中国光大银行
CHINA EVERBRIGHT BANK

China Everbright Bank Company Limited

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

Stock Code: 6818

ANNUAL REPORT 2024

Bank 中国光大银行 CHINA EVERBRIGHT BANK

Important Notice

The Board of Directors, Board of Supervisors and Directors, Supervisors and Senior Management of the Bank hereby warrant the authenticity, accuracy and completeness of the contents of this Report and that there are no false representations, misleading statements or material omissions, and jointly and severally assume full responsibility for the information in this Report.

The 26th Meeting of the Ninth Session of the Board of Directors of the Bank was convened in Beijing on 28 March 2025, at which the *2024 Annual Report* of the Bank was considered and approved. 13 out of 15 Directors attended this meeting in person, and 2 Directors authorized other Directors to attend the meeting. Director Mr. Hao Cheng and Director Mr. Shao Ruiqing were authorized in writing by Director Mr. Yang Bingbing and Director Mr. Liu Shiping, who were unable to attend the meeting in person due to other work arrangements, to attend the meeting and exercise the voting right on their behalves. 4 Supervisors were present at the meeting as non-voting attendees.

The financial statements of the Bank for the year 2024 were prepared in accordance with the PRC Generally Accepted Accounting Principles ("PRC GAAP") and the International Financial Reporting Standards ("IFRS Accounting Standards") and have been reviewed by KPMG Huazhen LLP and KPMG in accordance with the China Standards on Auditing (CSA) and the International Standards on Auditing (ISA), respectively. Both auditors issued standard unqualified auditor's reports.

Chairman Mr. Wu Lijun, President Mr. Hao Cheng, Executive Vice President and CFO Ms. Liu Yan, and General Manager of Finance and Accounting Department of the Bank Mr. Lu Jian, hereby warrant the authenticity, accuracy and completeness of the financial statements in this Report.

Unless otherwise stated, all monetary sums stated in this Report are expressed in Renminbi/RMB.

The Board of Directors of the Bank proposed distributing a final ordinary share dividend of RMB0.85 (tax included) for every 10 shares for the year 2024. Combined with the distributed interim cash dividend, the total dividend for the year 2024 will be RMB1.89 (tax included) for every 10 shares. Please refer to "Significant Events" for details.

Forward-looking statements such as future plans of the Bank mentioned in this Report do not constitute actual commitments of the Bank to investors. The investors and related parties should be fully aware of the risks, and should understand the difference between plans, predictions and commitments.

The Bank has disclosed herein major risks and proposed risk management measures accordingly. Please refer to the relevant contents in "Management Discussion and Analysis" for details.

In this Report, "We/we", "the Bank", "whole Bank" and "China Everbright Bank" all refer to China Everbright Bank Company Limited, and "the Group" refers to China Everbright Bank Company Limited and its subsidiaries.

The Board of Directors of
China Everbright Bank Company Limited
28 March 2025

Operating Overview

Operating performance (RMB million)

Operating income
135,595

Profit before tax
51,474

Net profit
41,911

Asset quality indicators (%)

NPL ratio
1.25

Provision-to-loan ratio
2.26

Provision coverage ratio
180.59

Business scale (RMB million)

Total assets
6,959,021

Total liabilities
6,368,790

Total loans
3,933,902

Balance of deposits
4,035,687

Three North Star Metrics (RMB trillion)

Finance Product Aggregate (FPA)
5.31

Assets Under Management (AUM)
2.95

Gross Merchandise Volume (GMV)
3.35

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Definitions and Documents for Reference

I. DEFINITIONS

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

MOF	:	Ministry of Finance of the People's Republic of China
PBOC	:	The People's Bank of China
NFRA	:	National Financial Regulatory Administration
The former CBIRC	:	The former China Banking and Insurance Regulatory Commission
CSRC	:	China Securities Regulatory Commission
CHI	:	Central Huijin Investment Ltd.
CEG	:	China Everbright Group Ltd.
SSE	:	Shanghai Stock Exchange
SZSE	:	Shenzhen Stock Exchange
HKEX	:	Hong Kong Exchanges and Clearing Limited
SEHK	:	The Stock Exchange of Hong Kong Limited
Articles of Association of the Bank	:	*Articles of Association* of China Everbright Bank Company Limited
Hong Kong Listing Rules	:	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	:	Appendix C3 to the *Hong Kong Listing Rules – The Model Code for Securities Transactions by Directors of Listed Issuers*

II. DOCUMENTS FOR REFERENCE

i. Financial statements bearing the signatures and seals of Chairman, President, Executive Vice President & CFO and General Manager of Finance and Accounting Department of the Bank

ii. The original auditor's report bearing the seals of the accounting firms and the signatures and seals of certified public accountants

iii. The originals of documents and announcements of the Bank disclosed to the public during the reporting period

iv. A share annual report and financial statements prepared in accordance with PRC GAAP published by the Bank on the website of SSE during the reporting period

The originals of the aforesaid documents for reference shall be kept at the Office of the Board of Directors of the Bank.

Profile of the Bank

I. BASIC INFORMATION

i. Name of the Bank

Registered Chinese Company Name: 中國光大銀行股份有限公司 (Abbreviation: 中國光大銀行 or 光大銀行)
Registered English Company Name: CHINA EVERBRIGHT BANK COMPANY LIMITED (Abbreviation: CEB BANK)

ii. Relevant Persons

Legal Representative: Wu Lijun
Authorized Representatives: Hao Cheng, Qu Liang
Secretary to the Board of Directors: Zhang Xuyang
Joint Company Secretaries: Zhang Xuyang, Lee Mei Yi
Securities Affairs Representative: Zeng Wenxue

iii. Contacts

Contact Address: China Everbright Center, No. 25 Taipingqiao Street, Xicheng District, Beijing
Postal Code: 100033
Tel: 86-10-63636363
Fax: 86-10-63639066
E-mail: IR@cebbank.com
Investor Hotline: 86-10-63636388
Customer Service Hotline & Customer Complaint Hotline: 95595

iv. Corporate Information

Office Address: China Everbright Center, No. 25 and No. 25 A Taipingqiao Street, Xicheng District, Beijing
Registered Address and Its Change Records:
1992-1995: 16/F, New Century Hotel Office Building, No. 6 Shoudutiyuguan South Road, Beijing
1995-2012: Everbright Building, No. 6 Fuxingmenwai Street, Xicheng District, Beijing
2012-today: China Everbright Center, No. 25 and No. 25 A Taipingqiao Street, Xicheng District, Beijing
Website of the Bank: www.cebbank.com
Uniform Social Credit Code: 91110000100011743X
Code of Financial Authority: B0007H111000001
Scope of Business: taking deposits from the public; granting short-term, medium-term and long-term loans; handling domestic and overseas settlement; handling bill acceptance and discount; issuing financial bonds; issuing, honoring and underwriting government bonds as an agent; trading government bonds and financial bonds; interbank borrowing and lending; trading foreign exchange proprietarily and as an agent; conducting bank card business; providing L/C services and guarantee; offering agency collection and payment and agency insurance services; offering safe deposit box services; and providing other businesses approved by the former CBIRC.

Profile of the Bank

v. Principal Place of Business in Hong Kong

CEB Hong Kong Branch: 23/F, Everbright Center, 108 Gloucester Road, Wan Chai, Hong Kong

vi. Websites and Newspapers Designated for Information Disclosure

Websites designated for publication of A share annual report: SSE's website: www.sse.com.cn
The Bank's website: www.cebbank.com

Newspapers designated for publication of A share annual report: *China Securities Journal*: www.cs.com.cn
Shanghai Securities News: www.cnstock.com
Securities Times: www.stcn.com
Securities Daily: www.zqrb.cn

Websites designated for publication of H share annual report: HKEXnews website: www.hkexnews.hk
The Bank's website: www.cebbank.com

Copies of this annual report are available at: Office of the Board of Directors of the Bank
Shanghai Stock Exchange

vii. Stock Exchanges for Listing of Shares

A Shares: Shanghai Stock Exchange (SSE)
Abbreviated Name of Ordinary Shares: Everbright Bank, Code: 601818
Abbreviated Name of Preference Shares: Everbright P1, Everbright P2, Everbright P3, Code: 360013, 360022, 360034 (SSE Comprehensive Business Platform)
H Shares: The Stock Exchange of Hong Kong Limited (SEHK)
Abbreviated Name: CEB Bank, Code: 6818

viii. Auditors During the Reporting Period

Domestic Auditor: KPMG Huazhen LLP
Office Address: 8/F, Office Tower E2, Oriental Plaza, No. 1 East Chang An Avenue, Beijing
Certified Public Accountants for Signature: Huang Aizhou, Ge Mingyi
Overseas Auditor: KPMG
Office Address: 8/F, Prince's Building, 10 Chater Road, Central, Hong Kong
Certified Public Accountant for Signature: Fong Hoi Wan

ix. Legal Advisors to the Board of Directors During the Reporting Period

A Share Legal Advisor: Jun He Law Offices
H Share Legal Advisor: Clifford Chance LLP

x. Securities Depository

A Share Ordinary Shares, Preference Shares Depository: Shanghai Branch, China Securities Depository and Clearing Corporation Limited
Office Address: No. 188 Yanggao South Road, Pudong New Area, Shanghai
H Share Registrar: Computershare Hong Kong Investor Services Limited
Office Address: Shops 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong

II. INTRODUCTION

China Everbright Bank, established in August 1992 and headquartered in Beijing, is a national joint-stock commercial bank approved by the State Council of China and PBOC. The Bank was listed on the SSE in August 2010 (stock code: 601818) and the SEHK in December 2013 (stock code: 6818).

Actively committed to ensuring that the financial work is politically oriented and can better represent the people, the Bank takes "serving the real economy and national strategies, while meeting people's growing financial needs in economic and social development" as its main responsibility. Leveraging China Everbright Group's advantages in comprehensive finance, industry-finance collaboration and cross-border operation, the Bank has placed customers at the center to accelerate innovation in products, channels and service models through integrated, characteristic, asset-light and digital development, and shifted from managing its own balance sheets to assisting customers in improving their financial statements. The Bank has forged competitive edges in wealth management, fintech and comprehensive finance, and formed a pattern featuring balanced development of all business sectors, continuous improvement of risk management and gradual enhancement of innovation capabilities. In this way, the Bank has been steadily advancing along the track of high-quality development.

As at the end of the reporting period, the Bank had established 1,321 branches and outlets in the domestic market, covering all provincial administrative regions and extending its business reach to 150 economic center cities. Focusing on primary responsibilities and main businesses while centering on its overall strategy, the Bank had basically formed a modern comprehensive financial service system that covers both domestic and overseas markets, both online and offline channels, as well as areas such as financial leasing, bank wealth management, consumer finance and digital finance. In the overseas market, closely following the Belt and Road Initiative, CEB has expanded its international presence at a faster pace. CEB Hong Kong Branch, CEB International Investment Corporation Limited, CEB Seoul Branch, China Everbright Bank (Europe) S.A., CEB Luxembourg Branch, CEB Sydney Branch, CEB Macao Branch, CEB Melbourne Branch and CEB Tokyo Representative Office opened for operation. Everbright Financial Leasing Co., Ltd. vigorously developed leasing business in manufacturing industries such as aviation, shipping, automobiles and new energy, Everbright Wealth Management Co., Ltd. focused on asset management and wealth management business, and Beijing Sunshine Consumer Finance Co., Ltd. engaged in the specialized consumer finance market. The Bank's Everbright Cloud Fee Payment, an online convenient platform with a focus on people's livelihood services and financial scenarios, has served hundreds of millions of people. The Bank's long-term sponsorship of "Water Cellar for Mothers", a social charity program, demonstrated its commitments to social responsibilities. The Bank's corporate image improved continuously as it was awarded the "2024 High-quality Financial Development Case" by *People's Daily* and the "Financial Brand Influential Institution of the Year" by *China Banking and Insurance News*.

Over the years, along with the evolution of the Chinese economy and the growth of the Chinese financial sector, the Bank's brand image and market value have improved continuously. While rendering quality financial services to its customers and the public, it has also achieved good results in business performance as a listed bank with a strong brand reputation and market influence.

Honors and Awards

1. On 21 January 2024, the Bank's Everbright Cloud Fee Payment was selected as an excellent case of "Annual Model of Empowering High-quality Development with Finance" at the "CCTV Finance and Economics Night" held by China Media Group.

2. On 28 April 2024, the All-China Federation of Trade Unions issued the *Decision on Commending the Individuals Winning 2024 National May 1 Labor Awards and the "Pioneers of National Workers"*, conferred the honor of "Pioneers of National Workers" to CEB Changsha Xiangjiang New Area Sub-branch, and awarded a "National May 1 Labor Medal" to Ms. Peng Ziqi of CEB Shenzhen Branch.

3. On 9 May 2024, the Bank was awarded the "2024 Jinnuo – Financial Brand Influential Institution of the Year", "2024 Jinnuo – Financial Brand New Media of the Year", and "Jinnuo – Excellent Social Public Welfare Project of the Year in the Financial Industry" at the 8th Jinnuo Financial Brand Influence Forum hosted by *China Banking and Insurance News*.

4. On 15 May 2024, the Bank was awarded the "Environmental, Social and Governance (ESG) Case of the Year" at the 2024 Corporate Social Responsibility Forum hosted by *People's Daily*.

5. On 10 October 2024, the Bank's public welfare project titled "An Everbright Lesson for Rural Children" was awarded the "Case of Public Welfare Social Responsibility", and the "Comprehensive Evaluation of Institutional Internal Control & Compliance Profile" was awarded the "Case of Risk Prevention and Control Practice" at the case collection activity of ESG practices in the banking industry launched by China Financial Media Company Limited (CFMC).

6. On 11 October 2024, the Bank was awarded the "2024 Outstanding Financial Institution Pension Finance Brand" by Xinhuanet.

7. On 25 October 2024, the Bank's themed integration publicity case titled "'Together with Everbright' – CEB Serving Five Target Areas of Finance" was awarded the "2024 Brand Integration Publicity Innovation Case" at the 2024 Media Integration Development Forum hosted by *People's Daily*.

8. On 19 November 2024, the Bank was awarded the "Responsible Finance Special Award of the Year" at the 15th "Golden Tripod Awards" selection by *National Business Daily*.

9. On 22 November 2024, the Bank was awarded the "Excellent Practice Case" at the selection of the "2024 Best Practice Cases of the Board of Directors of Listed Companies" released by the China Association for Public Companies.

10. On 29 November 2024, the Bank was awarded the "2024 High-quality Financial Development Case" at the sub-forum titled "Conference for Reporting High-quality Financial Development Cases" of the 2024 China Brand Forum hosted by *People's Daily*.

11. On 29 November 2024, the Bank was awarded the “ESG Pioneer” at the 5th Cailian Press Enterprise ESG Forum & the “Zhiyuan Award” ceremony by *Cailian Press.*

12. On 1 December 2024, the Bank was awarded the “2024 Top 100 Best Employers in China” at the 2024 China Best Employer Ceremony & the International Management Forum of Human Capital, jointly organized by Zhaopin.com, the Institute of Social Science Survey at Peking University, the National School of Development at Peking University and *Caijing Magazine.*

13. On 3 December 2024, the Bank was rated AA in the MSCI ESG ratings.

14. On 11 December 2024, the Bank was awarded the “High-quality Development Financial Enterprise of the Year” on the “Top List of Financial Institutions & the 2024 8th List of Excellent Cases in the Financial Industry publicized by *The Paper*.

15. On 13 December 2024, the Bank was awarded the “Sustainable Brand of the Year” at the Annual Brand Ceremony held by *Southern Weekly*.

16. On 18 December 2024, the Bank was awarded the “Outstanding Socially Influential Enterprise of the Year” at the 2024 Financial Development Forum & the 13th Excellent Financial Enterprises Award Ceremony hosted by *The Economic Observer*.

17. On 18 December 2024, the Bank was awarded the “Joint Stock Commercial Bank of the Year” on the list of the 2024 “Excellent Finance Awards” released by Jiemian News.

18. On 18 December 2024, the Bank was awarded the “Sustainable Development Inclusive Award” and the “Excellent Comprehensive Service Bank of the Year” according to the 2024 Caijing Awards selection released by *Caijing Magazine*.

19. On 18 December 2024, the Bank was awarded the “Excellent Financial Enterprise” at the 2024 Financial Development Forum hosted by *The Economic Observer*.

20. On 24 December 2024, the Bank was awarded the honor of “People’s Choice Craftsmanship Brand” at the 2024 People’s Choice Craftsmanship Brand Promotion and Exhibition Event hosted by People’s Daily Online.

21. On 27 December 2024, the Bank was awarded the “Most Valuable Pioneer Award for Central Enterprises and State-owned Enterprises” according to the 2024 List of the Most Valuable and Influential Enterprises in the Capital Market released by Cailian Press.

Message from the Chairman

The year 2024 marked the 75th anniversary of the founding of the People's Republic of China and a crucial year for advancing the goals and tasks outlined in the 14th Five-Year Plan. Despite the complex and ever-changing internal and external environment, Chinese people ensured overall stable performance and steady growth of the economy, and made solid headway in pursuing high-quality development. In particular, firm actions were taken to implement a raft of incremental policies decided on by the Political Bureau of the Central Committee of the Communist Party of China (CPC) at a meeting on 26 September 2024, which effectively boosted public confidence and led to a notable rebound and a more robust growth momentum in the economy. Under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core, China Everbright Bank (CEB) fully implemented the decisions and arrangements made at the Third Plenary Session of the 20th CPC Central Committee, the Central Financial Work Conference and the Central Economic Work Conference, proactively devoted itself to serving the real economy and national strategies, continuously strengthened capability building, and persistently enhanced core competitiveness, striving to make new advances in pursuing high-quality development.

In 2024, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, CEB regarded upholding and strengthening the overall leadership of CPC as the fundamental principle for its journey ahead. We earnestly raised our political awareness, meticulously pressed ahead with the education campaign on Party discipline, and resolutely advanced inspection rectification work, with prominent achievements made in Party building and the political foundation for CEB's development consolidated. Adhering to the fundamental purpose of serving the real economy, we made solid progress in serving the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance. We accelerated the implementation of incremental financial policies, made unremitting efforts to improve financial services related to major strategies, key sectors and weak links, and channeled financial resources to support the real economy in a targeted manner. We adhered to the central task of promoting high-quality development with a focus on value creation, as our customer base was increasingly solidified, collaboration within China Everbright Group was further deepened, and market value management attained remarkable accomplishments. In strict compliance with regulatory requirements, we strengthened risk management and control to accelerate risk mitigation in key areas, stepped up efforts to recover and dispose of non-performing assets, and enhanced internal control and compliance management to strictly hold onto the red line of risks. Adhering to the general work tone of pursuing progress while ensuring stability, we realized steady business scale growth, stable asset quality and rising capital adequacy ratios, which led to robust improvement in our comprehensive strength. Meanwhile, CEB's ESG ratings had been upgraded for two consecutive years, demonstrating our sense of social responsibility as a centrally-administered financial enterprise.

Looking into 2025, China's economy boasts a solid foundation, various strengths, strong resilience and great potentials, with the overall trend of long-term economic growth and its underlying logic remaining unchanged. By adopting the combination of a more proactive fiscal policy and a moderately accommodative monetary policy, we will surely boost public confidence and keep up high morale. We are keenly aware that, only by upholding the overall leadership of CPC and the centralized and unified leadership of the CPC Central Committee can we ensure lasting success and prosperity; only by adhering to the topic of high-quality development can we make continuous improvement towards excellence; only by adhering to the principle of pursuing progress while ensuring stability can we achieve steady and sustainable development; only by insisting on strategy-guided and transformation-driven development can we navigate on the right track; and only by adopting a realistic and pragmatic approach and upholding fundamental principles while breaking new ground can we realize value creation.

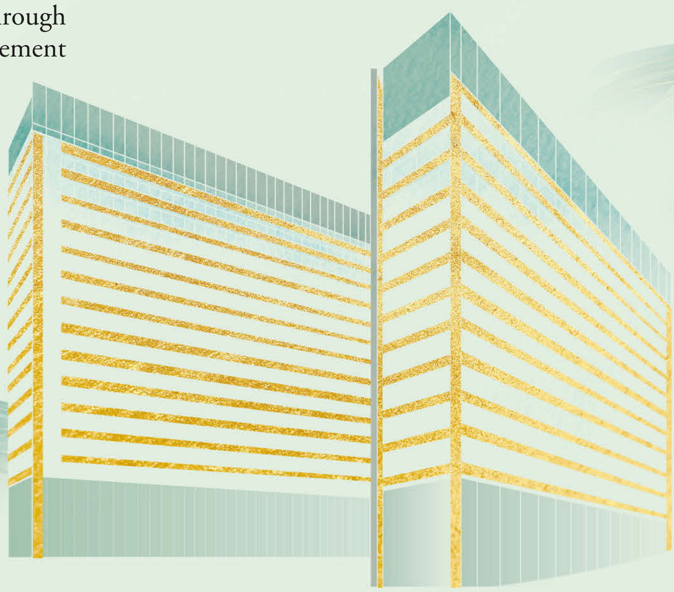
In 2025, CEB will continue to raise political awareness, keep in mind the top priorities of the country, and ensure that the financial work is politically oriented and can better represent the people. We will proactively integrate into the new development pattern, fulfill our responsibilities as a centrally-administered financial enterprise, strike a balance between functionality and profitability, and unswervingly follow the path of financial development with Chinese characteristics. Centering on the requirements of high-quality development, we will conscientiously set development goals, persist in serving the real economy, make efforts in the five target areas of finance, and devise plans for reform and development tasks in a well-conceived manner to make new achievements in the new era. We will endeavour to turn key economic development tasks and a package of economic and financial policies into the drivers of high-quality development, and continue to improve the quality and efficiency of financial services.

In 2025, CEB will lay emphasis on hard work to accelerate building unique business features to enhance core competitiveness. By fully leveraging its strengths and reinforcing Everbright genes, CEB will empower business front line in an all-around manner, gather its strengths to develop featured businesses and flagship products, as exemplified by six key businesses including Sunshine Tech Innovation, Sunshine Wealth Management, Cloud Fee Payment, Sunshine Investment Banking, Sunshine Transaction Banking and Sunshine Financial Market, so as to establish a unique market brand. By launching marketing campaigns for all customers to expand the scale of funds, CEB will solidify customer base as its source of growth. CEB will deepen technological empowerment, promote digital transformation and in-depth business-technology integration, and optimize technology innovation mechanism to increase the value contribution of fintech, making technological empowerment a powerful engine for its development.

In 2025, CEB will coordinate both development and security, ensure that no systemic risks arise, and realize value creation through effective risk control. We will strengthen comprehensive risk management without leaving any loophole, carry out long-effect risk prevention and control in an orderly, well-paced and targeted manner. We will reinforce the bottom-line mindset and problem-tracking orientation, adopt a unified consolidated risk management strategy for both domestic and overseas institutions and both on-balance-sheet and off-balance-sheet activities, enhance forward-looking risk management and risk resistance capabilities, and improve risk early warning and response mechanism. We will strengthen risk prevention and control in key areas, rely on the localized management system to take customer-specific measures to push forward risk disposal and phase-out arrangements, thereby addressing various risks in a precise manner. We will stabilize development through risk mitigation and promote risk mitigation through development in order to realize mutual reinforcement between development and security.

In 2025, CEB will follow the guidance of high-quality Party building to pursue high-quality development and continue to improve and refine the institutional mechanism that integrates Party leadership and corporate governance. We will continue to strengthen the team building of cadres and talents, consolidate rectification achievements, and forge a team of high-caliber talents who are loyal to the Party, have moral integrity and demonstrate a keen sense of responsibility, providing a strong guarantee and robust support for high-quality development. We will continuously improve work style, optimize the mechanism for comprehensively strengthening Party building, and take a holistic approach to creating enough deterrence so that cadres neither dare, can nor even think of being corrupt, thus fostering a development environment that is clean and upright. We will continue to strengthen building corporate culture, promote financial culture with Chinese characteristics, and cultivate excellent corporate culture through high-quality Party building, making culture a spiritual bond for business development.

As 2024 has presented its grandeur, we will open up new prospects for greater progress in 2025. The year 2025 marks the conclusion of China's 14th Five-Year Plan and is also a year to consolidate the foundation for a good start of the 15th Five-Year Plan. We will face challenges head-on with full confidence and adopt a realistic and pragmatic approach to striving for success. Driven by the sense of responsibility as time fleets away, the call of mission for no one but us, and the feeling of urgency to relentlessly pursue excellence, we will endeavor to enhance our core competitiveness and achieve comprehensive high-quality development on the grand journey of serving China's modernization. Together, we will write a new chapter of glory for China Everbright Bank.



Message from the President

The year 2024 witnessed the successful convening of the Third Plenary Session of the 20th Communist Party of China (CPC) Central Committee, which sounded the clarion call for further deepening reform comprehensively. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, China Everbright Bank (CEB) fully implemented the decisions made at the Third Plenary Session of the 20th CPC Central Committee, the Central Financial Work Conference and the Central Economic Work Conference. Adhering to the general principle of pursuing progress while ensuring stability, CEB focused on promoting high-quality development, ensured both development and security, and managed to deliver positive results marked by both steady growth and improved development quality with unwavering confidence and unremitting efforts.

In 2024, we prioritized supporting the real economy, invested efforts to serve the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance, and provided more targeted, higher-quality and more efficient financial services for key sectors and pivotal links of the real economy with concrete actions. All the growth rates of loans relating to serving the real economy were faster than the average loan growth rate of CEB. To serve the five target areas of finance, CEB persisted in advancing system development and product innovation by establishing a dedicated organizational system for technology finance, developing featured products with competitive advantages such as SRDI Enterprise Loan and Tech Firm e-Loan, increasing the supply of pension finance products and leveraging the strengths of Everbright Cloud Fee Payment as an industry-leading, open-ended and convenient fee payment platform to continuously enhance the accessibility of financial services. Loans relating to technology finance, green finance and inclusive finance increased by 42.06%, 41.01% and 14.85% respectively over the end of the previous year. The retail AUM (Assets Under Management) of the pension finance customers reached RMB1.5 trillion. The transaction amount processed through the Everbright Cloud Fee Payment platform exceeded RMB900 billion.

In 2024, we accelerated the implementation of a raft of incremental financial policies and fully leveraged government policy coordination to ensure successful implementation and effective outcomes, thereby serving China's overall economic and social development with concrete actions. CEB proactively supported the steady and sound development of the real estate market, facilitated the service coverage and effectiveness enhancement of white-listed real estate projects, and ensured that eligible real estate projects are granted necessary loans to ensure timely delivery, so as to improve the effectiveness of the real estate financing coordination mechanism. CEB also actively supported the steady development of the stock market and became one of the first Chinese joint-stock commercial banks to conduct lending to support listed companies in stock repurchase and shareholding increase. Furthermore, CEB proactively supported the development of micro and small enterprises (MSE) by launching the "Extensive Visits to Enterprises" campaign to investigate into their financing needs, so as to effectively implement the MSE financing coordination mechanism.

In 2024, we adhered to a unified risk management mechanism, reinforced internal control and compliance management, and took actions to make sure that no systemic risks arise. CEB strengthened risk management and control in key areas and adopted effective measures to mitigate existing risks and strictly control incremental risks. CEB stepped up efforts to recover and dispose of non-performing assets, closely monitored the disposal of major projects, and activated special assets. CEB pressed ahead with the credit approval mechanism reform by enhancing credit concentration management and in the meantime streamlining business procedures for customers, in a bid to improve customer experience and service efficiency. As a result, CEB's asset quality remained stable, with the NPL ratio standing at 1.25%, on par with that as at the end of the previous year, and the provision coverage ratio standing at 180.59%. CEB managed to lower both the scale and the proportion of risk-prone assets as compared with the end of the previous year. Meanwhile, CEB improved the anti-money laundering (AML) mechanism, transitioning the AML work from a rule-based approach to a risk-based one. CEB strengthened the protection of financial consumers' rights and interests, ranking at the forefront of joint-stock commercial banks in China in the area of consumer protection by the National Financial Regulatory Administration.

