.40	19,737	0.40
Education	20,200	0.38	16,287	0.33
Healthcare and social welfare	17,194	0.33	13,215	0.27
Agriculture, forestry, farming and fishery	15,311	0.29	11,522	0.23
Hotels and catering services	6,154	0.12	4,879	0.10
Residential services, repairs and other services	1,694	0.03	1,246	0.03
Others	1,058	0.02	300	0.01
Subtotal	3,063,614	58.22	2,741,493	55.91
Discounted bills	323,109	6.14	310,932	6.34
Retail loans	1,875,468	35.64	1,851,149	37.75
Total	5,262,191	100.00	4,903,574	100.00

13.2 Loans and advances to customers analysed by security type

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Unsecured loans	2,034,367	1,967,646	2,004,128	1,932,734
Guaranteed loans	1,238,069	1,048,876	1,176,498	995,336
Collateralized loans	1,857,201	1,770,621	1,842,574	1,755,742
Pledged loans	261,893	230,611	238,991	219,762
Total	5,391,530	5,017,754	5,262,191	4,903,574

13.3 Overdue loans and advances to customers

The Group

	31 December 2024				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	21,001	10,707	2,266	1,577	35,551
Guaranteed loans	4,204	4,802	7,839	686	17,531
Collateralized loans	21,342	16,352	9,340	4,306	51,340
Pledged loans	1,282	2,465	1,123	1,604	6,474
Total	47,829	34,326	20,568	8,173	110,896

	31 December 2023				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	16,668	12,325	1,585	1,708	32,286
Guaranteed loans	5,181	5,823	10,304	1,063	22,371
Collateralized loans	16,278	14,004	9,605	1,946	41,833
Pledged loans	643	316	3,462	416	4,837
Total	38,770	32,468	24,956	5,133	101,327

The Bank

	31 December 2024				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	20,554	10,544	2,029	975	34,102
Guaranteed loans	3,777	4,738	7,730	586	16,831
Collateralized loans	21,244	16,231	8,929	4,301	50,705
Pledged loans	1,279	2,421	1,123	1,566	6,389
Total	46,854	33,934	19,811	7,428	108,027

	31 December 2023				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	16,224	12,221	1,346	876	30,667
Guaranteed loans	5,049	5,672	9,896	958	21,575
Collateralized loans	16,185	13,608	9,462	1,933	41,188
Pledged loans	643	316	3,461	416	4,836
Total	38,101	31,817	24,165	4,183	98,266

The Group and the Bank classify the total loans with principal or interest overdue 1 day above (including 1 day) as overdue loans.

13.4 Movements of ECL allowance

(a) Movements of ECL allowance of loans and advances to customers at amortized cost

The Group

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024		38,847	21,298	68,279	128,424
Transfers during the year:					
- Transfer to stage 1		4,163	(4,004)	(159)	-
- Transfer to stage 2		(3,517)	5,692	(2,175)	-
- Transfer to stage 3		(2,592)	(10,481)	13,073	-
Net (decrease) / increase during the year	(1)	(497)	17,334	38,887	55,724
Written-offs and disposals during the year		-	-	(59,464)	(59,464)
Recovery of loans and advances written off in previous years		-	-	11,739	11,739
Others		59	18	102	179
Balance at 31 December 2024		36,463	29,857	70,282	136,602

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023		38,285	23,056	56,742	118,083
Transfers during the year:					
- Transfer to stage 1		2,664	(2,390)	(274)	-
- Transfer to stage 2		(2,676)	4,175	(1,499)	-
- Transfer to stage 3		(1,250)	(11,798)	13,048	-
Net increase during the year	(1)	1,818	8,255	45,916	55,989
Written-offs and disposals during the year		-	-	(56,783)	(56,783)
Recovery of loans and advances written off in previous years		-	-	10,980	10,980
Others		6	-	149	155
Balance at 31 December 2023		38,847	21,298	68,279	128,424

The Bank

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024		36,032	19,451	66,151	121,634
Transfers during the year:					
- Transfer to stage 1		3,968	(3,810)	(158)	-
- Transfer to stage 2		(3,349)	5,517	(2,168)	-
- Transfer to stage 3		(2,588)	(10,178)	12,766	-
Net (decrease) / increase during the year	(1)	(313)	16,102	38,796	54,585
Written-offs and disposals during the year		-	-	(58,704)	(58,704)
Recovery of loans and advances written off in previous years		-	-	11,410	11,410
Others		7	1	(10)	(2)
Balance at 31 December 2024		33,757	27,083	68,083	128,923

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023		35,324	21,533	54,616	111,473
Transfers during the year:					
- Transfer to stage 1		2,633	(2,363)	(270)	-
- Transfer to stage 2		(2,564)	4,035	(1,471)	-
- Transfer to stage 3		(1,241)	(11,712)	12,953	-
Net increase during the year	(1)	1,876	7,958	45,487	55,321
Written-offs and disposals during the year		-	-	(56,186)	(56,186)
Recovery of loans and advances written off in previous years		-	-	10,929	10,929
Others		4	-	93	97
Balance at 31 December 2023		36,032	19,451	66,151	121,634

(1) This item includes changes of Probability of Default (“PD”), Exposure At Default (“EAD”), Loss Given Default (“LGD”) due to routine updates to model parameters, and the impact of stage changes on the measurement of ECL.

(2) Financial instruments whose credit risks haven’t significantly increased since the initial recognition are classified into stage 1, then they will be transferred into stage 2 if their credit risks have significantly increased since the initial recognition with no objective evidence for impairment, and will be further transferred into stage 3 where there is objective impairment evidence on the reportingdate. Refer to Note VIII. 1(3) for ECL measurement.

(b) Movements of ECL allowance of loans and advances to customers at fair value through other comprehensive income

The Group and the Bank

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	311	4	-	315
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Net decrease during the year	(166)	(3)	-	(169)
Balance at 31 December 2024	145	1	-	146

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	583	-	8	591
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Net (decrease) / increase during the year	(272)	4	(8)	(276)
Balance at 31 December 2023	311	4	-	315

14 Financial Investments

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial investment measured at FVTPL	(a)	691,019	780,226	767,780	740,523
Financial investments measured at amortized cost	(b)	1,326,638	1,271,082	1,120,026	1,208,379
Fnancial investments measured at FVOCI	(c)	791,467	624,747	775,907	613,336
Financial investments, net		2,809,124	2,676,055	2,663,713	2,562,238

(a) Financial investments measured at FVTPL:

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Fund investments		485,481	434,606	541,561	491,401
Government bonds		39,813	63,521	39,813	63,521
Bonds issued by financial institutions		20,312	10,288	18,427	7,551
Equity investment		17,268	17,329	12,122	12,318
Beneficiary certificates of securities companies		11,913	39,723	11,913	39,723
Trust and asset management plans		9,811	14,801	119,568	86,671
Deposit certificates issued by other financial institutions		8,579	3,303	8,579	3,303
Corporate bonds		7,084	21,435	6,411	21,190
Assets backed securities (“ABS”)		2,222	2,290	2,222	2,290
Bonds issued by policy banks		1,332	5,150	1,332	5,150
Other investment	(1)	87,204	167,780	5,832	7,405
Total		691,019	780,226	767,780	740,523

(1) Other investments mainly include the Group's investments in structured entities included in the scope of consolidation, the long-term employee benefits payable to Changjiang Pension Insurance Co., Ltd. for investment entrusted by the Group and other wealth management products. The Group's investments in structured entities included in the scope of consolidation include fund products, trust and asset management plans controlled by the Group, which are mainly invested in assets such as various types of bonds and equity investments with third-party repurchase arrangements; as at 31 December 2024, the size of the underlying assets of the Group's above investments in the structured entities included in the scope of consolidation amounted to RMB 81,391 million (as at 31 December 2023: RMB 159,916 million).

(b) Financial Investments measured at amortized cost

	Note	The Group 31 December 2024	The Group 31 December 2023	The Bank 31 December 2024	The Bank 31 December 2023
Government bonds		537,943	583,862	537,747	583,862
Bonds issued by policy banks		278,855	270,330	278,514	270,330
ABS		106,449	124,770	106,327	124,648
Trust and asset management plans	(1)	100,700	161,425	97,199	157,821
Bonds issued by financial institutions		61,320	50,006	61,248	50,006
Corporate bonds		35,865	30,812	34,720	30,767
Deposit certificates issued by other financial institutions		13,134	2,602	12,738	2,154
Other investments	(2)	198,282	57,903	-	-
Subtotal		1,332,548	1,281,710	1,128,493	1,219,588
Accrued interest		18,683	17,874	15,635	17,178
Impairment allowance					
- Principal of financial investments		(24,253)	(28,345)	(23,773)	(28,236)
-Accrued interest of financial Investments		(340)	(157)	(329)	(151)
Subtotal of impairment allowance		(24,593)	(28,502)	(24,102)	(28,387)
Financial investments at amortized cost, net		1,326,638	1,271,082	1,120,026	1,208,379

(1) As at 31 December 2024 and 31 December 2023, the trust and asset management plans were primarily invested in debt instruments with fixed or determinable repayment amounts.

(2) Other investments mainly consist of investments in structured entities and other debt investments that the Group included in the scope of consolidation. The Group's investments in structured entities included in the scope of consolidation were asset management plans controlled by the Group, which are mainly invested in various types of bonds; as at 31 December 2024, the size of the underlying assets of the Group's above investments in the structured entities included in the scope of consolidation amounted to RMB 198,282 million (as at 31 December 2023: RMB 57,600 million)

(i) Movement for ECL allowance of the financial investments measured at amortized cost:

The Group

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	962	1,051	26,332	28,345
Transfers for the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(337)	337	-
Net (decrease) / increase for the year	(359)	(110)	12,121	11,652
Write-offs during the year	-	-	(15,898)	(15,898)
Recovery of investments written off in previous years	-	-	143	143
Others	2	-	9	11
Balance at 31 December 2024	492	717	23,044	24,253

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	2,109	1,081	16,241	19,431
Transfers for the year:				
- to stage 1	292	(292)	-	-
- to stage 2	(104)	559	(455)	-
- to stage 3	(95)	(887)	982	-
Net (decrease) / increase for the year	(1,241)	590	13,547	12,896
Write-offs during the year	-	-	(4,035)	(4,035)
Recovery of investments written off in previous years	-	-	48	48
Others	1	-	4	5
Balance at 31 December 2023	962	1,051	26,332	28,345

The Bank

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	940	1,046	26,250	28,236
Transfers for the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(331)	331	-
Net (decrease) / increase for the year	(355)	(110)	11,748	11,283
Write-offs during the year	-	-	(15,898)	(15,898)
Recovery of investments written off in previous years	-	-	143	143
Others	2	-	7	9
Balance at 31 December 2024	474	718	22,581	23,773

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	2,054	1,056	16,642	19,752
Transfers for the year:				
- to stage 1	292	(292)	-	-
- to stage 2	(104)	559	(455)	-
- to stage 3	(52)	(861)	913	-
Net (decrease) / increase for the year	(1,251)	584	13,133	12,466
Write-offs during the year	-	-	(4,035)	(4,035)
Recovery of investments written off in previous years	-	-	48	48
Others	1	-	4	5
Balance at 31 December 2023	940	1,046	26,250	28,236

(c) Financial investments measured at FVOCI

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Government bonds		388,424	286,412	382,514	283,385
Corporate bonds		140,216	122,163	134,450	113,796
Bonds issued by financial institutions		110,231	82,357	107,816	82,406
Bonds issued by policy banks		84,996	79,886	84,149	79,886
Deposit certificates issued by other financial institutions		31,421	33,438	31,421	33,438
ABS		19,660	6,302	19,373	6,302
Repossessed equity instruments	(1)	1,406	1,566	1,406	1,566
Trust and asset management plans		16	20	-	-
Other equity investment	(1)	7,623	5,164	7,372	5,164
Subtotal		783,993	617,308	768,501	605,943
Accrued interest		7,474	7,439	7,406	7,393
Total		791,467	624,747	775,907	613,336

(1) The Group and the Bank designated certain equity investments that are not held for trading as financial assets at fair value through other comprehensive income. In 2024, the Group and the Bank recognised dividend income from investments in such equity instruments of RMB 58 million (2023: RMB 67 million). In 2024, neither the Group nor the Bank recorded any reclassification of accumulated losses from the disposal of such equity instrument investments from other comprehensive income to retained earnings (2023: recorded accumulated losses of RMB 239 million).

(i) Movements of ECL allowance of financial investments measured at FVOCI:

The Group

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	428	216	5,331	5,975
Transfers for the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(137)	137	-
Net (decrease) / increase for the year	(69)	6	533	470
Write-offs during the year	-	-	(1,300)	(1,300)
Recovery of investments written off in previous years	-	-	3	3
Others	9	1	23	33
Balance at 31 December 2024	363	91	4,727	5,181

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	590	227	2,921	3,738
Transfers for the year:				
- to stage 1	1	(1)	-	-
- to stage 2	(22)	22	-	-
- to stage 3	(27)	(126)	153	-
Net (decrease) / increase for the year	(118)	92	2,602	2,576
Write-offs during the year	-	-	(366)	(366)
Others	4	2	21	27
Balance at 31 December 2023	428	216	5,331	5,975

The Bank

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	378	180	4,905	5,463
Transfer for the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(120)	120	-
Net (decrease) / increase for the year	(69)	11	506	448
Write-offs during the year	-	-	(1,300)	(1,300)
Recovery of investments written off in previous years	-	-	3	3
Others	7	-	6	13
Balance at 31 December 2024	311	76	4,240	4,627

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	530	193	2,476	3,199
Transfer for the year:				
- to stage 1	1	(1)	-	-
- to stage 2	(14)	14	-	-
- to stage 3	-	(115)	115	-
Net (decrease) / increase for the year	(142)	87	2,530	2,475
Write-offs during the year	-	-	(230)	(230)
Others	3	2	14	19
Balance at 31 December 2023	378	180	4,905	5,463

15 Investments in associate and joint ventures

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Investments in joint ventures	III.38(2)	1,464	2,458	1,464	2,458
Investments in associate	III.38(2)	343	367	-	-
Total		1,807	2,825	1,464	2,458

The Group

	1 January 2024	Decrease in Investment	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2024
AXA SPDB Investment Managers Co., Ltd.	1,386	-	130	(1)	(51)	-	1,464
SPD Silicon Valley Bank Co., Ltd.	1,072	-	25	3	-	(1,100)	-
Others	367	(1)	62	-	(85)	-	343
Total	2,825	(1)	217	2	(136)	(1,100)	1,807

	1 January 2023	Increase in Investment	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2023
AXA SPDB Investment Managers Co., Ltd.	1,286	-	151	-	(51)	-	1,386
SPD Silicon Valley Bank Co., Ltd.	1,033	-	35	(1)	-	5	1,072
Others	336	-	37	-	(6)	-	367
Total	2,655	-	223	(1)	(57)	5	2,825

The Group and the Bank conduct impairment tests on long-term equity investments, and the recoverable amount is determined based on the present value of the expected future cash flows of the relevant subsidiaries. The expected future cash flows are determined based on financial forecasts approved by the management of the corresponding subsidiaries. The average growth rate, discount rate, and other assumptions used to forecast cash flows all reflect the specific risks associated with them.

With approvals from the national financial regulatory authority and relevant market supervision authorities, SPD Silicon Valley Bank Co., Ltd. changed its name to Shanghai Innovation Bank Co., Ltd., with registered capital remaining at RMB 1 billion. From 2 September 2024, Shanghai Innovation Bank Co., Ltd. was included in the Group's consolidation scope, resulting in the change of accounting method for the corresponding long-term equity investments from the equity method to the cost method.

16 Fixed assets

The Group

	Plant and buildings	Motor vehicles	Electronic computers and other equipments	Equipments such as airplanes and ships	Total
Cost					
1 January 2023	17,285	444	10,717	27,141	55,587
Additions	1,035	15	1,351	6,156	8,557
Transferred in	3,274	-	9	-	3,283
Disposals	(126)	(23)	(663)	-	(812)
31 December 2023	21,468	436	11,414	33,297	66,615
Additions	80	29	820	14,405	15,334
Transferred in	824	-	32	-	856
Disposals	-	(27)	(1,205)	(2,245)	(3,477)
31 December 2024	22,372	438	11,061	45,457	79,328
Accumulated depreciation					
1 January 2023	(5,592)	(350)	(7,356)	(5,132)	(18,430)
Charge	(625)	(27)	(1,367)	(1,500)	(3,519)
Disposals	43	21	616	-	680
31 December 2023	(6,174)	(356)	(8,107)	(6,632)	(21,269)
Charge	(707)	(24)	(1,222)	(1,635)	(3,588)
Disposals	-	26	1,143	613	1,782
31 December 2024	(6,881)	(354)	(8,186)	(7,654)	(23,075)
Impairment allowance					
1 January 2023	-	-	-	-	-
Charge	-	-	-	(38)	(38)
31 December 2023	-	-	-	(38)	(38)
Disposals	-	-	-	20	20
31 December 2024	-	-	-	(18)	(18)
Net book value					
31 December 2024	15,491	84	2,875	37,785	56,235
31 December 2023	15,294	80	3,307	26,627	45,308

The Bank

	Plant and buildings	Motor vehicles	Electronic computers and other equipments	Total
Cost				
1 January 2023	16,801	413	10,402	27,616
Additions	1,035	12	1,314	2,361
Transferred in	3,274	-	9	3,283
Disposals	(108)	(19)	(594)	(721)
31 December 2023	21,002	406	11,131	32,539
Additions	80	25	790	895
Transferred in	-	-	12	12
Disposals	-	(24)	(1,190)	(1,214)
31 December 2024	21,082	407	10,743	32,232
Accumulated depreciation				
1 January 2023	(5,455)	(325)	(7,115)	(12,895)
Charge	(613)	(24)	(1,345)	(1,982)
Disposals	43	17	564	624
31 December 2023	(6,025)	(332)	(7,896)	(14,253)
Charge	(675)	(21)	(1,189)	(1,885)
Disposals	-	22	1,130	1,152
31 December 2024	(6,700)	(331)	(7,955)	(14,986)
Net book value				
31 December 2024	14,382	76	2,788	17,246
31 December 2023	14,977	74	3,235	18,286

As at 31 December 2024, the plant and buildings with original cost of RMB 3,448 million (2023: RMB 5,351 million) and net book value of RMB 3,196 million (2023: RMB 5,137 million) were in use by the Group and the Bank while the property right registration were still in progress.