In 2024, facing a complex and ever-changing business environment, we withstood pressure to tackle various challenges, obtaining positive outcomes throughout the year, which demonstrated our resilience and vitality in development. CEB's total assets reached RMB6.96 trillion, up 2.75% from the end of the previous year; total liabilities amounted to RMB6.37 trillion, up 2.42% from the end of the previous year; and net profit attributable to shareholders stood at RMB41,696 million, up 2.22% year on year. Three North Star Metrics, which are Finance Product Aggregate (FPA), Assets Under Management (AUM) and Gross Merchandise Volume (GMV), all realized growth. CEB's controlling shareholder increased its shareholdings in CEB, and CEB distributed interim dividends to ordinary shareholders. The capital adequacy ratio (CAR), Tier 1 CAR, and common equity Tier 1 CAR were 14.13%, 11.98% and 9.82% respectively, all of which went up as compared with the end of the previous year. CEB was rated AA for MSCI ESG rating, showing continuous improvement in ESG management.

As a critical year for fully implementing the guiding principles of the Third Plenary Session of the 20th CPC Central Committee to further deepening reforms comprehensively, the year 2025 is the final year for implementing the 14th Five-Year Plan and also the beginning year of the 15th Five-Year Plan. Closely following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, CEB will fully implement the decisions and arrangements made by the CPC Central Committee, adhere to the general principle of pursuing progress while ensuring stability, fully and faithfully apply the new development philosophy, better coordinate development and security, further deepen reforms on all fronts, step up building business features, proactively fend off and defuse risks in key areas, and steadily promote high-quality development. In serving economic and social development and people's well-being, CEB will strengthen both core functions and core competitiveness, laying a solid foundation for a good start of the 15th Five-Year Plan.

Key Accounting Data and Financial Indicators

I. KEY FINANCIAL DATA AND INDICATORS

Item	2024	2023	Change in 2024 over 2023 (%)	2022	2021	2020 (restated)[8]
Operating performance (RMB million)						
Net interest income	96,666	107,480	(10.06)	113,655	112,155	110,697
Net fee and commission income	19,071	23,698	(19.52)	26,744	27,314	24,409
Operating income	135,595	145,735	(6.96)	151,865	153,366	142,798
Operating expenses	(43,569)	(43,909)	(0.77)	(45,227)	(45,540)	(40,335)
Impairment losses on assets	(40,565)	(52,105)	(22.15)	(50,609)	(54,795)	(56,932)
Profit before tax	51,474	49,757	3.45	55,966	52,941	45,526
Net profit	41,911	41,076	2.03	45,040	43,639	37,928
Net profit attributable to shareholders of the Bank	41,696	40,792	2.22	44,807	43,407	37,835
Per share (in RMB)						
Net assets per share attributable to ordinary shareholders of the Bank[1]	8.17	7.57	7.93	7.46	6.99	6.45
Basic earnings per share[2]	0.62	0.62	–	0.74	0.71	0.68
Diluted earnings per share[3]	0.62	0.61	1.64	0.67	0.65	0.61
Scale indicators (RMB million)						
Total assets	6,959,021	6,772,796	2.75	6,300,510	5,902,069	5,368,163
Total loans and advances to customers	3,933,902	3,786,954	3.88	3,572,276	3,307,304	3,009,482
Provision for impairment of loans[4]	88,582	85,371	3.76	83,180	76,889	75,533
Total liabilities	6,368,790	6,218,011	2.42	5,790,497	5,417,703	4,913,123
Deposits from customers	4,035,687	4,094,528	(1.44)	3,917,168	3,675,743	3,480,642
Total equity	590,231	554,785	6.39	510,013	484,366	455,040
Total equity attributable to shareholders of the Bank	587,700	552,391	6.39	507,883	482,489	453,470
Share capital	59,086	59,086	–	54,032	54,032	54,032
Profitability indicators (%)						
Return on average total assets	0.61	0.63	-0.02 percentage point	0.74	0.77	0.75
Return on weighted average equity[5]	7.93	8.38	-0.45 percentage point	10.27	10.64	10.72
Net interest spread	1.45	1.68	-0.23 percentage point	1.93	2.07	2.20
Net interest margin	1.54	1.74	-0.20 percentage point	2.01	2.16	2.29
Proportion of fee and commission income in operating income	14.06	16.26	-2.20 percentage point	17.61	17.81	17.09
Cost-to-income ratio	30.91	28.95	+1.96 percentage point	28.62	28.64	27.21
Asset quality indicators (%)						
NPL ratio	1.25	1.25	–	1.25	1.25	1.38
Provision coverage ratio[6]	180.59	181.27	-0.68 percentage point	187.93	187.02	182.71
Provision-to-loan ratio[7]	2.26	2.27	-0.01 percentage point	2.35	2.34	2.53

Notes:

1. Net assets per share attributable to ordinary shareholders of the Bank = (net assets attributable to shareholders of the Bank – preference shares related portion of other equity instruments and non-fixed-term capital bonds)/total number of ordinary shares as at the end of the period.

2. Basic earnings per share = net profit attributable to ordinary shareholders of the Bank/weighted average number of ordinary shares outstanding; net profit attributable to ordinary shareholders of the Bank = net profit attributable to shareholders of the Bank – dividends of the preference shares and interest of non-fixed-term capital bonds declared during the period

   The Bank distributed total dividends of RMB2,971 million (before tax) for the preference shares and interest of RMB1,840 million (before tax) for non-fixed-term capital bonds for the year 2024.

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

4. It only includes provision for impairment of loans measured at amortized cost.

5. Return on weighted average equity = net profit attributable to ordinary shareholders of the Bank/weighted average equity attributable to ordinary shareholders of the Bank.

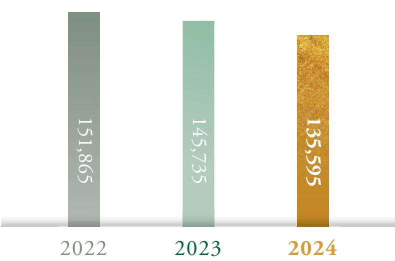
6. Provision coverage ratio = (provision for impairment of loans measured at amortized cost + provision for impairment of loans at fair value through other comprehensive income)/balance of non-performing loans.

7. Provision-to-loan ratio = (provision for impairment of loans measured at amortized cost + provision for impairment of loans at fair value through other comprehensive income)/total loans and advances to customers.

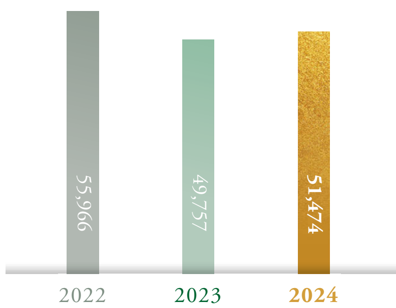
8. There was a business combination under common control of the Group in September 2021. The Group made retrospective adjustments to relevant items in the comparative financial statements, adding a "restated" note to the items after retrospective adjustments.

The above figures with notes 1, 2, 3 and 5 were calculated according to the *Compilation Rules for Information Disclosure by Companies that Offer Securities to the Public (No.9): Calculation and Disclosure of Rate of Return on Equity and Earnings per Share (2010 Revision)* issued by the CSRC.

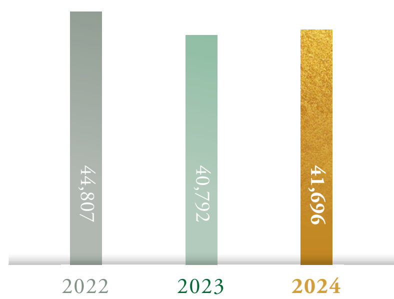
Operating income
Unit: RMB million



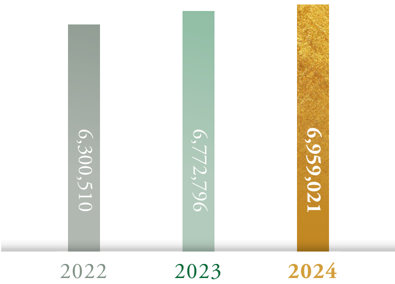
Profit before tax
Unit: RMB million



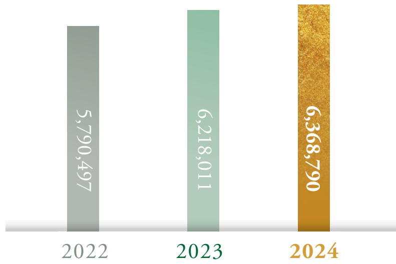
Net profit attributable to shareholders of the Bank
Unit: RMB million



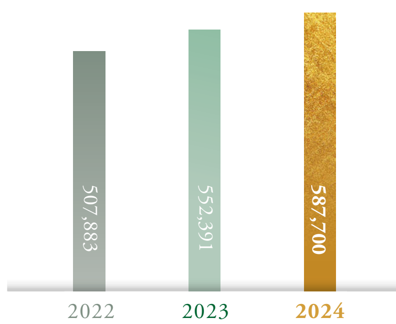
Total assets
Unit: RMB million



Total liabilities
Unit: RMB million



Equity attributable to shareholders of the Bank
Unit: RMB million



II. QUARTERLY OPERATING INDICATORS OF THE YEAR

Unit: RMB million

Item	Q1	Q2	Q3	Q4
Operating income	34,494	35,372	32,621	33,108
Net profit attributable to shareholders of the Bank	12,426	12,061	12,062	5,147
Net cash flows from operating activities	(158,530)	(147,131)	111,607	(10,748)

III. SUPPLEMENTARY FINANCIAL INDICATORS

Unit: %

Item		Standard value	31 December 2024	31 December 2023	31 December 2022
Liquidity ratio	RMB	≥25	83.42	76.71	74.44
	Foreign currencies	≥25	69.53	77.51	123.89
Percentage of loans to single largest customer		≤10	2.08	2.24	1.63
Percentage of loans to top ten customers		≤50	10.23	10.51	8.11

Note: The above indicators were calculated on a non-consolidated basis.

IV. CAPITAL COMPOSITION AND CHANGES

The capital adequacy ratio (CAR) indicators calculated in accordance with the *Capital Rules for Commercial Banks* (Decree No. 4 of NFRA in 2023) are as follows:

Unit: RMB million, %

	31 December 2024		31 December 2023		31 December 2022	
Item	Consolidated[1]	Non-consolidated	Consolidated[1]	Non-consolidated	Consolidated[1]	Non-consolidated
Net capital[2]	687,077	653,449	651,382	619,209	593,218	564,700
Common equity Tier 1 capital	483,973	466,431	448,686	434,433	404,205	393,475
Common equity Tier 1 capital deductions	(6,257)	(17,296)	(5,586)	(18,435)	(4,809)	(17,650)
Net common equity Tier 1 capital[2]	477,716	449,135	443,100	415,998	399,396	375,825
Additional Tier 1 capital	105,056	104,899	105,059	104,899	105,063	104,899
Additional Tier 1 capital deductions	-	–	–	–	–	–
Net Tier 1 capital[2]	582,772	554,034	548,159	520,897	504,459	480,724
Tier 2 capital	104,305	99,415	103,223	98,312	88,759	83,976
Tier 2 capital deductions	–	–	–	–	–	–
Credit risk-weighted assets	4,518,186	4,391,695	4,464,348	4,339,626	4,238,225	4,111,100
Market risk-weighted assets	79,291	73,948	78,907	80,346	63,211	63,390
Operational risk-weighted assets	265,643	254,582	281,023	268,786	278,336	267,594
Total risk-weighted assets	4,863,120	4,720,225	4,824,278	4,688,758	4,579,772	4,442,084
Common equity Tier 1 CAR	9.82	9.52	9.18	8.87	8.72	8.46
Tier 1 CAR	11.98	11.74	11.36	11.11	11.01	10.82
CAR	14.13	13.84	13.50	13.21	12.95	12.71

Notes:

1. All domestic and overseas branches, as well as invested financial institutions within the scope of consolidated management in accordance with the *Capital Rules for Commercial Banks*, shall be included in the calculation of the consolidated CARs. Among these, the invested financial institutions within the scope of consolidated management include Everbright Financial Leasing Co., Ltd., Everbright Wealth Management Co., Ltd., Beijing Sunshine Consumer Finance Co., Ltd., CEB International Investment Corporation Limited, China Everbright Bank (Europe) S.A., Shaoshan Everbright Rural Bank Co., Ltd., Jiangsu Huai'an Everbright Rural Bank Co., Ltd., and Jiangxi Ruijin Everbright Rural Bank Co., Ltd.

2. Net common equity Tier 1 capital = common equity Tier 1 capital – common equity Tier 1 capital deductions; net Tier 1 capital = net common equity Tier 1 capital + additional Tier 1 capital – additional Tier 1 capital deductions; net capital= net Tier 1 capital + Tier 2 capital – Tier 2 capital deductions.

3. The Group's capital adequacy ratios of all tiers of capital met the regulatory requirements for systemically important banks.

4. The indicators of 2023 and 2022 were calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* (Decree No. 1 of CBRC in 2012).

5. The Bank has disclosed the *Third Pillar Information Disclosure Report for 2024*. Please refer to the official website of the Bank for details.

V. LEVERAGE RATIO

The leverage ratio indicators calculated in accordance with the *Capital Rules for Commercial Banks* (Decree No. 4 of NFRA in 2023) are as follows:

Unit: RMB million, %

Item	31 December 2024	30 September 2024	30 June 2024	31 March 2024
Leverage ratio	7.28	7.29	7.30	7.19
Net Tier 1 capital	582,772	575,637	564,077	561,063
Adjusted balance of on- and off-balance-sheet assets	8,001,092	7,898,824	7,725,531	7,805,623

Note: The Group's leverage ratios met the regulatory requirements for systemically important banks.

VI. LIQUIDITY COVERAGE RATIO

The liquidity coverage ratio indicators calculated in accordance with the *Measures for the Administration of Liquidity Risk of Commercial Banks* (Decree No. 3 of CBIRC in 2018) are as follows:

Unit: RMB million, %

Item	31 December 2024	30 September 2024	30 June 2024	31 March 2024
Liquidity coverage ratio	151.17	132.11	131.61	132.34
High quality liquid assets	1,021,575	931,504	1,082,952	1,021,697
Net cash outflow in the next 30 days	675,790	705,107	822,849	772,009

Note: All indicators of liquidity risk of the Group met regulatory requirements. There was no other additional regulatory requirement on liquidity to the Group by regulatory authorities.

VII. NET STABLE FUNDING RATIO

The net stable funding ratios calculated in accordance with the *Measures for Information Disclosure Regarding Net Stable Funding Ratios of Commercial Banks* (CBIRC [2019] No. 11) are as follows:

Unit: RMB million, %

Item	31 December 2024	30 September 2024	30 June 2024	31 March 2024
Net stable funding ratio	108.76	108.93	108.74	106.45
Available stable funding	3,984,792	3,944,619	3,896,530	3,881,113
Required stable funding	3,663,764	3,621,377	3,583,293	3,646,116

Please refer to "Unaudited Supplementary Financial Information" for more details on net stable funding ratio.

VIII. INDICATORS OF LARGE EXPOSURES

The indicators of large exposures calculated in accordance with the *Administrative Measures for Large Exposures of Commercial Banks* (Decree No. 1 of CBIRC in 2018) are as follows:

Unit: %

Item	31 December 2024		31 December 2023	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Percentage of loans to the single largest non-bank customer in net capital	2.08	2.19	2.24	2.37
Percentage of exposures of the single largest non-bank customer in net Tier 1 capital	2.46	2.59	2.67	2.81
Percentage of exposures of the single largest non-bank group customer or economically interdependent customer in net Tier 1 capital	3.15	3.32	3.52	3.70
Percentage of exposures of the single largest interbank customer in net Tier 1 capital	6.08	5.28	3.58	3.69
Percentage of exposures of the single largest interbank group customer in net Tier 1 capital	7.69	7.17	4.27	5.10

Note: All indicators of large exposures of the Group met regulatory requirements. There was no other additional regulatory requirement on large exposures to the Group by regulatory authorities.

Management Discussion and Analysis

Management Discussion and Analysis

I. ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENT DURING THE REPORTING PERIOD

In 2024, as changes unseen in a century were evolving at an accelerating pace such as profound adjustments in international landscape, intensified geopolitical competitions and frequent regional conflicts and turmoils, the global economy was restrained by insufficient growth momentum, rising debt levels and persistently high interest rates in some developed economies, constantly volatile international financial markets, and exacerbating adverse effects imposed by the external environment.

The Chinese government tightened macro control, responded to changes calmly and took holistic approaches to maintaining overall economic stability with steady progress and advancing high-quality development with firm steps. China took solid strides on the path to Chinese modernization with new quality productive forces steadily developed, reform and opening up continuously deepened, risks in key areas mitigated in an orderly and effective manner, and people's livelihood solidly improved. In 2024, China's GDP reached RMB134.91 trillion, representing a year-on-year increase of 5.0%.

PBOC adopted a prudent monetary policy that is flexible, appropriate, accurate and effective, persisted in a supportive stance, strengthened counter-cyclical adjustments, refined monetary policy framework, and employed a comprehensive array of tools including interest rates, reserve funds, re-lending and government bond trading to support the high-quality development of the real economy. China's loan prime rate (LPR) reform showed significant effects, and the market-oriented adjustment mechanism for deposit interest rates effectively played its role, as the efficiency of monetary policy transmission was enhanced and the cost of social financing remained at an historic low level. The foreign exchange market basically achieved a supply-demand balance, with a stable current account surplus and ample foreign exchange reserves. The RMB exchange rate maintained two-way fluctuations within a reasonable and balanced range with stable expectations.

NFRA issued multiple policies and measures to further refine the regulatory rules for commercial banks and propel financial institutions to enhance risk management and improve service quality and efficiency in serving the real economy. NFRA guided financial institutions to keep increasing financial supply, optimize resource allocation and accelerate the smooth flow of funds, in a bid to fully support economic recovery. NFRA guided financial institutions to improve positioning and governance, strengthen internal control and risk management, boost resilience against risks, and hold onto the red line of financial security. NFRA continued to expand high-standard opening up in the financial industry, guided financial institutions to optimize cross-border financial services and deeply integrate into the high-quality Belt and Road cooperation, encouraged qualified foreign institutions to participate in various business trials, and supported them to intensively develop business and conduct steady operation in China.

II. INDUSTRY LANDSCAPE AND STATUS OF THE BANK

In 2024, China's banking financial institutions actively implemented macro control policies, deepened the financial supply-side structural reform, optimized the structure of capital supply, enhanced the efficiency of fund usage, improved the quality and efficiency of services to the real economy, and supported the recovery and growth of national economy. A series of regulations and industry policies promulgated by regulatory authorities encouraged commercial banks to strengthen risk prevention and maintain sound development. For banking financial institutions, both assets and liabilities expanded steadily, asset quality was improved and credit risks remained controllable.

Adhering to the general principle of seeking progress while maintaining stability, the Bank focused on core responsibilities and businesses, fulfilled responsibilities as a central enterprise, comprehensively deepened reforms in institutions and mechanisms, continuously improved corporate governance mechanism, advanced the integration of finance and technology, and constantly enhanced online service capabilities, with the level of digitalization, intelligence and intensification significantly improved. The Bank fully implemented national strategies, precisely supported major strategies, key areas and weak links, and continuously enhanced financial service capabilities and levels, as manufacturing loans, strategic emerging industry loans, green loans, inclusive loans and loans to private enterprises grew faster than the average loan growth rate of the Bank. The Bank strengthened comprehensive risk management by taking targeted measures for different risk categories to effectively prevent and resolve financial risks, stuck to the red line of risk strictly, and enhanced its high-quality development abilities.

III. DEVELOPMENT STRATEGY OF THE BANK

i. Mission and vision

Firmly committed to ensuring that the financial work is politically-oriented and can better represent the people, the Bank takes "managing wealth and serving the society" as its corporate mission, stays true to its founding vision, concentrates on core businesses, upheld fundamental principles while breaking new ground. Leveraging China Everbright Group's advantages in comprehensive finance, industry-finance collaboration and cross-border operation, the Bank has placed customers at the center to accelerate transformation toward integrated, featured, asset-light and digital operation, promote the construction of an integrated financial ecosystem featuring "One Customer, One Everbright and One Service Package", and shift from managing its own balance sheets to assisting customers in improving their financial statements, providing first-class wealth management products and services for customers and the society. By investing more efforts in serving the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance, the Bank strives to build its own distinct characteristics and competitive edges. Through professional financial services, the Bank contributes to economic and social development, advances common prosperity, and improves people's well-being, acting as a principal force in serving the real economy and a ballast stone in safeguarding financial stability.

ii. Development approaches

The Bank upholds and strengthens the overall leadership of the Communist Party of China (CPC). Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank studies and implements the guiding principles of the 20th CPC National Congress and the Second and Third Plenary Sessions of the 20th CPC Central Committee, rigorously implements the decisions and deployments on the economic and financial work made by the CPC Central Committee, adheres to the overall tone of pursuing progress while ensuring stability, fully and faithfully applies the new development philosophy on all fronts, fully supports the building of a new development paradigm, and solidly advances high-quality development. Centering on the original mission of serving the real economy, the Bank strives to grasp the law of financial development for a new era, proactively addresses the low interest margin market environment, fully utilizes the policy opportunities in new round of reform, improves the modern enterprise system with Chinese characteristics, and continuously enhances its core capabilities in customer service, integrated operation, technological support, personnel training, risk management and corporate governance to unswervingly follow the path of financial development with Chinese characteristics. The Bank closely aligns the capabilities of Everbright with the needs of the country and the expectations of its people, cultivates and expands featured business, makes efforts to serve the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance, acts as a principal force in serving the real economy and a ballast stone in safeguarding financial stability, and continuously meets people's growing financial demands in socio-economic development.

Management Discussion and Analysis

iii. Strategic implementation

Tech firms loans

▲ 42.06%

Green loans

▲ 41.01%

Inclusive loans

▲ 14.85%

AUM of pension finance customers

RMB1.50 trillion

Annual fee payments through Cloud Fee Payment

Over RMB900 billion

During the reporting period, the Bank actively served the real economy and national strategies, expanded key business areas, strengthened capability building, and constantly improved core competitiveness, striving to promote high-quality and sustainable development.

First, the Bank made solid strides in serving the real economy and focused on serving five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance. Leveraging its strengths in specialized operation, the Bank realized fast growth in loans to key sectors including technology finance, green finance, inclusive finance, medium- to long-term manufacturing, strategic emerging industries and private enterprises through special supportive measures such as devising separate credit plans, giving preferential funds transfer pricing (FTP) basis points for key areas and weak links and offering capital cost discounts for key projects. In technology finance, the Bank built a supporting system featuring excellent services, products, ecosystems, industry research and digital intelligence that matches the full-life-cycle development demands of tech firms, aiming to foster a positive cycle combining technology, industry and finance. As at the end of the reporting period, the balance of loans for tech firms stood at RMB379,526 million, up RMB112,374 million or 42.06% as compared with the end of the previous year. In green finance, the Bank continuously enriched the library of green finance products, built a green finance spectrum combining traditional credit products and innovative green finance products, and promoted successful launch of innovative products and featured projects continuously. As at the end of the reporting period, the balance of green loans stood at RMB442,443 million, up RMB128,681 million or 41.01% as compared with the end of the previous year. In inclusive finance, the Bank continued to advance inclusive finance online operation and enrich products and services in a bid to better meet the diversified financial needs of MSEs. As at the end of the reporting period, the balance of inclusive loans amounted to RMB435,443 million, up RMB56,310 million or 14.85% as compared with the end of the previous year. In pension finance, the Bank made continuous efforts in the construction of China's three-pillar pension insurance system, increased the supply of pension finance products, built an online special zone for pension finance in its mobile banking app, and promoted pension ledgers and planning tools, ensuring its financial services to be more elderly-friendly. The Bank's online special zone of pension finance served 2.2148 million customers. In digital finance, the Bank accelerated the whole-process transformation of key businesses towards online operation, mobile access, intelligent processing and ecosystem integration, focused on key areas including mega corporate banking, mega retail banking and mega scenario banking, and developed featured products such as Enterprise Administrative Management Platform ("Xin Yue Tong"), Sunshine Logistics Express ("Wu Liu Tong") and Sunshine Housing Express ("An Ju Tong") to bolster high-quality business development. By getting deeply rooted in serving the real economy, the Bank steadily scaled up its digital finance business with profitability meeting expectations.

Second, the Bank optimized its asset and liability structure, and actively explored new competition fields of business. In terms of assets, the Bank optimized asset allocation structure and refined marketing paradigms with a focus on key areas and competition fields to bolster advantages in featured and specialized competitions. The Bank strengthened coordination and integration among front, middle and back offices, enhanced resource and policy support, and increased credit support to key areas and weak links of the real economy. In terms of liabilities, the Bank improved both the scale and quality of deposits by strengthening the construction of four new momentum drivers including cash management, entrusted payment, customer chain expansion and qualified special accounts to diversify fund sources and consolidate the foundations for high-quality deposits. The Bank strengthened the collaboration between corporate banking and retail banking to facilitate the high-quality development of agency payroll business. The Bank improved the refined management of deposit scale and quality, and carried out campaigns to become the main settlement bank and the main transaction bank for customers to turn fund flows into deposits, optimize incremental deposit structure and reduce deposit costs.

Third, the Bank consolidated customer base and strengthened customer stratification management. In terms of customer group management, the Bank built and developed a stratified, grouped and tiered customer management system, advanced the promotion of "inclusive credit +" and the management of the Bank's non-borrowing customers for the basic customer base, deepened customer acquisition and activation for the potential customer base, and increased the contribution of the strategic customer base, in order to comprehensively consolidate customer base. In terms of retail customer management, the Bank further advanced batch customer expansion through collaboration between corporate banking and retail banking and the cross-marketing of businesses, enhanced online and offline integrated channel service capabilities, built a stratified professional team of wealth managers, and enriched the connotations of "Sunshine +" member benefit system for customers, in an effort to improve customer management efficiency on all fronts.

Fourth, the Bank insisted on breaking new ground while upholding fundamental principles to continuously enhance core competitiveness. In corporate banking, guided by FPA (Finance Product Aggregate), the Bank upgraded its business model, regarded the logic of enterprise operation as the starting point, optimized procedures with a user mindset, and improved services based on customers' needs. Driven by an array of products including basic financing, bond financing, M&A financing, business matchmaking, equity financing and structured financing, the Bank strengthened its comprehensive financial services, with FPA totaling RMB5.31 trillion. In retail banking, driven by AUM (Assets Under Management), the Bank focused on the diversified multi-level wealth management needs of customers, agilely responded to the market, increased efforts to innovate products and iterate their functions, enriched and optimized product spectrum, strengthened asset allocation for key customer base, improved investment research and investment consultation system, and effectively enhanced the value contribution of AUM and customer loyalty, with AUM totaling RMB2.95 trillion. In financial market business, led by GMV (Gross Merchandise Volume), the Bank focused on the strategic framework of "digitization + ecosystem" to empower customer value enhancement through diversified financial institution business cooperation scenarios, with GMV amounting to RMB3.35 trillion.

Fifth, the Bank adhered to compliant operation and strengthened comprehensive risk control. The Bank tightened internal control and compliant management, refined the mechanism of compliance officers, modified the institutional internal control profile evaluation system, and fulfilled anti-money laundering obligations. The Bank further advanced credit-granting industry research, and strengthened the implementation and outcome realization of the integrated "1+4" credit and investment policy covering investment orientation, industries, regions and products, thereby empowering business development. The Bank continued to enhance loan concentration management, regularly carried out penetrative risk monitoring for large-amount credit customers to resolutely forestall new NPLs. The Bank further optimized its mandatory early-warning response mechanism, with a focus on preventing and controlling financial risks in areas such as local government debts, real estate and credit cards. The Bank also proactively advanced transformation of special assets management and created a business ecosystem for special assets to effectively dispose of non-performing assets.

Sixth, the Bank accelerated digital transformation to empower business development. The Bank gave more play to the driving role of digital means in business development, and constructed financial service channels integrating online and offline functions to promote customer acquisition, activation and retention, as well as value enhancement. The Bank persisted in devoting more efforts to ecosystem construction and data traffic connection by expanding service scenarios. The Bank kept empowering scenario-based ecosystem with digital technology, and established a digital scenario-based working mechanism of "value stratification, pattern classification and Head Office-branch coordination" to improve the efficiency of customer conversion via scenario traffic. The Bank actively carried out research on big model technology application in key business areas, and developed the intelligent functions for generating credit research reports under corporate banking scenarios.

IV. CORE COMPETITIVENESS OF THE BANK

First, the Bank has a strong shareholder background. CEG, as a large state-owned financial holding conglomerate jointly established by MOF and CHI, has a complete set of financial licenses and some characteristic industries including environmental protection, tourism and healthcare, which demonstrates its advantages in comprehensive finance, industry-finance collaboration and cross-border operation, providing a solid and reliable platform for the Bank to offer comprehensive financial services and realize industry-finance collaboration.

Second, the Bank possesses a good innovative gene. The Bank possesses a strong innovation-driven development philosophy, which is proven by the fact that it has launched RMB wealth management products as the first innovator among Chinese peers and it has built China's leading open-ended convenient fee payment platform called Cloud Fee Payment.

Third, the Bank enjoys relatively strong brand advantages. The Bank precisely grasps development opportunities and strives to nurture competitive edges. The Bank has established relatively robust market strengths in areas including wealth management, asset management and comprehensive financial services, and gained certain market influence in bond underwriting, financial market investment and "Sunshine Government Treasury".

Fourth, the Bank features a well-developed overseas network. The Bank has established six overseas branches in Hong Kong, Seoul, Luxembourg, Sydney, Macao and Melbourne, two subsidiaries including CEB International Investment Corporation Limited and China Everbright Bank (Europe) S.A. and one representative office in Tokyo, amounting to nine overseas institutions. The Bank has basically formed an integrated operation overseas network that covers both commercial banking and investment banking, as well as both branches and subsidiaries.

Fifth, the Bank operates in a steady manner. The Bank has always upheld a prudent risk management philosophy, stable business development strategies and lawful and compliant management principles. The Bank's comprehensive risk management strategies and techniques have become increasingly diversified. Meanwhile, its proactive and forward-looking risk management capabilities are constantly enhanced, which lays a foundation for long-term sustainable development.

Sixth, the Bank boasts a strong foundation for technological development. The Bank has continuously advanced in-depth integration between business and technology, dedicated efforts to creating a technology-led and data-driven IT development system with Everbright characteristics, and accelerated digital transformation across the whole Bank, with both the foundation for technology and its capability to empower business development constantly enhanced. The Bank's technology-enabled hit products have won market recognition including Enterprise Administrative Management Platform ("Xin Yue Tong"), Sunshine Inclusive Finance Cloud ("Yang Guang Pu Hui Yun"), Sunshine E-financing Chain ("Yang Guang Rong e Lian"), Sunshine Logistics Express ("Wu Liu Tong") and Sunshine Fast Loan ("Guang Su Dai").

V. REVIEW OF MAIN WORK OF THE BANK

i. Serving the real economy with a focus on the five target areas of finance

Committed unwaveringly to serving the real economy, the Bank enhanced high-quality financial services for major strategies, key sectors and weak links. The Bank enriched the toolkit for technology finance and built featured products such as SRDI Enterprise Loan and Tech Firm e-Loan. The Bank pressed ahead with green finance product innovation and service upgrade with the balance of green loans growing by 41.01%. The Bank developed the "Credit +" service model for inclusive finance, mainly extending support to MSEs as well as agriculture, rural areas, and farmers, with inclusive loans growing by 14.85%. The Bank increased the product supply for pension finance by giving full play to the "One Everbright" synergy in a bid to satisfy customers' diversified demands, realizing RMB1.50 trillion of AUM for the pension finance customer base. The Bank stepped up digitalization to empower business development, advancing transformation towards online, mobile, intelligent and ecosystem-based business operation. Everbright Cloud Fee Payment maintained its advantages as a leading open-ended convenient fee payment platform, with the annual transaction volume surpassing RMB900 billion.

ii. Implementing incremental financial policies to serve the overarching economic landscape

Ramping up efforts to support the implementation of a raft of incremental financial policies put forward by the Chinese government, the Bank implemented a real estate financing coordination mechanism, broadened the scope and enhanced the effectiveness of whitelisted projects, and supported timely delivery of pre-sold housing and the construction of "Three Major Projects" (constructing government-subsidized housing, renovating urban villages and building dual-use public infrastructure that can accommodate emergency needs), yielding positive outcomes. The Bank adopted a financing coordination mechanism for MSEs, developed a dedicated marketing platform, and launched a campaign titled "Extensive Visits to Enterprises" to investigate into the financing needs of MSEs and extend credit precisely to whitelisted MSEs. The Bank became one of the first Chinese joint-stock banks to conduct lending to support listed companies in stock repurchase and shareholding increase. The Bank redoubled efforts to engage with listed enterprises to provide support for large-scale equipment renewal and renovation.

iii. Focusing on value creation to drive high-quality development

Aiming to enhance both quality and effectiveness, the Bank coordinated between serving the real economy and pursuing high-quality development. Both assets and liabilities grew at a reasonable rate, with the increase in loans to the real economy being significantly faster than the Bank's overall loan growth rate. The increases in loans to strategic emerging industries, green finance and inclusive finance were faster than those of bank peers. FPA, AUM and GMV continued to grow. The total scale of wealth management products stood at RMB1.60 trillion, up 21.88%. The Bank continuously consolidated its customer base with the number of corporate customers totaling 997.4 thousand and the number of retail customers totaling 158 million. The CAR, Tier 1 CAR and common equity Tier 1 CAR all increased from the end of the previous year.

iv. Implementing regulatory requirements to enhance risk management and control

Ensuring both development and security, the Bank heightened risk awareness and made sure that no systemic risks arise. The Bank accelerated risk mitigation in key areas and gave all out in the critical battles against risks in real estate, government financing platforms, credit cards and other key areas. The Bank advanced credit approval mechanism reform by moderately expanding authorizations for corporate credit approvals in key branches. The Bank effectively implemented credit limit control for corporate customers and enhanced credit concentration management. The Bank stepped up efforts in the collection and disposal of non-performing assets. The Bank recovered cash amounting to RMB39,788 million, up 31.07% over the previous year-end. In line with the policy requirements of preventing risks, reinforcing regulation and propelling development, the Bank streamlined and optimized its policies and regulations. The Bank strengthened anti-money laundering efforts, improved the customer due diligence management mechanism, and enhanced the quality of transaction monitoring reports. The Bank complied with the requirements of country risk prevention and control, while tightening supervision and management over its overseas institutions.

VI. OVERALL OPERATIONS OF THE BANK

Total assets

▲ 2.75%

Total loans

▲ 3.88%

Net profit

▲ 2.03%

CAR

▲ 0.63 percentage point

Tier 1 CAR

▲ 0.62 percentage point

Common equity Tier 1 CAR

▲ 0.64 percentage point

i. Business scale grew steadily, as strong and effective support was given to the real economy.

During the reporting period, the Group continued to increase its financial support for major strategies, key areas and weak links, realizing high-quality self-development and steady business scale growth in serving the real economy.

As at the end of the reporting period, the Group's total assets reached RMB6,959,021 million, an increase of RMB186,225 million or 2.75% as compared with the end of the previous year. Total loans and advances to customers stood at RMB3,933,902 million, an increase of RMB146,948 million or 3.88% as compared with the end of the previous year. Notably, loans to segments such as inclusive finance, green finance, manufacturing, strategic emerging industries, tech firms and private enterprises all witnessed substantial growths. The balance of deposits amounted to RMB4,035,687 million, a decrease of RMB58,841 million or 1.44% as compared with the end of the previous year.

ii. Operating income declined year on year, with a narrowed decrease in the fourth quarter.

During the reporting period, the Group's operating income stood at RMB135,595 million, a year-on-year decrease of 6.96%, and in the fourth quarter of 2024, the operating income dropped by 1.11% year on year, which was a prominently narrowed decrease as compared with the first three quarters. As for the subcategories, net interest income amounted to RMB96,666 million, a year-on-year decrease of 10.06%, and net fee and commission income stood at RMB19,071 million, a year-on-year decrease of 19.52%. The Group realized a net profit of RMB41,911 million, a year-on-year increase of 2.03%.

iii. Risk control capabilities continuously improved, with overall asset quality remaining stable and controllable.

As at the end of the reporting period, the Group's NPL balance stood at RMB49,252 million, an increase of RMB1,776 million from the end of the previous year. The NPL ratio was 1.25%, unchanged from the end of the previous year. The special mention loan ratio was 1.84%, unchanged from the end of the previous year. The overdue loan ratio was 2.02%, up 0.07 percentage point from the end of the previous year. The provision coverage ratio was 180.59%, down 0.68 percentage point from the end of the previous year.

iv. CARs were significantly improved, all tiers of which met regulatory requirements.

As at the end of the reporting period, the Group's net capital stood at RMB687,077 million, up 5.48% as compared with the end of the previous year. The CAR, Tier 1 CAR and common equity Tier 1 CAR stood at 14.13%, 11.98% and 9.82% respectively, all of which met the regulatory requirements.

VII. MAIN ITEMS OF INCOME STATEMENT

I. Changes in income statement items

Unit: RMB million

Item	2024	2023	Change
Net interest income	96,666	107,480	(10,814)
Net fee and commission income	19,071	23,698	(4,627)
Net trading gains	3,203	3,233	(30)
Dividend income	44	44	–
Net gains arising from investment securities	14,479	8,926	5,553
Net gains/(losses) on derecognition of financial assets measured at amortized cost	250	(555)	805
Net foreign exchange gains	49	1,125	(1,076)
Other net operating income	1,833	1,784	49
Operating expenses	43,569	43,909	(340)
Impairment losses on credit assets	40,522	52,075	(11,553)
Impairment losses on other assets	43	30	13
Gains on investments in joint ventures	13	36	(23)
Profit before tax	51,474	49,757	1,717
Income tax	9,563	8,681	882
Net profit	41,911	41,076	835
Net profit attributable to shareholders of the Bank	**41,696**	**40,792**	**904**

ii. Operating income

During the reporting period, the Group realized an operating income of RMB135,595 million, a year-on-year decrease of RMB10,140 million or 6.96%. Net interest income accounted for 71.29% of the total, down 2.46 percentage points year on year. Net fee and commission income accounted for 14.06% of the total, down 2.20 percentage points year on year.

Unit: %

Item	2024	2023
Proportion of net interest income	71.29	73.75
Proportion of net fee and commission income	14.06	16.26
Proportion of other income	14.65	9.99
Total operating income	**100.00**	**100.00**

Management Discussion and Analysis

iii. Net interest income

During the reporting period, the Group realized a net interest income of RMB96,666 million, a year-on-year decrease of RMB10,814 million or 10.06%.

The Group's net interest spread was 1.45%, a year-on-year decrease of 23 bps. Net interest margin was 1.54%, a year-on-year decrease of 20 bps. Such changes were mainly due to factors including LPR repricing, interest rate decline for newly-granted loans, and interest rate decline in the domestic market.

Unit: RMB million, %

	2024			2023		
Item	**Average balance**	**Interest income/ expense**	**Average yield to cost ratio**	**Average balance**	**Interest income/ expense**	**Average yield to cost ratio**
Interest-earning assets						
Loans and advances to customers	3,861,798	163,046	4.22	3,688,794	175,189	4.75
Finance lease receivables	95,385	4,552	4.77	107,440	5,503	5.12
Investments	1,774,843	55,786	3.14	1,731,458	57,568	3.32
Deposits with the central bank	274,890	4,076	1.48	312,062	4,667	1.50
Placements and deposits with banks and other financial institutions, and financial assets held under resale agreements	264,339	6,547	2.48	325,391	7,882	2.42
Total interest-earning assets	6,271,255	234,007	3.73	6,165,145	250,809	4.07
Interest income		**234,007**			**250,809**	
Interest-bearing liabilities						
Deposits from customers	3,893,579	84,998	2.18	3,999,130	92,898	2.32
Placements and deposits from banks and other financial institutions, and financial assets sold under repurchase agreements	981,109	23,738	2.42	1,031,086	25,391	2.46
Debt securities issued	1,154,523	28,605	2.48	965,251	25,040	2.59
Total interest-bearing liabilities	6,029,211	137,341	2.28	5,995,467	143,329	2.39
Interest expenses		**137,341**			**143,329**	
Net interest income		**96,666**			**107,480**	
Net interest spread[1]			**1.45**			**1.68**
Net interest margin[2]			**1.54**			**1.74**

Notes:

1. Net interest spread is the difference between the average yield of total interest-earning assets and the average cost of total interest-bearing liabilities.

2. Net interest margin is the net interest income divided by the average balance of total interest-earning assets.

The following table sets forth the changes in interest income and interest expenses of the Group due to changes in business scale and interest rate:

Unit: RMB million

Item	Scale factor	Interest rate factor	Changes in interest
Loans and advances to customers	8,216	(20,359)	(12,143)
Finance lease receivables	(617)	(334)	(951)
Investments	1,442	(3,224)	(1,782)
Deposits with the central bank	(556)	(35)	(591)
Placements and deposits with banks and other financial institutions, and financial assets held under resale agreements	(1,479)	144	(1,335)
Changes in interest income	**7,006**	**(23,808)**	**(16,802)**
Deposits from customers	(2,452)	(5,448)	(7,900)
Placements and deposits from banks and other financial institutions, and financial assets sold under repurchase agreements	(1,231)	(422)	(1,653)
Debt securities issued	4,910	(1,345)	3,565
Changes in interest expense	**1,227**	**(7,215)**	**(5,988)**
Net interest income	**5,779**	**(16,593)**	**(10,814)**

iv. Interest income

During the reporting period, the Group realized an interest income of RMB234,007 million, a year-on-year decrease of RMB16,802 million or 6.70%. Such change was mainly due to the declining interest income from loans and advances to customers.

1. Interest income from loans and advances to customers

During the reporting period, the Group's interest income from loans and advances to customers stood at RMB163,046 million, a year-on-year decrease of RMB12,143 million or 6.93%. Such change was mainly due to the decline in loan yield.

Unit: RMB million, %

Item	2024 Average balance	2024 Interest income	2024 Average yield ratio	2023 Average balance	2023 Interest income	2023 Average yield ratio
Corporate loans	2,251,055	86,665	3.85	2,071,033	86,788	4.19
Personal loans	1,497,731	75,019	5.01	1,519,007	86,838	5.72
Discounted bills	113,012	1,362	1.21	98,754	1,563	1.58
Loans and advances to customers	**3,861,798**	**163,046**	**4.22**	**3,688,794**	**175,189**	**4.75**

2. Interest income from investments

During the reporting period, the Group's interest income from investments amounted to RMB55,786 million, a year-on-year decrease of RMB1,782 million or 3.10%. Such change was mainly due to the decline in investment yield.

3. Interest income from placements and deposits with banks and other financial institutions, and financial assets held under resale agreements

During the reporting period, the Group's interest income from placements and deposits with banks and other financial institutions and financial assets held under resale agreements was RMB6,547 million, a year-on-year decrease of RMB1,335 million or 16.94%. Such change was mainly due to the decrease in the scale of placements with banks and other financial institutions and financial assets held under resale agreements.

v. Interest expenses

During the reporting period, the Group's interest expenses amounted to RMB137,341 million, a year-on-year decrease of RMB5,988 million or 4.18%. Such change was mainly due to the declining interest expenses on deposits from customers.

1. Interest expenses on deposits from customers

During the reporting period, the Group's interest expenses on deposits from customers reached RMB84,998 million, a year-on-year decrease of RMB7,900 million or 8.50%. Such change was mainly due to the decrease in the interest rate of deposits from customers.

Unit: RMB million, %

	2024			2023		
Item	**Average balance**	**Interest expenses**	**Average cost ratio**	**Average balance**	**Interest expenses**	**Average cost ratio**
Corporate deposits	2,651,839	58,047	2.19	2,839,223	65,372	2.30
Demand deposits	839,389	10,177	1.21	975,830	13,076	1.34
Time deposits	1,812,450	47,870	2.64	1,863,393	52,296	2.81
Personnel deposits	1,241,740	26,951	2.17	1,159,907	27,526	2.37
Demand deposits	265,127	756	0.29	241,548	868	0.36
Time deposits	976,613	26,195	2.68	918,359	26,658	2.90
Total deposits from customers	**3,893,579**	**84,998**	**2.18**	**3,999,130**	**92,898**	**2.32**

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

During the reporting period, the Group's interest expenses on placements and deposits from banks and other financial institutions, and financial assets sold under repurchase agreements totaled RMB23,738 million, a year-on-year decrease of RMB1,653 million or 6.51%. Such change was mainly due to the declining interest rates for placements and deposits from banks and other financial institutions, as well as the decreasing scale of financial assets sold under repurchase agreements.

3. Interest expenses on debt securities issued

During the reporting period, the Group's interest expenses on debt securities issued totaled RMB28,605 million, a year-on-year increase of RMB3,565 million or 14.24%. Such change was mainly due to the increase in the scale of debt securities issued.

vi. Net fee and commission income

During the reporting period, the Group's net fee and commission income stood at RMB19,071 million, a year-on-year decrease of RMB4,627 million or 19.52%. Such change was mainly due to the year-on-year decrease in the bank card service fees of RMB2,902 million or 25.88%.

Unit: RMB million

Item	2024	2023
Fee and commission income	**22,194**	**26,724**
Bank card service fees	8,313	11,215
Wealth management service fees	3,840	4,141
Settlement and clearing fees	3,663	3,782
Custody and other fiduciary business fees	1,936	2,057
Agency business fees	1,898	2,809
Acceptance and guarantee fees	1,340	1,454
Underwriting and advisory fees	1,187	1,241
Others	17	25
Fee and commission expenses	**(3,123)**	**(3,026)**
Net fee and commission income	**19,071**	**23,698**

vii. Other income

During the reporting period, the Group's other income reached RMB19,858 million, a year-on-year increase of RMB5,301 million. Such change was mainly due to the increase in net gains arising from investment securities.

Unit: RMB million

Item	2024	2023
Net trading gains	3,203	3,233
Dividend income	44	44
Net gains arising from investment securities	14,479	8,926
Net gains/(losses) from derecognition of financial assets measured at amortized cost	250	(555)
Net foreign exchange gains	49	1,125
Other operating income	1,833	1,784
Total other income	**19,858**	**14,557**

Management Discussion and Analysis

viii. Operating expenses

During the reporting period, the Group's operating expenses totaled RMB43,569 million, a year-on-year decrease of RMB340 million or 0.77%. The cost-to-income ratio stood at 30.91%, a year-on-year increase of 1.96 percentage points.

Unit: RMB million

Item	2024	2023
Staff remuneration costs	22,263	21,716
Premises and equipment expenses	7,812	7,638
Tax and surcharges	1,650	1,716
Others	11,844	12,839
Total operating expenses	**43,569**	**43,909**

ix. Impairment losses on assets

During the reporting period, the Group pursued an objective and prudent provisioning policy, continued to consolidate the provision foundation and increased risk-resisting abilities. The Bank sustained impairment losses on assets totaling RMB40,565 million, a year-on-year decrease of RMB11,540 million or 22.15%.

Unit: RMB million

Item	2024	2023
Impairment losses on loans and advances to customers	37,816	45,155
Loans and advances to customers measured at amortized cost	38,147	45,241
Loans and advances to customers at fair value through other comprehensive income	(331)	(86)
Debt instruments at fair value through other comprehensive income	335	134
Financial investments measured at amortized cost	2,030	5,732
Impairment losses on finance lease receivables	(95)	597
Others	479	487
Total impairment losses on assets	**40,565**	**52,105**

x. Income tax expenses

During the reporting period, the Group's income tax expenses totaled RMB9,563 million, a year-on-year increase of RMB882 million or 10.16%.

VIII. BALANCE SHEET ANALYSIS

i. Assets

As at the end of the reporting period, the Group's total assets stood at RMB6,959,021 million, an increase of RMB186,225 million or 2.75% as compared with the end of the previous year. Such change was mainly due to the increase in loans and advances to customers.

Unit: RMB million, %

Item	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Total loans and advances to customers	3,933,902		3,786,954	
Loan interest receivable	12,373		11,342	
Provision for impairment of loans[Note]	(88,582)		(85,371)	
Net loans and advances to customers	3,857,693	55.43	3,712,925	54.83
Finance lease receivables	94,781	1.36	99,158	1.46
Due from banks and other financial institutions	47,767	0.69	39,942	0.59
Cash and due from central bank	283,266	4.07	349,184	5.16
Investment in securities and other financial assets	2,242,546	32.23	2,254,786	33.29
Precious metals	6,788	0.10	6,916	0.10
Placements with banks and other financial institutions, and financial assets held under resale agreements	297,867	4.28	209,742	3.10
Long-term equity investment	–	–	204	0.00
Fixed assets	28,506	0.41	25,838	0.38
Right-of-use assets	10,321	0.15	10,408	0.15
Goodwill	1,281	0.02	1,281	0.02
Deferred tax assets	31,358	0.44	33,974	0.50
Other assets	56,847	0.82	28,438	0.42
Total assets	**6,959,021**	**100.00**	**6,772,796**	**100.00**

Note: It only includes provision for impairment of loans measured at amortized cost.

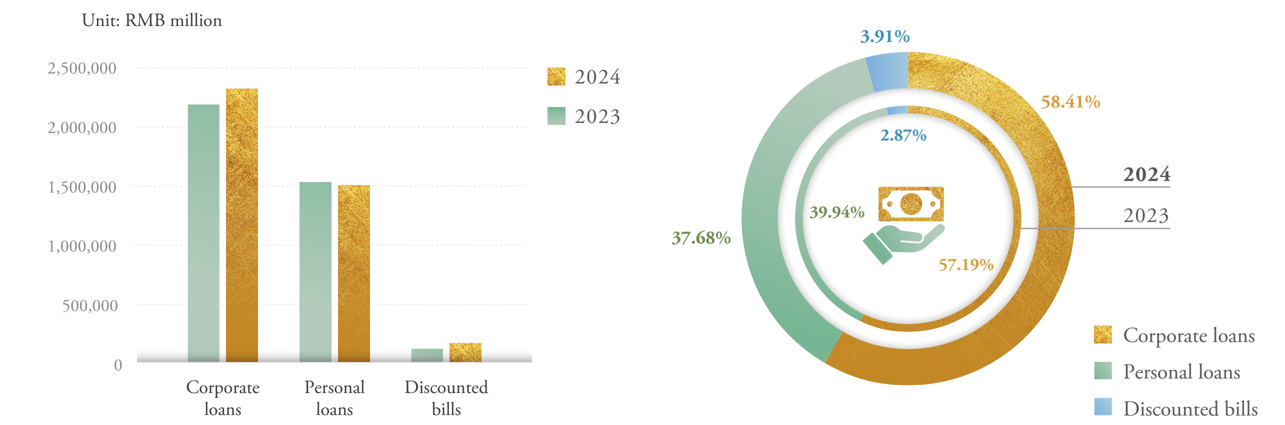
1. Loans and advances to customers

As at the end of the reporting period, the Group's total loans and advances to customers reached RMB3,933,902 million, an increase of RMB146,948 million or 3.88% as compared with the end of the previous year. The proportion of loans and advances to customers in total assets was 56.53%, an increase of 0.62 percentage point as compared with the end of the previous year.

Unit: RMB million, %

Item	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Corporate loans	2,297,559	58.41	2,165,840	57.19
Personal loans	1,482,419	37.68	1,512,616	39.94
Discounted bills	153,924	3.91	108,498	2.87
Total loans and advances to customers	**3,933,902**	**100.00**	**3,786,954**	**100.00**

Composition of the Group's loans and advances as at the end of the reporting period



2. Investment in securities and other financial assets

As at the end of the reporting period, the Group's investment in securities and other financial assets stood at RMB2,242,546 million, a decrease of RMB12,240 million as compared with the end of the previous year, accounting for 32.23% of the total assets, down 1.06 percentage points as compared with the end of the previous year.

Unit: RMB million, %

Item	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Financial assets at fair value through profit or loss	443,106	19.76	432,896	19.20
Derivative financial assets	33,797	1.51	13,324	0.59
Debt instruments at fair value through other comprehensive income	600,404	26.77	561,047	24.88
Financial investments measured at amortized cost	1,164,099	51.91	1,246,387	55.28
Equity instruments at fair value through other comprehensive income	1,140	0.05	1,132	0.05
Total investments in securities and other financial assets	**2,242,546**	**100.00**	**2,254,786**	**100.00**

3. Types and amounts of financial bonds held

As at the end of the reporting period, the financial bonds held by the Group amounted to RMB589,917 million, down RMB83,165 million over the end of the previous year. Of these, the financial bonds measured at amortized cost occupied a proportion of 60.09% in total.

Unit: RMB million, %

Item	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Financial assets at fair value through profit or loss	75,959	12.88	58,750	8.73
Financial investments measured at amortized cost	354,478	60.09	449,905	66.84
Debt instruments at fair value through other comprehensive income	159,480	27.03	164,427	24.43
Total financial bonds held	**589,917**	**100.00**	**673,082**	**100.00**

4. Top 10 financial bonds held in scale

Unit: RMB million, %

Name of bond	Nominal value	Annual interest rate	Maturity date	Allowance for impairment losses
Bond 1	21,870	4.04	2027-04-10	–
Bond 2	19,344	4.24	2027-08-24	–
Bond 3	18,150	3.05	2026-08-25	–
Bond 4	14,930	4.39	2027-09-08	–
Bond 5	12,978	3.18	2026-04-05	–
Bond 6	12,480	3.86	2029-05-20	–
Bond 7	12,340	4.04	2028-07-06	–
Bond 8	12,140	4.65	2028-05-11	–
Bond 9	11,550	4.73	2025-04-02	–
Bond 10	10,383	3.63	2026-07-19	–

Note: The allowance for impairment losses in the table refers to that of stage 2 and stage 3, excluding that of stage 1.

5. Goodwill

The cost of the Group's goodwill stood at RMB6,019 million. As at the end of the reporting period, the allowance for impairment losses on goodwill was RMB4,738 million, and the book value of goodwill registered RMB1,281 million, on par with that as at the end of the previous year.

6. For the details about the collateralized assets of the Bank as at the end of the reporting period, please refer to "Notes to Consolidated Financial Statements".

ii. Liabilities

During the reporting period, the Bank formulated the Management Measures for Liability Quality in accordance with relevant regulatory requirements, established its own liability quality management system, improved the organizational structure for liability quality management, clarified the responsibilities of the Board of Directors, Senior Management, relevant departments and operating institutions in liability quality management, and specified the liability quality management strategies, management procedure, reporting system, information disclosure and emergency response plans. The Bank strictly implemented the requirements for liability quality management, and closely monitored relevant limit indicators. Through these efforts, the Bank recorded a steady growth in total liabilities and a decrease amid stability in liability cost with a diversified and reasonable structure, the overall liability quality condition was good, and the six major elements of liability quality management were implemented well during the whole year.

Management Discussion and Analysis

As at the end of the reporting period, the Group's total liabilities stood at RMB6,368,790 million, an increase of RMB150,779 million or 2.42% as compared with the end of the previous year, mainly due to the increase in debt securities payable.

Unit: RMB million, %

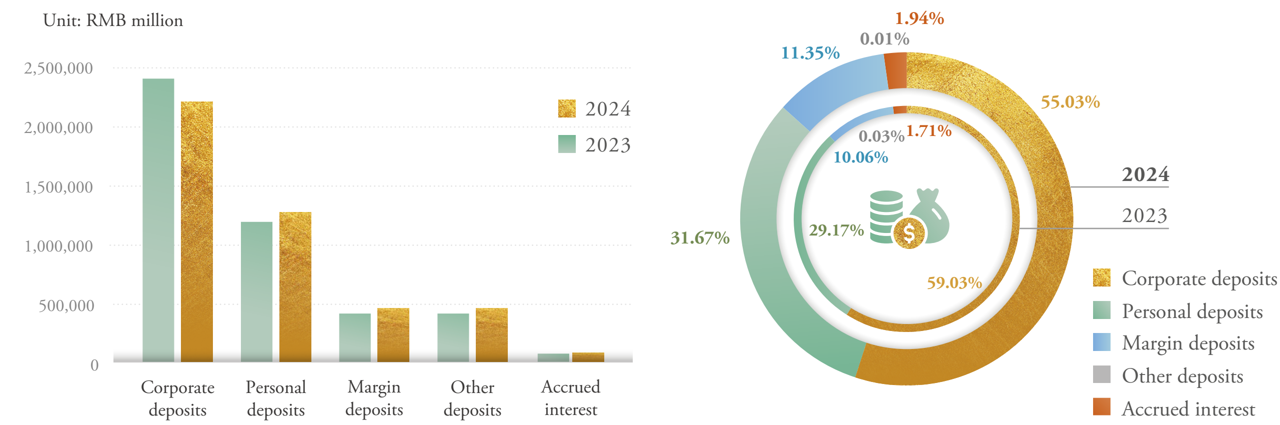
Item	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Due to the central bank	95,633	1.50	99,633	1.60
Deposits from customers	4,035,687	63.37	4,094,528	65.85
Deposits from banks and other financial institutions	581,536	9.13	552,326	8.88
Placements from banks and other financial institutions	216,562	3.40	194,205	3.12
Derivative financial liabilities	32,448	0.51	13,946	0.22
Financial assets sold under repurchase agreements	75,793	1.19	73,115	1.18
Accrued staff costs	21,895	0.34	20,064	0.32
Taxes payable	4,758	0.07	7,304	0.12
Lease liabilities	10,412	0.16	10,349	0.17
Debt securities payable	1,231,112	19.33	1,099,326	17.68
Other liabilities	62,954	1.00	53,215	0.86
Total liabilities	**6,368,790**	**100.00**	**6,218,011**	**100.00**

As at the end of the reporting period, the balance of the Group's deposits from customers stood at RMB4,035,687 million, a decrease of RMB58,841 million or 1.44% as compared with the end of the previous year.