The Group regularly performs impairment testing on certain fixed assets leased out under operating leases. If the results of the impairment testing indicate that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made in accordance with the differences and recognised in impairment losses. The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The management obtained the value of the assets at the end of the lease term from a professional evaluation authority, the costs of disposal include legal costs, related taxes and etc. In calculating the present value of the expected future cash flows from the assets, the management uses the rental amount agreed in the lease contract and the value of the assets at the end of the lease term as the basis for the estimate of future cash flows and selects an appropriate discount rate to determine the present value of the future cash flows, as well as estimating the future cash flows under different scenarios for certain lessees. Except for certain fixed assets leased out under operating leases as mentioned above, there were no significant indications of impairment of the Group's other fixed assets at the end of 2024 and 2023.

17 Lease

(1) Right-of-use assets

The Group

	Plant & buildings	Equipments & others	Total
Cost			
1 January 2023	16,998	152	17,150
Additions	2,196	10	2,206
Decreases	(2,930)	(25)	(2,955)
31 December 2023	16,264	137	16,401
Additions	2,072	15	2,087
Decreases	(3,446)	(56)	(3,502)
31 December 2024	14,890	96	14,986
Accumulated amortisation			
1 January 2023	(9,046)	(82)	(9,128)
Additions	(2,896)	(27)	(2,923)
Decreases	2,776	24	2,800
31 December 2023	(9,166)	(85)	(9,251)
Additions	(2,790)	(22)	(2,812)
Decreases	3,374	53	3,427
31 December 2024	(8,582)	(54)	(8,636)
Net book value			
31 December 2024	6,308	42	6,350
31 December 2023	7,098	52	7,150

The Bank

	Plant & buildings	Equipments & other	Total
Cost			
1 January 2023	16,123	152	16,275
Additions	2,121	10	2,131
Decreases	(2,861)	(25)	(2,886)
31 December 2023	15,383	137	15,520
Additions	1,884	15	1,899
Decreases	(3,246)	(56)	(3,302)
31 December 2024	14,021	96	14,117
Accumulated amortisation			
1 January 2023	(8,698)	(82)	(8,780)
Additions	(2,777)	(27)	(2,804)
Decreases	2,756	24	2,780
31 December 2023	(8,719)	(85)	(8,804)
Additions	(2,641)	(22)	(2,663)
Decreases	3,155	53	3,208
31 December 2024	(8,205)	(54)	(8,259)
Net book value			
31 December 2024	5,816	42	5,858
31 December 2023	6,664	52	6,716

(2) Lease liabilities

As as the date of financial statement, the analysis by remaining maturity date as follows：

The Group

	31 December 2024	31 December 2023
Within 3 months	669	760
3 months to 1 year	1,863	1,967
1 year to 5 years	3,704	4,285
More than 5 years	83	252
Total undiscounted lease liabilities	6,319	7,264
Book value of lease liabilities at year-end	6,013	6,871

The Bank

	31 December 2024	31 December 2023
Within 3 months	628	714
3 months to 1 year	1,756	1,875
1 year to 5 years	3,339	4,033
More than 5 years	52	174
Total undiscounted lease liabilities	5,775	6,796
Book value of lease liabilities at year-end	5,507	6,423

(3) Short-term leases and leases of low-value assets

The Group’s short-term leases and leases of low-value assets mainly represent plant and buildings and other equipment.

(4) Leases in which the Group is lessor

Items	2024	2023
Operating leasing income	3,710	2,593
Financial leasing income	4,822	4,468

The Group conducted financial leasing and operating lease businesses in compliance with relevant regulatory requirements. The leased assets primarily included airplanes, ships, and other leasing equipments, with corporate clients being the main lessees.

18 Intangible assets

The Group

	Land use rights	Software and others	Brand and franchise right	Total
Cost				
1 January 2023	6,800	10,080	2,236	19,116
Additions	-	1,091	-	1,091
Disposals	-	(127)	-	(127)
31 December 2023	6,800	11,044	2,236	20,080
Additions	14	1,255	-	1,269
Disposals	-	(3)	-	(3)
31 December 2024	6,814	12,296	2,236	21,346
Accumulated amortisation				
1 January 2023	(974)	(7,793)	-	(8,767)
Amortization	(174)	(1,451)	-	(1,625)
Disposals	-	79	-	79
31 December 2023	(1,148)	(9,165)	-	(10,313)
Amortization	(176)	(1,274)	-	(1,450)
Disposals	-	1	-	1
31 December 2024	(1,324)	(10,438)	-	(11,762)
Net book value				
31 December 2024	5,490	1,858	2,236	9,584
31 December 2023	5,652	1,879	2,236	9,767

In 2024, the Group performed an impairment testing for the brand and franchise rights (with indefinite useful lives) of Shanghai International Trust Co., Ltd. (“Shanghai International Trust”), and concluded that no provisions for impairment were required. In the impairment testing, the recoverable amount is determined by reference to its fair value less costs of disposal. The management selected comparable company cases and evaluated the fair value of such brands and franchise rights with a price to book value ratio method, and corrected the price to book value ratio according to specific risk factors.

The Bank

	Land use rights	Software and others	Total
Cost			
1 January 2023	6,797	9,204	16,001
Additions	-	1,039	1,039
Disposals	-	(2)	(2)
31 December 2023	6,797	10,241	17,038
Additions	14	1,057	1,071
Disposals	-	-	-
31 December 2024	6,811	11,298	18,109
Accumulated amortisation			
1 January 2023	(973)	(6,992)	(7,965)
Amortization	(173)	(1,438)	(1,611)
Disposals	-	2	2
31 December 2023	(1,146)	(8,428)	(9,574)
Amortization	(176)	(1,242)	(1,418)
Disposals	-	-	-
31 December 2024	(1,322)	(9,670)	(10,992)
Net book value			
31 December 2024	5,489	1,628	7,117
31 December 2023	5,651	1,813	7,464

19 Goodwill

	31 December 2024	31 December 2023
Goodwill		
-Shanghai International Trust	5,351	5,351
Less：impairment allowances	-	-
Total	5,351	5,351

The goodwill is recognized as a result of the Bank’s issuance of share capital to acquire 97.33% equity of Shanghai International Trust in March 2016.

The goodwill allocated to the cash generating unit (CGU) or CGUs on transcation date according to operating segments are summarised as follows:

	31 December 2024	31 December 2023
Shanghai International Trust	4,739	4,739
Subsidiaries of Shanghai International Trust	612	612
Total	5,351	5,351

(1) Asset groups or asset group combinations related to goodwill

It mainly represents the Shanghai International Trust asset group and the asset group of Shanghai International Trust's related subsidiaries. At the end of 2024, the cash flows of the above asset groups were basically independent of cash inflows generated by other assets or asset groups, and belonged to the trust business segment, monetary brokerage segment and investment management segment respectively. The asset group to which the Group's goodwill was allocated remained unchanged during the year.

(2) Method used to determine the recoverable amount:

As at the reportingdate, the recoverable amount of the Shanghai International Trust asset group was determined by reference to its fair value less costs of disposal.

Item	*Carrying amount (RMB)*	*Recoverable amount (RMB)*	*Impairment amount*	*The method used to determine the fair value and the cost of disposal*	*Key parameters*	*Basis for determining the key parameters*
Shanghai International Trust	30.1 billion	35.0 billion	-	Use the comparable transaction method to determine fair value and consider related costs of disposal	Price-to-book ratio (P/B) (1.3 times to 1.8times)	Determine based on the comparable trading P/B multiples and adjust the P/B in accordance with specific risk factors

As at the reportingdate, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was determined by reference to the present value of expected future cash flows. Key parameters used to calculate the present value of future cash flows include revenue growth rate, earnings before interest, tax, depreciation and amortisation (EBITDA) margin, gross margin, pre-tax discount rate, etc. The Group comprehensively determines the revenue growth rate, EBITDA margin and gross margin for the five-year forecast period based on historical experience and market development, and on the basis of the realised financial performance in the year prior to the forecast period, taking into account the expected limitations on the scope of the future operations as well as the level of the related expenses; the Group determines the revenue growth rate for the future stable period based on the level of long-term inflation rate for the PRC economy, and the EBITDA margin and gross margin for the stable period based on the forecast level for the last period of the forecast period; the pre-tax discount rate reflects the risks specific to the future cash flows of the underlying asset group. As at the reportingdate, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was higher than the carrying amount, no impairment was recognised.

20 Deferred income tax

20.1 The table below includes the deferred income tax assets and liabilities of the Group and the Bank after offsetting qualifying amounts:

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deferred income tax assets	75,261	71,598	72,695	69,250
Deferred income tax liabilities	(630)	(1,014)	-	-

20.2 Deferred income tax assets and liabilities and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

The Group

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Impairment allowances for assets	312,228	78,058	271,862	67,957
Fair value changes of derivative financial liabilities	78,434	19,609	52,293	13,073
Fair value changes of financial assets measured at FVOCI	6,906	1,726	8,829	2,138
Employee benefits payable	4,996	1,249	8,435	2,109
Provisions	7,806	1,951	7,753	1,938
Fair value changes of financial instruments measured at FVTPL	6,860	1,715	2,940	736
Others	12,226	3,056	12,885	3,220
Subtotal	429,456	107,364	364,997	91,171
Offset amounts		(32,103)		(19,573)
Deferred income tax assets after offsetting		75,261		71,598

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Fair value changes of derivative financial assets	(88,854)	(22,214)	(56,311)	(14,077)
Fair value changes of financial instruments measured at FVTPL	(15,859)	(3,964)	(12,723)	(3,181)
Fair value changes of financial assets measured at FVOCI	(17,843)	(4,471)	(4,127)	(1,032)
Differences between fair value and carrying amount of identifiable net assets arising from business combinations of entities not under common control	(2,464)	(616)	(2,441)	(610)
Others	(5,876)	(1,468)	(6,749)	(1,687)
Subtotal	(130,896)	(32,733)	(82,351)	(20,587)
Offset amounts		32,103		19,573
Deferred tax liabilities after offsetting		(630)		(1,014)

The Bank

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Impairment allowances for assets	304,702	76,176	265,863	66,466
Fair value changes of derivative financial liabilities	78,434	19,609	52,260	13,065
Fair value changes of financial assets measured at FVOCI	6,386	1,596	8,017	2,004
Provisions	7,805	1,951	7,753	1,938
Employee benefits payable	3,368	842	6,878	1,719
Fair value changes of financial instruments measured at FVTPL	6,869	1,717	2,782	696
Others	11,505	2,877	11,659	2,916
Subtotal	419,069	104,768	355,212	88,804
Offset amounts		(32,073)		(19,554)
Deferred income tax assets after offsetting		72,695		69,250

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Fair value changes of derivative financial assets	(88,838)	(22,210)	(56,265)	(14,066)
Fair value changes of financial instruments measured at FVTPL	(15,857)	(3,964)	(11,131)	(2,783)
Fair value changes of financial assets measured at FVOCI	(17,739)	(4,435)	(4,102)	(1,026)
Others	(5,858)	(1,464)	(6,716)	(1,679)
Subtotal	(128,292)	(32,073)	(78,214)	(19,554)
Offset amounts		32,073		19,554
Deferred tax liabilities after offsetting		-		-

20.3 The movement of the deferred income tax account is as follows:

	Note	The Group		The Bank	
		2024	2023	2024	2023
Balance at the beginning of the year		70,584	68,049	69,250	66,867
Charged to profit or loss	III.7	7,688	4,198	6,944	4,006
Charged to other comprehensive income	III.34	(3,641)	(1,663)	(3,499)	(1,623)
Balance at the end of the year		74,631	70,584	72,695	69,250

21 Other assets

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Margin deposits	42,953	21,483	42,378	21,483
Suspense accounts	41,843	21,443	40,261	21,004
Other receivables	9,478	14,360	8,158	13,066
Interest receivable	3,940	3,622	3,940	3,621
Prepayment for land-use rights and others	2,892	3,115	1,123	1,101
Long-term deferred expenses	1,334	1,488	1,262	1,414
Payments to Trust Protection Fund	658	872	-	-
Repossessed assets	582	448	298	361
Others	2,504	2,635	1,412	1,621
Total	106,184	69,466	98,832	63,671

22 Deposits and placements from banks and other financial institutions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deposits from domestic banks	99,083	197,810	108,093	204,861
Deposits from overseas banks	1,659	2,393	1,659	2,393
Deposits from domestic non-bank financial institutions	752,408	770,439	754,990	773,728
Deposits from overseas non-bank financial institutions	14,680	16,028	15,602	16,743
Placements from domestic banks	278,883	262,430	161,988	168,802
Placements from overseas banks	67,811	38,847	57,674	29,757
Placements from domestic non-bank financial institutions	1,185	600	1,185	600
Accrued interest	5,896	5,162	5,168	4,794
Total	1,221,605	1,293,709	1,106,359	1,201,678

23 Financial liabilities measured at FVTPL

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial liabilities associated with bonds		24,787	7,750	24,787	7,750
Financial liabilities related to precious metals		5,185	119	5,185	119
Interest of other unitholders in consolidated structured entities	(1)	3,200	2,338	-	-
Total		33,172	10,207	29,972	7,869

(1) The Group designated interests attributable to other unit holders in consolidated structured entities as financial liabilities measured at FVTPL.

(2) As at 31 December 2024 and 31 December 2023, no significant fair value changes have occurred due to changes in the Group's own credit risk.

24 Financial assets sold under repurchase agreements

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Bonds	347,787	427,511	252,390	361,394
Bills	153,761	87,381	153,761	87,381
Deposit certificates issued by other financial institutions	4,219	4,637	-	-
Accrued interest	195	255	195	255
Total	505,962	519,784	406,346	449,030

25 Deposits from customers

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current deposits				
-Corporate	1,620,275	1,813,631	1,606,476	1,808,067
-Retail	414,676	354,015	411,861	351,177
Time deposits				
-Corporate	1,943,073	1,765,364	1,928,882	1,761,829
-Retail	1,160,310	1,049,278	1,138,522	1,029,042
Other deposits	7,625	2,342	7,592	2,328
Subtotal	5,145,959	4,984,630	5,093,333	4,952,443
Accrued interest	83,323	75,714	82,310	74,702
Total	5,229,282	5,060,344	5,175,643	5,027,145

26 Debt securities issued

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Interbank deposit certificates and deposit certificates issued	(1)	1,010,322	636,053	1,010,322	636,053
Bonds issued					
2020 Tie II First Financial bond	(2)	32,000	32,000	32,000	32,000
2020 Tier II Second Financial Bond	(3)	8,000	8,000	8,000	8,000
2020 Tier II Third Financial Bond	(4)	30,000	30,000	30,000	30,000
2020 Tier II Fourth Financial Bond	(5)	10,000	10,000	10,000	10,000
2021 First Financial Bond	(6)	-	60,000	-	60,000
2021 Second Financial Bond	(7)	-	40,000	-	40,000
2022 First Financial Bond (Variety I)	(8)	25,000	25,000	25,000	25,000
2022 First Financial Bond (Variety II)	(8)	5,000	5,000	5,000	5,000
2022 Third Financial Bond	(9)	30,000	30,000	30,000	30,000
2022 Fourth Financial Bond	(10)	30,000	30,000	30,000	30,000
2023 Green Financial Bond	(11)	30,000	30,000	30,000	30,000
2024 First Financial Bond	(12)	29,990	-	30,000	-
2024 Second Financial Bond	(13)	30,000	-	30,000	-
2024 Tier II Capital Notes (Serise 1) (Variety I)	(14)	35,000	-	35,000	-
2024 First Tier II Capital Notes (Serise 1) (Variety II)	(14)	5,000	-	5,000	-
2024 Second Tier II Capital Notes (Serise 2) (Variety I)	(15)	34,000	-	34,000	-
2024 Tier II Capital Notes (Serise 2) (Variety II)	(15)	6,000	-	6,000	-
Hong Kong medium-term note	(16)	3,600	4,964	3,600	4,964
Singapore medium-term note	(17)	2,190	2,128	2,190	2,128
London medium-term note	(18)	2,920	2,837	2,920	2,837
SPDB Convertible corporate bonds	(19)	49,998	49,998	49,998	49,998
2020 Tier II SPDB Financial Leasing Financial Bond	(20)	1,100	1,100	-	-
2021 SPDB Financial Leasing Financial Green Bond	(21)	-	3,000	-	-
2021 First SPDB Financial Leasing Financial Bond	(22)	-	2,000	-	-
2022 First SPDB Financial Leasing Financial Bond	(23)	1,500	1,450	-	-
Subtotal		401,298	367,477	398,708	359,927
Add: Unamortized issue cost and others		2,346	2,462	2,348	2,468
Debt securities issued		403,644	369,939	401,056	362,395
Accrued interest		6,006	5,661	5,968	5,562
Total		1,419,972	1,011,653	1,417,346	1,004,010

(1) As at 31 December 2024, the Group and the Bank issued a total of 182 interbank deposit certificates in the domestic inter-bank market which have not yet expired, with the longest term to maturity being 366 days and interest rates falling within a range from 1.60% to 2.47% (As at 31 December 2023, the Group issued a total of 181 interbank deposit certificates in the domestic inter-bank market which have not yet expired, with the longest term to maturity being 366 days and interest rates falling within a range from 2.00% to 2.76%).

The deposit certificates of the Group were all publicly issued by overseas institutions of the Group. As at 31 December 2024, the number of deposit certificates publicly issued but not yet expired were 122 in total, with the longest term to maturity being 387 days and interest rates falling within a range from 2.08% to 5.65% (As at 31 December 2023, the number of deposit certificates publicly issued but not yet expired were 112 in total, with the longest term to maturity being 365 days and interest rates falling within a range from 2.87% to 6.01%).

(2) The Bank issued Tier II capital instruments in the amount of RMB 32 billion in the domestic inter-bank market on 30 July 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 3.87%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions.

(3) The Bank issued Tier II capital instruments in the amount of RMB 8 billion in the domestic inter-bank market on 30 July 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.18%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(4) The Bank issued Tier II capital instruments in the amount of RMB 30 billion in the domestic inter-bank market on 15 September 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.27%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions.

(5) The Bank issued Tier II capital instruments in the amount of RMB 10 billion in the domestic inter-bank market on 15 September 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.52%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(6) The Bank issued “2021 First Financial Bond” in the amount of RMB 60 billion in the domestic inter-bank market on 23 March 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 3.48%. As at 31 December 2024, the Bank has completed the redemption.

(7) The Bank issued “2021 Second Financial Bond” in the amount of RMB 40 billion in the domestic inter-bank market on 2 December 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.97%. As at 31 December 2024, the Bank has completed the redemption.

(8) The Bank issued “2022 First Financial Bond (Variety I)” in the amount of RMB 25 billion and “2022 First Financial Bond (Variety II)” in the amount of RMB 5 billion in

the domestic inter-bank market on 21 January 2022. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 2.69%.

(9) The Bank issued “2022 Second Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 24 February 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.78%.

(10) The Bank issued “2022 Third Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 9 November 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.45%.

(11) The Bank issued “2023 Frist Green Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 24 March 2023 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.79%.

(12) The Bank issued “2024 First Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 29 Februray 2024 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.35%. On December 31, 2024, the actual amount of the bond issued by the Group was RMB 29.99 billion.

(13) The Bank issued “2024 Second Financial Bond” in the amount of RMB 30 billion in the domestic inter-bank market on 26 March 2024 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.38%.

(14) The Bank issued Tier II capital Notes with a total amount of RMB 35 billion and RMB 5 billion respectively in the domestic inter-bank market on 14 August 2024. The bond have a maturity of 10 years and 15 years respectively, and the bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.17% and 2.30%, respectively.

(15) The Bank issued Tier II capital Notes with a total amount of RMB 34 billion and RMB 6 billion respectively in the domestic inter-bank market on 6 December 2024. The bond have a maturity of 10 years and 15 years respectively, and the bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.15% and 2.34%, respectively.

(16) The Bank issued USD 700 million medium-term note in Hong Kong Stock Exchange on 13 July 2021 which has a term of 3 years through maturity, with a fixed coupon rate of 0.875%. In 2024, the Bank has exercised the redemption option on the above-mentioned notes. On 20 March 2024, the bank issued medium-term notes with a total amount of HKD 1.5 billion and USD 300 million on the Hong Kong Stock Exchange. The notes have a maturity of 2 years and 3 years respectively, and the coupon rates are fixed rate 4.60% and floating rate of SOFR+59BPS.

(17) The Bank issued medium-term notes totaling USD 300 million on the Singapore Exchange on 19 January 2021; the notes have a term of 3 years and a fixed coupon rate of 1.056% per annum. In 2024, the Bank has exercised the redemption option on the above-mentioned notes. On 28 October 2024, the Bank issued a medium-term note with a total amount of 300 million US dollars on the Singapore Exchange. The note has a term of 3 years and a floating interest rate of SOFR+60BPS.

(18) The Bank issued USD 400 million medium-term notes on London Stock Exchange on 14 July 2022 which has a term of 3 years through maturity, with a fixed coupon rate of 3.25% per annum.

(19) The Bank made a public offering of RMB 50 billion, A-share convertible corporate bonds on 15 November 2019. The convertible corporate bonds have a term of six years from 28 October 2019 to 27 October 2025, at coupon rates of 0.20% for the first year, 0.80% for the second year, 1.50% for the third year, 2.10% for the fourth year, 3.20% for the fifth year and 4.00% for the sixth year. The bond is payable on an annual basis, with principal and last year's interest due. The conversion of these convertible corporate bonds begins from the first trading day after six months upon the completion date of the offering (4 May 2020) to the maturity date (27 October 2025).

In accordance with formulas set out in the prospectus of the convertible corporate bonds, the initial conversion price of the convertible corporate bonds is RMB 15.05 per share, and the price of the convertible corporate bonds will be adjusted to reflect the impact of cash dividends and change in paid-in capital under specified circumstances (excluding the conversion of convertible bonds due to this issue). The holder of this bond applies for a conversion within the conversion period. The number of conversions is calculated by dividing the total amount of the bond faced by the bond holder applying for the conversion by the effective conversion price on the day of application for the conversion. Within five trading days after the expiration of the convertible bonds issued by the Bank, the Bank will redeem all unconverted convertible bonds at 110% of the face value of the bonds' convertible bonds (including the interest of the last year). For the specific issuance terms of this bond, please refer to the relevant issuance announcement.

As at 31 December 2024, a total of RMB 1,431,000 covertible corporate bonds were converted to ordinary share of the Bank, and the accumulated numbers of shares converted were 97,905.

The liabilities and equity components of the convertible corporate bonds issued by the Group and the Bank are as follows:

	Liability	Equity (Note III.30)	Total
Issued amount of convertible bonds	47,214	2,786	50,000
Direct issuance expenses	(78)	(4)	(82)
Balance at the issuance date	47,136	2,782	49,918
Accumulated amortisation at the beginning of the year	5,446	-	5,446
Accumulated converted bonds at the beginning of the year	(2)	-	(2)
Balance at 1 January 2024	52,580	2,782	55,362
Amortisation in the current period	364	-	364
Balance at 31 December 2024	52,944	2,782	55,726

(20) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank issued Tier II capital instruments in the amount of RMB 1.1 billion in the domestic inter-bank market on 11 August 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.20%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions.

(21) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued “2021 Green Finance Bonds” in the amount of RMB 3 billion in the domestic inter-bank market on 6 July 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 3.38%. As at 31 December 2024, the bond has matured the Bank has completed the redemption.

(22) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued “2021 First Financial Bond” in the amount of RMB 2 billion in the domestic inter-bank market on 21 October 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 3.30%. As at 31 December 2024, the bond has matured the Bank has completed the redemption.

(23) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued “2022 First Financial Bond (Freight and logistics)” in the amount of RMB 1.5 billion in the domestic inter-bank market on 8 July 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.93%.

(24) As at the reportingdate, the Group has not defaulted on any of its issued debt securities.

27 Provisions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Impairment allowance for financial guarantees and loan commitments	7,733	7,726	7,732	7,726
Pending litigation losses	73	27	73	27
Others	4	-	-	-
Total	7,810	7,753	7,805	7,753

28 Other liabilities

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Suspense accounts	47,755	21,347	47,504	21,347
Employee benefits payable	12,373	13,879	10,466	12,067
Advance from performance deposits and other deposits	3,797	3,624	678	993
VAT and other taxes payable	3,475	3,306	2,981	2,868
Accrued expenses	2,501	2,022	2,389	1,965
Contract liabilities	2,469	2,649	1,920	2,130
Dividend payable	55	42	45	36
Others	6,151	6,826	1,788	2,190
Total	78,576	53,695	67,771	43,596

29 Share capital

The Group and the Bank

	31 December 2024	31 December 2023
Domestic listed RMB ordinary share (A shares)	29,352	29,352

A shares issued by the Bank are all ordinary share, with par value of RMB 1 per share. All shares rank pari passu in all respects with each other.

30 Other equity instrument

The Group and the Bank

	Note	31 December 2024	31 December 2023
Other equity instruments included in the tier 1 capital of the Bank-Equity of SPDB - convertible corporate bonds	(1)	2,782	2,782
Other equity instruments included in other tier 1 capital of the Bank	(2)	79,919	109,909
Total		82,701	112,691

(1) As at 31 December 2024, the Equity of convertible corporate bonds issued by the Bank was RMB 2,782 million (2023: RMB 2,782 million), see Note III. 26(19) for specific information.

(2) Other equity instruments included in other tier 1 capital of the Bank

Name of other equity instruments outstanding	Dividend rate	Issuance Price (RMB)	Number	Opening amount	Movements during the year	Closing amount	Maturity date or renewals	Conversion (Yes/No)
Pufayou 1(a)	6% for the first five years; 5.58% for the second five years 4.27% for the third five years	100	150 million	15,000	-	15,000	No maturity date	No
Pufayou 2(a)	5.5% for the first five years 4.81% for the second five years	100	150 million	15,000	-	15,000	No maturity date	No
19 SPDB Capital bonds with unfixed termss (b)	4.73% for the first five years	100	300 million	30,000	(30,000)	-	No maturity date	No
20 SPDB Capital bonds with unfixed termss (b)	4.75% for the first five years	100	500 million	50,000	-	50,000	No maturity date	No
Less: Issue expenses				(91)	10	(81)		
Carrying amount				109,909	(29,990)	79,919		

(a) On 28 November 2014 and 6 March 2015, the Bank issued non-cumulative preference shares with a total par value of RMB 30 billion. The proceeds after deducting transaction costs amounted to RMB 29.92 billion and were recorded as other equity instruments. During the term of preference shares, the Bank has the option to redeem part or all outstanding preference shares on any dividend payment date after five years from the issuance if certain conditions are met, under the approval obtained from the regulatory authorities. Holders of the preference shares have no right to require the Bank to redeem the outstanding preference shares. Dividends of the preference shares are payable in cash on annual basis at a fixed dividend rate which is adjusted every five years. The Bank at its discretion has the right not to declare and distribute the dividends of the preference shares in part or full.

Upon occurrence of any of the following triggering events and subject to the approval from the regulatory authorities, the Bank's outstanding preference shares shall be mandatorily converted in part or full to the Bank's ordinary shares:

1. When the core tier 1 capital adequacy ratio of the Bank decreases to 5.125%(or below), upon the approval from the Board of Directors, the outstanding preference share shall be converted into the Bank's ordinary shares in part or full at a pre-determined mandatory conversion price so as to bring the Bank's core tier 1 capital adequacy ratio back to above 5.125%;

2. When any triggering event of the Bank's tier 2 capital instruments occurs, the outstanding preference shares shall be converted to the Bank's ordinary A shares at the pre-determined mandatory conversion price.

Under the approval from regulatory authority, the outstanding preference shares will be fully or partially converted to ordinary A-shares at the price of RMB 7.62 per share when meeting the mandatory conversion triggering conditions. If the Bank subsequently appropriates bonus shares, transfers retained earnings to ordinary shares, issues new ordinary shares (excluding any increase of ordinary shares due to conversion of convertible financial instruments issued by the Bank, such as preference shares and convertible bonds, etc.) or issue rights, the conversion price shall be adjusted subject to the terms and formula provided by the offering documents to adjust for the dilutive effects of these specified increases in ordinary shares.

Pursuant to the relevant laws and regulations, and the Approval from CBIRC on the Bank's Non-Public Offering of Preference Shares and Corresponding Revisions to the Article of Association (Yin Jianfu [2014]No.564), the proceeds from the issuance of preference shares shall be used to supplement the other tier 1 capital of the Bank.

Upon liquidation, the holders of the Bank's preference shares are entitled to the repayment at the par value of the outstanding preference shares prior to any distribution to the holders of the Bank's ordinary shares. If the remaining assets of the Bank are not sufficient to cover the par value, they are allocated to the holders of preference shares on proportionate basis.

(b) The Bank issued "2019 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd. " (RMB 30 billion) and "2020 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB 50 billion) in the inter-bank market on July 2019 and November 2020 respectively, which were all accounted for as other equity instruments after deducting issuance expenses .The duration of this open-term capital bonds was consistent with the duration of the Bank's continuing operations. The Bank shall have the right to redeem the open-term capital bonds in whole or in part on the fifth distribution payment date since the issuance, provided that prerequisite for redemption is met and such redemption is approved by the regulatory authorities, and the bond investors have no right to request the Bank to redeem the capital bonds with unfixed terms. The Bank shall have the right to cancel, in whole or in part, declaration and distributions on the open-term capital bonds.

Pursuant to applicable laws and regulations and the "China Banking and Insurance Regulatory Commission's Reply on the Issuance of Open-Term Capital Bonds by SPDB" (Yinbao Jianfu [2019] No. 596) and the "China Banking and Insurance Regulatory Commission's Reply on the Issuance of Open-Term Capital Bonds by SPDB" (Yinbao Jianfu [2020] No. 595), the funds raised from open-term capital bonds are used to supplement other Tier 1 capital of the Bank.

The compensation order of the open-term capital bonds is behind of depositors, general creditors and subordinated debts that are prior than the capital bonds with unfixed terms, and ahead of all types of shares held by shareholders of the Bank; the open-term capital bonds will be compensated in the same order with other Tier 1 capital instruments which have the same compensation order.

As for the "2019 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd.", the Bank has the right to write down the bonds without obtaining the consent of the open-term capital bonds investor when the Bank triggers the following trigger events as deemed by the regulatory authorities or relevant departments and obtains regulatory approval.

1. Upon the occurrence of an Additional Tier 1 Capital Trigger Event (Core Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), with the consent of the regulatory authorities and without the consent of the bondholders, the Bank has the right to write down all or part of the above open-term capital bonds issued and existing at that time in accordance with the total par value, in order to restore the Core Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%.

2. When any triggering event of the Bank's tier 2 capital instruments occurs, the Bank has the right to write down all the above open-term capital bonds issued and existing at that time in accordance with the total par value without the consent of the bond holders.

As for the "2020 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd.", if the trigger events does not occurr, the Bank has the right to write down the bonds in whole or in part. without obtaining the consent of the bond holder.

No occurrence of trigger events refers to the earlier of the below situation: (1) regulatory authorities determines that the issuer will not survive without written-off; or (2) the relevant departments determine that the issuer will not survive without the capital contribution from public sector or equivalent support.

With approval from relevant regulatory authorities, the Bank redeemed its 2019 Open-term capital bonds in 2024, with the exercise payment date on 12 July 2024.

31 Capital reserves

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Share premium	81,691	81,691	81,691	81,691
Other capital surplus				
- Capital increase of subsidiaries	219	50	-	-
- Others	11	21	28	21
Total	81,921	81,762	81,719	81,712

As mentioned in Note III. 26(19), with the approval of the regulatory authorities and other relevant institutions, the Bank publicly issued A-share convertible corporate bonds with a face value of RMB 50 billion in 2019. As at December 31, 2024, about RMB 1,431,000 of convertible corporate bonds had been converted into A-share ordinary shares, accumulatively increasing the bank's share capital to 97,905 shares, and increasing the Bank's share capital premium accordingly.

32 Surplus reserves

The Group and The Bank

	1 January 2024	Addition	31 December 2024
Statutory reserve	22,206	3,293	25,499
Discretionary reserve	166,723	-	166,723
Total	188,929	3,293	192,222

	1 January 2023	Addition	31 December 2023
Statutory reserve	22,206	-	22,206
Discretionary reserve	152,179	14,544	166,723
Total	174,385	14,544	188,929

Pursuant to related PRC regulations, the Bank is required to appropriate 10% of its annual net profit to a statutory reserve until such reserve has reached 50% of ordinary shares. After the appropriation of statutory reserve, the Bank may further appropriate discretionary reserve.

33 General risk reserve

The Group

	1 January 2024	Addition	31 December 2024
General risk reserve	101,575	5,121	106,696

	1 January 2023	Addition	31 December 2023
General risk reserve	99,515	2,060	101,575

The Bank

	1 January 2024	Addition	31 December 2024
General risk reserve	98,000	4,500	102,500

	1 January 2023	Addition	31 December 2023
General risk reserve	93,500	4,500	98,000

Pursuant to Caijin [2012] No. 20 "Administration Rules on Appropriation to General Risk Reserve for Financial Institutions" issued by MOF, the Bank is required to make appropriation to a general risk reserve.

General risk reserve of the Group also includes other reserves of the Bank's subsidiaries required by industry or district regulations.