Unit: RMB million, %

Item	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Corporate deposits	2,220,499	55.03	2,417,109	59.03
Demand deposits	760,979	18.86	965,167	23.57
Time deposits	1,459,520	36.17	1,451,942	35.46
Personal deposits	1,278,375	31.67	1,194,615	29.17
Demand deposits	301,162	7.46	249,402	6.09
Time deposits	977,213	24.21	945,213	23.08
Margin deposits	458,063	11.35	412,129	10.06
Corporate	447,641	11.09	405,955	9.91
Personal	10,422	0.26	6,174	0.15
Other deposits	591	0.01	1,019	0.03
Accrued interest	78,159	1.94	69,656	1.71
Total deposits from customers	**4,035,687**	**100.00**	**4,094,528**	**100.00**

Composition of the Group's deposits as at the end of the reporting period



iii. Equity of shareholders

As at the end of the reporting period, the Group's equity attributable to shareholders of the Bank stood at RMB587,700 million, a net increase of RMB35,309 million as compared with the end of the previous year, mainly due to the increase in profits realized in the current period.

Unit: RMB million

Item	31 December 2024	31 December 2023
Share capital	59,086	59,086
Other equity instruments	104,899	104,899
Capital reserve	74,473	74,473
Other comprehensive income	10,891	2,245
Surplus reserve	29,543	26,245
General risk reserve	89,891	86,161
Retained earnings	218,917	199,282
Total equity attributable to shareholders of the Bank	587,700	552,391
Equity of minority shareholders	2,531	2,394
Total equity	**590,231**	**554,785**

iv. Off-balance-sheet items

The Group's off-balance-sheet items are mainly credit commitments, including loans and credit card commitments, bank's acceptance bills, letters of guarantee, letters of credit and guarantees. As at the end of the reporting period, the total amount of credit commitments was RMB1,570,825 million, an increase of RMB232,644 million as compared with the end of the previous year.

Unit: RMB million

Item	31 December 2024	31 December 2023
Loans and credit card commitments	600,883	379,310
Bank's acceptance bills	683,870	669,058
Letters of guarantee	119,730	128,239
Letters of credit	166,162	161,394
Guarantees	180	180
Total credit commitments	**1,570,825**	**1,338,181**

IX. CASH FLOWS

The Group's net cash outflows from operating activities amounted to RMB204,802 million, of which cash outflows arising from changes in operating assets stood at RMB245,862 million and cash outflows arising from changes in operating liabilities totaled RMB9,621 million.

The Group's net cash inflows from investing activities amounted to RMB123,684 million, of which cash inflows arising from disposal and redemption of investments stood at RMB1,198,381 million and cash outflows arising from investment payment registered RMB1,133,982 million.

The Group's net cash inflows from financing activities were RMB84,995 million, of which net proceeds from bond issuance posted RMB966,309 million and cash inflows generated from principal repayment of debt securities registered RMB834,702 million.

X. LOAN QUALITY

i. Industry concentration of loans

Unit: RMB million, %

Industry	31 December 2024		31 December 2023	
	Balance	Percentage	Balance	Percentage
Manufacturing	517,263	22.51	444,913	20.55
Leasing and commercial services	377,167	16.42	335,235	15.48
Water, environment and public utility management	336,892	14.66	337,316	15.57
Wholesale and retail trade	182,122	7.93	177,439	8.19
Construction	160,791	7.00	165,227	7.63
Real estate	157,688	6.86	165,745	7.65
Transportation, storage and postal services	136,520	5.94	136,270	6.29
Finance	113,392	4.94	105,414	4.87
Production and supply of power, gas and water	100,044	4.35	84,276	3.89
Agriculture, forestry, animal husbandry and fishery	52,740	2.30	59,157	2.73
Others[Note]	162,940	7.09	154,848	7.15
Subtotal of corporate loans	**2,297,559**	**100.00**	**2,165,840**	**100.00**
Personal loans	**1,482,419**		**1,512,616**	
Discounted bills	**153,924**		**108,498**	
Total loans and advances to customers	**3,933,902**		**3,786,954**	

Note: "Others" includes mining; accommodation and catering; public administration and social organization; information transmission, computer services, and software; health, social security and social welfare; resident services and other services; scientific research, technical services and geological prospecting; culture, sports and recreation; and education.

ii. Distribution of loans by region

Unit: RMB million, %

Region	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Yangtze River Delta	981,383	24.95	903,353	23.86
Central China	678,006	17.23	650,965	17.19
Pearl River Delta	618,232	15.72	574,249	15.16
Bohai Rim	577,265	14.67	516,609	13.64
Western China	485,466	12.34	475,934	12.57
Northeastern China	94,754	2.41	105,734	2.79
Head Office	375,410	9.54	434,359	11.47
Overseas	123,386	3.14	125,751	3.32
Total loans and advances to customers	**3,933,902**	**100.00**	**3,786,954**	**100.00**

iii. Types and proportions of loans by collateral

Unit: RMB million, %

Type	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Unsecured loans	1,392,798	35.40	1,313,169	34.68
Guaranteed loans	854,652	21.73	937,383	24.75
Mortgage loans	1,409,879	35.84	1,210,545	31.97
Pledged loans	276,573	7.03	325,857	8.60
Total loans and advances to customers	**3,933,902**	**100.00**	**3,786,954**	**100.00**

iv. Top ten loan customers

Unit: RMB million, %

Name	Industry	Balance of loans as at 31 December 2024	Proportion in total loans and advances	Proportion in net capital[1]
Borrower 1	Leasing and commercial services	14,298	0.36	2.08
Borrower 2	Transportation, storage and postal services	9,973	0.25	1.45
Borrower 3	Real estate	6,992	0.18	1.02
Borrower 4	Manufacturing	6,566	0.17	0.95
Borrower 5	Leasing and commercial services	6,460	0.16	0.94
Borrower 6	Manufacturing	6,412	0.16	0.93
Borrower 7	Leasing and commercial services	5,000	0.13	0.73
Borrower 8[2]	Leasing and commercial services	5,000	0.13	0.73
Borrower 9[2]	Leasing and commercial services	4,999	0.13	0.73
Borrower 10	Construction	4,583	0.12	0.67
Total		**70,283**	**1.79**	**10.23**

Notes:

1. The proportion of balance of loans in net capital is calculated according to the requirements of the former CBIRC.

2. Borrower 8 and Borrower 9 are related parties of the Bank and therefore their transactions with the Bank constitute related party transactions.

Management Discussion and Analysis

v. Five-category loan classification

Unit: RMB million, %

Type	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Pass	3,812,286	96.91	3,669,687	96.91
Special mention	72,364	1.84	69,791	1.84
Substandard	21,088	0.53	23,335	0.62
Doubtful	15,335	0.39	15,258	0.40
Loss	12,829	0.33	8,883	0.23
Total loans and advances to customers	**3,933,902**	**100.00**	**3,786,954**	**100.00**
Performing loans	3,884,650	98.75	3,739,478	98.75
Non-performing loans	49,252	1.25	47,476	1.25

Note: Performing loans comprise of pass loans and special mention loans, and non-performing loans comprise of substandard loans, doubtful loans and loss loans.

vi. Loan migration ratio

Unit: %

Item	31 December 2024	31 December 2023	Change from the end of 2023 to the end of 2024	31 December 2022
Migration ratio of pass loans	1.80	2.49	-0.69 percentage point	2.05
Migration ratio of special mention loans	15.30	26.41	-11.11 percentage points	27.78
Migration ratio of substandard loans	74.61	72.10	+2.51 percentage points	80.68
Migration ratio of doubtful loans	41.53	58.51	-16.98 percentage points	51.43

vii. Restructured loans and overdue loans

1. Restructured loans

Unit: RMB million, %

Type	31 December 2024 Balance	31 December 2024 Proportion of loans and advances in total principal	31 December 2023 Balance	31 December 2023 Proportion of loans and advances in total principal
Restructured loans and advances to customers	21,959	0.56	6,551	0.17
Restructured loans and advances to customers overdue for more than 90 days	776	0.02	1,267	0.03

2. Overdue loans

Unit: RMB million, %

Item	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Overdue within 3 months	35,507	44.77	31,861	43.23
Overdue from 3 months up to 1 year	23,680	29.86	26,245	35.60
Overdue from 1 year up to 3 years	14,842	18.71	12,044	16.34
Overdue for more than 3 years	5,278	6.66	3,564	4.83
Total principal of overdue loans	**79,307**	**100.00**	**73,714**	**100.00**

viii. NPLs by business type

Unit: RMB million, %

Type	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Corporate loans	28,482	57.83	26,849	56.55
Personal loans	20,770	42.17	20,627	43.45
Discounted bills	–	–	–	–
Total NPLs	**49,252**	**100.00**	**47,476**	**100.00**

ix. Distribution of NPLs by region

Unit: RMB million, %

Region	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Pearl River Delta	9,867	20.03	8,431	17.76
Central China	7,127	14.47	6,001	12.64
Yangtze River Delta	6,904	14.02	6,062	12.76
Bohai Rim	5,221	10.60	4,921	10.37
Western China	4,446	9.03	3,818	8.04
Northeastern China	4,235	8.60	4,206	8.86
Head Office	8,616	17.49	9,923	20.90
Overseas	2,836	5.76	4,114	8.67
Total NPLs	**49,252**	**100.00**	**47,476**	**100.00**

Management Discussion and Analysis

x. Distribution of NPLs by industry

Unit: RMB million, %

Industry	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Real estate	6,744	13.70	8,833	18.60
Manufacturing	6,612	13.42	4,696	9.88
Wholesale and retail trade	4,664	9.47	3,998	8.41
Leasing and commercial services	3,221	6.54	1,840	3.88
Construction	1,794	3.64	1,309	2.76
Transportation, storage and postal services	1,145	2.32	1,062	2.24
Information transmission, computer services and software	615	1.25	179	0.38
Accommodation and catering	374	0.76	590	1.24
Production and supply of power, gas and water	359	0.73	403	0.85
Mining	339	0.69	1,655	3.49
Others[Note]	2,615	5.31	2,284	4.82
Subtotal of corporate loans	**28,482**	**57.83**	**26,849**	**56.55**
Personal loans	**20,770**	**42.17**	**20,627**	**43.45**
Discounted bills	**–**	**–**	**–**	**–**
Total NPLs	**49,252**	**100.00**	**47,476**	**100.00**

Note: "Others" includes health, social security and social welfare; scientific research, technical services, and geological exploration; finance; public management and social organization; water, environment and public utility management; agriculture, forestry, animal husbandry and fishery; and education.

xi. Distribution of NPLs by collateral type

Unit: RMB million, %

Type	31 December 2024 Balance	31 December 2024 Percentage	31 December 2023 Balance	31 December 2023 Percentage
Unsecured loans	16,091	32.67	15,970	33.63
Guaranteed loans	6,799	13.80	7,836	16.51
Mortgage loans	26,056	52.91	20,452	43.08
Pledged loans	306	0.62	3,218	6.78
Total NPLs	**49,252**	**100.00**	**47,476**	**100.00**

xii. Repossessed assets and provision for impairment

Unit: RMB million, %

Item	31 December 2024	31 December 2023
Repossessed assets	246	314
Land, buildings and structures	246	314
Provision for impairment	(163)	(167)
Net value of repossessed assets	83	147

xiii. Provision for loan impairment losses and write-off

After determining the credit risk of financial instruments on the balance sheet date, the Group made provision for the estimated credit loss for loans of varied risk levels according to their potential risk based on the expected credit loss model and such quantitative risk parameters as PD (probability of default) and LGD (loss given default) of customers. The provision for impairment losses was recognized through current profit or loss.

Unit: RMB million

Item	As at 31 December 2024	As at 31 December 2023
Balance at the beginning of the year[1]	85,371	83,180
Charge for the year[2]	38,147	45,241
Recovery of loans and advances written-off	12,275	9,437
Interest income of impaired loans[3]	(735)	(961)
Write-off and disposal for the year	(46,519)	(51,573)
Others	43	47
Balance at the end of the year[1]	**88,582**	**85,371**

Notes:

1. It excludes provision for impairment of discounted bills and forfaiting under domestic L/C at fair value through other comprehensive income.

2. It includes provision for impairment of loans made due to the change of stage and change in cash flow resulting in loan contract being not derecognized.

3. It refers to cumulative interest income of impaired loans due to the subsequent increase in present value over time.

xiv. Disposal of non-performing assets and write-off policies for bad debts

The Bank continued to focus on risk resolution in key areas by adopting various measures such as writing-off and bulk transfer to accelerate the process for the disposal of non-performing assets and enhance the value creation capability of special assets. The Bank actively explored innovative disposal modes such as the investment banking approach, strengthened promotion of special assets, and steadily built an ecosystem for special assets. The Bank increased technology inputs to drive digitalization for the operation of special assets. The Bank continuously improved its credit approval mechanisms and policies, optimized business procedures, strengthened compliance management, and comprehensively enhanced business quality and efficiency.

During the reporting period, the Bank disposed of NPLs amounting to RMB48,345 million, a decrease of RMB5,369 million over the previous year, including writing off bad debts of RMB24,687 million, transferring creditor's rights amounting to RMB4,737 million, conversion of bonds to shares valuing RMB240 million, and asset securitization of RMB18,681 million. In addition, the Bank recovered cash of RMB39,788 million through asset preservation.

XI. CAR ANALYSIS

Please refer to "Key Accounting Data and Financial Indicators" and the Third Pillar Information Disclosure Report for 2024 publicly disclosed by the Bank for details.

XII. SEGMENT PERFORMANCE

i. Performance by regional segment

Unit: RMB million

Region	2024 Operating income	2024 Profit before tax	2023 Operating income	2023 Profit before tax
Yangtze River Delta	23,307	12,619	25,697	17,139
Bohai Rim	25,618	12,798	25,622	10,149
Central China	21,301	9,199	24,748	7,887
Pearl River Delta	17,984	(15)	20,304	1,378
Western China	15,354	5,599	17,997	5,178
Northeastern China	4,142	1,221	5,634	178
Head Office	25,468	10,868	22,797	7,128
Overseas	2,421	(815)	2,936	720
Total	**135,595**	**51,474**	**145,735**	**49,757**

ii. Performance by business segment

Unit: RMB million

Type	2024 Operating income	2024 Profit before tax	2023 Operating income	2023 Profit before tax
Corporate banking	50,811	26,132	53,948	23,999
Retail banking	55,105	281	64,956	6,741
Financial market business	29,975	25,789	27,872	20,133
Others	(296)	(728)	(1,041)	(1,116)
Total	**135,595**	**51,474**	**145,735**	**49,757**

XIII. OTHERS

i. Changes in major financial indicators and reasons

Unit: RMB million, %

Item	31 December 2024	31 December 2023	Increase/ decrease	Main reasons for change
Derivative financial assets	33,797	13,324	153.66	Increase in FX swap business and valuation increase arising from FX rate fluctuations
Financial assets held under resale agreements	118,128	67,500	75.00	Increase in the scale of assets held under resale agreements
Investments in joint ventures	–	204	(100.00)	Disposal of the investments in joint ventures by subsidiaries
Other assets	56,847	28,438	99.90	Increase in in-transit clearing funds
Derivative financial liabilities	32,448	13,946	132.67	Increase in FX swap business and valuation increase arising from FX rate fluctuations
Taxes payable	4,758	7,304	(34.86)	Decrease in enterprise income tax payable
Other comprehensive income	10,891	2,245	385.12	Increase in valuation of bonds measured at fair value through equity
Item	**2024**	**2023**	**Increase/ decrease**	**Main reasons for change**
Net gains arising from investment securities	14,479	8,926	62.21	Increase in fair value of investment securities
Net gains/(losses) from derecognition of financial assets measured at amortized cost	250	(555)	N/A	Increase in gains from derecognition of financial assets measured at amortized cost
Net foreign exchange gains	49	1,125	(95.64)	Decrease in foreign exchange gains

ii. Overdue and outstanding debts

During the reporting period, the Bank did not incur any overdue or outstanding debts.

Management Discussion and Analysis

iii. Interest receivable and provision of allowance for related bad debts

1. Change in on-balance-sheet interest receivable

Unit: RMB million

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
On-balance-sheet interest receivable[Note]	47,345	202,913	202,470	47,788

Note: It includes accrued interest and interest receivable that has not been collected.

2. Provision of allowance for bad debts of interest receivable

Unit: RMB million

Item	31 December 2024	31 December 2023	Increase/decrease
Balance of allowance for bad debts of interest receivable	3	3	0

iv. Other receivables and provision of allowance for related bad debts

1. Change in other receivables

Unit: RMB million

Item	31 December 2024	31 December 2023	Increase/decrease
Other receivables	32,411	8,955	23,456

2. Provision of allowance for bad debts of other receivables

Unit: RMB million

Item	31 December 2024	31 December 2023	Increase/decrease
Balance of allowance for bad debts of other receivables	1,043	908	135

XIV. PERFORMANCE OF BUSINESS SEGMENTS

i. Corporate banking

Operating income

RMB 50,811 million

FPA

RMB5.31 trillion

▲ 4.47%

Corporate banking customers

997,400

▲ 1.74%

The corporate banking business line of the Bank regarded high-quality development as the main mission, placed customers at the center, resolutely supported the construction of a modernized industrial system, insisted on stepping up efforts to serve key areas such as advanced manufacturing and strategic emerging industries, and facilitated large-scale equipment renewals and renovations through technological innovation. The Bank promoted the real estate financing coordination mechanism and the construction of "Three Major Projects" (constructing government-subsidized housing, renovating urban villages, and building dual-use public infrastructure that can accommodate emergency needs), implemented the financing coordination mechanism for MSEs and pressed ahead with the project of lending to support listed companies in stock repurchase and shareholding increase. Leveraging the guiding role of FPA, the Bank built new competitive edges featuring the integration of commercial banking, investment banking and private banking driven by an array of products such as basic credit, bond financing, M&A financing, business matchmaking, equity financing and structured financing in a bid to create greater value for customers. The Bank optimized customer management system by building an operating system featuring five groups of customer demands, five layers of value and five tiers of services, putting equal weight on customer acquisition and customer activation, and creating an "inclusive credit +" service system. The Bank optimally refined strategic customer base, deeply explored potential customer base and fully served basic customer base, with the number of corporate customers continuously increased and comprehensive customer contribution further improved. Furthermore, the Bank modified business procedures and addressed business barriers and difficulties to upgrade products and services such as online inclusive finance, supply chain, agency payroll, scenario-based finance, corporate treasury and cash management, bill settlement and cross-border finance, promoting the realization of balance between the quantity and quality of corporate deposits, the steady growth of credit assets and the high-quality development of all businesses. During the reporting period, the Bank's corporate banking business line registered an operating income of RMB50,811 million, a year-on-year decrease of RMB3,137 million or 5.81%, accounting for 37.47% of the Bank's total operating income. As at the end of the reporting period, the total FPA was RMB5.31 trillion, an increase of RMB227,185 million or 4.47% over the end of the previous year. The Bank had 997.4 thousand corporate banking customers, an increase of 17.1 thousand or 1.74% over the end of the previous year.

1. Corporate deposits and loans

Adhering to the philosophy of high-quality development, the Bank coordinated customer base development, business operation and risk management. While striking a balance between the quantity and quality of corporate deposits, the Bank focused on wealth management transformation, adopted the strategy of "institutional expansion, entrusted payment, customer chain expansion and cash management" to increase deposits, and expanded deposit increase channels such as corporate wealth management and agency fund sale. Focusing on key competition fields such as technology finance, green finance, inclusive finance, advanced manufacturing and new formats of real estate business, the Bank promoted coordination between business management policies and risk management policies to enhance credit support for major strategies, key areas and weak links. In addition, the Bank advanced scenario-based finance and digitalization to empower customer marketing, product innovation and business expansion. As at the end of the reporting period, the balance of corporate deposits (including the corporate business-related portion of margin deposits) amounted to RMB2,668,140 million, representing a decrease of RMB154,924 million or 5.49% as compared with the end of the previous year; and the balance of corporate loans (excluding discounted bills) amounted to RMB2,297,559 million, representing an increase of RMB131,719 million or 6.08% over the end of the previous year.

Column 1: Supporting the development of new quality productive forces and making efforts to serve technology finance

The Bank leveraged the strengths of Everbright to serve the national needs, explored a differentiated development model and strengthened featured service functions to do well in technology finance with Everbright's characteristics. The Bank took an array of measures to realize rapid growth in the loans to tech firms with the special mention loan ratio, NPL ratio and overdue loan ratio for tech firms all lower than the Bank's average ratios. As at the end of the reporting period, the balance of loans to tech firm amounted to RMB379,526 million, an increase of RMB112,374 million or 42.06% over the end of the previous year, and the number of customers with loans granted was 11,063, an increase of 3,146 or 39.74% over the end of the previous year.

I. Enhancing organizational leadership to formulate the work plan for technology finance

The Bank formulated the *Work Plan for Technology Finance* to put forward 27 targeted measures covering six key areas including improving service capabilities, expanding credit scale, streamlining service processes, enhancing product innovation, developing a coordinated ecosystem and shaping brand power, providing solid support and all-round guarantee for the technology finance service system. The Bank established a well-arranged and well-structured "1+16+100" specialized and dedicated organizational system for technology finance, with a leading group set up at the Head Office for overall coordination, 16 key technology finance branches established nationwide, and approximately 100 branch outlets selected to specialize in technology finance to offer tech firms convenient and efficient credit support and service guarantee.

II. Focusing on the full life-cycle of enterprises to speed up the launch of exclusive innovative products

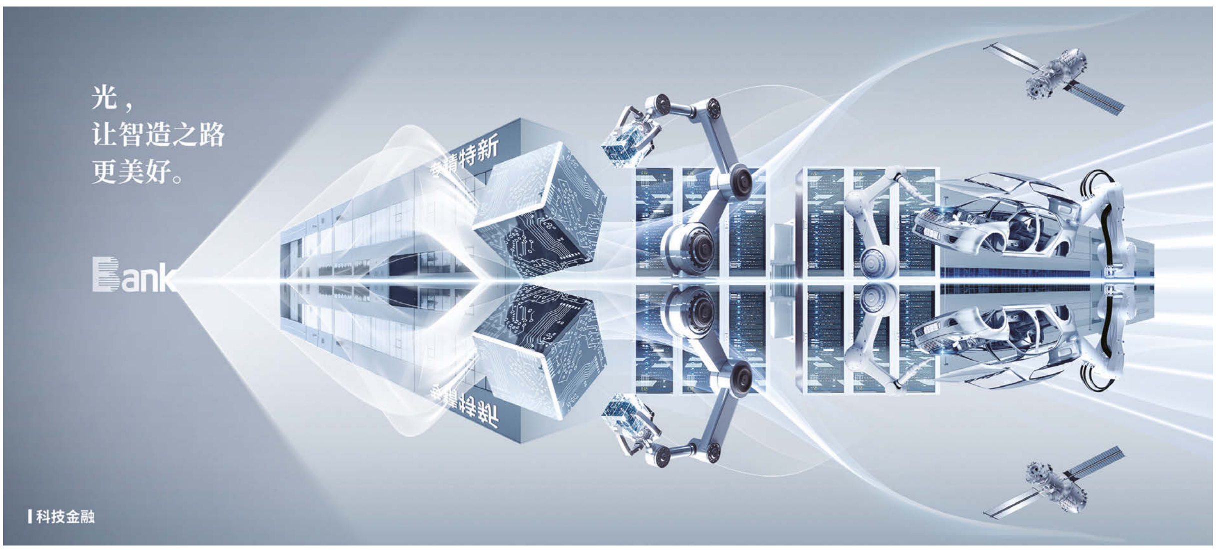
For tech start-ups, the Bank launched whole-process online credit products and MSE inclusive finance products such as SRDI (Sophisticated, Refined, Distinctive and Innovative) Enterprise Loan, Tech Firm e-Loan, Data Asset Loan, Technology Talent Loan, Intellectual Property Loan and Sunshine Tax e-Loan. Among them, SRDI Enterprise Loan enables whole-process online automated approval processes, with 2,019 enterprises having been granted credits totaling RMB22,130 million and the outstanding balance standing at RMB10,974 million. Tech Firm e-Loan regards enterprises' innovation capabilities and quantifiable scores given by the Ministry of Industry and Information Technology as the core to support enterprises in pilot-scale experiment, R&D and digital transformation. Since its launch, it has provided loans amounting to RMB5,153 million to 735 customers through intelligent credit assessment. Data Asset Loan and Technology Talent Loan were launched in Shenzhen Branch, Suzhou Branch, Changsha Branch, Guiyang Branch and some other branches. For tech firms at the growth stage, the Bank developed and launched innovative products such as SRDI Giant Loan and Enterprise Stock Option. SRDI Giant Loan adopts an exclusive rating model, credit-granting process and due diligence template, realizing a loan balance of over RMB30 billion. Everbright Wealth Management Co., Ltd. has completed over 200 stock option businesses for tech firms while taking them as one of the wealth management underlying assets to successfully launch the "Sunshine Purple Premium". For tech firms at the maturity stage, the Bank provided service solutions that integrate commercial banking, investment banking and private banking to assist in the issuance of sci-tech innovation notes, convertible bonds and sci-tech innovation corporation bonds. Among them, the Bank underwrote sci-tech innovation notes of over RMB35 billion and provided comprehensive financing of over RMB1 billion through convertible bonds. Moreover, the program titled "Experience Officers' Benefits to Enjoy Private Banking Customized Products" was launched in Shenzhen Branch, Suzhou Branch and some other branches, providing exclusive benefits such as wealth planning, family inheritance, growth empowerment and social activities for the senior management of tech firms.

III. Making efforts in resource integration and allocation to optimize approval authorizations and credit application processes

The Bank provided tech firms with resources such as FTP discounts and case-by-case approvals for major projects to make better use of monetary policy tools such as re-lending. The Bank optimized differentiated approval authorizations for tech firms, established an evaluation system to assess the innovation capabilities of tech firms, designed a credit-granting process and credit assessment model catering to the characteristics of tech firms, formulated special policies for risk tolerance and due diligence-based liability exemption, and strengthened team building and ability training for technology finance. In addition, the Bank appropriately extended the credit term of working capital loans for tech firms subject to a long recovery cycle of operating cash flows. For tech firms established for less than two years, the Bank allowed them to provide unaudited financial statements when submitting credit application materials for the first time.

IV. Coordinating both internal and external investment-lending linkage to deepen the construction of a technology finance ecosystem

Relying on CEG's synergistic strengths, the Bank actively promoted the investment-lending linkage, focused on equity financing customer recommendation and introduction, and shared the lists of invested enterprises. The Bank optimized the coordination mechanism between its branches and CEG's subsidiaries and integrated six types of external institution resources including securities firms, equity investment institutions, insurance & asset management firms, government-led industrial investment platforms, accounting firms and law firms. The Bank also built a ecosystem for technology finance to provide tech firms with various products and services such as direct equity investment, industry funds, strategic placement, domestic and overseas IPO sponsorship, private placement and tax-related legal consulting.