34 Other reserves

The Group

	Opening balance of other comprehensive income attributable to the Bank's Shareholders	for the year from 1 January 2024 to 31 December 2024					Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: Transfer out	Less: Income tax	Attributable to the Bank after tax	Attributable to minority shareholdes after tax	
Items that may be reclassified to profit or loss							
Debt instruments measured at FVOCI							
- Fair value changes	(3,645)	17,699	(3,412)	(3,492)	10,795	-	7,150
- Impairment allowance	5,371	120	(1,300)	226	(954)	-	4,417
Exchange differences from the translation of foreign operations	469	74	-	-	41	33	510
Cash flow hedge reserve	70	330	-	(82)	167	81	237
Others	-	2	-	-	2	-	2
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	(158)	1,171	-	(293)	878	-	720
	2,107	19,396	(4,712)	(3,641)	10,929	114	13,036

for the year from 1 January 2023 to 31 December 2023

	Opening balance of other comprehensive income attributable to the Bank's Shareholders	Transfer in before tax	Less：Transfer out	Less：Income tax	Attributable to the Bank after tax	Attributable to minority shareholdes after tax	Internal transfer of owner's equity	Ending balance of other comprehensive income attributable to the Bank's Shareholders
Items that may be reclassified to profit or loss								
Debt instruments measured at FVOCI								
- Fair value changes	(7,106)	4,988	(395)	(1,133)	3,461	(1)	-	(3,645)
- Impairment allowance	3,376	3,030	(366)	(669)	1,995	-	-	5,371
Exchange differences from the translation of foreign operations	320	179	-	-	149	30	-	469
Cash flow hedge reserve	6	118	-	(30)	64	24	-	70
Others	1	(1)	-	-	(1)	-	-	-
Item that will not be reclassified to profit or loss								
Change in fair value of other equity instruments								
- Fair value changes	350	(916)	-	169	(747)	-	239	(158)
	(3,053)	7,398	(761)	(1,663)	4,921	53	239	2,107

The Bank

	Opening balance of other comprehensive income	for the year from 1 January 2024 to 31 December 2024				Ending balance of other comprehensive income
		Transfer in before tax	Less：Transfer out	Less：Income tax	Attributable to the Bank after tax	
Items that may be reclassified to profit or loss						
Debt instruments measured at FVOCI						
- Fair value changes	(2,802)	17,336	(3,316)	(3,510)	10,510	7,708
- Impairment allowance	4,863	104	(1,300)	299	(897)	3,966
Exchange differences from the translation of foreign operations	(20)	(26)	-	-	(26)	(46)
Cash flow hedge reserve	10	(22)	-	5	(17)	(7)
Others	-	2	-	-	2	2
Item that will not be reclassified to profit or loss						
Change in fair value of other equity instruments						
- Fair value changes	(158)	1,173	-	(293)	880	722
	1,893	18,567	(4,616)	(3,499)	10,452	12,345

	Opening balance of other comprehensive income	for the year from 1 January 2023 to 31 December 2023 Transfer in Before tax	Less: Transfer out	Less: Income tax	After tax	Internal transfer of owner's equity	Ending balance of other comprehensive income
Items that may be reclassified to profit or loss							
Financial investments measured at FVOCI							
- Fair value changes	(6,141)	4,950	(501)	(1,110)	3,339	-	(2,802)
- Impairment allowance	2,844	2,922	(230)	(673)	2,019	-	4,863
Exchange differences from the translation of foreign operations	(44)	24	-	-	24	-	(20)
Cash flow hedge reserve	(17)	36	-	(9)	27	-	10
Others	1	(1)	-	-	(1)	-	-
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	350	(916)	-	169	(747)	239	(158)
	(3,007)	7,015	(731)	(1,623)	4,661	239	1,893

35 Profit appropriations

(1) Profit distribution for the year ended 31 December 2023

Pursuant to the approval at the Shareholders' meeting on 28 June 2024, the Bank's profit distribution plan for the year ended 31 December 2023 is as follows:

(i) The Bank appropriated for discretionary surplus reserve at 10% of the profit after tax, amounting to RMB 3,293 million;

(ii) Appropriate RMB 4.5 billion as general reserve;

(iii) The Bank declared and distributed cash dividends of RMB 3.21 (tax included) for every 10 shares to all shareholders based on the total share capital of common stock on the date of equity registration for profit distribution.

(2) Profit distribution for the year ended 31 December 2022

Pursuant to the approval at the Shareholders' meeting on 28 June 2023, the Bank's profit distribution plan for the year ended 31 December 2022 is as follows:

(i) The Bank appropriated for discretionary surplus reserve at 30% of the profit after tax, amounting to RMB 14,544 million;

(ii) Appropriate RMB 4.5 billion as general reserve;

(iii) The Bank declared and distributed cash dividends of RMB 3.2 (tax included) for every 10 shares to all shareholders based on the total share capital of common stock on the date of equity registration for profit distribution.

(3) Dividend distribution for preference shares

On 29 October 2024, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB 837 million in total (tax included) on 3 December 2024, which were calculated according to the coupon rate of Pufayou 1 (5.58%).

On 23 February 2024, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB 721.5 million in total (tax included) on 11 March 2024, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

On 27 October 2023, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB 837 million in total (tax included) on 4 December 2023, which were calculated according to the coupon rate of Pufayou 1 (5.58%).

On 24 February 2023, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB 721.5 million in total (tax included) on 13 March 2023, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

(4) Interests payment of open-term capital bonds

In November 2024, the Bank has declared the distribution of RMB 2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital capital bonds.

In July 2024, the Bank has declared the distribution of RMB 1.419 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2019 open-term capital bonds.

In November 2023, the Bank has declared the distribution of RMB 2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In July 2023, the Bank has declared the distribution of RMB 1.419 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2019 open-term capital bonds.

36 Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to special purpose vehicles. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognize the transferred assets.

Assets backed securitization transaction

The Group sells loan assets to structured entities, which then issue asset-backed securities to investors. The partial securitization transactions conducted by the Group will result in the Group terminating the recognition of all transferred financial assets. For the year ended 31 December 2024, the Group transferred financial assets amounted to RMB 29,621 million through assets backed securitization transactions, and all have met the requirement of derecognition (For the year ended 31 December 2023, the Group transferred financial assets amounted to RMB 26,141 million through assets backed securitization transactions, and all have met the requirement of derecognition).

As at 31 December 2024, except for the aforementioned securitised transactions, the Group transferred credit assets of a original book value of RMB 35,874 million (31 December 2023: RMB 35,874 million) to securitised entities. The Group neither transfers nor retains substantially all of the risks and rewards related to ownership of the credit assets, but it retains control over the credit assets. The Group will recognise the assets on the statement of financial positionaccording to the degree of its continued involvement, and the rest will be derecognised. As at 31 December 2024, the assets value of the Group's continued recognition was RMB 4,650 million (31 December 2023: RMB 4,650 million).

Transfer of non-performing financial assets

In 2024, the Group directly transferred non-performing loans and financial investments totaling RMB 20,508 million to third-party asset management companies, with all such assets derecognized (2023: directly transferred non-performing loans and financial investments totaling RMB 9,515 million to third-party asset management companies, with all such assets derecognized).

Securities lending transaction

In the securities lending transaction, the counterparty may sell or re-use the above securities in the condition that no default exists, but at the same time bear the obligation to return the above securities on the expiration date specified in the agreement. For the above business, the Group believes that the Group retains most of the risks and rewards of the relevant securities and therefore does not derecognize the relevant securities. As at 31 December 2024, the carrying amount of the assets transferred by the Group in securities lending transactions was RMB 51,405 million (31 December 2023: RMB 64,575 million).

Financial assets sold under repurchase agreements

Sale and repurchase agreements represent transactions in which the Group sells financial assets while simultaneously entering into an agreement to repurchase the same or substantially identical assets at a predetermined price on a specified future date. As the repurchase price is fixed, the Group retains substantially all credit and market risks and rewards associated with the sold assets. The sold financial assets (which remain unavailable to the Group during the repurchase period) are not derecognized in the financial statements. Instead, they are classified as collateral for corresponding secured borrowings, given the Group’s retention of substantially all risks and rewards. Furthermore, the Group recognizes a financial liability for the consideration received. Please see Note III. 24.

37 Involvement with unconsolidated structured entities

(1) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group directly holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include fund investment, equity investment , trust and asset management plans, ABS and other investments, the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

	The Group	
Carrying amount	31 December 2024	31 December 2023
Financial investments measured at FVTPL		
Fund investments	485,481	434,606
Equity investments	11,100	11,109
Capital trust and asset management plans	3,990	10,220
ABS	2,211	1,927
Other investments	4,099	6,613
Financial investments measured at amortised cost		
Trust and asset management plans	94,314	133,648
ABS	101,171	124,628
Financial investments measured at FVOCI		
ABS	19,660	6,302
Repossessed equity instruments	495	502
Other investments	2,591	1,575

The maximum exposures to loss in the above trust and asset management plans and ABS are the amortised cost or fair value of the assets held by the Group at the reporting date. The maximum exposures to loss in the fund investment and other investments are the fair value of the assets held by the Group at the reporting date.

(2) Structured entities sponsored by the Group which the Group did not consolidate but held an interest

The types of unconsolidated structured entities sponsored by the Group include wealth management products, trust plan, fund investment and ABS. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes investments in notes issued by these structured entities and fees charged by providing management services.

As at 31 December 2024, the amount of assets held by the unconsolidated wealth management products, which are sponsored by the Group, were RMB 1,395,127 million (31 December 2023: RMB 1,079,618 million).

During the year of 2024 and 2023, the Group did not provide significant financial support to the wealth management products sponsored by the Group.

As at 31 December 2024, the amount of assets held by the unconsolidated trust plans, which are sponsored by the Group, were RMB 768,245 million (31 December 2023: RMB 370,713 million).

As at 31 December 2024, the amount of assets held by the unconsolidated fund investments, which are sponsored by the Group, were RMB 22,772 million (31 December 2023: RMB 39,220 million).

As at 31 December 2024, the amount of assets held by the unconsolidated ABS, which are sponsored by the Group, were RMB 118,262 million (31 December 2023: RMB 114,637 million).

In 2024, the Group's commission income from providing services to the wealth management products and Trust plans was RMB 3,279 million and RMB 652 million, respectively. (In 2023: RMB 2,394 million and RMB 802 million).The commission income from other non-consolidated structured entities managed by the Group is not material.

(3) Unconsolidated structured entities sponsored by the Group during the year in which the Group does not have an interest at 31 December 2024

The total amount of the wealth management products issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB 139,445 million (The total amount of the wealth management products issued by the Group after 1 January 2023 but matured before 31 December 2023 was RMB 57,116 million).

The total amount of ABS issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB 285 million (The total amount of ABS issued by the Group after 1 January 2023 but matured before 31 December 2023 was RMB 753 million).

The total amount of the trust plans or investments in funds issued by the Group after 1 January 2024 and expired before 31 December 2024 was not significant.

38 Interests in other entities

(1) Interests in major subsidiaries

(i) Major subsidiaries of the Group

Name of subsidiaries	***Place of main business***	***Place of registration***	***Registered capital***	***Obtaining method***	***Share-holding percentage (direct)***
SPDB Financial Leasing Co., Ltd.	Shanghai	Shanghai	CNY 6,403,574,436	Establishment	69.56%
Shanghai International Trust	Shanghai	Shanghai	CNY 5,000,000,000	Acquisition	97.33%
SPDB International Holding, Ltd.	Hong Kong	Hong Kong	HKD 505,000,000	Acquisition	100.00%
SPDB Wealth Management Co., Ltd.	Shanghai	Shanghai	CNY 5,000,000,000	Establishment	100.00%
Shanghai Innovation Bank Co., Ltd.	Shanghai	Shanghai	CNY 1,000,000,000	Establishment	100.00%
Mianzhu SPD Rural Bank Co., Ltd.	Mianzhu, Sichuan	Mianzhu, Sichuan	CNY 50,000,000	Establishment	55.00%
Liyang SPD Rural Bank Co., Ltd.	Liyang, Jiangsu	Liyang, Jiangsu	CNY 150,000,000	Establishment	51.00%
Gongyi SPD Rural Bank Co., Ltd.	Gongyi, Henan	Gongyi, Henan	CNY 150,000,000	Establishment	51.00%
Shanghai Fengxian SPD Rural Bank Co., Ltd.	Fengxian, Shanghai	Fengxian, Shanghai	CNY 150,000,000	Establishment	51.00%
Zixing SPD Rural Bank Co., Ltd.	Zixing, Hunan	Zixing, Hunan	CNY 150,000,000	Establishment	51.00%
Chongqing Banan SPD Rural Bank Co., Ltd.	Banan, Chongqing	Banan, Chongqing	CNY 50,000,000	Establishment	51.00%
Zouping SPD Rural Bank Co., Ltd.	Zouping, Shandong	Zouping, Shandong	CNY 150,000,000	Establishment	51.00%
Zezhou SPD Rural Bank Co., Ltd.	Jincheng, Shanxi	Jincheng, Shanxi	CNY 150,000,000	Establishment	51.00%
Dalian Ganjingzi SPD Rural Bank Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	CNY 50,000,000	Establishment	51.00%
Hancheng SPD Rural Bank Co., Ltd.	Hancheng Shaanxi	Hancheng Shaanxi	CNY 50,000,000	Establishment	51.00%
Jiangyin SPD Rural Bank Co., Ltd.	Jiangyin, Jiangsu	Jiangyin, Jiangsu	CNY 100,000,000	Establishment	51.00%
Zhejiang Pingyang SPD Rural Bank Co., Ltd.	Pingyang, Zhejiang	Pingyang, Zhejiang	CNY 100,000,000	Establishment	51.00%
Zhejiang Xinchang SPD Rural Bank Co., Ltd.	Xinchang, Zhejiang	Xinchang, Zhejiang	CNY 100,000,000	Establishment	51.00%
Yuanjiang SPD Rural Bank Co., Ltd.	Yuanjiang, Hunan	Yuanjiang, Hunan	CNY 50,000,000	Establishment	51.00%
Chaling SPD Rural Bank Co., Ltd.	Zhuzhou, Hunan	Zhuzhou, Hunan	CNY 50,000,000	Establishment	51.00%
Linchuan SPD Rural Bank Co., Ltd.	Fuzhou, Jiangxi	Fuzhou, Jiangxi	CNY 100,000,000	Establishment	51.00%
Linwu SPD Rural Bank Co., Ltd.	Chenzhou, Hunan	Chenzhou, Hunan	CNY 50,000,000	Establishment	51.00%
Hengnan SPD Rural Bank Co., Ltd.	Hengyang, Hunan	Hengyang, Hunan	CNY 50,000,000	Establishment	51.00%
Haerbin Hulan SPD Rural Bank Co., Ltd.	Haerbin, Heilongjiang	Haerbin, Heilongjiang	CNY 100,000,000	Establishment	51.00%
Gongzhuling SPD Rural Bank Co., Ltd.	Siping, Jilin	Siping, Jilin	CNY 50,000,000	Establishment	51.00%
Yuzhong SPD Rural Bank Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	CNY 50,000,000	Establishment	51.00%
Fumin SPD Rural Bank Co., Ltd.	Fumin, Yunnan	Fumin, Yunnan	CNY 50,000,000	Establishment	51.00%
Ningbo Haishu Rural Bank Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	CNY 100,000,000	Establishment	51.00%
Urumchi Midong SPD Rural Bank Co., Ltd.	Urumchi, Xinjiang	Urumchi, Xinjiang	CNY 100,000,000	Establishment	51.00%
Tianjin Baodi SPD Rural Bank Co., Ltd.	Baodi, Tianjin	Baodi, Tianjin	CNY 100,000,000	Establishment	51.00%
Chongqing Tongliang SPD Rural Bank Co., Ltd	Tongliang, Chongqing	Tongliang, Chongqing	CNY 50,000,000	Establishment	51.00%
Qianxinan yilong SPD Rural Bank Co., Ltd.	Yilong, Guizhou	Yilong, Guizhou	CNY 50,000,000	Establishment	51.00%
Fufeng SPD Rural Bank Co., Ltd.	Baoji, Shaanxi	Baoji, Shaanxi	CNY 50,000,000	Establishment	51.00%

With approvals from the national financial regulatory authority and relevant market supervision authorities, SPD Silicon Valley Bank Co., Ltd. changed its name to Shanghai Innovation Bank Co., Ltd., with registered capital remaining at RMB 1 billion. Effective 2 September 2024, Shanghai Innovation Bank Co., Ltd. was included in the Group's consolidation scope, resulting in the change of accounting method for the corresponding long-term equity investments from the equity method to the cost method.

The above-mentioned subsidiaries are all non-listed companies.

(ii) Relevant information of major partly-owned subsidiaries

After individual assessment, the Group concluded that no subsidiary has non-controlling interest that is material to the Group.

(2) Interests in joint ventures and associates

(i) General information of major joint ventures and associates

Name of the investee	***Note***	***Place of main business***	***Place of registration***	***Strategic investment***	***Share-holding percentage (Direct)***	***Business nature***
Joint ventures:						
AXA SPDB Investment Managers Co., Ltd.	(a)	Shanghai	Shanghai	Y	51%	Financial industry

Equity investments above-mentioned are all accounted for by equity method.

(a) According to the Articles of Association of AXA SPDB Investment Managers Co., Ltd., resolutions on certain significant operations and finance decisions shall be approved by shareholders representing more than two-thirds voting shares. These resolutions are involved with the Company's strategic plans, investment plans, authorization on the Board of Directors for approval of annual financial budget and settlement plans, approval of profit appropriations and plans to cover accumulated losses, and approval of equity transfers and modification of the Articles of Association, etc. Although the Group owns 51% voting shares of AXA SPDB Investment Management Co., Ltd., it has to exercise influences over the company jointly with other major shareholders.

(ii) Key financial information of major joint ventures and associates

The Group's joint ventures and associates are all unlisted companies. The Group is of the view that these joint ventures and associates are not material to the Group in terms of their aggregated net profit and net assets.

IV SEGMENT REPORTING

Top management of the Group reviews the performance of the Bank's branches and subsidiaries in different economic regions from geographic perspective. The branches and subsidiaries of the Bank mainly provide services to local customers domiciled in respective geographic areas, therefore operating segments are analysed principally based on the location of the assets. The Group's business segments primarily derive revenue from providing commercial banking services and investment activities, including deposit-taking and lending, bill transactions, trade finance, money market operations, and securities investments.