Case 1: The featured services of "Sunshine Tech Innovation"

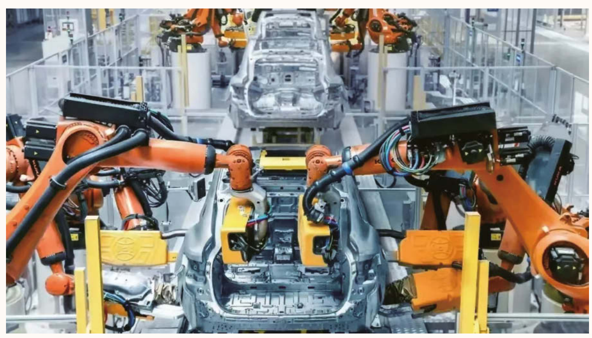
The Bank built a unique technology finance business called "Sunshine Tech Innovation" to further enhance financial services for tech firms across their life cycles with its refined and improved star products.

SRDI Enterprise Loan

Applying technologies such as big data and artificial intelligence, the Bank collected and analyzed enterprise information through information technology to create multi-dimensional, all-round and accurate portraits for SRDI enterprises, and developed an online credit-granting model featuring automated approval and intelligent risk control with a credit limit of RMB10 million to help SRDI enterprises obtain financing without leaving their offices. In 2024, the Bank launched the function of "re-borrowing without repaying the principal", allowing enterprises to extend loans at maturity to meet their medium- to long-term capital needs. For example, a tech firm, as a smart energy service provider, engaged in relevant technological research in digital intelligent electric energy, which was selected as a national SRDI Little Giant enterprise. In 2023, the Bank granted a one-year loan of RMB10 million to this firm. As the loan approached its maturity in 2024, the enterprise saw a surge in orders and persistent capital demands. After the firm applied for this new function to the Bank, the Bank quickly completed relevant business processes to extend its loan repayment term.

SRDI Giant Loan

This product had been upgraded to version 2.0 featuring online access, expert approval, higher credit limit and longer term. It also has an exclusive credit-granting process and evaluation model to further improve customer experience. For example, a tech firm in Zhejiang Province is a large industrial control valve enterprise providing solutions for industrial fluid control worldwide, with 6 national standards, 11 invention patents, over 70 utility model patents and 13 industry certifications. The firm was selected as a national SRDI Little Giant enterprise, a high-tech enterprise and one of the national torch plan project members. The firm is also on the white list of sci-tech innovation customers of the Bank. After knowing its financing needs in a timely manner, the Bank provided the firm with SRDI Giant Loan, a product suitable for the firm. By utilizing the favorable policy of interest rate discounts, the Bank quickly delivered a credit line of over RMB30 million and granted loans of RMB20 million to effectively reduce financing costs for the firm.



2. Inclusive finance

The Bank set up a dedicated team for online inclusive finance loans, built a "3+1+N" online product system, and optimized three types of automated approval loan products including mortgage loan, credit loan and guarantee loan. Focusing on key areas such as SRDI and advanced manufacturing, the Bank developed flagship products such as SRDI Enterprise Loan and Tech Firm e-Loan, and established a unified access to Sunshine Instant e-Loan to promote modular, component-based and standardized product development. The Bank promoted online business operation, addressed related obstacles and difficulties, and successively launched featured online products such as Nanchang

Bank Statement Loan, Xiaoxiang Bank Statement Loan and Suzhou Credit Reference Loan to explore new drivers for business development. The Bank resolutely implemented the MSE financing coordination work mechanism, developed a dedicated marketing platform and financing zone online, and optimized the functions of the inclusive finance special version in corporate mobile banking to effectively improve digital marketing capabilities. As at the end of the reporting period, the balance of inclusive loans amounted to RMB435,443 million, an increase of RMB56,310 million or 14.85% over the end of the previous year, higher than the Bank's average loan growth rate. The Bank had 435.7 thousand inclusive finance customers, an increase of 6,011 over the end of the previous year. The weighted average interest rate on newly-granted loans was 3.47%, a year-on-year decrease of 50 bps. The NPL ratio was 1.08%, signaling stable asset quality.

Column 2: Exploring the financial service demands of MSEs and making efforts to serve inclusive finance

The Bank always focused on supporting the real economy to deliver greater inclusive finance benefits to the public, proactively implemented the work requirement of the MSE financing coordination mechanism, built a "1+6+N" mechanism dedicated to MSE financing services, and directly channeled credit capital to MSEs to effectively address the problem of difficult, costly and slow financing faced by MSEs.

I. Strengthening top-level design to highlight work priorities

The Bank set up a special work group to conduct overall coordination across the Bank, and developed the *Work Plan for Inclusive Finance* and the *Work Plan for Implementing the MSE Financing Coordination Mechanism* to ensure the implementation of this mechanism. The Bank highlighted six work priorities including strengthening marketing, optimizing products and services, improving process management, expediting credit approval, bolstering supporting policies and conducting continuous publicity and guidance. In terms of marketing, the Bank built a unified application portal and a dedicated zone for the MSE financing coordination mechanism, allowing MSEs to browse and apply for online products. In terms of product services, the Bank iterated and upgraded online products such as Sunshine Credit e-Loan, Sunshine Mortgage e-Loan and SRDI Enterprise Loan to provide whole-process online financial services for MSEs. In terms of process management, the Bank built a special platform for the internal process management of the MSE financing coordination mechanism to formulate a work list of key and difficult issues and solve them one by one. In terms of credit approval, the Bank strengthened process model innovation, developed the off-site due diligence function, and established differentiated examination and approval methods. In terms of policy guarantee, the Bank optimized measures of due diligence-based liability exemption to foster a culture that upholds a strong sense of responsibility. In terms of publicity and guidance, the Bank strove to set up good role models and communicate policy requirements in various forms.

II. Focusing on MSEs to improve service quality and efficiency

The Bank refined credit structure, increased initial, renewed, credit-based and medium- to long-term loan granting, supported MSEs in key areas in a targeted manner, and improved financial services for basic and long-tail customers. The Bank intensified support for MSEs specializing in technological innovation, with its focus on national SRDI Little Giant enterprises, national reserve-level SRDI enterprises, excellent provincial SRDI enterprises and strategic emerging industries. The Bank optimized financial services for manufacturing MSEs to drive the development of advanced manufacturing, providing a package of financial service solutions for manufacturing single-item champions, hidden champions, and upstream and downstream enterprises of listed companies. In addition, the Bank intensified support for MSEs in foreign trade by connecting to featured platforms for import and export trade such as the Cross-border Finance Service Platform of the State Administration of Foreign Exchange and the China International Trade Single Window of the General Administration of Customs to expand its international customer base.

III. Contributing to rural revitalization for common prosperity

The Bank sustained its efforts to consolidate poverty alleviation outcomes, granted petty loans to people that had been lifted out of poverty to help them find employment or start businesses, and promoted the development of featured rural industries in areas that had been lifted out of poverty. The Bank utilized its online "Wonderful E-shopping" platform to help with the sales of local products and services in these areas. The Bank continued to increase credit granting to the counties that had been lifted out of poverty and key counties receiving paired assistance to ensure a steady growth in loan balance. Focusing on all links of the industrial chains of grains and other important agricultural products, The Bank increased credit granting to support seed companies that possess strong comprehensive strengths, R&D expertise and market development potential.

IV. Actively visiting customers while giving play to the Group synergies

The Bank launched the campaign titled "Extensive Visits to Enterprises" to engage with enterprises and better meet the financing needs of MSEs. CEB Wuxi Branch paid visits to industrial parks, business districts and other places where MSEs cluster by using the QR code of the "Financing Service Platform for MSEs in Jiangsu Province". CEB Wuhan Branch entered HUST (Huazhong University of Science and Technology) Science Park and Wuhan High-tech Medical Device Park to introduce key products and preferential policies for enterprises in the parks. CEB Guangzhou Branch proactively participated in organizing provincial government-bank-enterprise events, attended seminars with key technology service industry enterprises to promote products and services to other participants. Giving play to the advantages of Group synergies, CEB Jinan Branch cooperated with China Everbright Group in organizing many themed activities titled "Everbright Carnivals" to offer diversified and integrated financial services. As at the end of the reporting period, the Bank granted credits of over RMB67 billion and loans of over RMB47.6 billion to 9,289 enterprises on the government's recommendation list.

Case 2: Inclusive finance featured products

Bank Statement Loan

By introducing bank statement data from the enterprise income and expenditure big data platform, this product can accurately evaluate the credit granting feasibility and risk control effectiveness. By building a credit-granting decision-making model to replace manual approvals, this product can enable automated approval process and give customers the self-service flexibility to withdraw or repay money, which can improve procedure efficiency and address the problem of insufficient credit line for MSEs. For example, CEB Nanchang Branch learned that an enterprise was facing occasional cash flow shortage in its daily operation due to the impacts of market environment. Unable to put forward acceptable risk mitigation measures, the enterprise had always failed to obtain financing. The Bank assisted the enterprise in applying for Bank Statement Loan and the enterprise successfully obtained loans. Since Bank Statement Loan was launched, a total of 1,174 MSEs in Jiangxi Province applied for this loan product from the Bank, 452 of which successfully obtained credit lines amounting to RMB719 million through automated credit-granting assessment. The Bank delivered credit lines of RMB275 million to 140 MSEs, and successfully granted loans of RMB247 million to 137 enterprises with an outstanding loan balance of RMB217 million.

Tech Firm e-Loan

On the basis of SRDI Enterprise Loan, the Bank built Tech Firm e-Loan to further widen its service coverage to allow provincial SRDI MSEs, new high-tech enterprises and tech SMEs to apply for this product with the highest credit line setting at RMB10 million. This product also features self-service online money withdrawal and repayment, giving customers the freedom to manage borrowing and repayment at their convenience. For example, a provincial SRDI MSE in Ningbo engaged in the R&D of automotive parts and mold making was in urgent need of working capitals to expand its phase II production lines in the factories. CEB Ningbo Branch efficiently completed the whole process of “intelligent credit-granting assessment + online manual approval” to grant a loan of RMB3 million to meet the financing needs of the customer.

As at the end of the reporting period, the Bank’s balance of inclusive loans to tech firms stood at nearly RMB44 billion.

3. Investment banking

The Bank proactively implemented the strategy of "integrating commercial banking, investment banking and private banking", continuously optimized business framework for investment banking, and improved comprehensive financing service capabilities through diversified means such as bond financing, M&A financing, structured financing, equity financing and business matchmaking to serve various market participants. During the reporting period, the Bank successfully underwrote 1,023 debt financing instruments with an amount of RMB469,717 million for non-financial enterprises in the interbank bond market, including sci-tech innovation notes, green debt financing instruments, rural revitalization notes, and bonds for promoting large-scale equipment renewals and trade-in of consumer goods and other innovative financing products, in a bid to facilitate the implementation of national strategies for green development, advanced manufacturing, sci-tech innovation and rural revitalization. The Bank further enhanced resource integration and project matchmaking capacity for M&A financing, promoted M&A in the real economy and industrial upgrading with a focus on listed companies and other key customers. During the reporting period, the Bank provided newly-added M&A financing of RMB20,374 million at home and abroad, and issued six credit asset-backed securitization projects with a financing scale of RMB18,678 million. Additionally, the Bank actively promoted the project of lending to support listed companies in stock repurchase and shareholding increase, with 10 listed companies issuing announcements on cooperation with the Bank involving a guaranteed financing amount of over RMB1 billion, providing financial support for the capital market.

Case 3: Sunshine investment banking featured businesses

The Bank developed the business model of "Sunshine Investment Banking" centering on bond underwriting, matchmaking and M&A to actively serve sci-tech innovation finance, green finance and inclusive finance to foster stronger ties with medium- and high-end customers.

Green Bond

In August 2024, the Bank underwrote the 2024 phase II green medium-term note of RMB1.96 billion for a state-owned electric power company. The proceeds raised were directed to the construction of solar photovoltaic power generation projects and onshore wind power generation projects. According to calculations, these proceeds raised in phase II can give rise to an energy-saving amount of approximately 183,035.93 tons, an annual CO_2 emission reduction of approximately 460,445.15 tons, an annual SO_2 emission reduction of approximately 50.36 tons, an annual nitrogen oxides emission reduction of approximately 80.71 tons, and an annual particulate matter emission reduction of approximately 10.31 tons, yielding significant environmental benefits. In 2024, the Bank underwrote 39 green bonds with a total issuance scale of RMB12,472 million.

Sci-tech Innovation Note

In September 2024, the Bank underwrote the 2024 phase IV medium-term note of RMB1 billion for a large automobile manufacturing enterprise, which was selected as a nation-level enterprise technology center, a national technological innovation model enterprise and a high-tech enterprise successively as a top automaker in China by market share and a Fortune Global 500 company. By underwriting sci-tech innovation notes, the Bank supported sci-tech innovation, contributing to the implementation of national technological innovation strategy. In 2024, the Bank underwrote 72 sci-tech innovation notes with a total scale of RMB35,053 million.

4. Transaction banking

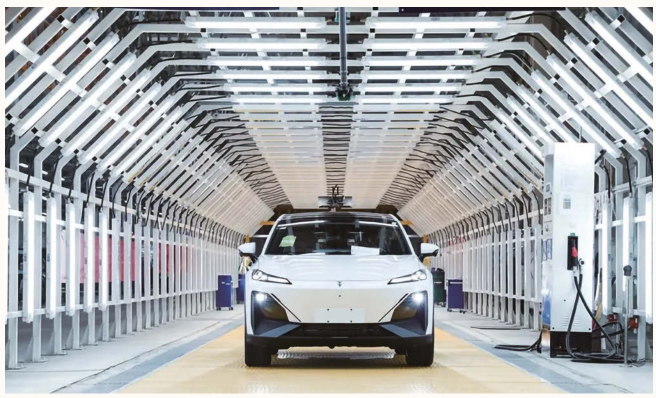
The Bank grasped trade finance market opportunities to promote the complementarity and linkage between basic businesses and emerging businesses and between domestic businesses and overseas businesses to establish a "cross-border ecosystem". The Bank enhanced service capabilities through industry-finance integration across industrial chains and supply chains to create a "chain-based finance ecosystem". By seizing the opportunities of corporate treasury development, the Bank expanded cash management business to develop a "corporate treasury ecosystem". Through the coordination of these three ecosystems, the Bank provided customers with one-stop, whole-process and comprehensive financial services. The Bank resolutely implemented the work requirements for stabilizing foreign investment and foreign trade, continuously enhanced the convenience of cross-border trade, investment and financing, and sped up the digital transformation of international settlement business. The Bank facilitated the multi-scenario application and online operation of Sunshine Wage, a financial service for the wages of migrant workers, and enhanced the convenience and availability of financial services for new citizens. As at the end of the reporting period, the Bank had provided RMB13,261 million of wage payment guarantees for rural migrant workers, an increase of RMB1,630 million, serving 1,524 corporate customers including 45 new customers during the year. Following the trends of corporate treasury development and adhering to the strategy of stratified, tiered and grouped customer management, the Bank provided key customers with full-life-cycle marketing support and service solutions to deepen the development of corporate treasury system. Focusing on areas including sales, procurement, operation management and employee services of enterprises, the Bank gave play to its advantages in Sunshine Cash Management, multi-bank corporate treasury management system, and supply chain and industrial chain services to empower the digital transformation of finance management for enterprises. As at the end of the reporting period, the balance of the on- and off-balance-sheet trade finance stood at RMB466,556 million.

Case 4: Sunshine transaction banking featured businesses

The Bank utilized its digitalization-driven Sunshine Transaction Banking product system to actively serve the real economy, inclusive finance and green finance, through supply chain finance, international business and cash management.

Auto Full Pass Supply Chain

Since 2006, the Bank has partnered with a top new energy automobile group in China. Through automobile supply chain scenarios, the Bank provided the customer with intelligent online services to assist in the high-quality development of its supply chain finance. So far, the Bank has become the main cooperation bank of the automobile group to provide financing services for its distributors nationwide, realizing full coverage of core distributors in all the marketing areas. In 2024, Auto Full Pass covered 226 distributors in the network of the automobile group, processing transactions amounting to RMB62,111 million with the business balance standing at RMB20,406 million.



Sunshine Easy Guarantee

Sunshine Easy Guarantee is a transaction banking service solution, which uses intelligent online functions and centralized bill center operation to empower traditional L/G business. This product supports domestic and cross-border guarantees denominated in RMB and other freely convertible currencies, which can be widely applied in various economic activities such as trade, engineering, labor service cooperation, import/export customs clearance & tax payment and overseas financing, to provide customers with intelligent online services such as whole-process online application, electronic signature and OCR-assisted seal entry and QR code information query. This product also offers tailored system connection solutions in business scenarios such as bank-enterprise direct linkage, cooperation between the Bank and guarantee company, power grid electricity sales and procurement in public resources trading centers. In 2024, Sunshine Easy Guarantee processed transactions totaling RMB87,519 million, with the business balance standing at RMB117,927 million.

Sunshine Wage

Sunshine Wage is a financial service related to the wages of rural migrant workers. On the basis of the L/G for rural migrant workers' wages, a featured product of the Bank, this product provides comprehensive financial services including L/G for rural migrant workers' wages, contracted agency payroll, exclusive preferential card issuance, financial assets preservation and appreciation and financial knowledge publicity, by giving play to the advantages in the coordination of corporate banking and private banking, integration of products and services, and combination of scenario-based ecosystems. This brand consists of three sub-brands including "Sunshine Wage Guarantee" (L/G for rural migrant workers' wages), "Sunshine Payroll" (agency payroll) and "Sunshine Craftsmen Card" (personal card issuance), aiming to tackle difficulties in all links throughout the entire process of wage payment to rural migrant workers covering wage distribution, reception, withdrawal and use. In 2024, Sunshine Wage processed agency payroll transactions amounting to RMB29,496 million for 407,766 personal customers.

Sunshine Cash Management

The Bank provided all-round comprehensive cash management services for a large electricity group based on the fund management characteristics and operational management model. First, the Bank provided group-level capital pool service for the enterprise to conduct centralized management and control over the funds of its finance company across business segments including electric power, business travel and investment. By building capital pools, the Bank realized the visualized and controllable functions for fund reception and payment in the 74 accounts of 30 group members. In 2024, these capital pools processed transactions amounting to around RMB70,000 million in a centralized manner. Second, the Bank provided payment and settlement services to help the enterprise improve efficiency in electricity fee collection and bid guarantee security deposit management. In 2024, the cumulative transaction amount stood at approximately RMB80.5 billion.

ii. Retail banking

Operating income

RMB55,105 million

AUM

RMB2.95 trillion

▲8.36%

Retail customers

157,628,800

▲3.54%

Committed to building the industry-leading digital retail banking, the Bank adhered to the customer-centered business philosophy, focused on the diversified needs of customers, expanded product supply, enhanced online and offline integrated channel service capabilities, strengthened its data-driven approach, intensified stratified and grouped operation, persistently consolidated customer base, improving both the quantity and quality of retail customers. On the liability side, the Bank improved both scale and quality of retail deposits, with deposit scale increased, deposit structure optimized and deposit costs reduced. On the asset side, the Bank accelerated business transformation towards an intensive, standardized, online and integrated operational model, supported the development of inclusive finance, and built hit retail loan products, which led to increasing retail loans and stable asset quality. The Bank deepened wealth management transformation by continuously enriching its product spectrum, improving asset allocation for key customer groups, further strengthening its investment research and consulting system, and innovating scenario-based service capabilities to meet the diversified and multi-layered wealth management needs of customers. During the reporting period, the Bank's retail banking business line realized an operating income of RMB55,105 million, a year-on-year decrease of RMB9,851 million or 15.17%, accounting for 40.64% of the Bank's total operating income. Among them, net retail interest income from retail banking stood at RMB42,963 million, a year-on-year decrease of 11.89%, accounting for 44.44% of the Bank's total net interest income, net non-interest income from retail banking was RMB12,142 million, a year-on-year decrease of 25.02%, accounting for 31.19% of the Bank's total net non-interest income.

Management Discussion and Analysis

1. Retail customers and AUM

The Bank continued to give play to the Retail Customer Management and Development Committee as a mechanism to ensure the implementation of the customer management strategy featuring stratified and grouped management, data-driven operation, channel coordination and conversion from transaction to contribution. The Bank upgraded customer management model, deepened intensive management of basic customers, improved the collaboration mechanism between the Head Office and branches, and improved overall operation efficiency. Leveraging its advantages of having business outlets and professional customer managers, the Bank improved its customized professional services to medium- and high-end customers, bolstering offline operating capacity. Relying on operation tools such as the CEB Mobile Banking app, the Bank promoted the construction of platform- and scenario-based business models. Giving play to the leading advantages of the social finance platform of "Golden Cicada Community and Wealth Manager Workshop", the Bank boosted customer acquisition and value conversion, realizing service transformation and upgrading. The Bank strengthened collaboration between corporate banking and retail banking to boost massive customer acquisition, business coordination and cross-marketing. By adopting a customer-centered approach, the Bank researched on the market, designed products and offered services to enhance the quality and efficiency of integrated customer management on all fronts. The Bank launched the "Sunshine+" retail customer membership system, established an integrated matrix life-cycle growth chain for retail customers to guide their chain-based growths, and developed a new multi-tiered differentiated service model. Deeply engaged in the digital transformation efforts such as digital retail infrastructure, model application, strategy synergy, tool iteration and digital engineering, the Bank established a new full-domain intelligent customer management model to serve the retail banking sector. As at the end of the reporting period, the Bank had 157.6288 million retail customers (including holders of debit and credit cards), and medium- and high-end customers with at least RMB500,000 of daily average assets per month grew by 6.77% from the end of the previous year, reflecting better customer quality. There were a total of 346.4571 million users for the three apps — CEB Mobile Banking, Sunshine Life and Cloud Fee Payment, up 13.04% year on year. Among these, the number of monthly active users (MAU) was 72.0907 million, up 4.81% year on year, and the balance of AUM totaled RMB2,952,801 million, up 8.36% over the end of the previous year.

2. Retail deposits

The Bank continuously promoted high-quality business development of retail deposits. Guided by the operation orientation of "improvement in both quantity and quality", the Bank deepened integrated operation of deposits to realize scale expansion, structure optimization and cost reduction for retail deposits in a coordinated manner. The Bank continued to enhance its capacity to acquire funds from the source, strengthened coordination between corporate banking and retail banking to develop agency payroll business, deepened the "Wage Butler" integrated agency payroll services for customers, optimized the online agency payroll service process, and promoted the Enterprise Administrative Management Platform ("Xin Yue Tong") in order to provide corporate customers with one-stop digital service solutions. The Bank continued to carry out exclusive activities such as "Premium Pay" and "Payday Afternoon Tea" to provide individual agency payroll customers with diversified value-added services. The Bank intensified scenario-based traffic operation, vigorously expanded key livelihood scenarios such as social security & livelihood service, preferential treatment for the military and their families, health and medical care, and at-home care services for the elderly, and boosted batch customer acquisition and scenario-based traffic fund retention. The Bank enhanced channel coordination, expanded quick payment business by linking CEB cards to third parties, and increased transaction volume via online platforms to retain settlement funds. The Bank intensified the synergy between debit card and credit card businesses for customer acquisition and activation to enhance customer loyalty and service experience. As at the end of the reporting period, the balance of retail deposits (including the retail portion in margin deposits) of the Bank was RMB1,288,797 million, an increase of RMB88,008 million or 7.33% over the end of the previous year.

3. Retail loans

Adhering to the principle of "finance for the people", the Bank implemented financial measures for the benefits and well-being of the people, made efforts to serve inclusive finance, and effectively used financial services to boost consumption and expand domestic demands. In terms of personal housing loans, the Bank implemented the national financial policies for real estate, advanced the work of repricing existing housing loans in an orderly fashion and refined the interest rate pricing mechanism for housing loans to meet people's rigid demand for housing and improved demand for housing. In terms of personal business loans, the Bank continued to enhance fast loans with property mortgage, realized business transformation towards online operation and intensified procedure modification, strengthened the availability and convenience of inclusive loans, and constantly innovated featured inclusive finance projects centering on supply chains and industrial clusters to expand coverage and enhance efficiency of inclusive finance. In terms of personal consumer loans, the Bank continued to enrich its online and offline consumption financing products, expedited integration of consumption scenarios and financing products, improved customer financing experience, and enhanced the role of financial services in facilitating consumption quality improvement and upgrading. As at the end of the reporting period, the balance of retail loans (excluding credit card business) amounted to RMB1,106,676 million, an increase of RMB27,607 million or 2.56% over the end of the previous year.

4. Wealth management

The Bank insisted on developing its wealth management features and deepening the financial supply-side structural reform with a focus on the diversified and multi-layered wealth management needs of customers, swiftly responded to the market, and constantly enhanced product innovation and functional iteration. The Bank proactively made efforts to serve pension finance and inclusive finance, and established a market-wide product selection mechanism to enhance product inclusiveness, viability and security. By bolstering its data-driven approach, the Bank improved its ability to identify customer needs and analyze customer profiles to accurately match the wealth management demands of different customer groups and build a stratified and grouped exclusive product and service system. The Bank formed a classified, stratified, professional and efficient retail service team, intensified application of investment research results, further developed the platform that integrates investment research, consulting and asset allocation to effectively strengthen asset allocation and professional service capabilities. The Bank continued to improve risk control capabilities in wealth management, established a full-life-cycle product management system covering pre-sale selection, during-sale monitoring during sale and post-sale evaluation. Using a multi-factor analysis model for quantitative, professional and clear evaluation management of agency sale products, the Bank built a closed loop of execution, monitoring, evaluation and optimization to embed risk management in all links of agency sale business, providing customers with cross-cycle wealth management services. During the reporting period, the Bank's net fee income from personal wealth management stood at RMB6,245 million, accounting for 32.75% of the Bank's total net fee income.

5. Private banking

The Bank deeply integrated the development of private banking into technology finance, inclusive finance, pension finance and digital finance in order to foster wealth management features and brands. The Bank improved the integrated financial services that combine commercial banking, investment banking and private banking for sci-tech innovation firms, and launched the "Into Hundreds of Enterprises" joint marketing activities and "Ji Xian Hui" entrepreneur gathering activities, serving 8,725 entrepreneurs involving RMB117,228 million of AUM, up 21.64% over the end of the previous year. The number of accounts under tripartite deposit management were 21,674; the number of customers of Cloud Fee Payment funds and inclusive finance insurance exceeded 482.3 thousand, and the number of account-opening customers of Wealth Wallet exceeded 1,674 thousand, an increase of 15.40% over the end of the previous year, initially forming the "life fee payment + inclusive finance" one-stop service capability. The Bank enriched the general pension finance product shelf that includes individual pension insurance, funds and commercial pension products, with the scale of agency insurance products standing at RMB102,198 million, a year-on-year increase of 20.34%. The Bank upgraded the two major tools (pension ledger and pension planner), integrated the five service matrices covering wealth, community, health, companionship and interests, and served customers for 2.2148 million

person-times in the online special zone of pension finance. The Bank strengthened the development of digitalized investment research and investment consultation, optimized the advisory platform of “Sunshine Consultant”, and launched two bank-level key digital investment consultation tools including “wealth ladder”, a digital asset allocation tool, and “income statement”, a digital income visualization tool, serving customers for 2.1 million person-times. As at the end of the reporting period, the sales volume of agency products such as public placement, private placement and insurance amounted to RMB166,075 million, the AUM for agency products amounted to RMB310,165 million, an increase of 4.47% over the end of the previous year, and the scale of family trust (including insurance trust) increased by over 256% over the end of the previous year. The Bank comprehensively deepened the reform of customer base management, strengthened the stratified, classified and grouped management, improved its abilities in digital operation, activity operation and benefit operation. Focusing on three types of customer base including middle- and old-aged customers and their children, self-focused female customers and entrepreneurs, the Bank promoted transformation from “serving individuals” to “serving families” among its banking outlets for customer base management, and built a full-life-cycle service system. The Bank optimized the point-based platform to serve a total of 149 thousand customers. As at the end of the reporting period, the Bank had 71,208 private banking customers, an increase of 7,706 customers or 12.14% over the end of the previous year. The AUM of private banking customers amounted to RMB701,051 million, an increase of RMB63,243 million or 9.92% over the end of the previous year.

Column 3: Developing the pension security service system to solidify pension finance

The Bank actively leveraged the coordination role of the pension finance leadership committee to facilitate the implementation of the *Work Plan for Pension Finance*. It strengthened coordination and linkage with CEG’s business segments such as healthcare, medical service and cultural tourism, establishing a pension finance business management system centering on three segments including pension finance, elderly care service finance, and elderly care industry finance.

I. Exploring deeper into the pension security system

The Bank actively carried out the social security card business by optimizing services to be more convenient and age-friendly, realizing one-stop processing of services including social security card issuance and financial function activation, and forming an exclusive, comprehensive and well-conceived service model. Moreover, the Bank provided professional services for corporate and occupational annuities, created a professional and efficient integrated service system for annuity custody, and facilitated the preservation and appreciation of annuity fund assets with systematic, professional and standardized services. The Bank conducted efficient and convenient personal pension business, and provided “account + function + product” three-in-one pension security tools and comprehensive finance accompanying services.

II. Providing full-view account management service

Customers can use the pension finance section of CEB Mobile Banking to handle their pension accounts in a one-stop manner. The Bank provided customers with two tools (pension ledger and pension planner) to support one-stop pooling of pension assets, quick calculation of total pension costs and needs, real-time consultation with wealth managers on wealth management planning and allocation. Small tools such as tax calculator and statutory retirement age calculator can provide more service experiences for customers. As at the end of the reporting period, the special zone of pension finance had served customers for 2.2148 million person-times.

III. Meeting individual needs with accurate services

Considering the wealth management and wealth inheritance requirements of customers of different ages and backgrounds, the Bank classified them into four key customer groups: the young, young professionals, the middle-aged and the old-aged. Focused on five demands including daily expenditure, steady income, wealth appreciation, risk protection and inter-generational inheritance, the Bank provided customers with individualized asset allocation schemes and product portfolios. the Bank continued to enrich pension finance product supply by building two product shelves including personal pension products and mega pension finance products, delivering full range of products including savings, wealth management, fund and insurance, In total, the Bank provided customers with a total of over 650 pension finance products, including 197 personal pension products and 461 mega pension finance products.

IV. Improving the age-friendly service capacity on all fronts

The Bank completed age-friendly renovations for over 1,500 branch outlets, created "Pension Finance Service Centers", and trained qualified pension planners to offer an exclusive age-friendly service environment, a professional pension finance service team, enriched pension finance products and service capabilities, and various pension finance knowledge publicity programs. The Bank launched an age-friendly version of mobile banking, opened a dedicated phone banking line called "CEB Silverline" for senior customers, launched exclusive age-friendly video services, rolled out three main services (remote assistance, video business navigation and pension finance video investment consultation) to enhance online service experience for the elderly.

V. Facilitating the development of elderly care industry finance

Closely in line with China's silver economy deployment and local elderly care industry planning, for customers in the elderly care industry, the Bank formulated service solutions, optimized credit policies, offered stronger financial support, and contributed to high-quality development of silver economy. Considering various business formats of the elderly care industry, the Bank cooperated with state-owned platforms in key regions for pension finance, and provided comprehensive financial services for customers in the elderly care industry in a bid to meet the needs of customers, laying a foundation for comprehensively promoting the services in the elderly care industry.

Case 5: Prioritizing the elderly with warm services

Organizing the first "Everbright Elderly Service Month" campaign

By leveraging the CEG's synergistic strengths, the Bank explored ways to integrate the elderly care resources of CEG's subsidiaries. By integrating scenario-based services such as elderly care institution experience, expert diagnosis and treatment and age-friendly tourism, the Bank organized the first "CEG Elderly Service Month" campaign themed "Brilliant Age and Colorful Life" nationwide, which consists of over 700 pension finance events, attracting over 30,000 participants and receiving positive feedback from the society.

Providing one-stop comprehensive pension finance services

CEB Beijing Branch seized the opportunities arising from the policy window of the third-generation social security card issuance, entered enterprises to offer comprehensive services by effectively combining the functions of both personal pension account and third-generation social security card account to provide employees of enterprises with one-stop comprehensive pension finance services. The Bank formulated a multi-round and multi-phase enterprise-visiting comprehensive service model, established a multi-layered and multi-pillar elderly service system, and provided enterprises and their employees with efficient and caring services. Working with insurance companies, the Bank established a "pension + insurance" service model that combines commercial insurance and personal pension to expand the scope of pension finance services. As at the end of the reporting period, CEB Beijing Branch opened a total of 150.2 thousand personal pension accounts, an increase of 62.9 thousand or 72.05% over the end of the previous year.

6. Credit card business

The Bank continuously strengthened its prudent and steady development philosophy, insisted on the return to the origin of consumption, shifted focus back to branches, and used fine management to constantly optimize customer base and asset structure. The Bank proactively facilitated its business transformation, intensified integrated management for customer acquisition, business operation and installment for consumption customers. Focusing on dual-card operation, the Bank strengthened customer life-cycle management and marketing reach, increased installment products in scenarios such as auto loan installments to maximize the role of credit cards in supporting consumption. The Bank continued to enhance risk management, upheld strict and prudent new customer access criteria and differentiated credit approval and credit extension policies, actively reduced existing risk-taking assets, and improved efficiency and capability of recovering non-performing assets. The Bank expedited technology and data empowerment, successfully migrated all credit card transactions to the new-generation credit card system, and focused on developing systems for intelligent customer management, Sunshine Life app and comprehensive business platform. The Bank continuously improved its consumer protection system and whole-process management mechanism, organized diversified education and publicity campaigns for financial consumers, and enhanced both the automatic and intelligent levels of customer inquiry and complaint handling. As at the end of the reporting period, the total number of credit card customers was 52.0088 million; the number of monthly active users of the Sunshine Life app was 16.4976 million; the transaction amount was RMB1,680,066 million; the time-point overdraft balance was RMB375,689 million (excluding payment adjustments to transitional accounts); and the credit card business income was RMB33,156 million.

7. Digital banking and Cloud Fee Payment

Insisting on the customer-centered approach, the Bank actively made efforts to carry out its digital finance business, improved open, digital and intelligent service capabilities in key areas such as Cloud Fee Payment, scenario-based finance, and the online channel development and integrated operation for corporate banking and retail banking, so as to better serve the real economy and social livelihood. CEB Cloud Fee Payment maintained its advantages as China's leading open-ended convenient fee payment platform to expand the scale and service coverage of basic livelihood projects, with a focus on improving rural livelihood services and advancing digitization of inclusive finance. The Bank prioritized extending electricity, water and gas fee payment services to counties and townships (villages), broadening service channels, and realizing full coverage of electricity fee collection services, with the county-level coverage rates of water and gas fee collection services reaching 69.35% and 67.53%. In terms of government affairs fee payments, the Bank deepened collaboration with local governments at all levels to help them realize once-for-all online handling of government affairs, with non-tax fee collection services available in 30 provincial-level jurisdictions. The Bank offered social security collection services in 30 provincial-level jurisdictions, and launched the Tibetan language version to improve the sense of gain and happiness of residents in ethnic minority areas with such convenient financial services. As at the end of the reporting period, the platform offered 17,980 fee payment service items cumulatively, a year-on-year increase of 1,740 items or 10.71%. The payment service items were exported to 880 platforms cumulatively, an increase of 65 platforms or 7.98% throughout the year. The Bank served 3,399 million person-times, a year-on-year increase of 18.05%, with the total amount of fee payment reaching RMB904,136 million, a year-on-year increase of 8.65%. The Bank focused on building featured services of scenario-based finance. Sunshine Logistics Express ("Wu Liu Tong"), Sunshine Housing Express ("An Ju Tong"), Enterprise Administrative Management Service Platform ("Xin Yue Tong") and Wonderful E-shopping increased scale consistently to strengthen the Bank's comprehensive scenario-based operation capabilities. With Sunshine Logistics Express ("Wu Liu Tong"), the Bank accelerated expanding partnerships with leading logistics enterprises to advance innovation of credit-based and account-based financial products, optimize value-added services and extend service chains. The Bank deepened cooperation with a total of 86 logistics industry leading enterprises. During the reporting period, it served 11.5286 million cargo owners and drivers, with the amount of transactions totaling RMB217,811 million. Through Sunshine Housing Express ("An Ju Tong"), the Bank made efforts to collaborate with local housing administration authorities, and proactively innovated business model to establish deep cooperative relationships with 22 leading enterprises in the industry, with the transaction volume standing at RMB409,529 million during the reporting period. With Enterprise Administrative Management Service Platform ("Xin Yue Tong"), the Bank targeted at MSMEs to upgrade agency payroll services, further develop value-added services for the digitalized management of general affairs covering human resources, finance and administrative affairs, develop a featured benefits module, and accelerate iteration and upgrading. During the reporting period, the platform attracted 20.6 thousand new users. The Bank rolled out the version 12.0 of CEB Mobile Banking, enhancing wealth management functions, promoted the upgrade of sections such as wealth management, funds and credit cards. The Bank continued to optimize the special zone of pension finance, launched featured brands such as "Wealth Illumination Festival" and "Wealth Management Night Market", and improved membership benefits for retail customers. Meanwhile, the Bank enhanced micro-finance services including small-amount funds, wealth management and insurance on its Cloud Fee Payment app. The Bank launched Easy Utility Loan ("Sheng Xin Hua"), a convenient fee payment loan product, and optimized diversified value-added services such as Fee Payment Wallet ("Jiao Fei Bao"), reinforcing its "life + finance" ecosystem for livelihood services. Cumulatively, it attracted 441 thousand fund customers. As at the end of the reporting period, the mobile banking platform had 65.9629 million registered users, a 6.54% increase over the end of the previous year and its direct payment service reached 229 million users, up 17.44% year on year.

Column 4: Comprehensively advancing digital transformation to make efforts to serve digital finance

The Bank regarded data elements and digital technologies as key drivers to strengthen digital infrastructure construction. Focusing on corporate banking, retail banking and scenario-based banking, the Bank realized online, platform-based and ecosystem-oriented development of key businesses, comprehensively enhanced digital operation and product innovation service capabilities, and established a new digital finance development model with Everbright characteristics.

I. Adhering to the principles of "value stratification, demand grouping, service grading and ecosystem integration" to deepen the digital operation of corporate banking and improve the quality and efficiency in serving the real economy

The Bank deepened its stratified and grouped management of corporate customers, built an industrial cluster profiling system, and implemented digital marketing for industrial clusters in the "Deepening Cooperation with Industrial Clusters" campaign. Databases for green finance enterprises and projects were developed. The Bank built an identification and management system for tags of customers in five categories, and improved the ecosystem value system of strategic customers. The Bank innovated corporate banking products and services, launched the whole-process online discounted bill product called Sunshine Fast Discounting, established a digital sales channel for corporate fund agency sales, promoted online transformation of bill business, took "Sunshine Instant e-Loan" as a pilot program to optimize the credit-granting business process for corporate inclusive finance, and built the key product Enterprise Administrative Management Service Platform ("Xin Yue Tong"), attracting 20.6 thousand new corporate customers during the year. The Bank advanced the scenario-based development of its transaction banking business. Sunshine e-Financing Chain conducted whole-process online operation to engage with 53 quality platform projects, with the cumulative issuance amount and the cumulative financing amount reaching nearly RMB100 billion and the number of users reaching nearly 10 thousand. The Bank actively expanded scenarios for automated cross-border remittance business to extend its online, one-stop, intelligent and digital international settlement services. Cash management products witnessed deeper scenario-based applications, with the cumulative transaction volume standing at RMB275,622 million. The Bank integrated the "Cloud Corporate Treasury Platform" and the "Supply Chain Cloud Platform" to create a "financing + cross-border business + settlement" integrated platform. The Bank bolstered its digital service capabilities for corporate inclusive finance, optimized inclusive finance services on its corporate mobile banking platform, and launched a customer service section for the SME coordination mechanism and an internal marketing management system. The Head Office continued to promote flagship products such as SRDI Enterprise Loan, while branches launched regional featured products such as Enterprise Benefit Loan, Regular Credit Loan, Nanchang Bank Statement Loan and Xiaoxiang Bank Statement Loan. The Bank optimized its digital service platform, built a corporate banking work platform, upgraded the standard, inclusive and interbank versions of the corporate banking app, and launched a new version of corporate online banking.

II. Upholding the customer-centered business philosophy to comprehensively advance digital and intelligent transformation in retail banking and enhance the convenience of financial services

The Bank strengthened digital operation based on stratified and grouped management for retail customers, yielding remarkable operation achievements. As at the end of the reporting period, AUM of the retail customer base rose by RMB148,788 million, an increase of 26.53%. Focusing on the whole life-cycle of wealth management customers, the Bank iterated marketing models and strategies, highlighted the application of digital marketing tools, completed the service journey for key customer groups, and steadily increased coverage of digitalized activities. The Bank increased the supply of wealth management products and promoted online service innovation to enhance service accessibility and inclusiveness. The Bank developed exclusive wealth management products for key groups such as pension customers, and first developed and launched "Sunshine Gold Self-selection Plan", a wealth management service that allows customers to select maturity dates by themselves, in cooperation with Everbright Wealth Management Co., Ltd. The Bank strengthened digital empowerment for private banking. Through H.O.-branch coordination, it built two private banking data model-building capabilities for customer marketing and product marketing, driving an increase of 9,674 private banking customers and RMB8,187 million of product sales. The Bank enhanced the development of digital investment research and advisory capabilities and launched the "Sunshine Consultant" mobile investment advisory app for wealth managers. Focused on the combination of content-based investor education and asset allocation capabilities, the app recorded 1.312 million customer visits. The Bank improved the online operation level and the intelligence level of retail loans, digitized products such as Mortgage Fast Loan and Machinery Fast Loan, and innovatively launched widely-applicable products and services such as Tobacco Merchant Loan and Preferential Merchant Loan. The Bank strengthened retail digital channel construction, built full-process, full-link and full-channel service model for CEB Mobile Banking, Sunshine Life and Cloud Fee Payment, and released the version 12.0 of the CEB Mobile Banking app. The Sunshine Life App expanded its online consumption and life scenarios with its the number of MAUs reaching 16.4976 million. The Cloud Fee Payment platform served 229 million direct payment users. The "Golden Cicada Smart Hub" recorded 23.8008 million annual visits and RMB98,865 million of transaction volume.

III. Enhancing livelihood, supporting industries and optimizing government affairs services to enhance the Bank's digital scenario ecosystem and drive comprehensive business value in attracting customers, boosting deposits, increasing loan granting and creating income

The Cloud Fee Payment platform remained as China's leading open-ended convenient fee payment platform. As at the end of the reporting period, the Cloud Fee Payment platform provided 17,980 payment items, serving 3,399 million person-times during the year with the total amount of fee payments amounting to RMB904,136 million. Focusing on traffic management, the Bank constructed an inclusive finance ecosystem, iterated Fee Payment Wallet ("Jiao Fei Bao"), a scenario integration product, and accelerated the development of advantageous products in featured scenarios such as logistics and housing transactions. Sunshine Logistics Express ("Wu Liu Tong") provided services such as account system, payment & settlement and online financing to upstream and downstream customers. Sunshine Housing Express ("An Ju Tong") ensured secure and smooth housing transaction funds for both institutional and individual customers. The Bank strengthened digital government affairs scenario services and accelerated the connections between government service platforms and industry management platforms. As at the end of the reporting period, provincial government service platforms covered 26 provinces (autonomous regions and municipalities), with 30 new digital government scenario projects added during the year. Cloud Fee Payment's government affairs service achieved a new breakthrough, and its cooperation with government official platforms was deepened, realizing mutual connections with one-stop service platforms in 25 provinces. The social security collection service spanned across 30 provinces (autonomous regions and municipalities), serving 153 million users during the year.

IV. Taking data elements and digital technologies as key drivers to enhance digital risk management and advance digital infrastructure development

The Bank improved its data governance system, conducted effectiveness evaluations on digital transformation and standardization of metrics related to serving the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance, and optimized basic data governance. The Bank upgraded the feature model strategy platform, added large model and real-time model services, and boosted the platform's agile service capabilities. The Bank accelerated the application of new technologies and deployed an efficient computing power system. The Bank promoted the implementation of the enterprise middle office strategy, scenario-based finance and the sub-tasks of artificial intelligence. The AI middle office platform provided a total of 210 AI capabilities, exported to 282 application scenarios with 549 new scenarios added for RPA, bringing the total number to 1,219. The Bank strengthened the construction of a full-stack cloud platform, with computing power in full-stack cloud increasing by over 47%. The Bank strengthened both digital risk management and information protection, successfully completing a national governance campaign on cybersecurity with its performance in practical attack and defense drills rated as "excellent". The Bank built an enterprise-level digital finance intelligent risk control platform, enabling multi-dimensional and integrated risk control over customers, accounts, transactions and more, and launched the "Sunshine Cybershield" customer facial recognition application. Additionally, it enhanced personal information protection and data security.

Case 6: Cloud Fee Payment featured business

The Bank deeply integrated its Cloud Fee Payment platform with corporate and retail businesses to drive product innovation and optimize operation models for enhanced efficiency. The Bank comprehensively improved the digital financial scenario platform's value in customer acquisition, deposit growth, loan granting and income generation, while demonstrating the Bank's sense of responsibility as a central state-owned enterprise in serving the society and people's livelihood.

CEB Cloud Fee Payment is a platform created for serving people's livelihood and digital finance ecosystem. By integrating various payment services, multiple payment channels, and payment & settlement features, this platform enables users to make online payments easily anytime and anywhere, achieving the goal of "more data flows, less shoe costs". First, its services were extended to counties, realizing full coverage of electricity, communication and cable TV fee collections at the county level or above, and water and gas fee collection services reached nearly 70% of counties or above. Second, cooperation with government official platforms was deepened, facilitating the digitalization of government services. Social Security Cloud Fee Payment, a classic project for government fee payment services, provided convenient and efficient personal social security collection services to urban and rural residents as well as flexible employment groups covering 30 province-level jurisdictions, which also offered Tibetan language services in Xizang Autonomous Region and Qinghai Province, serving over 260 million users cumulatively. In terms of non-tax revenue collection services, the Bank cumulatively served 186 central fiscal revenue collection entities and covered 30 provinces for local fiscal non-tax revenue collection. The Bank provided payment service items such as traffic fines, park tickets, real estate registration fees and exam registration fees. Third, the Bank expanded output cooperation channels, basically achieving full coverage of mainstream internet platforms nationwide. The Bank cooperated with 880 institutions, including the leading internet companies, the e-CNY app and the provincial and municipal government service platforms. Fourth, the Bank promoted innovation in financial products, built a "life + finance" integrated service system. The Bank enriched its comprehensive wealth management products, including small-scale wealth management products, funds, insurance and deposits. The Bank launched low-threshold and inclusive finance products such as Fee Payment Wallet ("Jiao Fei Bao") and inclusive insurance, achieving one-stop services that combine convenient fee payment and wealth management.

iii. Financial market business

Operating income

RMB29,975 million

GMV

RMB3.35 trillion

The Bank's financial market business line persisted in serving the real economy by continuously strengthening its investment and trading capabilities and business operation level and improving the efficiency of financial resource allocation to actively serve national strategies. The Bank focused on the high-quality development of financial institution business and the growth of GMV among financial institution customers. The Bank advanced the financial institution ecosystem construction and maintained the steady operation of "Integrated Digital Service Platform for Financial Institutions". Committed to an investor-centered approach, the Bank strengthened the important role of "Sunshine Wealth Management" in wealth management, enhanced general asset allocation, optimized its investment strategy for public REITs, and expanded its stock option business. Additionally, the Bank leveraged the role of custody platform to improve collaborative efficiency, expand custody scale, increase custody income, and enhance the "Everbright Custody" brand. During the reporting period, the Bank's financial market business line realized an operating income of RMB29,975 million, an increase of RMB2,103 million or 7.55% year on year, accounting for 22.11% of the Bank's total operating income.

1. Treasury business

Actively implementing the national macroeconomic policies and industrial policies, the Bank actively gave play to the resource allocation function of bond business to consistently serve the real economy. The Bank refined its fund management, flexibly utilized various monetary instruments, and ensured liquidity security in both domestic and foreign currencies. The Bank improved its market analysis capabilities, managed bond portfolios in a forward-looking manner, seized market opportunities to increase asset allocation, and facilitated bond transactions using tactical operation to time the market, with a focus on investing in treasury bonds, local government bonds, policy financial bonds and high-grade credit bonds. Guided by a risk-neutral philosophy, the Bank bolstered the development of agency business, assisting corporate customers in hedging against exchange rate and interest rate risks. For the bond underwriting business, the Bank built a two-wheel-drive model for both agency trading and proprietary trading and promoted synergy between investment and bond underwriting and between investment and custody, contributing to the enhancement of comprehensive profitability capabilities. As at the end of the reporting period, the Bank's proprietary bond portfolio amounted to RMB1,363,099 million, accounting for 19.59% of the Bank's total assets, with treasury bonds and local government bonds accounting for 60.61% of the portfolio.

2. Financial institution business

The Bank advanced digital transformation for the management of financial institution customers centering on its "digitalization + ecosystem" strategy, built a financial institution cooperation ecosystem, and linked financial institution customers to various business segments for unified marketing and comprehensive operation to boost the quality and efficiency of financial institution customer management. Guided by GMV and centered on financial institution customers, the Bank steadily operated the Integrated Digital Service Platform for Financial Institutions with system features continuously refined in four service areas including product agency sales, matchmaking quotation, technology output and information services, to improve comprehensive customer service capabilities. Focusing on national key sectors and the development needs of the real economy, it supported direct financing for entities related to green finance, inclusive finance and sci-tech innovation through investments in credit bond and ABS, providing more targeted financial services for the real economy. The Bank conducted forward-looking market research and analysis, optimized asset structure, and promoted higher-quality and more efficient financial institution business. By adhering to the strategy-driven approach, the Bank optimized the allocation of resources, gave overall consideration to liquidity, risk management and performance indicators, and dynamically determined the optimal asset-liability portfolios. The Bank continued to pay attention to liquidity security for better liquidity management of the Bank, adhered to the compliance red line, strengthened credit risk monitoring and early warning, and maintained stable asset quality. During the reporting period, the Bank conducted business cooperation with nearly 4,000 financial institution customers, with the relevant balance of deposits totaling RMB581,536 million.

Case 7: Sunshine financial market featured business

The Bank continued to advance specialized operation, focused on GMV, a North Star Metric, and launched the "Sunshine Financial Market" brand, whose main development targets include stable allocation, active trading, increased agency business and strengthened risk control.

The Bank's financial institution business was built upon the "digitalization + ecosystem" strategic framework. For better digital finance service capabilities for financial institution clients, the Bank upgraded its "Integrated Digital Service Platform for Financial Institutions". This platform features four sections. First, the product agency sales section, based on the "CEB Selection" concept, provides customers with nearly 400 high-quality funds, wealth management and insurance asset management products. Second, the matchmaking and trading section displays business varieties and relevant information, offering ten products such as financial institution deposits, financial institution loans, ABS promotion, discounted bills and bond underwriting/issuance. Third, the technology output section showcases products and services with technological advantages, including ten products such as Cloud Fee Payment, Welfare Cloud, and Smart Corporate Treasury. Fourth, the research and information section offers functional modules such as research reports, news updates and live roadshows, serving customers' needs in market analysis and investment research.

Based on the construction and upgrading of the functional sections on the platform, the Bank built a differentiated, multi-level, scenario-based digital finance service ecosystem for financial institution customers to form a one-stop integrated digital service platform for financial institution customers with distinctive Everbright characteristics. In 2024, the platform had over 400 contracted customers with the transaction volume exceeding RMB10 billion.

3. Asset management

As the year 2024 marked the 20th anniversary of the establishment of "Sunshine Wealth Management", the Bank continued to leverage its pivotal role in asset management, closely aligned with investors' demands to enhance both the quality and efficiency of wealth management services, and launched a new wealth management product called "Sunshine Gold Self-selection Plan", realizing 24/7 availability for cash product purchases. The Bank launched themed wealth management products related to pension finance, inclusive finance, green finance and technological innovation in making efforts to serve the five target areas of finance (technology finance, green finance, inclusive finance, pension finance and digital finance). The Bank continued to cultivate industry-leading investment research capabilities by releasing a report titled China Asset Management Market 2023-2024, advancing the construction of a production-research-investment systematic investment framework, and building a digitalized, platform-based and systematic investment research layout. The Bank enriched its multi-strategy and multi-asset investment toolkit, explored a variety of equity investments, promoted the development of capital market businesses, expanded stock option business, and supported SRDI tech firms. The Bank refined its risk management and internal control system to support the development of its wealth management business, iterated risk management models, strengthened internal control and compliance management, enhanced refined management practices, and ensured stable and sound development of wealth management business. As at the end of the reporting period, the Bank's consolidated balance of non-principal-guaranteed wealth management products stood at RMB1,599,488 million, of which NAV wealth management products totaled RMB1,577,835 million, accounting for 98.65% of the total. During the year, the Bank cumulatively issued RMB3.7 trillion of non-principal-guaranteed wealth management products, and created value of RMB34,470 million for investors.

Case 8: Sunshine wealth management featured business

The Bank continuously explored a distinctive asset management development path with Chinese characteristics, closely followed the integration trends of wealth management and asset management, and constantly enriched its wealth management service models.

Maturity date self-selection wealth management services

In 2024, the Bank launched a wealth management product called "Sunshine Gold Self-selection Plan" that allows customers to set the product holding period by themselves. This product, which was designed to satisfy customers' fund usage needs and facilitate investors' liquidity management, features a low-volatility and robust investment strategy and primarily invests in fixed-income assets. The product allows investors to select a maturity date in advance and will be automatically redeemed upon maturity. Product investment managers could capture more liquidity premiums for wealth management products through strategies to accurately match capitals and assets while effectively controlling risks, so as to create opportunities to obtain more returns and enhance investors' wealth management experience. The sales volume of this product exceeded RMB4 billion.

Stock option business

Everbright Wealth Management Co., Ltd, a wholly-owned subsidiary of the Bank, became the first bank wealth management company to conduct stock option business. The Bank continued to support corporate financing needs through a business model that combines SRDI Enterprise Loan and stock option business, accompanying high-quality enterprises to grow while realizing its own development. The Bank signed stock option business contracts with over 230 institutions, among which national-level Little Giant enterprises and manufacturing sign-item champions accounted for nearly half. Meanwhile, the Bank embedded the concept of technology finance into product design, launched the "Sunshine Purple Premium" series of private placement product that incorporates the stock option projects held by Everbright Wealth Management Co., Ltd. This approach can not only ensure the safety of the principal but also allow investors to share certain excess returns arising from the future growth of technological innovation enterprises. This product can not only help broaden financing channels for enterprises, but also effectively serve investors' diversified asset allocation needs.

4. Asset custody

The Bank's asset custody business leveraged its role as a platform to jointly build an financial institution ecosystem, continued to expand custody scale, increase custody income and enhance the "Everbright Custody" brand. Insisting on the customer-centered approach, the Bank upheld the service philosophy of "Worthy Custody, Shared Prosperity", and continuously optimized customer service system for custody business. The Bank strengthened building itself into a "full-category" custodian bank, with two public REITs products under its custody successfully issued and listed. The Bank's pension custody featured business grew rapidly, with the scale of assets reaching RMB460 billion, up 16.96% from the end of the previous year. Supporting the transformation and development of new productive forces, the Bank won custody bids for an advanced manufacturing industrial guidance fund of nearly RMB10 billion. The Bank also accelerated expanding the global presence of "Everbright Custody", as CEB Hong Kong Branch successfully launched new businesses such as QDII custody and Hong Kong local fund custody. Additionally, the Bank reinforced risk, compliance and internal control management to ensure continuous, secure and stable operation of all custody businesses. During the reporting period, the Bank's asset custody business realized an after-tax income of RMB1,556 million.

XV. BUSINESS INNOVATION

The Bank further refined its innovation management system, established a sustainable and innovation-driven mechanism, controlled risks in innovation projects, ramped up efforts in innovation guidance and incentives, and effectively managed the approval, supervision and closure of innovation projects. As at the end of the reporting period, the Bank granted project closure approvals to 16 innovation projects in public service sectors including education, healthcare and transportation. The Bank set up annual awards for innovation development, aligned with serving the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance, recognized excellent achievements across five categories including product/service, management, technology, external innovation demonstration and innovative ideas, with a total of 36 projects and 146 creative ideas winning awards.