The Group's operating segments of regions are set out as follows:

Headquarter:	Headquarters (including the direct institutions under headquarters)
Yangtze River Delta:	Branches in Shanghai, Jiangsu, Zhejiang, Anhui
Pearl River Delta and West Side of Taiwan Strait:	Branches in Guangdong and Fujian
Bohai Rim:	Branches in Beijing, Tianjin, Hebei and Shandong
Central China:	Branches in Shanxi, Henan, Hubei, Hunan, Jiangxi and Hainan
Western China:	Branches in Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongoli and Tibet
North-east China:	Branches in Liaoning, Jilin and Heilongjiang
Overseas and subsidiaries:	Overseas branches and domestic and overseas Subsidiaries

	2024									
	Headquarters	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Interest income	118,527	90,603	27,514	33,907	21,007	26,022	8,472	21,497	(59,424)	288,125
Including:										
External interest income	106,691	61,557	23,224	24,843	20,019	25,050	6,732	20,741	(732)	288,125
Internal interest income	11,836	29,046	4,290	9,064	988	972	1,740	756	(58,692)	-
Interest expense	(90,399)	(57,317)	(17,949)	(20,110)	(10,702)	(14,907)	(4,747)	(16,716)	59,439	(173,408)
Including:										
External interest expense	(52,852)	(48,880)	(14,061)	(19,347)	(10,075)	(8,854)	(4,735)	(15,348)	744	(173,408)
Internal interest expense	(37,547)	(8,437)	(3,888)	(763)	(627)	(6,053)	(12)	(1,368)	58,695	-
Net interest income	28,128	33,286	9,565	13,797	10,305	11,115	3,725	4,781	15	114,717
Net fee and commission income / (expense)	10,206	4,997	2,422	709	744	(314)	(108)	4,161	(1)	22,816
Net trading income	20,992	914	329	402	313	440	247	(2,722)	(3)	20,912
Net gains arising from financial investments	7,503	-	-	-	-	-	-	(52)	-	7,451
Other operating income/ (expense)	76	76	15	45	27	29	(3)	5,759	(140)	5,884
Operating expenses	(20,016)	(10,257)	(3,584)	(4,686)	(3,487)	(4,650)	(1,625)	(5,975)	129	(54,151)
Impairment losses	(33,523)	(7,229)	(9,390)	(3,518)	(3,192)	(7,306)	(1,515)	(3,807)	-	(69,480)
Share of profits associates and joint ventures	155	-	-	-	-	-	-	62	-	217
Total segment profit / (loss) before tax	13,521	21,787	(643)	6,749	4,710	(686)	721	2,207	-	48,366

	31 December 2024									
	Headquarters	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	467,759	1,819,076	677,446	683,677	539,842	683,491	180,413	220,514	(3,058)	5,269,160
Investments in associate and joint ventures	1,464	-	-	-	-	-	-	343	-	1,807
Total segment assets	4,859,101	2,879,811	754,997	1,052,634	607,397	740,412	280,258	565,939	(2,278,669)	9,461,880
Deposits from customers	(69,231)	(2,345,633)	(583,455)	(855,908)	(516,853)	(511,605)	(229,798)	(117,004)	205	(5,229,282)
Total segment assets	(4,176,436)	(2,857,950)	(755,618)	(1,046,164)	(602,665)	(741,395)	(280,327)	(535,213)	2,278,669	(8,717,099)
Net position of segment assets and liabilities	682,665	21,861	(621)	6,470	4,732	(983)	(69)	30,726	-	744,781

	2023									
	Headquarters	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Interest income	134,215	89,228	33,607	35,024	22,552	26,518	8,349	18,555	(70,450)	297,598
Including:										
External interest income	120,161	61,110	23,118	24,075	21,122	24,469	6,503	17,040	-	297,598
Internal interest income	14,054	28,118	10,489	10,949	1,430	2,049	1,846	1,515	(70,450)	-
Interest expense	(98,699)	(56,081)	(24,264)	(22,433)	(11,760)	(15,652)	(5,225)	(15,507)	70,458	(179,163)
Including:										
External interest expense	(52,994)	(49,789)	(15,656)	(21,451)	(11,191)	(9,387)	(5,050)	(13,645)	-	(179,163)
Internal interest expense	(45,705)	(6,292)	(8,608)	(982)	(569)	(6,265)	(175)	(1,862)	70,458	-
Net interest income	35,516	33,147	9,343	12,591	10,792	10,866	3,124	3,048	8	118,435
Net fee and commission income / (expense)	12,181	4,416	2,796	944	811	(334)	(93)	3,733	(1)	24,453
Net trading income	16,099	760	325	312	187	341	25	1,540	(2)	19,587
Net gains arising from financial investments	3,644	-	-	-	-	-	-	3,478	-	7,122
Other operating income/ (expense)	126	77	93	84	24	112	5	3,488	(269)	3,740
Operating expenses	(18,144)	(11,563)	(4,226)	(5,563)	(4,020)	(4,940)	(1,891)	(5,922)	264	(56,005)
Impairment losses	(51,042)	(3,936)	(3,261)	(4,313)	(7,157)	(4,659)	706	(3,201)	-	(76,863)
Share of profits associates and joint ventures	186	-	-	-	-	-	-	37	-	223
Total segment (loss) / profit before tax	(1,434)	22,901	5,070	4,055	637	1,386	1,876	6,201	-	40,692

	31 December 2023									
	Headquarters	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	473,394	1,644,988	655,933	624,499	510,431	614,887	181,805	202,147	(3,388)	4,904,696
Investments in associate and joint ventures	2,458	-	-	-	-	-	-	367	-	2,825
Total segment assets	4,862,615	2,648,207	847,115	1,062,367	574,144	677,805	249,311	475,107	(2,389,424)	9,007,247
Deposits from customers	(85,165)	(2,189,911)	(642,747)	(841,035)	(503,646)	(475,563)	(209,478)	(113,155)	356	(5,060,344)
Total segment assets	(4,192,761)	(2,625,461)	(842,033)	(1,058,587)	(573,483)	(676,594)	(248,186)	(446,682)	2,389,424	(8,274,363)
Net position of segment assets and liabilities	669,854	22,746	5,082	3,780	661	1,211	1,125	28,425	-	732,884

V CONTINGENCIES AND COMMITMENTS

1 Credit commitments

The Group's credit commitments are listed as follows:

	31 December 2024	31 December 2023
Bank acceptance bills	760,672	679,362
Credit cards commitments	586,705	659,296
Letters of credit issued	277,511	261,517
Other loan commitments	246,865	300,182
Letters of guarantee issued	113,713	108,672
Total	1,985,466	2,009,029

2 Commitment on redemption of treasury saving bonds

The Group is entrusted by the MOF to underwrite certificate treasury saving bonds. The investors of these treasury saving bonds have a right to redeem the bonds in advance and the Group is committed to redeem these treasury saving bonds. The redemption price is the principal value of the saving bonds plus unpaid interest. As at 31 December 2024, the outstanding principal value of the commitment on redemption treasury saving bonds sold by the Group amounted to RMB 2,833 million (31 December 2023: RMB 4,665 million). The original maturities of these treasury saving bonds vary from three to five years. The management expects the amount of saving bonds to be eventually redeemed by the Group before the maturity date will not be material.

3 Capital commitments

As at 31 December 2024, the major capital commitments the Group had signed but not paid amounted to RMB 6,348 million (31 December 2023: RMB 10,395 million). Additionally, as at 31 December 2024, the amount of the procurement plan of operating fixed assets that the Bank's subsidiaries had signed but not paid was RMB 426 million (31 December 2023: RMB 2,324 million).

As at 31 December 2024, the major capital commitments the Group had approved but not signed amounted to RMB 1,075 million (31 December 2023: RMB 4,337 million).

4 Legal proceedings

As at 31 December 2024, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 235 and 112, respectively. The corresponding amount involved was about RMB 3,176 million and RMB 928 million, respectively, the estimated compensation amount is approximately RMB 73 million (As at 31 December 2023, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 162 and 134, respectively. The corresponding amount involved was about RMB 4,212 million and RMB 610 million, respectively, the estimated compensation amount is approximately RMB 27 million).

VI FIDUCIARY BUSINESSES

The Group provides entrusted loan business to independent third party customers. The assets arising from these businesses are not recorded on the Group's statement of financial position. As at 31 December 2024, the balance of entrusted loan business was RMB 65,111 million (As at 31 December 2023: RMB 61,420 million).

VII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Major shareholders holding more than 5% shares of the Bank

As at 31 December 2024 and 31 December 2023 major shareholders holding more than 5% ordinary shares of the Bank are as follows:

	Direct shareholding percentage	Major business
Shanghai International Group Co., Ltd.	21.57%	Investment management
China Mobile Group Guangdong Company Limited	18.18%	Mobile and Communication
Funde Sino Life Insurance Co., Ltd. – Traditional	9.47%	Insurance Business
Funde Sino Life Insurance Co., Ltd. – Capital	6.01%	Insurance Business

2 Subsidiaries

For general information of the Group's subsidiaries, please refer to Note III. 38(1) "Interests in other entities".

3 Joint ventures and associates

For general information of the joint ventures and associates, please refer to Note III. 38(2) "Interests in joint ventures and associates".

4 Other major related parties

Other related parties mainly include respective group companies of shareholders who hold 5%, other substantial shareholders and the Group to which they belong that have significant influence on the Group, key management personnel of the Bank (including the directors, supervisors and senior executives) and their close family members, and the companies that are controlled or jointly controlled by these key management personnel and their close family members, or the companies in which key management personnel and their close family members serve as directors (excluding independent directors in both parties) or senior executives.

5 Transactions and balances with related parties

The amounts of material transactions between the Group and its related parties and related balances at the reportingdate are summarised as follows：

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Amounts of significant transactions from 1 January 2024 to 31 December 2024 are listed below：							
Interest income	-	-	10	24	1	35	0.01%
Interest expense	(852)	(2)	(392)	(154)	(1)	(1,401)	0.81%
Fee and commission income	2	41	2	1	1	47	0.16%
Net trading gains and net gains arising from financial investments	-	(9)	-	11	-	2	0.01%
Share of profits associates and joint ventures	-	217	-	-	-	217	100.00%
Operating expenses	(11)	-	(260)	-	-	(271)	0.50%
Other comprehensive income	14	-	-	1,070	-	1,084	9.82%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Significant item balances at 31 December 2024：							
Deposits and placements with banks and other financial institutions	-	-	-	101	-	101	0.02%
Loans and advances to customers	-	-	906	653	25	1,584	0.03%
Derivative financial assets	-	-	-	273	-	273	0.30%
Financial investments measured at:							
- Financial investments measured at FVTPL	-	-	-	1,203	-	1,203	0.17%
- Financial investments measured at amortized cost	-	-	40	121	-	161	0.01%
- Fnancial investments measured at FVOCI	386	-	-	2,714	-	3,100	0.39%
Investments in associates and Joint Ventures	-	1,807	-	-	-	1,807	100.00%
Other Assets	-	-	3	-	-	3	0.01%
Deposits and placements from banks and other financial institutions	-	(128)	(21,244)	(9,038)	-	(30,410)	2.49%
Derivative financial liabilities	-	-	-	(217)	-	(217)	0.28%
Deposits from customers	(35,805)	(11)	(12,807)	(6,578)	(20)	(55,221)	1.06%
Other liabilities	(1)	-	(77)	-	-	(78)	0.10%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Significant off-balance item at 31 December 2024							
Letters of guarantee issued	-	-	157	-	-	157	0.14%
Credit card and loan commitments	-	-	-	-	14	14	0.01%
Guarantees provided for credit business	-	-	906	10,919	-	11,825	0.35%
Bank acceptance bills	-	-	-	210	-	210	0.03%
Investment of funds for issuing financial products	-	-	-	145	-	145	0.01%
Notional principal of derivative financial instruments	-	-	-	24,460	-	24,460	0.26%

Note1: As at 31 December 2024, key management of the Bank possessed a total number of 684,100 shares of common stock issued by the Bank and regularly received corresponding cash dividends.

Note2: On 31 December 2024, China Mobile Group Guangdong Co., Ltd., directly holds 18.17% of shares of convertible corporate bonds issued by the Bank

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Amounts of significant transactions from 1 January 2023 to 31 December 2023 are listed below：							
Interest income	-	-	373	27	1	401	0.13%
Interest expense	(330)	(16)	(1,513)	(65)	(1)	(1,925)	1.07%
Fee and commission income	7	1	35	6	1	50	0.16%
Net trading gains and net gains arising from financial investments	-	137	(16)	294	-	415	1.55%
Share of profits associates and joint ventures	-	223	-	-	-	223	100.00%
Operating expenses	(11)	-	(328)	-	-	(339)	0.61%
Other comprehensive income	1	-	-	-	-	1	0.02%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Significant item balances at 31 December 2023：							
Deposits and placements with banks and other financial institutions	-	-	9,127	2,055	-	11,182	2.01%
Loans and advances to customers	-	-	2,438	997	17	3,452	0.07%
Derivative financial assets	-	11	48	379	-	438	0.78%
Financial investments measured at:							
- Financial investments measured at FVTPL	-	-	-	3,049	-	3,049	0.39%
- Fnancial investments measured at FVOCI	371	-	-	1,474	-	1,845	0.30%
Investments in associates and Joint Ventures	-	2,825	-	-	-	2,825	100.00%
Other Assets	-	-	2	-	-	2	0.01%
Deposits and placements from banks and other financial institutions	-	(1,596)	(25,092)	(4,593)	-	(31,281)	2.42%
Derivative financial liabilities	-	(19)	(28)	(279)	-	(326)	0.62%
Deposits from customers	(32,668)	(4,324)	(70,429)	(9,932)	(27)	(117,380)	2.32%
Other liabilities	(2)	-	(8)	-	-	(10)	0.02%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Significant off-balance item at 31 December 2023							
Letters of guarantee issued	-	-	94	-	-	94	0.09%
Credit card and loan commitments	-	-	629	-	13	642	0.07%
Entrusted loan	-	-	1,338	-	-	1,338	2.18%
Guarantees provided for credit business	-	-	3,562	12,757	-	16,319	0.54%
Bank acceptance bills	-	-	457	-	-	457	0.07%
Investment of funds for issuing financial products	-	-	-	200	-	200	0.02%
Notional principal of derivative financial instruments	-	2,440	9,544	63,349	-	75,333	0.99%

Note 1: As at 31 December 2023, key management of the Bank possessed a total number of 659,600 shares of common stock issued by the Bank and regularly received corresponding cash dividends.

Note 2: On 31 December 2023, China Mobile Group Guangdong Co., Ltd., directly holds 18.17% of shares of convertible corporate bonds issued by the Bank

6 Related parties that are controlled by the Bank

Related parties that are controlled by the Bank are the subsidiaries of the Bank. Major transactions with these subsidiaries and their balances are eliminated in the consolidated financial statements, and are summarised as follows:

Balances at the year end：	31 December 2024	31 December 2023
Deposits and placements with banks and other financial institutions	8,325	9,474
Loans and advances to customers	3,058	3,388
Financial investment measured at FVOCI	-	1
Deposits and placements from banks and other financial institutions	12,529	11,055
Derivative financial assets	11	-
Derivative financial liabilities	96	8
Deposits from customers	205	356
Others	52	86

Transactions during the year：	2024	2023
Interest income from deposits and placemets from banks and other financial institutions	284	207
Net trading loss	-	(8)
Interest income from loans and advances to customers	165	140
Interest income from financial investment measured at FVOCI	-	8
Interest expenses on deposits from banks and other financial institutions	294	281
Interest expenses on deposits from customers	-	8
Fee and commission income	61	83
Fee and commission expense	69	43
Other operating net income	4	4
Operating expenses	127	257

7 Compensation of key management personnel

Key management personnel are those people having authority and responsibility for planning, directing, and controlling the activities of the Group, either directly or indirectly, including directors, supervisors and senior executives.

Compensation of key management personnel for the respective periods (excluding the social insurance charges paid by the Bank) is as follows:

	2024	2023
Compensation of key management personnel	14	20

The Compensation of key management personnel are remuneration without social insurance paid in 2024 to the directors, supervisor and senior management of the Bank in past 12 months or will do so in the next 12 months according to the relevant contract arrangement.

8 Transactions with the annuity plan

In terms of the enterprise annuity funds established by the Group, in addition to the normal contribution, there has been no other related party transactions during the reporting period.

9 Major credit related transactions to related parties

Major credit related transactions to related parities refer to transactions in which the amount of a single transaction between the Bank and a related party accounts for more than 1% of the latest audited net assets of the Bank, or the transaction balance between the Bank and a related party accounts for more than 5% of the latest audited net assets of the Bank.

In 2024, the newly added major credited related transationsbetween the Bank and related parties outside the Group are as follows:

Related Parties	Total credit limit to related partiesand other companies in their group
Guotai Junan Securities Co., Ltd.	35,740
Shanghai International Group Co., Ltd.	33,140
China Mobile Communications Group Co.,Ltd.	9,000

For details of major credit related transactions, please refer to the relevant resolutions of the board of directors publicly disclosed by the Bank.

VIII FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks in its operating activities. The Group analyses, evaluates, accepts and manages certain degree of risks or risk portfolios. Managing financial risk is critical to the financial industry, and the inherent risks is an inevitable consequence of business operation. The Group’s aim is therefore to strike an appropriate balance between risk and return and minimise potential adverse impact on the Group’s financial performance.

The Group has designed a series of risk management policies to identify and analyse these risks, so as to set appropriate risk limits and formulate control procedures. It has also monitored the risks and their limits through reliable information systems.

The most significant types of risks to the Group are credit risk, market risk and liquidity risk. Market risk mainly consists of foreign currency risk, interest rate risk and commodity price risk.

The Board of Directors of the Bank is responsible for determining the Group's overall risk appetite. Within this framework, the senior management of the Bank designs risk management policies and procedures for credit risk, market risk and liquidity risk. After the policies and procedures are approved by the Board of Directors, relevant departments of the headquarters are responsible for the implementation.

1 Credit risk

Credit risk is the risk of loss that a customer or counterparty may fail to fulfil an obligation or commitment to the Group.