XVI. FINANCIAL TECHNOLOGY

The Bank established a three-in-one digital Everbright strategic framework integrating "Bank-wide strategic planning, digital transformation planning and technological strategic planning", and furthered the building of the "123+N" digital banking development system. During the reporting period, the core indicators continued to grow. Empowered by "one smart brain", the Bank developed over 120 training algorithm models, and strengthened the cross application of multi-modal bio-metrics identification covering over 760 scenarios, up approximately 11% from the previous year. The "two technological platforms" (cloud computing platform and big data platform) were further consolidated. Nearly 70% of the Bank's application systems were uploaded to the cloud. The big data platform supported efficient computing, and the total amount of data on the platform exceeded 17 PB, an increase of approximately 24% over the previous year. The "three service capabilities" were steadily improved with a focus on mobilized, open-ended and ecosystem-based development, and the new digital operation model based on the customer-centered business philosophy was created. The "N (numerous) digital hit products" provided customers with convenient online financial services such as Cloud Fee Payment, Cloud Payment, Sunshine Digital Loan, Sunshine Logistics Express, Overseas Finance Cloud and Sunshine Financing e-Chain.

The Bank continuously advanced its technological strategic planning by regularly tracking and reporting on the key progress of technological projects during the 14th Five-Year Plan period. It successfully passed the PBOC's annual on-site technical acceptance of information technology application innovation and annual evaluation at the acceptance meeting, earning an "Excellent" rating in the evaluation. The Bank promoted Head Office-branch research collaboration, leveraging the specialized technological innovation research office to complete 27 research projects. The Bank's fintech business line filed for 877 intellectual property rights, including 56 patent applications. The Bank ensured safety during critical periods of time, organized the unified routine drills for the financial industry and the network security emergency drills for the securities and futures industry, and earned an "Excellent" rating in the GH2024 special operation. The Bank's production systems maintained stable operation with an overall availability rate of 99.99979%. During the reporting period, there occurred no major security incidents in the Bank.

The Bank completed the formulation and release of 485 data standards related to serving the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance, realizing a year-on-year increase of 4.35% in its comprehensive data quality score. The Bank carried out governance in line with the new capital rules to efficiently reduce risky assets and improve the capital adequacy ratios at all levels. The successful launch of the Unified Reporting Platform ("Yi Biao Tong") accelerated and improved the quality of digital transformation. The Bank completed 317 data security impact assessment requirements and conducted classification and grading for all data types. Through platform construction, the Bank realized the highly-efficient flow of data into the data lake, which improved work efficiency by 20 times. An intelligent analysis tool called "Ask Data" was developed to provide front-line users with a rapid data access channel. The Bank completed 21 types of automated data analysis reports, built a strong data analysis team consisting of 1,239 persons, and organized a data analyst competition. The Bank independently developed the "Enterprise Data Asset Valuation Tool", and rolled out products such as Guiyang Data Asset Loan ("Gui Shu Dai") and Chaoyang Data Asset Financing Loan ("Chao Shu Rong").

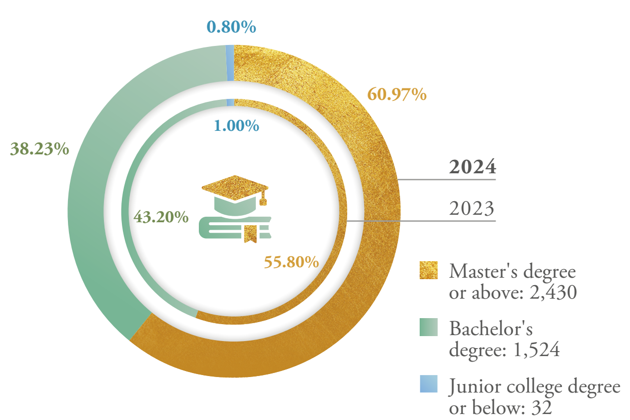
Management Discussion and Analysis

The Bank vigorously advanced the construction of major technology R&D projects. The Bank put into production the loan business module in the new-generation international settlement system for the first time, started the construction of the Corporate Credit Management Platform (CCMP), finished the migration of interbank fund business to the treasury business integrated management platform, successfully realized full incorporation of the electronic bill business into the new-generation bill system, made smooth progress in the construction of the new-generation integrated counter system, and advanced the construction of the finance and accounting system (new general ledger) in an orderly manner. The Bank bolstered its R&D capabilities, promoted cloud application of information technology innovation products and infrastructure construction, continuously developed and optimized its basic platforms, and deepened the application of artificial intelligence. Its AI middle office had cumulatively connected to 76 systems, served 39 institutions including the Head Office and branches, provided 210 AI capabilities, and exported to 282 scenarios.

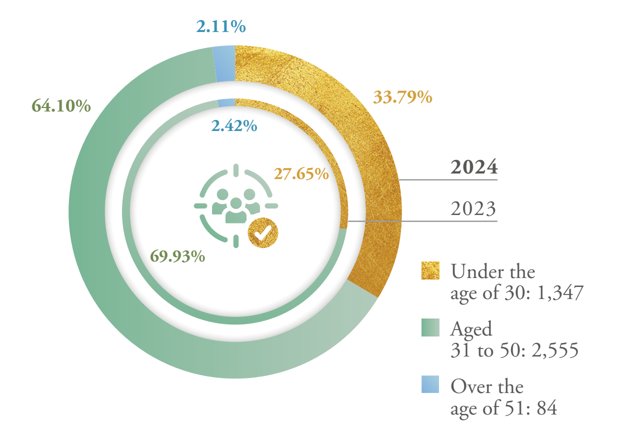
In digital transformation management, the Bank rolled out 19 key projects to promote digital transformation, yielding good results in areas such as customer acquisition in external scenarios and online loan business. In digital operation, the Bank provided technological support, so that the balance of corporate loans increased by RMB184,388 million, the balance of online inclusive loans for corporate and retail customers reached RMB64,193 million, the balance of loans through online channels and platforms reached RMB165,367 million, the approval balance of personal loans amounted to RMB892,806 million, and the AUM of basic retail customers increased by RMB148,788 million. In model planning and governance, formulated the *Model Construction and Development Plan*, and laid out intelligent solutions for the comprehensive application of "decision-making model + generative model". In technological research, development and application, the Bank launched an intelligent credit report generation feature powered by large models, which significantly improved the efficiency of credit-granting investigation processes for customer managers. In digital middle offices, the Bank continuously consolidated the foundations of the platform that integrates features, models and strategies to support efficient online operation.

The Bank continued to improve the technological input-output effect, and strengthened the building of talent teams. During the reporting period, the Bank invested RMB6,573 million, an increase of RMB758 million or 13.04% over the previous year, accounting for 4.85% of the operating income. As at the end of the reporting period, the number of IT personnel across the Bank the was 3,986, an increase of 301 over the previous year, accounting for 8.31% of the personnel of the Bank. In terms of educational background, 32 employees held a junior college degree or below, accounting for 0.80%, 1,524 employees held a bachelor's degrees, accounting for 38.23%, and 2,430 employees held a master's degree or above, accounting for 60.97%. In terms of age, 1,347 employees were aged 30 or younger, accounting for 33.79%, 2,555 employees were aged 31 to 50, accounting for 64.10%, and 84 were aged 51 or older, accounting for 2.11%.

The educational background structure of IT personnel of the Bank



The age structure of IT personnel of the Bank



Case 9: Technology-empowered featured business

Data Asset Loan

Leveraging self-developed data asset valuation models and automated valuation tools and combining with local data element supporting policies, the Bank built featured products to offer financial services. Based on the "capital pool for the risk compensation of Guiyang City policy-based loans", the Bank launched Guiyang Data Asset Loan ("Gui Shu Dai") to offer financing services to data asset owners. For example, an internet technology company in Guiyang City is a national high-tech enterprise and a key big data enterprise aided by Guizhou Province. The Bank approved a credit limit of RMB10 million for this company through "Gui Shu Dai". Based on the certified interest subsidy policy specified in the *Work Plan of Beijing Chaoyang District for building an international data element industry agglomeration area*, the Bank launched Chaoyang Data Asset Financing Loan ("Chao Shu Rong") to provide an IT company in Beijing with a one-year working capital loan of RMB2 million to support the company's fund usage needs and help the company apply for interest subsidies to reduce financing costs.

Ask Data

Aiming to serve grassroots-level data users, the Bank developed "Ask Data", an intelligent analysis tool based on natural language dialogue by integrating AI large models and BI analysis. Both the PC version and the mobile version were launched and piloted in two sub-branches and one Head Office department. "Ask Data" aims to lower the threshold for data use, empower the front line to enrich business scenarios, and enhance data use experience. Combining both online and offline research methods, the Bank investigated into the data use scenarios and needs across 8 branches and 18 sub-branches, and released 1,125 indicators across 39 themes in 4 business areas including retail, corporate, treasury and operation. Based on the principle of "sharing for all", the Bank ensured data security while promoting data sharing, and provided intelligent and fast data access channels for front-line users.

XVII. HUMAN RESOURCES MANAGEMENT

The Bank steadily implemented its talent development plan to build a capable talent team. The Bank deepened human resources reform for cadres, conducting investigations to select and assign excellent and strong leading teams. The Bank persisted in strict management and supervision of cadres, fostering a clean and upright culture for selecting and employing staff. The Bank improved its talent growth mechanism and stepped up efforts in independent talent cultivation, striving to enhance the professionalism of various types of talents. The Bank continuously optimized organizational structure, establishing an organizational structure system with clear functions and well-defined rights and responsibilities. The Bank optimized the incentive and constraint mechanism, improved the performance evaluation and remuneration system, and guided all employees to form a correct view of achievements. The Bank strengthened the digitalization of human resources management to boost management efficiency. Additionally, the Bank intensified care and support for employees, striving to enhance their sense of fulfillment and happiness.

Management Discussion and Analysis

XVIII. INVESTMENT ANALYSIS

i. As at the end of the reporting period, the balance of the Bank's material external equity investments amounted to RMB13,233 million, on par with that of the previous year.

ii. Material equity investments

Unit: RMB10,000, 10,000 shares, %

Investee	Principal business	Investment amount	Number of shares held	Percentage of shareholding	Profit and loss during the reporting period	Partner
Everbright Financial Leasing Co., Ltd.	Financial leasing	468,000	531,000	90	202,406	Hubei Port Group Co., Ltd., Wuhan Rail Transit Construction Co., Ltd.
Everbright Wealth Management Co., Ltd.	Wealth management	500,000	–	100	187,593	Nil
Beijing Sunshine Consumer Finance Co., Ltd.	Personal consumer finance	60,000	60,000	60	5,832	China CYTS Tours Holdings Co., Ltd., O-Bank Co., Ltd
CEB International Investment Corporation Limited	Investment banking	HKD2,600 million	–	100	–HKD341.90 million	Nil
China Everbright Bank (Europe) S.A.	Fully-licensed banking business	EUR20 million	–	100	EUR1.33 million	Nil
Shaoshan Everbright Rural Bank Co., Ltd.	Commercial banking	10,500	10,500	70	330	Sany Group Co., Ltd., Guangzhou Baoli Hetai Financial Holding Co., Ltd., Changsha Tongcheng Holding Co., Ltd., Shaoshan Urban Construction Investment Co., Limited
Jiangsu Huai'an Everbright Rural Bank Co., Ltd.	Commercial banking	7,000	7,000	70	104	Jiangsu East Goldfox Fashion Co., Ltd., Huai'an Hongyun Municipal Co., Ltd., Nanjing Mengdu Tobacco Packaging Co., Ltd., Huai'an Honghuai Agricultural Industry Development Co., Ltd.
Jiangxi Ruijin Everbright Rural Bank Co., Ltd.	Commercial banking	10,500	10,500	70	664	Ruijin Cultural Tourism Development and Investment Co. Ltd., Ruijin Hongdu Aquatic Product Food Co. Ltd., Ruijin Shitong Driver Training School Co., Ltd., Ruijin Lvyexuan Forestry Co., Ltd.
China UnionPay Co., Ltd.	Bank card clearing	9,750	25,500	2.56	1,420,700	Other commercial banks, etc.
National Financing Guarantee Fund Co., Ltd.	Re-guarantee	100,000	–	1.51	–	20 shareholders including MOF, China Development Bank, Industrial and Commercial Bank of China, China Merchants Bank, China Life, etc.

Notes:

1. All the above-mentioned material equity investments were made with unquoted equity.

2. All the above-mentioned material equity investments were long-term investments.

3. All the above-mentioned material equity investments were in the form of new establishment.

4. All the above-mentioned material equity investments were completed.

5. All the above-mentioned material equity investments were not subject to any litigation.

iii. During the reporting period, there was no material non-equity investment and the Bank conducted bond investment in the ordinary and usual course of business. Please refer to the aforementioned for details.

iv. Financial assets designated at fair value during the reporting period

The Bank held domestic and overseas bonds and financial derivative instruments measured at fair value in the ordinary and usual course of business. Please refer to "Notes to the Consolidated Financial Statements" for details.

XIX. DURING THE REPORTING PERIOD, THERE WAS NO ACQUISITION OR DISPOSAL OF MATERIAL EQUITY OF THE BANK.

XX. MAJOR COMPANIES IN WHICH THE BANK HELD EQUITY

i. Everbright Financial Leasing Co., Ltd.

Established in May 2010, the company engages in financial leasing business. It was registered in Wuhan City, Hubei Province with a registered capital of RMB5.9 billion. During the reporting period, adhering to serving the real economy and focusing on its primary responsibilities and main businesses, the company gave full play to the functional features of financial leasing such as industry-finance integration and fund-assets combination, formed certain brand advantages in professional fields such as aviation, shipping, vehicles and new energy, and actively expanded business into fields such as new infrastructure, new materials, high-end manufacturing and rural revitalization, providing comprehensive, high-quality and efficient operating lease and financial leasing services for customers with a nationwide business network. As at the end of the reporting period, the company's total assets reached RMB151,148 million and its net assets stood at RMB16,841 million. It achieved a net profit of RMB2,024 million during the reporting period.

ii. Everbright Wealth Management Co., Ltd.

Founded in September 2019, the company specializes in asset management related businesses such as the issuance of publicly-offered wealth management products, the issuance of privately-offered wealth management products and wealth management advisory and consultation. It was registered in Qingdao City, Shandong Province with a registered capital of RMB5 billion. During the reporting period, the company closely aligned with investors' demands, improved the service quality and efficiency of wealth management business, enriched the "Colorful Sunshine" product system, optimized investment scenario and experience, refined the multi-asset and multi-strategy investment toolbox, and cultivated industry-leading investment research capabilities to create sustainable returns for investors and serve national strategies with professional strengths. As at the end of the reporting period, the company's total assets under management reached RMB1,599,488 million, its total assets stood at RMB11,098 million, and its net assets stood at RMB10,495 million. It realized a net profit of RMB1,876 million during the reporting period.

iii. Beijing Sunshine Consumer Finance Co., Ltd.

Founded in August 2020, the company specializes in businesses related to personal consumer loans granting. It was incorporated in Beijing with a registered capital of RMB1 billion. During the reporting period, the company continuously built its own business scenarios and promoted business transformation. As at the end of the reporting period, the company's total assets stood at RMB9,783 million, and its net assets stood at RMB1,317 million. It realized a net profit of RMB58 million during the reporting period.

iv. CEB International Investment Corporation Limited

Founded in June 2015, the company was licensed for securities trading, securities consultation, financing consultation and asset management business through its two subsidiaries. It was registered in Hong Kong SAR with a registered capital of HKD2.6 billion. During the reporting period, the company focused on conducting investment banking businesses such as listing sponsorship and underwriting, public offering and placement of new shares by listed companies, and enterprise refinancing. As at the end of the reporting period, the company's total assets stood at HKD8,475 million, and its net assets stood at HKD1,239 million. It incurred a loss of HKD341.90 million during the reporting period.

v. China Everbright Bank (Europe) S.A.

The company was incorporated in Luxembourg in July 2017 with a registered capital of EUR20 million. As a fully-licensed banking institution, it mainly engages in deposit taking, lending, bill issuance, bond issuance and other businesses of credit institutions permitted by the laws in Luxembourg. During the reporting period, it mainly conducted risk participation buying, among other credit businesses. As at the end of the reporting period, the company's total assets stood at EUR149.07 million, and its net assets stood at EUR20.54 million. It realized a net profit of EUR1.33 million during the reporting period.

vi. Shaoshan Everbright Rural Bank Co., Ltd.

Founded in September 2009, the rural bank engages in commercial banking services including deposit taking and lending. It was registered in Shaoshan City, Hunan Province with a registered capital of RMB150 million. During the reporting period, focusing on serving agriculture, rural areas and rural residents as well as Shaoshan City, it developed businesses for micro and small enterprises, helped boost the growth of county economy, and explored ways to support rural economic development with its financial products and services. As at the end of the reporting period, the total assets of the rural bank stood at RMB855 million, and its net assets stood at RMB248 million. During the reporting period, it realized a net profit of RMB3.3 million.

vii. Jiangsu Huai'an Everbright Rural Bank Co., Ltd.

Founded in February 2013, the rural bank engages in commercial banking services including deposit taking and lending. It was registered in Huai'an City, Jiangsu Province with a registered capital of RMB100 million. During the reporting period, it served agriculture, rural areas and rural residents, expanded businesses for micro and small enterprises, and achieved a steady growth. As at the end of the reporting period, the total assets of the rural bank stood at RMB1,031 million, and its net assets stood at RMB139 million. During the reporting period, it realized a net profit of RMB1.04 million.

viii. Jiangxi Ruijin Everbright Rural Bank Co., Ltd.

Founded in November 2018, the rural bank engages in commercial banking services including deposit taking and lending. It was registered in Ruijin City, Jiangxi Province with a registered capital of RMB150 million. During the reporting period, it actively explored ways to serve agriculture, rural areas and rural residents, and developed businesses for micro, small and medium enterprises. As at the end of the reporting period, the total assets of the rural bank stood at RMB748 million, and its net assets stood at RMB187 million. During the reporting period, it realized a net profit of RMB6.64 million.

XXI. STRUCTURED ENTITIES CONTROLLED BY THE BANK

The structured entities controlled by the Group but not recognized in the consolidated financial statements mainly include special asset management plans. Please refer to "Notes to the Consolidated Financial Statements" for details.

XXII. RISK MANAGEMENT

i. Credit risk management

The Bank adhered to unified credit management, strictly implemented consolidated risk limit management, conducted tiered management for large-credit customers, increased the intensity of post-investment and post-lending management, and further optimized the asset portfolio structure. The Bank ramped up risk control in key areas such as financing platforms and real estate, accelerated resolving existing risks, and strictly prevented incremental risks. The Bank advanced the reform of the credit approval policy and mechanism, promoted professional approvals by industry committees, and strengthened the centralized management of the Head Office on customer credit concentration and risk management strategies. The Bank integrated industry research resources in business and risk management, strengthened industry research to empower business development, and accelerated the commercialization of research outcomes such as the white list of credit customers. With a focus on shoring up weak links in digitalization, the Bank launched the construction of a new credit management platform. The Bank gave play to the role of large models in data mining and information analysis, realized intelligent risk analysis for credit customers and branches, and accelerated the digital transformation of risk management. The Bank sorted out existing non-performing assets, investigated deep into the root causes of non-performing assets, and improved the weak links in the system and mechanism, to form a closed-loop risk management system and enhance risk awareness for all employees.

The Bank insisted on serving the real economy, maintained stable credit growth, optimized credit resource allocation, and strengthened financial services for major strategies, key areas and weak links, actively supported the policy of "Two Renewals" (the large-scale renewal of equipment and the trade-in of consumer goods) and "Two Majors" (encouraging greater private sector participation in major national projects and programs including those aligned with major national strategies, and building up security capacity in key areas). The Bank made efforts to serve the five target areas of finance (technology finance, green finance, inclusive finance, pension finance and digital finance) to expand the coverage of support for tech firms, provided them with diversified and relay-style financial services throughout their life cycles, focused on supporting the green transition and digital upgrading of traditional industries, and accelerated the online development of inclusive finance, supply chain finance and retail finance. The Bank actively promoted the coverage expansion and efficiency improvement of the urban real estate financing coordination mechanism to help bring the real estate market back on a steady and upward trajectory. The Bank continued to deepen the MSE financing coordination mechanism, and stepped up credit support for MSEs and agriculture-related entities. The Bank also strengthened financial services for the consumption sector and supported the expansion of domestic demands.

The Bank strictly classified assets to disclose risk profile dynamically and objectively. The Bank pursued a prudent and sound provision policy, performing impairment testing and provisioning in line with the new accounting standards for financial instruments. Besides, the Bank improved the whole-process asset quality management mechanism, strengthened portfolio monitoring and penetration risk monitoring for large-value credit customers, and stepped up risk prevention in key areas. The Bank also intensified the disposal of existing non-performing loans and broadened disposal channels.

Please refer to the "Notes to the Consolidated Financial Statements" for further details about credit risk management.

ii. Liquidity risk management

The Bank strictly stuck to the bottom line of liquidity safety, insisted on a prudent concept for liquidity risk management, and adopted an active liquidity management strategy, in a bid to maintain liquidity at an adequate and stable level. In response to changes in economic and financial situations at home and abroad, the Bank positively responded to the challenges in operating environment, made forward-looking evaluation and strategic planning, and made overall planning for diversified liabilities. The Bank regularly conducted stress testing and emergency plan assessment, strictly controlled liquidity risk limits to proper balance liquidity, security and benefits, further improved its consolidated management governance system, and enhanced the risk resistance capacity of the Group.

Please refer to "Notes to the Consolidated Financial Statements" for further details about liquidity risk management.

iii Market risk management

The Bank closely followed the international political and economic situation as well as the domestic and overseas markets, and conducted forward-looking analysis and management on interest rate risk, exchange rate risk and commodity risk. The Bank established a market risk management system covering all links such as market risk identification, measurement, monitoring and control, and strengthened market risk limit management. The Bank conducted market risk stress testing, and improved the testing procedure and result application mechanism. The Bank also effectively implemented various risk prevention and control measures to ensure smooth operation of related businesses and prevent potential extreme market risks caused by emergency events.

Please refer to the "Notes to the Consolidated Financial Statements" for further details about market risk management.

iv. Large exposures management

In line with the Measures for the Administration of Large Exposures of Commercial Banks (Decree No. 1 of CBIRC in 2018), the Bank continuously enhanced large exposures management, orderly carried out work relating to measurement, monitoring and system optimization for large exposures, and thus effectively brought customer concentration risk under control. During the reporting period, all limit indicators for the Bank's large exposures were controlled within the regulatory scope.

Please refer to "Key Accounting Data and Financial Indicators" for relevant data about the indicators of large exposures.

v. Country risk management

The Bank established a country risk management system that fits in with its risk profile, regularly carried out country risk internal rating, set country risk limits and monitored them on a regular basis, conducted country risk stress tests, and optimized procedures for handling material risk matters. As at the end of the reporting period, the Bank was granted above investment grades in national and international ratings for country risk exposures. It also accrued adequate country risk provisions in accordance with regulatory requirements.

vi. Operational risk management

The Bank actively implemented new regulatory rules for operational risk, strengthened operational risk identification, monitoring and reporting in key areas, paid close attention to regulatory penalties, ensured accountability for the principal responsibilities of risk management, and raised awareness of compliance among all employees. The Bank effectively utilized operational risk management tools for risk identification, monitoring, evaluation and reporting to enhance management effectiveness. The Bank reported typical risk cases and intensified monitoring and cautionary reporting of recurring issues and emerging risks. The Bank also actively implemented the new regulatory rule on capital management to enhance the overall management ability of operational risk management and capital measurement.

Please refer to "Notes to the Consolidated Financial Statements" for further details about operational risk management.

vii. Compliance risk management

The Bank continuously tracked and monitored changes in external laws and regulations, and strengthened the internal implementation of external laws and regulations to optimize the institutional structure system. The Bank promoted the routine operation and effective implementation of the compliance officer mechanism, enhanced coordination between the first and second lines of defense in internal control and compliance, and fostered positive interaction in compliance management between domestic and overseas branches. The Bank improved management quality and efficiency in the prevention and control of lawsuits, conducted a dedicated case prevention activity themed "strengthening warning, tightening investigation and promoting development", and carried out screening and investigations into employees' abnormal fund transactions on a regular basis. The Bank promoted strict and precise accountability, and optimized the employee behavior management system. Meanwhile, the Bank strengthened related party transaction management, and improved the authorization management system. The Bank strengthened early-warning and reporting management for the compliance risks of consolidated institutions, and actively built a long-effect mechanism for internal control and compliance management.

viii. Reputational risk management

With the overall goal of maintaining a good reputation, the Bank consistently carried out all tasks effectively, with full consideration given to the impacts of reputational risk in areas such as operational management, business development, internal control and compliance. The Bank continuously strengthened institutional construction, optimized workflow, enhanced capabilities of risk prevention and control, conducted training and drills, intensified assessment and supervision, and improved management mechanism. The Bank also made unremitting efforts to identify potential reputational risks and continuously improved the capability of risk response and management, thereby maintaining a good reputation and image. During the reporting period, there was no material reputational risk event, which could seriously endanger the reputation of the Bank.

ix. Money laundering risk management

The Bank continuously improved the anti-money laundering management system and internal control system to enhance the level of money laundering risk management. The Bank organized a new round of institutional money laundering risk self-assessment, optimized the procedure of customer due diligence, and established a due diligence supervision and inspection mechanism across the Head Office and branches. The Bank further strengthened the compliant duty performance of business departments, improved the reporting quality for large-value and suspicious transactions reports, and enhanced the level of reporting automation and intelligence. The Bank bolstered the capacity to monitor and identify the characteristics of money laundering crimes committed by professional gangs, cross-border money laundering crimes, and new-type money laundering crimes, promoted internal account governance for anti-money laundering, and strengthened the ability to identify, prevent and control money laundering risk.

x. Credit policies for key fields

The Bank actively distinguished between the group-level risk and the project risk of real estate enterprises, supported reasonable extension for the outstanding real estate financing, promoted the coverage expansion and efficiency enhancement of the urban real estate financing coordination mechanism, and met the reasonable financing needs of real estate enterprises following the market-based principle and the rule of laws. In corporate business, focusing on core customers, core cities and core projects, the Bank carried out real estate credit granting in a steady and orderly fashion, implemented city-specific policies to support residents' rigid demand for housing and improved demand for housing, and earnestly ensured timely delivery of pre-sold housing. The Bank promoted construction project delivery, and continuously improved services for the construction of affordable housing, improved housing, "Three Major Projects" (constructing government-subsidized housing, renovating urban villages, and building dual-use public infrastructure that can accommodate emergency needs) and the housing rental market, helping bring the real estate market back on a steady and upward trajectory. In retail business, the Bank continued to promote differentiated access as well as mortgage rate and pledge rate management, and advanced batch adjustments to the interest rates of the outstanding housing loans in accordance with laws and regulations to reduce residents' financing costs, and optimized housing-related financial services for new citizens.