(1) Credit risk management

(i) Loans

The Group manages, restricts and controls the concentration of credit risk identified, especially with regards to concentration on singular counterparty, group, industry and region.

The Group continuously optimizes the credit risk structure by setting limits on the borrower, group of borrowers, geographical and industry segments. Concentration risks are monitored on ongoing basis and subject to more frequent review where necessary.

The Group manages the exposure to credit risk through regular analysis of borrowers' ability to repay principal and interest payments and amends the credit facilities where appropriate.

The Group has established relevant policies and various measures to mitigate credit risk. Obtaining collateral, pledged assets, guarantee deposits or guarantees from corporates or individuals has been one of the main strategies to control credit risk. The Group provides guidelines on the specific types of acceptable collateral or pledged assets, mainly include the following:

- Residential property and land tenure;
- Commercial assets, such as commercial property, inventory and accounts receivable;
- Financial instruments, such as bonds and equity shares.

Fair value of collaterals or pledged assets is generally assessed by professional evaluation agencies designated by the Group. When there are indications of impairment, the value of collaterals or pledged assets will be re-examined by the Group to assess whether the collaterals or pledged assets could adequately cover the credit risks associated with loans. To mitigate the credit risk, the Group has implemented loan-to-value ratio requirement based on type of collaterals or pledged assets. The main types of collaterals or pledged assets for corporate loans and retail loans and their corresponding maximum loan-to-value ratio are as follows:

Collaterals or pledged assets	Maximum loan-to-value ratio
Time deposits	90% - 100%
Government bonds	90% - 100%
Financial bonds	90% - 100%
Corporate bonds (including financial institutions)	80%
Right to collect fees	60% - 70%
Franchise right	50%
Commercial property and standard plant	60%
Residential property	70%
Land use right	50% - 60%

Management assesses fair value of collaterals or pledged assets based on the latest available external valuation results, and adjusts the fair value with reference to experience, current market conditions and disposal expenses to be incurred.

For loans guaranteed by third parties, the Group evaluates the financial condition and credit record of guarantors and guarantor’s ability to meet obligations.

(ii) Bonds and other bills

The Group manages the credit risk exposure of bonds and other bills through mechanisms include controlling the investment scale, setting access list of issuers, rating access, establishing post-investment management, etc. Generally, external credit rating of the issuer of foreign currency bonds at the time of purchase (by Standard & Poor’s or equivalent rating agencies) should be at BBB- or above. Overseas investments in RMB bonds are limited to those issuers with external credit rating at BBB+ or above (by rating agencies identified by the PBOC). Rating of domestic middle to long term RMB bonds should be at AA or above (by rating agencies identified by the PBOC) and rating of short term RMB bonds should be at A-1 (by rating agencies identified by the PBOC). For proprietary investments, the Bank manages credit risk exposure on bonds and other notes through investment size controls, issuer eligibility review processes, rating thresholds, and post-investment monitoring mechanisms.

(iii) Other financial assets measured at amortized cost

Other financial assets measured at amortized cost mainly include trust and asset management plans. The Group has rating access system on the trust companies, security companies and fund companies with the set credit facility for ultimate investors of trust plans and asset management plans, and performs post-risk management periodically. The Bank set limit management for the final financing of the Trust and asset management plans for the proprietary investments, and conducts regular follow-up risk management.

(iv) Inter-bank transactions

The Group reviews and manages the credit risk of individual financial institution on regularly basis and sets credit limit for individual bank or non-banking financial institution which has transactions with the Group. The Banks conducts periodic reviews and management of credit risk to individual financial institutions.

(v) Derivative financial instruments

The Group strictly restricts transactions in derivative financial instruments. For corporate customers, the Group mitigates credit risk associated with derivative financial instruments by acquiring margin deposits.

(vi) Credit commitments

The primary purpose of credit commitments is to ensure that funds are available to customers as required. Letters of guarantee issued, acceptance bills and letters of credit are irrevocable commitments the Group made and the Group will make payments on behalf of its clients in the event that its customer cannot perform the obligations to third parties. Credit commitments carry the same credit risk as loans. When the amount of credit commitment applied exceeds that of the original credit limit of the client, margin deposits are required to mitigate the credit risk. The Group's exposure to the credit risk is equivalent to the total amount of credit commitments. In addition, credit card limit and loan commitments granted by the Group will incur cash outflows when credit card limit and loan commitments are used.

(vii) Trust plan

The credit risk of trust plan is mainly the possibility of potential loss to the trust property or inherent property due to the failure of the counterparties to fulfill their commitments and inability or unwillingness to fulfill their contractual commitments.The Group strictly enforces the policy “pre-loan investigation, in-process review, post-lending inspection” over trust plan. In the design of the product trade structure, the Group introduces guarantee mechanism including financial institution credit, property mortgage, rights pledge to comprehensively manages risks through avoidance, prevention, dispersion, transfer and compensation, and disperses and transfers credit risks of financing entities to reduce risk exposure.

(2) Credit risk measurement

To ensure the Group's current financial asset risk classification mechanism complies with the "Rules on Risk Classification of Financial Assets of Commercial Banks" (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and People's Bank of China, hereafter referred to as the "Rules"), the Group implements dynamic, real-time adjustments to the financial asset risk classifications with quarterly reviews as the minimum frequency. During the reporting period, the Group classified the relevant financial assets into five categories, including: pass, special-mention, substandard, doubtful and loss, among which credit assets with the grading of substandard, doubtful and loss are regarded as non-performing loans

During the reporting period, the Group established a sound long-term mechanism for the prevention and resolution of significant risks, actively prevented and controlled risks in key areas and continued to improve asset quality.

(3) ECL measurement

Pursuant to the new accounting standards, the Group divides the loss allowance for expected credit losses on financial assets into three stages:

Stage 1 (no significant increase in credit risk since initial recognition): measure the loss at an amount equal to 12-month ECL;

Stage 2 (significant increase in credit risk since initial recognition): measure the loss allowance at an amount equal to the lifetime ECL; and

Stage 3 (credit- impaired assets): measure the loss allowance at an amount equal to the lifetime ECL.

The Group has developed the impairment model to calculate ECL in accordance with the new accounting standards. A top-down development method was adopted to establish a logistic regression model of risk parameters and macroeconomic indicators such as gross domestic product "GDP" and consumer price index "CPI". The Group periodically forecasts three kind of macroeconomic scenarios (optimistic, basic and pessimistic) and measures ECL based on different scenarios.

<u>Credit risk grading</u>

The Group has established a comprehensive internal rating system in accordance with the "Measures for the Capital Management of Commercial Banks", employing statistical models, expert judgement, or a combination of both approaches, along with standardized and uniform evaluation and criteria. This system includes internal rating frameworks for sovereign, financial institution, and corporate risk exposures (i.e., non-retail risk exposures), as well as a risk-pooling system for retail risk exposures. Through investigation, analysis and judgement of the Bank's credit customers' or retail debt obligations' solvency and performance ability, the Bank achieves internal estimation of probability of default and qualification of credit risk.

The Group has no financial assets recognized as "low risk" and subject to credit risk management in accordance with the relevant requirements of the Accounting Standards.

<u>Stage division</u>

Significant increase in credit risk ("SICR")

The Group assesses on each reportingdate whether the credit risk of the relevant financial assets has increased significantly since initial recognition. When considering the ECL stage of financial assets, the Group considering all reasonable and supportable information, including that which is forward-looking. The main factors to be considered are regulatory and operational environment, internal and external credit rating, solvency, operational capability, loan contract terms, repayment behaviour, etc.

The Group considers that there has been a significant increase in credit risk of financial instrument when one or more of the following quantitative, qualitative or upper limits criteria have been met:

Quantitative criteria:

The Group assesses whether credit risk has significantly increased for corporate loans and financial investments by evaluating changes in counterparties' credit ratings from the initial recognition date to the reportingdate. Specifically, the Group considers whether these ratings have declined to Grade B or lower. For personal loans, the Group determines a significant increase in credit risk by comparing the probability of default (PD) on the reportingdate against threshold values or the initial PD levels. This assessment includes identifying if the PD has risen to 8-14 times the initial PD.

Qualitative criteria:

For corporate loans and financial investments, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operational results of the borrower
- Early signs of cashflow / liquidity problems such as delay in repayment of payables / loans

Upper limit:

If the borrower fails to make payment for more than 30 days after contractual payment date.

According to the relevant policies from regulators, the Group has carefully evaluated the deferred loan payment applications for whom are influenced by COVID-19 in order to offer temporary convenience for qualified borrowers. Meanwhile, the Group has analysed if the credit risks of the relevant financial assets will increase after the borrowers received their first approval, based on the policy of deferred loan payment, the repayment ability of borrowers, and other relevant factors.

Default and *credit-impaired*

In alignment with the “Measures for the Capital Management of Commercial Banks”, the Group has established unified internal policies for default management – precisely defining default events, standardizing identification protocols, and ensuring consistent enforcement across all business lines. The Group defines a financial asset as credit impaired when it meets one or more of the following criteria:

Qualitative criteria:

The borrower meets “capability to repay is apparently in question” criteria, which indicates the borrower is in significant financial difficulty and examples include:

- The issuer or borrower is in significant financial difficulties
- The borrower has breached financial contract(s), such as past due of interest or principal repayments
- Concessions have been made by the lender relating to the borrower’s financial difficulty with consideration of economy and contract
- The borrower is likely to head towards bankruptcy or other debts restructuring
- Issuer or borrower’s financial difficulties lead to disappearance of active market for financial assets
- Financial assets are purchased or originated at substantial discount that reflects the incurred credit losses

Upper limit:

If the borrower fails to make payment for more than 90 days after contractual payment date.

The criteria above have been applied to all financial instruments held by the Group and are consistent with internal credit risk management purposes. The default definition has been consistently applied to establish models for the PD, Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group’s ECL measurement.

<u>Grouping of credit risk exposure</u>

To calculate the relevance between ECL allowance and macro-economic indicators, a grouping of exposure is performed for assets with similar credit risk characteristics. In performing this grouping, the Group has obtained sufficient information to ensure the data reliability for statistical purposes and group the credit risk exposure according to the credit risk characteristics such as product types, client types and client industries. The Group re-examines and corrects the reasonableness of the Groupings and conduct quantitative and qualitative assessments on a regular basis. When the credit risk characteristics of risk exposures in the portfolio change, the Group shall re-examine the reasonableness of the Groupings in a timely manner, and re-group the assets according to the risk characteristics of relevant credit risk exposures when necessary.

Explanation of parameters, assumptions and estimation techniques of ECL model

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the PD, EAD and LGD, and the relevant definitions are as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or the remaining lifetime (Lifetime PD) of the obligation.
- The EAD is the amounts the Group expects to be repaid at the time of default.
- LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by projecting the PD, LGD and EAD for individual future exposure, which effectively calculates the ECL for each future month.

The Lifetime PD is based on expiry information derived from 12M PD. Maturity analysis covers the change of loan default situation from initial recognition to maturity. Maturity portfolio is based on historical observed data with the assumption of same portfolio and identical credit rating assets. The above analysis is supported by historical data.

The Group determines LGD based on factors affecting recovery after default, which vary by product type.

Forward-looking economic information should be considered in determining the 12M and lifetime ECL.

There have been no significant changes in estimation techniques or significant assumptions during the reporting period.

Forward-looking information incorporated in the ECL model

Both the assessment of SICR and the calculation of ECL incorporate forward-looking information. The Group identifies the key economic indicators impacting credit risk and ECL for each portfolio through historical data analysis.

The Group has selected a series of macroeconomic indicators based on industry best practices and the Group’s internal experts’ judgement, and has formed forecasts of macroeconomic indicators under multiple scenarios such as standard, optimistic and pessimistic. The Group also establishes statistical relationship between actual PD, LGD and macro indicators for each model exposure, and calculates the actual PD and LGD by using forecasted economic indicators.

The number and attributes of scenarios are reassessed at each reportingdate. The scenario weightings are determined by combination of statistical analysis and expert judgement, taking into account of the range of possible outcomes represented by scenarios. The Group adopts the base and lifetime PD with scenario weightings, along with qualitative and upper limit criteria to determine whether the credit risk has increased significantly. The determination of financial instrument stage indicates the measurement of the loss allowance at an amount equal to the 12-month or lifetime ECL accordingly. The Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

Macroeconomic information used by the Group includes macro indicators such as gross domestic product (GDP), consumer price index (CPI) and producer price index (PPI). The GDP year-on-year growth rate for 2025 under the standard scenario is 4.50%, and the GDP year-on-year growth rate for 2025 under the optimistic and pessimistic scenarios are formed by adjusting upward and downward by a certain level, respectively, from the standard scenario projections.

The Group considers these projections have represented the best estimate of the possible outcomes and analyses the non-linearities and asymmetries within the Group’s different portfolios to determine that selected scenarios adequately represent scenarios that might occur. Similar to other economic projections, there are inherent uncertainties regarding estimates of projected values and likelihood of occurrence, thus substantial differences may occur between actual results and projections.

Combination method for evaluation of expected credit risk

When analysing the relevance of ECL with macroeconomic indicators, the Group has classified the assets with similar credit risk characteristics into the same portfolio. The Group has obtained sufficient information to ensure the statistical reliability for the portfolio classification. Where sufficient information is not available internally, the Group establishes the model with reference to internal or external supplementary data. The characteristics and any supplementary data used to determine portfolio classification are outlined below:

Corporate loans and financial investments

- Industry
- Collateral type

Retail loans

- Product type (i.e. mortgage loans, consumer loan and credit card)
- Repayment type
- Utilisation percentage range
- The range of mortgage rate (loan balance / collateral value)

Assessment of ECLs on other receivables

The Group measures its loss provision for other receivables that meet relevant requirements at an amount equivalent to the ECL over the entire period of existence.The Group uses the ECL model to calculate the ECLs on the above financial assets based on the historical credit loss experience, and the related methodology is the same as the "ECL measurement" in this section.

(4) Maximum exposure to credit risk

Financial assets and guarantee commitment subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The book value of financial assets below represents the Group's maximum exposure to credit risk on these assets.

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and deposits with central bank	405,815	-	-	405,815
Deposits and placements with banks and other financial institutions	524,559	-	-	524,559
Financial assets purchased under resale agreements	63,879	-	-	63,879
Loans and advances to customers measured at				
- Amortized cost	4,695,922	216,456	22,237	4,934,615
- FVOCI	330,515	479	18	331,012
Financial investments measured at				
- Amortized cost	1,262,375	24,787	39,476	1,326,638
- FVOCI	778,694	2,136	1,608	782,438
Other financial assets	95,957	645	2,270	98,872
Total	8,157,716	244,503	65,609	8,467,828

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Cash and deposits with central bank	530,798	-	-	530,798
Deposits and placements with banks and other financial institutions	529,700	-	-	529,700
Financial assets purchased under resale agreements	44,719	-	-	44,719
Loans and advances to customers measured at				
- Amortized cost	4,314,830	178,093	33,241	4,526,164
- FVOCI	367,765	2,965	18	370,748
Financial investments measured at				
- Amortized cost	1,189,091	25,646	56,345	1,271,082
- FVOCI	614,041	1,497	2,479	618,017
Other financial assets	58,330	137	3,313	61,780
Total	7,649,274	208,338	95,396	7,953,008

	31 December 2024 Maximum exposure to credit risk	31 December 2023 Maximum exposure to credit risk
Commitment and guarantee:		
Bank acceptance notes	758,120	678,155
Credit cards commitments	583,169	654,332
Letters of credit issued	277,356	261,413
Other loan commitments	245,579	298,859
Letters of guarantee issued	113,509	108,544
Total	1,977,733	2,001,303

Financial assets not included in impairment assessment

The analysis of maximum credit risk exposure of those financial assets which are not included in expected credit losses assessment are as follows:

	31 December 2024 Maximum exposure to credit risk	31 December 2023 Maximum exposure to credit risk
Financial investments measured at FVTPL	691,019	780,226
Derivative financial assets	89,590	56,311
Loans and advances to customers	3,533	7,784
Total	784,142	844,321

(5) Credit-impaired loans and advances to customers

The Group closely monitors collateral held for financial assets considered to be credit-impaired, because the Group is more likely to confiscate these collateral to reduce potential credit losses comparing to other collaterals. As at 31 December 2024, carrying amount of the Group’s loans and advances to customers that are credit-impaired is RMB 92,537 million (31 December 2023: RMB 101,538 million), in which the loans covered by collaterals are amounting to RMB 52,847 million (31 December 2023: RMB 51,023 million).

(6) Restructured loans

According to the Rules, restructured loans refer to loans where the Group modifies the original loan contract terms to accommodate borrowers experiencing financial difficulties or provides refinancing for existing loans to urge the borrowers to repaythe debt, including new loans to refinance existing debts and additional financing. As at 31 December 2024, the Group’s restructured loans balance meeting the Rules effective requirements and involving renegotiated written contract terms amounted to RMB 36,932 million.

(7) Bonds and other investments

The table below analyses the Group's investment securities by major rating agencies in the countries where Standard&Poor's or the bond issuing institution is located.

	31 December 2024			
	Financial investments measured at FVTPL	Financial investments measured at amortized cost	Financial investments measured at FVOCI	Total
Medium or long term				
AAA	23,561	514,560	347,409	885,530
AA+ to AA-	1,908	5,268	30,429	37,605
A+ to A-	1,578	8,447	34,545	44,570
Below A-	3,025	787	17,714	21,526
Short term				
AAA	12	10,959	396	11,367
AA+ to AA-	182	106	4,113	4,401
A and below A	318	2,666	10,322	13,306
Unrated-Bonds	70,482	783,845	337,510	1,191,837
Total	101,066	1,326,638	782,438	2,210,142

	31 December 2023			
	Financial investments measured at FVTPL	Financial investments measured at amortized cost	Financial investments measured at FVOCI	Total
Medium or long term				
AAA	17,800	557,419	192,382	767,601
AA+ to AA-	29	5,276	18,598	23,903
A+ to A-	259	1,658	17,586	19,503
Below A-	14	6,549	33,220	39,783
Short term				
AAA	1,501	12,482	2,986	16,969
AA+ to AA-	383	155	2,746	3,284
A and below A	1,588	1,396	22,233	25,217
Unrated-Bonds	213,564	686,147	328,266	1,227,977
Total	235,138	1,271,082	618,017	2,124,237

2 Market risk

Market risk is the risk of losses of on and off-balance sheet businesses arising from adverse movements in market prices, such as interest rates, exchange rates, price of stock and commodity. Both the Group's trading book and banking book is exposed to market risk, which mainly consists of interest rate risk, currency risk and commodity price risk. The Group considers the exposure to the commodity price risk to be insignificant.

The Board of Directors of the Bank is ultimately responsible for monitoring the market risk management and ensuring the Group can effectively identify, measure, monitor and control the market risk associated with the Group's business activities. Under the authorisation of the Board of Directors, the senior management of the Group is responsible for establishing the Group-wide market risk management system, organisational structure with well-defined roles and responsibilities, authorisation structures and accountability mechanism. Relevant departments of headquarters are responsible for carrying out detailed market risk management activities including policies and procedures, measurement approaches and models, analyses and reporting and monitoring of various limits in order to timely and accurately identify, measure, monitor and control the market risk exposures in respective business areas and reporting to the senior management and Board of Directors on timely basis.

Meanwhile, the Group's market risk management follows the principle of combining internal control with external supervision. Relevant business units are responsible for executing the daily control activities, together with the market risk management department, compliance department, and review department, form the three lines of defense for market risk management.

The Group measures market risk based on established standards and current management capabilities. The major measurement approaches include stress testing, gap analysis and sensitivity analysis etc. The market risk of new products and businesses should be identified before these new products and businesses are launched according to relevant policies.

(1) Currency risk

The Group mainly operates in the PRC and its main business activities are conducted in RMB. Majority of its foreign currency business are conducted in USD. The table below summarises the Group's exposure to currency risk. Included in the table are the Group's financial assets and liabilities at carrying amounts in RMB, categorised by original currency.

	31 December 2024				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	401,765	1,232	8,174	368	411,539
Deposits and placements with banks and other financial institutions	426,500	84,545	2,221	11,293	524,559
Derivative financial assets	84,145	5,390	49	6	89,590
Financial assets purchased under resale agreements	57,932	5,947	-	-	63,879
Loans and advances to customers	5,131,927	97,930	22,820	16,483	5,269,160
Financial investments measured at:					
- FVTPL	676,922	13,401	194	502	691,019
- Amortized cost	1,302,636	21,720	-	2,282	1,326,638
- FVOCI	665,908	117,119	4,404	4,036	791,467
Other financial assets	80,253	18,089	305	225	98,872
Total financial assets	8,827,988	365,373	38,167	35,195	9,266,723
Borrowing from central bank	118,442	-	-	-	118,442
Deposits and placements from banks and other financial institutions	930,771	188,358	23,022	11,790	1,153,941
Financial liabilities measured at FVTPL	21,604	11,568	-	-	33,172
Derivative financial liabilities	75,121	3,396	54	4	78,575
Financial assets sold under repurchase agreement	485,607	18,586	-	1,769	505,962
Deposits from customers	4,992,970	214,767	9,642	11,903	5,229,282
Debt securities issued	1,393,136	23,038	3,115	683	1,419,972
Lease Liabilities	5,239	43	714	17	6,013
Other financial liabilities	53,604	2,708	224	178	56,714
Total financial liabilities	8,076,494	462,464	36,771	26,344	8,602,073
Net position of financial instruments	751,494	(97,091)	1,396	8,851	664,650
Currency derivatives	(57,932)	72,424	(1,118)	1,905	15,279
Credit commitments	1,923,149	43,956	5,644	4,984	1,977,733

	31 December 2023				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	496,759	39,332	705	335	537,131
Deposits and placements with banks and other financial institutions	432,315	79,407	3,841	14,137	529,700
Derivative financial assets	53,257	3,020	9	25	56,311
Financial assets purchased under resale agreements	34,151	10,568	-	-	44,719
Loans and advances to customers	4,743,406	115,548	29,967	15,775	4,904,696
Financial investments:					
- FVTPL	771,404	8,811	-	11	780,226
- Amortized cost	1,255,468	14,776	691	147	1,271,082
- FVOCI	503,395	111,498	4,580	5,274	624,747
Other financial assets	55,857	4,652	1,268	3	61,780
Total financial assets	8,346,012	387,612	41,061	35,707	8,810,392
Borrowing from central bank	235,242	-	-	-	235,242
Deposits and placements from banks and other financial institutions	1,162,938	94,148	16,818	12,592	1,286,496
Financial liabilities measured at FVTPL	10,207	-	-	-	10,207
Derivative financial liabilities	50,979	1,299	9	6	52,293
Financial assets sold under repurchase agreement	502,717	16,338	-	729	519,784
Deposits from customers	4,811,052	228,368	16,448	4,476	5,060,344
Debt securities issued	986,427	23,200	1,939	87	1,011,653
Lease Liabilities	5,888	3	914	66	6,871
Other financial liabilities	27,199	2,258	502	1,282	31,241
Total financial liabilities	7,792,649	365,614	36,630	19,238	8,214,131
Net position of financial instruments	553,363	21,998	4,431	16,469	596,261
Currency derivatives	25,055	(16,115)	(761)	(11,567)	(3,388)
Credit commitments	1,955,729	34,139	6,134	5,301	2,001,303

The Group employs sensitivity analysis to measure possible impacts of changes in exchange rates on the Group's net profits. The following table presents the results of foreign exchange sensitivity analysis performed on financial assets and financial liabilities as at the reporting date using prevailing exchange rates.

Net profit	31 December 2024		31 December 2023	
	Exchange rate fluctuation		Exchange rate fluctuation	
(Decrease) / Increase	-1%	1%	-1%	1%
USD against RMB	185	(185)	(44)	44
Other currencies against RMB	(83)	83	(64)	64

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities, and calculated the impact on the net profit from changes in exchange rates of other foreign currencies against RMB when other factors remain constant. The assumptions are shown as below:

- Exchange rate sensitivity represents the exchange gain or loss resulting from the 1% change in daily closing exchange rates (middle) of each currency against the RMB on the reporting date;
- Changes in exchange rates of other foreign currencies means the exchange rates of other foreign currencies against RMB are fluctuating simultaneously and in the same direction;
- Foreign currency exposure contains spot exchange exposure and forward exchange exposure. Based on the above assumption, the actual exchange gains or losses may differ from the sensitivity analysis results.

(2) Interest rate risk

Interest rate risk is the risk of losses in overall earnings and economic value arising from adverse movements in factors such as interest rates, term structure, etc., including interest rate risk in the banking book and trading book.

Interest rate risk of bank book refers to the risk that adverse changes in interest rate level and term structure will lead to loss of economic value and overall income of bank book.The Group has established a sound interest rate risk management system for banking books.The Board of Directors of the Bank is responsible for approving the interest rate risk appetite and material policies and procedures in the banking books, and bears the ultimate responsibility for managing the interest rate risk in the banking books. The senior management of the bank is responsible for developing the appropriate management mechanism for interest rate risk in the banking book, the organizational structure, systems and processes in accordance with the risk appetites for interest rate risk in the banking book approved by the Board of Directors to ensure the achievement of management objectives. The Bank's Asset-Liability Management Committee formulates policies and strategies for interest rate risks in the banking book management. The Asset-Liability and Financial Management Department leads the daily processes of risk identification, measurement, monitoring, control, and mitigation. The Risk Management Department of the Bank independently validates the interest rate risks in the banking book models, while the Audit Department of the Bank conducts internal audits of the interest rate risks in the banking book management.

The Group mainly uses appropriate measurement methods and tools (such as repricing gap analysis, duration analysis, sensitivity analysis, scenario simulation and other suitable measurement) to measure and monitor the interest rate riskin the banking book. During the reporting period, the Group adhered to the neutral and prudent risk appetite for interest rate risk in the banking book, enhanced the research and judgment on domestic and foreign macro policies as well as monetary policies, carried out dynamic monitoring and forward-looking risk management based on interest rate liberalization, trends of interest rate curve reform; During the reporting period, the Group guided the adjustments of business scale and term structure based on risk management strategies as well as asset and liability business objectives through asset and liability active configuration tools and price tools, maintained the interest rate riskin the banking book indicators within the risk appetite of the Board of Directors and kept sustainable operation.

The table below summarises the Group's exposures to interest rate risk. The table presents the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	31 December 2024						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	395,188	-	-	-	-	16,351	411,539
Deposits and placements with banks and other financial institutions	157,948	116,755	230,838	14,063	-	4,955	524,559
Derivative financial assets	-	-	-	-	-	89,590	89,590
Financial assets purchased under resale agreements	18	62,474	657	730	-	-	63,879
Loans and advances to customers	820,522	492,198	1,992,188	1,328,397	620,799	15,056	5,269,160
Financial investments measured at:							
- FVTPL	9,694	11,353	27,600	30,926	23,111	588,335	691,019
- Amortized cost	33,145	34,984	151,053	449,268	639,845	18,343	1,326,638
- FVOCI	5,987	29,534	102,482	379,221	257,251	16,992	791,467
Other financial assets	3,953	-	42,866	-	-	52,053	98,872
Total financial assets	1,426,455	747,298	2,547,684	2,202,605	1,541,006	801,675	9,266,723
Liabilities							
Borrowing from central bank	20,527	33,128	63,346	-	-	1,441	118,442
Deposits and placements from banks and other financial institutions	904,574	123,362	104,714	9,386	6,008	5,897	1,153,941
Financial liabilities measured at FVTPL	-	-	-	-	-	33,172	33,172
Derivative financial liabilities	-	-	-	-	-	78,575	78,575
Financial assets sold under repurchase agreements	434,845	48,739	22,184	-	-	194	505,962
Deposits from customers	2,487,241	547,553	1,035,142	1,076,023	-	83,323	5,229,282
Debt securities issued	120,265	244,524	795,214	94,690	159,273	6,006	1,419,972
Lease Liabilities	256	665	1,827	3,199	66	-	6,013
Other financial liabilities	1,153	1,916	923	-	-	52,722	56,714
Total financial liabilities	3,968,861	999,887	2,023,350	1,183,298	165,347	261,330	8,602,073
Total interest repricing gap	(2,542,406)	(252,589)	524,334	1,019,307	1,375,659	540,345	664,650

	31 December 2023						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	524,207	-	-	-	-	12,924	537,131
Deposits and placements with banks and other financial institutions	142,945	85,660	265,578	30,727	-	4,790	529,700
Derivative financial assets	-	-	-	-	-	56,311	56,311
Financial assets purchased under resale agreements	38,376	5,913	354	-	-	76	44,719
Loans and advances to customers	1,049,042	839,142	2,109,744	784,271	107,131	15,366	4,904,696
Financial investments measured at:							
- FVTPL	14,925	16,307	44,281	32,693	13,855	658,165	780,226
- Amortized cost	109,745	37,224	104,277	449,164	552,955	17,717	1,271,082
- FVOCI	11,889	24,925	108,668	332,444	132,652	14,169	624,747
Other financial assets	3,628	-	21,448	-	-	36,704	61,780
Total financial assets	1,894,757	1,009,171	2,654,350	1,629,299	806,593	816,222	8,810,392
Liabilities							
Borrowing from central bank	11,931	43,220	177,947	-	-	2,144	235,242
Deposits and placements from banks and other financial institutions	983,507	119,712	165,830	7,039	5,246	5,162	1,286,496
Financial liabilities measured at FVTPL	-	-	-	-	-	10,207	10,207
Derivative financial liabilities	-	-	-	-	-	52,293	52,293
Financial assets sold under repurchase agreements	427,039	29,481	63,009	-	-	255	519,784
Deposits from customers	2,886,979	437,437	737,225	922,981	8	75,714	5,060,344
Debt securities issued	42,718	221,995	483,405	176,795	81,079	5,661	1,011,653
Lease Liabilities	319	438	1,938	3,977	199	-	6,871
Other financial liabilities	408	1,526	1,916	-	-	27,391	31,241
Total financial liabilities	4,352,901	853,809	1,631,270	1,110,792	86,532	178,827	8,214,131
Total interest repricing gap	(2,458,144)	155,362	1,023,080	518,507	720,061	637,395	596,261

Note: The above financial assets listed as within one month include overdue amounts as at 31 December 2024 and 31 December 2023 (excluding impairment provisions).

The Group performs sensitivity analysis to measure the potential impact of changes in interest rate on net profit and equity. The following table presents the results of interest rate sensitivity analysis conducted on assets and liabilities as at the reporting date.

	31 December 2024		31 December 2023	
	Interest rate fluctuation (Basis points)		Interest rate fluctuation (Basis points)	
	-100	+100	-100	+100
(Decrease) / increase in net profit	(3,312)	3,312	2,454	(2,454)
Increase / (decrease) in other comprehensive income under equity	8,213	(7,703)	13,036	(12,292)

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's assets and liabilities within the one-year period based on the following assumptions:

- Except for current deposits, assets and liabilities, whose maturity dates are within three months or more than three months but will be repricing within one year, are assumed to be re-priced or matured in the middle of each specified period;
- The interest rates of current deposits and statutory deposit reserves with central bank remain unchanged;
- The yield curve moves in parallel with interest rate;
- There are no changes in asset and liability portfolios.

Based on the assumptions, the actual change in net profit caused by changes in interest rates may be different from the sensitivity analysis results.

Based on the assumption of the parallel movement of the yield curve along with interest rate change, the sensitivity analysis of the equity is derived by remeasuring the fair value of debt instruments at fair value through other comprehensive income as a result of changes in interest rate with a certain percentage.

3 Liquidity risk

The Group’s liquidity risk management is intended to meet the obligations to serve customers for withdrawal and payment, to achieve the balance between the total amount and structure of assets and liabilities; to reduce the liquidity cost, avoid liquidity crisis of the Group, and to effectively respond to systematic liquidity risk by active management.

The Group has established a relatively complete liquidity risk governance system.The senior management of the Bank is responsible for developing appropriate liquidity risk management mechanisms, organisational structures, systems and processes, risk limits, key assumptions for stress test, and emergency plans based on the liquidity risk appetite approved by the board of directors, to ensure the Bank achieves its management objectives. The Asset and Liability Management Committee of the Bank is responsible for reviewing liquidity risk management strategies, risk limits, key assumptions for stress test, etc. The Asset-Liability and Financial Management Department of the Headquarters of the Bank is responsible for drafting liquidity risk management policies and procedures at a group level and leading specific management of the liquidity risk management, such as qualitative and quantitative analysis. Audit Department of the the Headquarters of the Bank is responsible for the internal audit on liquidity risks. The Group has a prudent liquidity risk preference which complies with the regulatory requirements and management requirements of the Group.

The Group’s liquidity risk management system comprises mainly regular and contingent management system which includes 10 components, such as policies and strategies, management framework, regulations, management tools, daily operation, stress tests, system construction, risk monitoring, risk report, and emergency management and drilling.

During the Reporting Period, the Group implemented forward-looking and proactive management of liquidity risk at different levels in accordance with the requirements of the balance in the total amount and structure; it carries out real-time monitoring on daily position accounts in local and foreign currencies, and made centralised allocation of positions in local and foreign currencies; it established a beforehand declaration system for large-amount positions, and established a monitoring mechanism for total liquidity level; it prepared a cash flow gap table on a daily basis, used the gap management method to predit cash flow gap changes in future assets and liabilities’s on and off-balance sheet items, and conducted liquidity risk assessments on both internal and external items of the statement of financial position in a timely manner, and in accordance with the liquidity risk policy and risk limit requirements of the Group, adjust the total amount, structure, and pace of the Group's business development to meet the requirements of liquidity safety through active financing arrangements and asset liability portfolio adjustments.

The following table presents the contractual undiscounted cash flows of the Group’s non-derivative financial assets and non-derivative financial liabilities by remaining maturity. The actual remaining maturities of these financial instruments may differ materially from the analysis presented below. For instance, while demand deposits are classified as repayable on demand in the table, they are expected to maintain stable or even growing balances.

	31 December 2024								
	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assets									
Cash and deposits with central bank	112,755	-	-	-	-	-	-	298,784	411,539
Deposits and placements with banks and other financial institutions	66,153	95,333	127,627	255,729	35,056	-	-	-	579,898
Financial assets purchased under resale agreements	-	62,616	676	758	-	-	-	-	64,050
Loans and advances to customers	-	770,144	444,330	1,540,511	1,544,195	1,587,159	110,896	-	5,997,235
Financial investments measured at:									
- FVTPL	564,849	1,930	12,136	30,272	35,520	25,010	2,715	26,524	698,956
- Amortized cost	-	25,609	42,381	182,394	571,848	741,828	28,683	-	1,592,743
- FVOCI	-	7,145	32,412	117,902	426,311	268,119	4,498	9,029	865,416
Other financial assets	55,136	-	-	-	-	-	8,524	42,953	106,613
Total financial assets	798,893	962,777	659,562	2,127,566	2,612,930	2,622,116	155,316	377,290	10,316,450
Liabilities									
Borrowing from central bank	-	21,043	33,942	64,624	-	-	-	-	119,609
Deposits and placements from banks and other financial institutions	748,206	160,927	125,346	108,473	10,613	7,933	-	-	1,161,498
Financial liabilities measured at FVTPL	5,185	2,543	24,826	-	-	618	-	-	33,172
Financial assets sold under repurchase agreements	-	436,126	49,055	22,352	-	-	-	-	507,533
Deposits from customers	2,066,194	438,856	564,614	1,083,600	1,219,231	-	-	-	5,372,495
Debt securities issued	-	122,383	249,650	802,894	120,355	283,483	-	-	1,578,765
Lease Liabilities	-	256	411	1,863	3,705	83	-	-	6,318
Other financial liabilities	53,268	661	2,143	1,587	1,042	515	-	-	59,216
Total financial liabilities	2,872,853	1,182,795	1,049,987	2,085,393	1,354,946	292,632	-	-	8,838,606
Net liquidity	(2,073,960)	(220,018)	(390,425)	42,173	1,257,984	2,329,484	155,316	377,290	1,477,844
Derivative financial instruments									
- Inflow	-	116,374	104,859	321,413	88,596	38	-	-	631,280
- Outflow	-	122,416	104,775	314,133	91,184	48	-	-	632,556
Net value of derivative financial instruments	-	(6,042)	84	7,280	(2,588)	(10)	-	-	(1,276)
Credit commitments	609,984	187,655	305,753	620,412	86,599	175,063	-	-	1,985,466

	31 December 2023								
	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assets									
Cash and deposits with central bank	212,708	-	165	-	-	-	-	324,258	537,131
Deposits and placements with banks and other financial institutions	66,363	78,809	87,194	272,309	32,432	-	-	-	537,107
Financial assets purchased under resale agreements	-	38,466	5,990	360	-	-	-	-	44,816
Loans and advances to customers	-	526,570	651,953	1,450,912	1,439,459	1,439,010	101,327	-	5,609,231
Financial investments measured at:									
- FVTPL	634,663	8,164	22,548	46,655	35,031	15,790	3,026	21,925	787,802
- Amortized cost	-	54,230	43,127	129,695	554,973	665,505	83,533	-	1,531,063
- FVOCI	-	12,902	27,883	125,609	374,256	144,568	183	6,730	692,131
Other financial assets	40,387	-	-	-	-	-	7,689	21,483	69,559
Total financial assets	954,121	719,141	838,860	2,025,540	2,436,151	2,264,873	195,758	374,396	9,808,840
Liabilities									
Borrowing from central bank	-	12,245	44,293	181,295	-	-	-	-	237,833
Deposits and placements from banks and other financial institutions	791,484	194,355	121,504	169,652	7,886	7,312	-	-	1,292,193
Financial liabilities measured at FVTPL	1,780	-	-	849	4,352	3,226	-	-	10,207
Financial assets sold under repurchase agreements	-	427,181	29,600	63,415	-	-	-	-	520,196
Deposits from customers	2,210,213	709,106	452,075	772,045	1,047,980	10	-	-	5,191,429
Debt securities issued	-	56,067	227,407	488,500	246,928	91,736	-	-	1,110,638
Lease Liabilities	-	319	441	1,967	4,285	252	-	-	7,264
Other financial liabilities	26,393	94	1,768	2,354	1,285	831	-	-	32,725
Total financial liabilities	3,029,870	1,399,367	877,088	1,680,077	1,312,716	103,367	-	-	8,402,485
Net liquidity	(2,075,749)	(680,226)	(38,228)	345,463	1,123,435	2,161,506	195,758	374,396	1,406,355
Derivative financial instruments									
- Inflow	-	147,599	118,700	197,506	42,847	47	-	-	506,699
- Outflow	-	147,392	117,101	197,523	42,119	75	-	-	504,210
Net value of derivative financial instruments	-	207	1,599	(17)	728	(28)	-	-	2,489
Credit commitments	672,462	147,386	293,865	582,519	89,347	223,450	-	-	2,009,029

4 Fair value of financial instruments

(1) Fair value hierarchy

According to the the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement, the levels are defined as follows:

- Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities. The financial instruments of this level include listed equity securities, debt instruments and open-end fund investments;

- Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities. The financial instruments of this level include most Over-the-Counter (“OTC”) derivatives and bonds. The sources of the yield curve or counterparty credit risk input value parameters are Thomson Reuters, Bloomberg and ChinaBond.com.

- Level 3 inputs: inputs that are unobservable for underlying assets or liabilities. The financial instruments of this level include equity instruments and debt instruments with significant non-observable components.

(2) Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value in the statement of financial position mainly include: deposits with central banks, deposits and placements with banks and other financial institutions, financial assets purchased under resale agreements, loans and advances to customers (measured at amortized cost), financial investment measured at amortized cost, borrowing from central bank, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, lease liabilities and bonds issued.

The book value and corresponding fair value of financial investment not measured at fair value (financial investment measured at amortized cost) and bonds issued as at the financial statement date are listed in the following table.

	31 December 2024				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets：					
Financial investment measured at amortized cost	1,326,638	15,650	1,256,618	109,788	1,382,056
Financial liabilities：					
Debt securities issued	1,419,972	54,497	1,375,798	-	1,430,295

	31 December 2023				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets：					
Financial investment measured at amortized cost	1,271,082	-	995,423	367,242	1,362,665
Financial liabilities：					
Debt securities issued	1,011,653	-	1,008,697	-	1,008,697

(i) Financial investment measured at amortized cost

The fair value of financial investments measured at amortized cost is based on market quotes, and therefore belongs to the first level. If the relevant market information of financial investments measured at amortized cost cannot be obtained, then the discounted cash flow model is used for the valuation of fair value, which belongs to Level 3. Where applicable, the fair value of financial investments measured at amortized cost are determined with reference to the valuation results of China Central Depository & Clearing Co., Ltd., China Securities Index Co., Ltd. or Bloomberg, which belongs to Level 2.

(ii) Debt securities issued

The fair value of bonds issued is based on public quotes on the market. For bonds that cannot be quoted in the market, the fair value is determined by the discounted cash flow method and is based on the actual return rate matching the remaining maturity of the bond.

In addition to the above financial assets and financial liabilities, the fair value of other financial assets and financial liabilities that are not measured at fair value in the statement of financial position are deteremined with the discounted future cash flow method. There is no significant difference between their book value and fair value because these financial instruments have a shorter duration, or their interest rates fluctuate with market interest rates.

(3) Assests and liabilities measured at fair value on a recurring basis

The Group's assets and liabilities measured at fair value on a recurring basis are presented in the following three levels:

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Financial investments measured at FVTPL				
- Fund	482,620	712	2,149	485,481
- Bonds	3,411	63,974	1,156	68,541
- Equity	1,748	-	15,520	17,268
- Beneficiary certificates	-	11,913	-	11,913
- Trust and asset management plans	-	8,672	1,139	9,811
- Interbank Certificates of Deposit	-	8,579	-	8,579
- ABS	-	2,216	6	2,222
- Other investment	79,841	2,154	5,209	87,204
Financial investments measured at FVOCI				
- Bonds	71,814	652,053	-	723,867
- Interbank Certificates of Deposit	2,308	29,113	-	31,421
- ABS	540	19,120	-	19,660
- Repossessed equity instruments	1	-	1,405	1,406
- Trust and asset management plans	-	-	16	16
- Other equity investments	251	-	7,372	7,623
Loans and advances to customers measured at:				
FVOCI				
- Discounted bills	-	321,964	-	321,964
- Corporate loans and advances	-	9,048	-	9,048
FVTPL				
- Corporate loans and advances	-	2,683	-	2,683
- Discounted bills	-	850	-	850
Derivative financial assets	-	89,590	-	89,590
Total financial assets	642,534	1,222,641	33,972	1,899,147
Derivative financial liabilities	-	78,575	-	78,575
Financial liabilities measured at FVTPL				
- Financial liabilities associated with bonds	805	23,982	-	24,787
- Financial liabilities related to precious metals	-	5,185	-	5,185
- Interest of other unit holders in consolidated structured entities	-	2,582	618	3,200
Deposits from customers	-	5,222	-	5,222
Total financial liabilities	805	115,546	618	116,969

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Financial investments measured at FVTPL				
- Fund	433,741	643	222	434,606
- Bonds	29	99,269	1,096	100,394
- Beneficiary certificates	-	39,723	-	39,723
- Equity	2,904	-	14,425	17,329
- Trust and asset management plans	-	10,563	4,238	14,801
- Interbank Certificates of Deposit	-	3,303	-	3,303
- ABS	-	2,210	80	2,290
- Other investment	80,614	75,879	11,287	167,780
Financial investments measured at FVOCI				
- Bonds	55,775	515,043	-	570,818
- Interbank Certificates of Deposit	-	33,438	-	33,438
- ABS	-	6,302	-	6,302
- Repossessed equity instruments	1	-	1,565	1,566
- Trust and asset management plans	-	-	20	20
- Other equity investments	-	-	5,164	5,164
Loans and advances to customers measured at:				
FVOCI				
- Discounted bills	-	308,160	-	308,160
- Corporate loans and advances	-	62,588	-	62,588
FVTPL				
- Discounted bills	-	5,662	-	5,662
- Corporate loans and advances	-	2,122	-	2,122
Derivative financial assets	-	56,311	-	56,311
Total financial assets	573,064	1,221,216	38,097	1,832,377
Derivative financial liabilities	-	52,293	-	52,293
Financial liabilities measured at FVTPL				
- Financial liabilities associated with bonds	7,750	-	-	7,750
- Interest of other unit holders in consolidated structured entities	1,661	119	558	2,338
- Financial liabilities related to precious metals	119	-	-	119
Total financial liabilities	9,530	52,412	558	62,500

The Group takes the date of the event that caused the transfer between levels as the date of the transfer. There is no transfer between the first and second levels this year.

(i) Level 2 Financial Instruments

The fair value of financial instruments that are not traded in an active market (such as OTC derivatives) is determined using valuation techniques. Valuation techniques use observable market data (if any) as much as possible, and rely as little as possible on the entity's specific estimates. If all significant inputs required to calculate the fair value of a financial instrument are observable data, the financial instrument is included in level 2. If one or more significant inputs are not based on observable market data, the financial instrument is included in level 3.

The financial instruments classified by the Group as level 2 mainly include bonds, foreign exchange forwards and swaps, interest rate swaps and foreign exchange options. 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. Foreign exchange forwards and swaps, interest rate swaps, foreign exchange options are valued using cash flow discounts and the Blair-Scholes model. All significant valuation parameters are obtained from observable market information.

(ii) Level 3 Financial Instruments

The changes in the Group's Level 3 assets and liabilities as follows:

	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial liabilities measured at FVTPL	Total
1 Janurary 2024	31,348	6,749	(558)	37,539
Additions	1,505	251	-	1,756
Disposals and settlements	(7,762)	(4)	59	(7,707)
Total gains / (losses) recorded in profit or loss	88	-	(119)	(31)
Total gains recorded in other comprehensive income	-	1,797	-	1,797
31 December 2024	25,179	8,793	(618)	33,354
Unrealised gains or losses recognised in profit or loss for the year ended 31 December 2024 for the positions held at 31 December 2024	(1,024)	-	(32)	(1,056)

	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial liabilities measured at FVTPL	Total
1 Janurary 2023	30,515	7,668	(474)	37,709
Additions	14,003	20	(508)	13,515
Disposals and settlements	(12,661)	-	493	(12,168)
Total losses recorded in profit or loss	(509)	-	(69)	(578)
Total losses recorded in other comprehensive income	-	(939)	-	(939)
31 December 2023	31,348	6,749	(558)	37,539
Unrealised gains or losses recognised in profit or loss for the year ended 31 December 2023 for the positions held at 31 December 2023	(1,367)	-	(34)	(1,401)

The relevant information of Level 3 of fair value measurement using important unobservable input values is as follows:

31 December 2024	Fair value	Valuation method	Unobservable inputs
Financial investments:			
Financial investments measured at FVTPL			
- Fund	2,149	Refer to recent transactions	Liquidity discount
- Bonds	1,156	Income approach	Discount rate
- Trust and asset management plan	1,139	Income approach	Discount rate
- Equity	13,716	Net Asset Based Method	Discount rate
	1,575	Refer to recent transactions	Liquidity discount P/B ratio
	229	Refer to recent transactions	Liquidity discount P/S ratio
- ABS	6	Income approach	Discount rate
- Other investment	5,209	Refer to recent transactions	Liquidity discount
	25,179		
Financial investments measured at FVOCI			
- Trust and asset management plan	16	Income approach	Discount rate
- Repossessed equity instruments	953	Refer to recent transactions	Liquidity discount P/B ratio
	448	Net Asset Based Method	Liquidity discount
	4	Discounted cash flow method	Discount rate
- Other equity investments	5,378	Net Asset Based Method	Liquidity discount
	1,874	Refer to recent transactions	Liquidity discount P/B ratio
	120	Income approach	Discount rate
	8,793		
Financial liabilities measured at FVTPL			
- Interest of other unit holders in consolidated structured entities	618	Note 1	Note 1

31 December 2023	Fair value	Valuation method	Unobservable inputs
Financial investments:			
Financial investments measured at FVTPL			
- Fund	222	Refer to recent transactions	Liquidity discount
- Bonds	1,096	Income approach	Discount rate
- Trust and asset management plan	4,238	Income approach	Discount rate
- Equity	11,895	Income approach	Discount rate
	2,530	Refer to recent transactions	Liquidity discount
- ABS	80	Income approach	Discount rate
- Other investment	11,287	Refer to recent transactions	Liquidity discount
	31,348		
Financial investments measured at FVOCI			
- Trust and asset management plans	20	Income approach	Discount rate
- Repossessed equity instruments	1,104	Market approach	Liquidity discount P/B ratio
	457	Net Asset Based Method	Liquidity discount
	4	Discounted cash flow method	Discount rate
- Other equity investments	4,093	Net Asset Based Method	Liquidity discoun
	956	Market approach	Liquidity discount P/B ratio
	115	Income approach	Discount rate
	6,749		
Financial liabilities measured at FVTPL			
- Interest of other unit holders in consolidated structured entities	558	Note 1	Note 1

Note1: The fair value of the interest of other unit holders in consolidated structured entities is the amount attributable to the investor of the structured entity based on the net value of the structured entity.

5 Offsetting of financial assets and financial liabilities

Some financial assets and financial liabilities in the Group follow executable net amount settlement arrangements or similar agreements. Such arrangements with the Group and counterparties normally allow the net amount settlement under agreements of both parties. If no agreement is reached, it would be settled in full amount. But one party could choose to settle in net amount under the condition that the other party violates the agreement. According to the relevant requirements of the Accounting Standards, the Group did not offset these financial assets and financial liabilities.

As at 31 December 2024, the amount of the Group's financial assets and financial liabilities following executable net amount settlement arrangements or similar agreements is not significant.

6 Capital management

The objectives of the Group's capital management are to:

(1) Satisfy regulatory requirements for capital adequacy ratio on an ongoing basis, ensure operational compliance to ultimately optimise capital stock and structure.
(2) Ensure adequate capital for resisting corresponding risks, realise the operational safety, and keep capital at an adequate and reasonable level.
(3) Establish a capital allocation and management system that focuses on economic capital, optimise the resource allocation and management control mechanism at the Group level, achieve capital intensive management to ultimately maximise shareholders' value.

The Group manages its capital structure and adjust it based on the changes in economic condition and the risk characteristics. Generally, the mechanism of adjusting the capital structure comprises dividend distribution policies and issuance of additional capital instruments such as tier 1 capital instruments and tier 2 capital instruments, etc.

As at 31 December 2024, commercial banks in China should meet the minimum requirements for capital adequacy ratio set out in the Administrative Measures on the Capital of Commercial Banks which required the capital adequacy ratio of core tier 1 capital shall not be less than 7.5%, capital adequacy ratio of tier 1 capital shall not be less than 8.5% and capital adequacy ratio shall not be less than 10.5%.

In addition, the PBOC and related regulatory departments have formulated evaluation of systemically important banks and the Additional Regulatory Rules for Systemically Important Banks (for Trial Implementation). According to the above provisions, systemically important banks shall meet certain additional capital requirements in addition to minimum capital requirements, reserve capital and counter-cyclical capital requirements, which are satisfied by core Tier 1 capital. Systemically important banks are divided into five groups, and the additional capital requirements of 0.25%, 0.5%, 0.75%, 1% and 1.5% shall apply to the banks in Group I to Group V respectively. According to the List of Domestic Systemically Important Banks issued by the PBOC and the NFRA in September 2023, the Bank was identified as systemically important banks in Group II . Therefore, after considering the additional capital requirements of systemically important banks, the Group should meet the minimum requirement of 8% of core tier 1 capital adequacy, 9% of tier 1 capital adequacy and 11% of capital adequacy.

As at December 31, 2024, the Group's core tier 1 capital ratio, tier 1 capital ratio, and capital ratio all meet the requirements of the Administrative Measures on the Capital of Commercial Banks and other relevant regulations.

IX ASSET PLEDGED AS COLLATERAL

Certain assets of the Group are pledged as collateral for financial liabilities, and the analysis of these assets are as follows:

	31 December 2024	31 December 2023
Financial investments	712,451	943,312
Bills	154,078	87,619
Deposits with banks and other financial institutions	9,056	4,411
Loans	1,045	2,143
Total	876,630	1,037,485

Apart from the aforementioned collaterals and the Group's assets for operating leases, the amount of assets with restricted ownership or usage due to pledges, seizures, freezes, or detentions was not significant as the end of 2024 (at the end of 2023: not significant).

X EVENTS AFTER THE REPORTING DATE

1 Profit distribution plan

The Bank convened the board of directors on 27 March 2025, approved the profit distribution plan for 2024 and submitted it to the annual general meeting for consideration and approval.

XI COMPARATIVE FIGURES

In order to be consistent with the presentation of financial statements for the current year, a number of comparative figures have been reclassified.