XXIII. OUTLOOK OF THE BANK

i. Landscape and development trend of the industry

Looking into 2025, China's banking industry is expected to deepen reforms of systems and mechanisms, effectively address risks and challenges, and drive high-quality development. The banking industry is expected to witness a steady growth in the scale of assets and an effective increase in the total amount of credits. The asset structure will be optimized based on the requirements of serving the real economy and national strategies, focusing on serving areas such as the five target areas of finance (technology finance, green finance, inclusive finance, pension finance and digital finance), "Two Renewals" (the large-scale renewal of equipment and the trade-in of consumer goods) and "Two Majors" (encouraging greater private sector participation in major national projects and programs including those aligned with major national strategies, and building up security capacity in key areas). The liability structure will see continuous optimization based on macro policies and market trends, adjustments with focuses on obtaining source funds and increasing demand deposits. With the continuous integration of technology and socio-economic development, the digital transformation of banking financial institutions will be accelerated, and the online level and the intelligent level of financial services will be improved constantly.

ii. Business plan

The Bank will continue to serve the real economy, optimize the asset-liability structure, consolidate the customer base, enhance comprehensive risk control, maintain adequate capital, and improve operating efficiency. Under the premise that no significant change will happen in current operation environment and regulatory policies, the Bank aims to achieve a loan growth rate of no lower than 4%. This business plan does not constitute a performance commitment of the Bank to its investors, who shall maintain sufficient risk awareness and understand the discrepancy between business plan and performance commitment.

iii. Capital demand plan

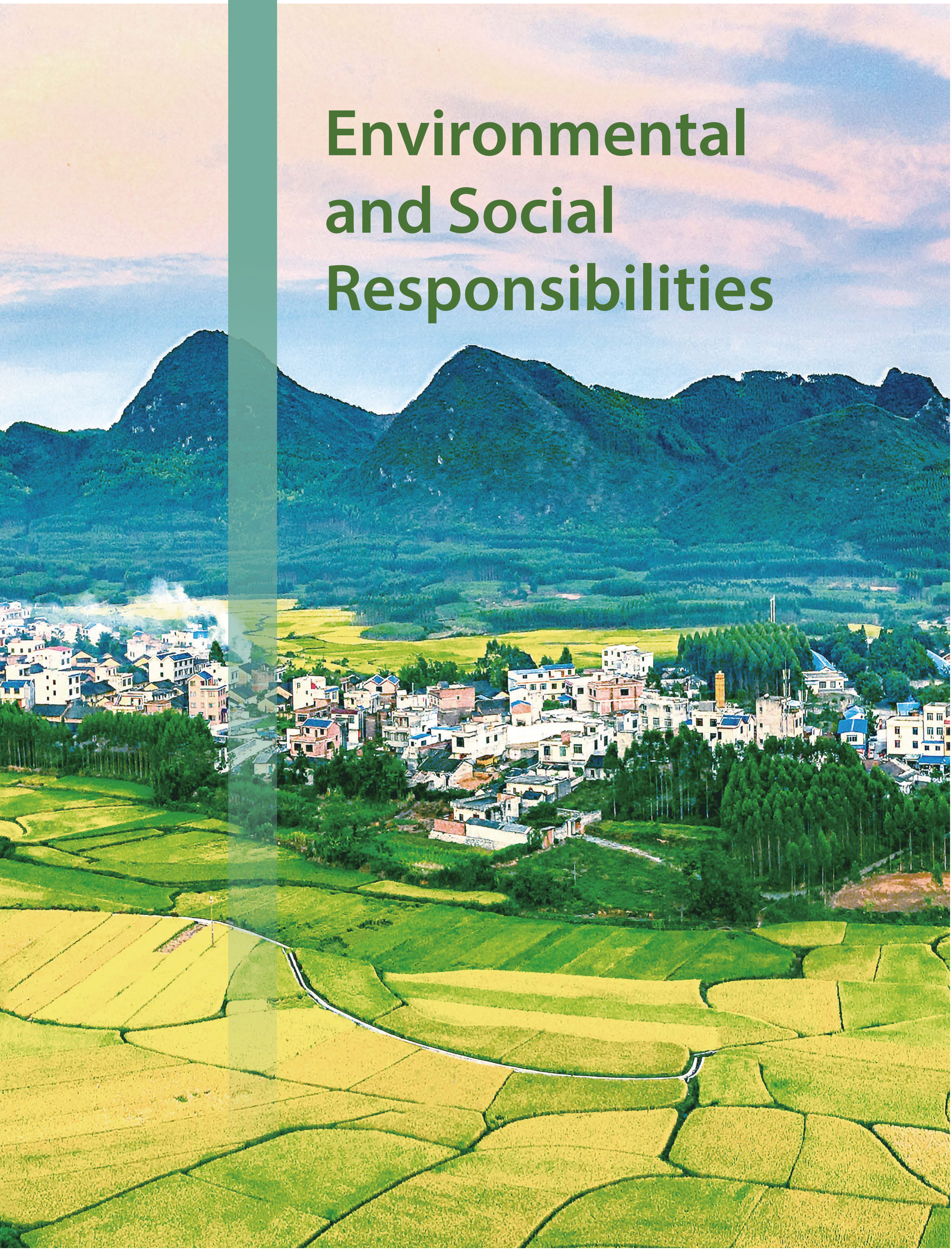
The Bank will formulate capital replenishment plans based on its financial budget, strategic plans and stress testing results. Based on actual conditions, the Bank will replenish capital via both internal and external channels, and further consolidate capital foundation, to address the impacts of economic cyclical fluctuations and changes in regulatory policies, ensuring long-term sustainable development.

iv. Potential risks and countermeasures

In 2025, internationally speaking, the external environment is expected to become more complex and severe, and the growth of global economy lacks momentum. The increasing unilateralism and protectionism will have an impact on the stability of the global industrial chain and supply chain. There are still many risk factors on geopolitical relations, which may influence the expectations and investors' confidence in the global market, and increase the market volatility risk. From the domestic perspective, China's economy has a stable foundation, sufficient strengths, remarkable resilience and vast potentials. The dominating trend of the economy's long-term improvement and the relevant conditions supporting it have not changed. However, the foundation for economic recovery is not yet solid enough. The effective demand is insufficient, and some enterprises are still facing difficulties in business operation. China will continue to uphold the principles of pursuing progress while ensuring stability, promoting stability through progress, breaking new ground while upholding fundamental principles, establishing the new before abolishing the old, promoting systematic integration and enhancing coordination. By doing so, China will better ensure both development and security. China will adopt a more proactive fiscal policy, apply an appropriately accommodative monetary policy, and enhance the forward-looking, targeted and effective features of macro control. Under the background of rapid development of fintech and deepened reform of interest rate marketization, the banking industry is undergoing profound changes in the operating environment. The interest rate margin between deposits and loans is staying at a relatively low level. The asset and liability management is becoming more challenging for commercial banks. Both the traditional business philosophy and operation model of commercial banks are facing relatively big challenges.

Adhering to the general principle of pursuing progress while ensuring stability, the Bank will strive to grasp the law of financial development in the new era, actively adapt to the market environment of low interest rate margin, and better coordinate effective qualitative improvement and reasonable quantitative growth, so as to provide high-quality financial services to support economic and social development. First, the Bank will strive to serve the real economy, accelerate the strategic transformation of "commercial banking + investment banking + asset management + private banking", and provide targeted and strong support for major strategies, key areas and weak links, with a focus on serving the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance. Second, the Bank will adhere to serving people's livelihood by providing low-cost, wide-coverage and convenient financial products and services in a more market-oriented and sustainable manner. This will help create sustainable returns for both urban and rural residents to promote common prosperity. Third, the Bank will focus on improving core competitiveness, and enhance the driving role of digital transformation in business development. The Bank will optimize the allocation of fund resources, and coordinate the regional development layout to better give play to the core synergy function of comprehensive financial services. Fourth, the Bank will ensure both development and security by improving its prudent and efficient comprehensive risk management system, strictly adhering to internal control and compliance policies and enhancing audit supervision system, so as to strictly hold onto the red line of risks.

Environmental and Social Responsibilities



Environmental and Social Responsibilities

I. ENVIRONMENT INFORMATION

Green loans

RMB442,443 million

▲41.01%

Loans to clean energy sector

RMB94,604 million

▲50.30%

i. Green finance

1. Green finance policy

The Bank proactively fulfilled the requirements of meeting the carbon peak and carbon neutrality goals, fully applied the green development philosophy, and incorporated green finance into its development strategy. It conscientiously bolstered the development of green finance, improved organizational structure and working mechanism, devised special work plans, and pressed ahead with work in areas such as customer service system, supporting policies, capability and team building, green brand construction, ESG and climate risk management. It continuously innovated product and service system, improved supporting policies and resource allocation, constructed the "green finance +" comprehensive service system, and deepened green capacity building, in a bid to facilitate the development of green and low-carbon sectors as well as the green transition of traditional industries.

2. Green finance performance

The Bank stepped up support for green finance through more credit resource allocation and enriched product spectrum, realizing fast growth in business such as green credit and green bond. As at the end of the reporting period, the balance of green loans amounted to RMB442,443 million, representing an increase of RMB128,681 million or 41.01% as compared with the end of the previous year. Specifically, loans to the clean energy sector stood at RMB94,604 million, an increase of RMB31,659 million or 50.30% from the end of the previous year, faster than the Bank's average loan growth rate. Green loans accounted for 11.20% of total loans, up 2.89 percentage points from the end of the previous year. The Bank actively underwrote green bonds to support eco-friendly and low-carbon enterprises in gaining access to direct financing, supported 28 market entities to issue 39 green bonds with a cumulative underwriting volume of RMB12,472 million, and helped enterprises in new energy vehicles, clean energy power generation and some other sectors to obtain direct financing of RMB80,232 million.

Column 5: Steadily improving service quality and efficiency to bolster the development of green finance

During the reporting period, the Bank formulated the Work Plan for Green Finance and focused on building a stratified, tiered and grouped "green finance +" customer service system, with all work being promoted in a well-planned manner.

I. Innovating and enriching green finance product and service system

On the basis of traditional credit services, the Bank further emphasized the green attributes of its products. It established a point-to-point horse race management mechanism for key branches to encourage green finance product innovation at the level of branches. This gave rise to a full spectrum of green finance innovation products, including carbon finance loan (such as loans related to carbon emission rights, China Certified Voluntary Emission Reduction (CCER) collateralization, and carbon footprint linkage), environmental right pledge loan (such as loans related to water rights and emission rights), sustainability-linked loan, green inclusive finance loan (such as forest right mortgage loan and distributed photovoltaic loan), sustainability-linked bond, and green bond underwriting and investment. The Bank leveraged CEG's advantages in industry-finance collaboration to provide comprehensive financial services across the entire customer life-cycle.

II. Strengthening data governance system and capability building

The Bank developed and launched a green enterprise library and a green project library. Utilizing big data analysis, customer profiling and intelligent models, the Bank pushed critical information to its operational units, including corporate star ratings, marketing indices, marketing leads, and industry chain and strategic linkage diagrams for green enterprises and projects, with an aim to provide targeted support for the development of green finance. The Bank optimized the system functions of green classification machine-aided cognition tools, providing technical support for the classification and identification of green loans. The Bank successfully completed a self-assessment on its green finance implementation, as required by NFRA. The evaluation results showed significant progress, as the Bank was granted the "Advanced Green Bank Institution" award by China Banking Association.

III. Strengthening ESG risk management

The Bank launched a special learning module for green finance on its training platform "Sunshine Academy" and organized a relevant contest among all employees. The Bank held multiple lectures to promote credit business strategies and training sessions for industry research, further advancing the commercialization of green finance industry research outcomes. Environmental and climate risks were integrated into the comprehensive risk management system, with ESG risk management requirements embedded in pre-lending, lending and post-lending processes. Regular monitoring on high-carbon asset concentration and asset quality was conducted. Through the Sunshine Early Warning Platform, the Bank conducted risk monitoring and early warning for ESG risks, such as customers suffering from natural disasters and environmental penalties.

IV. Enhancing the brand of Green Everbright

The Bank actively promoted low-carbon transformation in operation, explored energy management outsourcing models, and advocated for green office practices and operation. In collaboration with mainstream media, the Bank launched a series of publicity campaigns in key areas of green finance, comprehensively improving the quality of ESG information disclosure. In 2024, MSCI's ESG rating for the Bank was upgraded to AA, showing improvement for two consecutive years.

Environmental and Social Responsibilities

ii. Green operation

The Bank actively advocated green office practices and low-carbon living, ensuring effective execution of all key energy-saving and emission-reduction measures. The Bank set standards for water and electricity usage, strengthened patrol after working hours, and eliminated issues such as lights left on or water left running. The Bank rigorously conformed to the national regulations on indoor temperature control of air conditioning, and adopted energy-efficient operation modes to improve air conditioning efficiency. The Bank continued to make efforts to publicize the concept of "practicing strict economy and combating waste" and promote the "Clear Your Plate" campaign to raise employees' conservation awareness. The Bank also enforced waste classification regulations and strengthened responsibility implementation. The Bank vigorously advocated the use of video conferencing to reduce business travel frequency, actively explored energy-saving renovations in buildings to reduce office energy consumption, and promoted electronic working tools to reduce paper consumption. Additionally, the Bank encouraged employees to practice the idea of "green travel and low-carbon living".

iii. Environmental and climate risk management

1. Risk management policy

The Bank highly valued ESG risk management, formulated the *Environmental, Social and Governance Risk Management Policy*, incorporated ESG risks into the comprehensive risk management system, and adhered to basic principles of full coverage, category-specific management and whole-process management. The Bank proactively built a framework for ESG risk management, and defined organizational structure and responsibilities for risk management. The Bank established category-specific management standards and strictly implemented the "one-vote veto system" for customers with major ESG risks. The Bank standardized the management process, incorporated ESG risk management requirements into all links of credit business such as due diligence, review & approval and post-lending management, and strictly exerted whole-process control.

2. Risk management measures

The Bank strengthened reviewing environmental and climate risks, and carefully managed credit access for green projects to prevent problems such as capital idling and green washing. The Bank strengthened whole-process management for customers' ESG risks, improved functions of the ESG risk modules in the management system, and added ESG risk identification, assessment and management to business links, including pre-lending examination, review & approval, contract management, loan granting review and post-lending management. The Bank resolutely implemented the policy of reducing excess industrial capacity by enhancing the management of industries with severe overcapacity, heavy energy consumption and emission, and persisted in total amount management and structural adjustment. The Bank actively supported phasing out "zombie firms", and adopted credit limit management for industries with serious overcapacity and four-category management (supporting, maintaining, reducing and eliminating) for existing customers. Combining both internal and external standards, the Bank placed high-carbon labels within the Bank to regularly monitor high-carbon asset concentration and quality. The Bank included the impacts of environmental and climate changes on its operation in the scope of management and supervision, in a bid to take precautions against extreme weather and make emergency responses.

The Bank actively put in place a working mechanism for environmental protection, and pushed forward the implementation of various environmental protection measures. The Bank was not on the list of key pollutant discharging entities announced by the environmental protection authority, and was not imposed any administrative penalties due to environment-related issues.

II. INFORMATION ON SOCIAL RESPONSIBILITY FULFILLMENT

i. Purpose and philosophy

The Bank formulated the *2024 ESG Work Priorities*, which outlines a "1+6C" responsibility system covering three dimensions: environmental, social and governance. "1" refers to building a complete ESG management system, while "6C" refers to addressing climate change, upholding civil finance, enhancing client experience, creating colleague coherence, engaging in community development, and advancing sound corporate governance. Furthermore, the Bank clarified 14 key aspects and 35 objectives of work in the document to serve as the Bank's detailed guidelines for bank-wide collaboration in advancing ESG initiatives, thereby promoting full integration of ESG principles into operational management.

ii. Consolidation of achievements in lifting people out of poverty

The Bank continued to effectively link the consolidation and promotion of poverty elimination achievements with rural revitalization, maintaining strong credit support for regions and population that had been lifted out of poverty. The credit support policies for these regions basically remained stable, with preferential policies of differentiated funds transfer pricing (FTP) for loans provided for key counties receiving national assistance and loans for financial targeted assistance still in place. As at the end of the reporting period, the balance of loans to areas that had been lifted out of poverty stood at RMB39.827 billion, an increase of RMB146 million over the beginning of the year. The balance of loans to key rural revitalization counties was RMB4.238 billion, an increase of RMB316 million over the beginning of the year, both meeting the regulatory requirements for sustained growth. The Bank participated in and supported paired assistance and rural revitalization-related donation projects, contributing a total amount of RMB15.1718 million. Among these, donations to CEG's designated assistance projects totaled RMB13 million, and donations to projects of 13 branches and 2 rural banks approved by the Bank amounted to RMB2.0818 million and RMB90 thousand, respectively. The Bank created a new model of "online platform + smart agriculture + e-commerce sales" on its innovative platform "Wonderful E-shopping", helping 302 rural enterprises in 244 counties across 29 provinces sell agricultural products, totaling 177.2 thousand items with a total sales volume of RMB10.2785 million. 26 branches of the Bank assigned cadres to 65 villages under paired assistance, with 67 cadres still residing in villages to offer assistance.

Environmental and Social Responsibilities

iii. Support for rural revitalization

The Bank continued to strengthen policy support by formulating the *2024 Work Plan for Serving Rural Revitalization with Financial Services By Applying the Experience of Zhejiang's Green Rural Revival Program* and devising separate credit plans for agriculture-related loans and inclusive agriculture-related loans. The Bank continued to provide differentiated policies to support rural revitalization in areas such as internal fund transfer pricing and performance evaluation, guiding credit funds into the rural revitalization sector. The Bank strongly supported key areas by launching a specialized marketing event titled "Serving Grain Security to Promote Revitalization in Seed Industry". The Bank supported the development of facility agriculture by launching products and projects such as "Pig Farm Construction Loan" and "Marine Golden Barn". The Bank promoted the industrial chain cooperation model with a focus on industry-leading agricultural enterprises to boost the income of upstream and downstream enterprises and farmers. Furthermore, the Bank deepened channel business cooperation and collaborated with the National Agricultural Credit Guarantee Alliance Co., Ltd. on risk sharing and customer mutual introduction, aiming to grant more credit to farmers through bank-guarantee partnerships and increase their income. The Bank expanded financing channels by successfully issuing RMB5 billion of special financial bonds to support agriculture, rural areas and farmers in the interbank market, in order to raise funds for granting agriculture-related loans. As at the end of the reporting period, the balance of agriculture-related loans under the new statistic scope reached RMB318.36 billion, an increase of RMB20.148 billion or 6.76% over the beginning of the year. The balance of inclusive agriculture-related loans was RMB37.503 billion, an increase of RMB9.829 billion or 35.52% over the beginning of the year, surpassing the average growth rate of all loans.

Agriculture-related loans

RMB318,360 million

▲6.76%

Inclusive agriculture-related loans

RMB37,503 million

▲35.52%

iv. Support for people's livelihood and public-interest activities

The Bank actively responded to social concerns by carrying out a wide range of public welfare activities in areas such as disaster relief, rural revitalization and green ecology, laying emphasis on doing paired assistance, the project titled "Water Cellar for Mothers – Green Villages" launched by the China Women's Development Foundation, the social welfare project titled "Accompanying the Gray-haired in Villages" launched by Tencent, and donations for flood disaster relief, all of which convey the Bank's heartfelt care. During the reporting period, the Bank made external donations amounting to RMB16.895 million.

v. Protection of shareholders' rights and interests

The Bank adhered to the principle of giving fair treatment to all investors and established an independent and sound corporate governance mechanism with effective checks and balances. The shareholders' general meetings, meetings of Board of Directors, and meetings of Board of Supervisors were convened in a lawful and complaint manner. The Bank followed relevant procedures in making major decisions, Independent Non-executive Directors supervised the compliance of material matters and issued independent opinions, and the Board of Supervisors monitored the Board of Directors, Senior Management and its members, hence effectively safeguarding the legitimate rights and interests of all shareholders, especially those of minority shareholders. The Bank's controlling shareholder and other substantial shareholders strictly complied with laws, regulations, regulatory requirements and the Bank's *Articles of Association*, properly exercised shareholders' rights through corporate governance procedures, effectively fulfilled shareholders' duties, and maintained the Bank's independent operation. The Bank had not discovered any abuse of substantial shareholder positions which undermines the legitimate rights and interests of the Bank and other shareholders. The Bank disclosed periodic reports and other material information in a timely and fair manner, and ensured authentic, accurate, complete, concise, clear and understandable information disclosure, so as to protect all shareholder's right to know about the material matters of the Bank.

vi. Protection of consumers' rights and interests

The Bank implemented regulatory requirements on the protection of financial consumers' rights and interests on all fronts, established a pattern of "Grand Consumer Protection" with clear responsibilities and efficient operation, created a full-chain work system covering pre-event, during-event and post-event stages. With "responsible consumer protection, cultural consumer protection and intelligent consumer protection" as the main pathway, the Bank continuously improved the institutional mechanism and effectively enhanced work quality and efficiency. The Board of Directors, the Board of Supervisors and the Senior Management of the Bank proactively fulfilled their duties in consumer protection, considered and approved the annual work plan and the annual audit report on consumer protection, clarified work objectives, and offered guidance. Some Directors and Supervisors visited branches and outlets to do investigations into the work of consumer protection, while the heads of the Head Office and branches took the lead in participating in consumer protection activities through initiatives such as "Lectures on Consumer Protection by Financial Executives". The Bank strengthened the role of ex-ante review in consumer protection, with a 100% adoption rate of substantial modification suggestions, promptly preventing and mitigating potential consumer protection risks in products and services. The Bank carried out in-depth financial education activities, including the regular "Sunshine Consumer Protection As Your Monthly Companion" program and featured events such as "Accompanying the Gray-haired in Villages". During the reporting period, the Bank established 7 rural financial education bases (amounting to a total of 19 bases) and 25 youth financial education bases. A total of 42.3 thousand education and publicity activities were conducted, reaching 556 million person-times. The Bank reinforced complaint management by improving the quality and efficiency in handling first-time complaints, following up on unsatisfied complaints, optimizing complaint resolution procedures, and promoting financial consumption dispute resolution using diversified methods. Consumer protection courses became mandatory in employee training, ensuring 100% coverage and participation. The Bank held the third consumer protection cultural season titled "Consumer Protection in Mind, Cultural Cultivation at Heart". During the reporting period, the Bank handled 184,278 consumer complaints (excluding repeated complaints, negotiated repayments, billing standards, credit reports and account control complaints). By region, complaints were concentrated in Beijing Municipality, Guangdong Province and Henan Province. By business segment, complaints mostly involved bank cards (accounting for 76.07%), debt collection (accounting for 10.29%) and loan business (accounting for 5.65%).

vii. Protection of employees' rights and interests

The Bank rolled out multiple measures to enhance employee remuneration and benefits, gave full play to their incentive effect, and encouraged them to become long-serving employees. The Bank adopted attendance and leave management while taking both humanity issues and fairness into consideration. The Bank ensured that employees enjoy statutory public holidays and paid leaves, and encouraged them to make reasonable work arrangements. The Bank actively implemented the national maternity policy, and ensured that employees are entitled to leave and enjoy welfare during the leave that conforms to the policy. Furthermore, the Bank established a multi-pillar old age security system and built a supplementary endowment insurance system (corporate annuity system) apart from participating in the basic pension scheme in accordance with law. The Bank established a supplementary medical insurance system, continuously to upgrade healthcare security and meet employees' individualized healthcare needs.

The Bank continuously optimized its enterprise democratic management system that regards employee representative meetings as the basic form, and improved the duty performance capabilities of employee representatives. Throughout the year, 14 sessions of employee (member) representative meeting at the level of the whole Bank and the Head Office were held, during which over 40 proposals concerning employees' immediate interests were reviewed, effectively safeguarding employees' democratic rights and safeguarding their legitimate interests. The Bank cared for employees by solving pressing difficulties and problems that concern them most. The Bank continued to advance regular assistance and mutual support mechanisms such as "Extending Warmth During the 'Two Festivals'", "Sunshine Care Fund", and "Golden Autumn Tuition Assistance". During the 2024 "Extending Warmth During the 'Two Festivals'" campaign for New Year's Day and Spring Festival, the Bank sent cadres to visit 543 employees including staff in need, model workers in need and cadres residing in villages and give them RMB1.983 million as an aid. The Bank continued with efforts to enhance care for employees, advanced the establishment of "Staff Home" and "Female Staff Care Room", promoted healthcare services such as "Green Service Channel for Medical Treatment Appointment" and "Employee Mental Health Plan", and organized a variety of employee activities to create a workplace environment that champions happiness at work and health in life. The Bank provided employees and their families with medical treatment appointment services for approximately 4,815 person-times, offered psychological counseling services to around 1,580 person-times, and organized various sports events including table tennis and badminton contests, with over 1,000 employees participating.

III. GOVERNANCE INFORMATION

The Bank established a sound corporate governance structure and ESG governance structure with the shareholders' general meetings as the organ of power, the Board of Directors as the decision-making organ, the Board of Supervisors as the supervisory organ and the Senior Management as the executive organ, and an ESG structure consisting of three layers including decision-making, management and execution with the Board of Directors as the decision-making layer, the Head Office's Social Responsibility/Inclusive Finance Management Committee as the management layer and relevant units as the execution layer.

The Board of Directors actively performed its duties, fully leveraging its role in the strategic deployment, decision-making and guidance of ESG work. The Board and its special committees reviewed and approved the social responsibility report, listened to the key points of the annual ESG work plan, and further strengthened the incorporation of ESG principles into the Bank's operation and development, thereby enhancing the level of ESG management. The Board of Directors reviewed reports on carbon peak, carbon neutrality and green finance, making requirements on innovating and enriching green finance product and service system to create CEB's own features in green finance. Additionally, the Board of Directors considered and approved the proposal of paired assistance through donations to help consolidate poverty elimination achievements. The Board of Directors considered the proposals related to consumer protection, listened to reports on complaint situation analysis and typical cases, conducted special audits on consumer protection work and supervised over the rectification based on audit findings.

The Senior Management of the Bank coordinated the efforts across the Bank to fulfill environmental and social responsibilities, setting up multiple committees and working groups dedicated to ESG work to ensure effective implementation of various plans in the areas of social responsibility and ESG. In environmental dimension, the Senior Management reviewed and approved 4 proposals regarding green finance, carbon peak and carbon neutrality, financial support for the green, low-carbon, high-quality development of the Yangtze River Economic Belt, and environmental and climate risk management. In social dimension, the Senior Management reviewed and approved 56 proposals regarding supporting private sector, rural revitalization, digital transformation, data asset management, consumer rights and interests protection, charity donations and centralized procurement. In governance dimension, the Senior Management reviewed and approved 52 proposals regarding internal control & compliance, risk management, related party transactions and internal audit.

Please refer to "Corporate Governance" for details about corporate governance.

IV. OTHER INFORMATION

The Bank has disclosed the full text of its 2024 Corporate Social Responsibility Report (ESG Report) on the websites of SSE, the HKEXnews and the Bank. Please refer to the report for more details on environmental and social responsibilities.

Significant Events

I. FORMULATION AND IMPLEMENTATION OF PROFIT DISTRIBUTION POLICY

i. Profit distribution policy

The profit distribution principles, specific policies and consideration procedures are stipulated in the *Articles of Association* of the Bank. In accordance with the *2022-2024 Plan for Shareholder Returns* of the Bank, the Bank shall prioritize cash dividends in profit distribution. Except in special circumstances, the profit to be distributed in cash each year shall be no less than 20% of the distributable profit for the year when the profit for the year and the accumulated undistributed profit are both positive.

ii. Profit distribution plan for 2024

According to the audited 2024 financial statements, the net profit attributable to shareholders of the Bank for 2024 on a consolidated basis stood at RMB41,696 million. After deducting the preference share dividend of RMB2,807 million and the interest of RMB1,840 million for non-fixed-term capital bonds, the Bank registered RMB37,049 million of net profit attributable to ordinary shareholders of the Bank on a consolidated basis. The net profit in the financial statements of the parent company was RMB38,584 million, and after subtracting RMB10,791 million of distributed dividend and interest (inclusive of RMB6,145 million of interim dividend), the distributable net profit stood at RMB27,792 million. As at the end of the reporting period, the undistributed profit in the financial statements of the parent company amounted to RMB207,462 million.

Taking into account the interests of all shareholders, the sustainable development of the Bank's business and the regulatory requirements on capital adequacy ratios, pursuant to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and relevant regulations stipulated in the *Articles of Association* of the Bank and the *2022-2024 Plan for Shareholder Returns* of the Bank, the Bank hereby formulates its 2024 profit distribution plan as follows:

1. Based on the net profit of RMB38,584 million in the financial statements of the parent company for the year 2024, the Bank will appropriate statutory surplus reserves of RMB3,298 million to bring total surplus reserves to 50% of the Bank's registered capital.

2. According to the *Management Measures for Provision of Reserves by Financial Institutions* promulgated by MOF, the Bank will appropriate general reserves of RMB3,271 million to bring the ratio of general reserves to the outstanding balance of the Bank's risk-taking assets to 1.5%.

3. The Bank will distribute a final cash dividend of RMB0.85 (tax included) per 10 shares to all ordinary shareholders for the year 2024. Calculated based on a total ordinary share capital of RMB59,086 million as at the disclosure date of this report, the cash dividend will be RMB5,022 million (tax included). Combined with the distributed interim cash dividend, the total dividends for the year 2024 will be RMB1.89 (tax included) per 10 shares. The total cash dividends for the year 2024 will be RMB11,167 million (tax included), accounting for 26.78% of net profit attributable to shareholders on a consolidated basis and 30.14% of net profit attributable to ordinary shareholders on a consolidated basis. Cash dividends will be denominated and declared in RMB, and paid to shareholders in RMB or HKD. The actual amount paid in HKD shall be calculated based on the average benchmark exchange rate of RMB against HKD announced by PBOC one week prior to the shareholders' general meeting (inclusive of the date of the shareholders' general meeting).

The retained undistributed profits will be used to replenish capital in order to meet the regulatory requirements for capital adequacy ratios. For the year 2024, the Bank did not implement capitalization of capital reserve funds.

The above profit distribution plan is subject to consideration and approval at the 2024 Annual General Meeting.

Significant Events

In the profit distribution plan for 2024, no adjustment or amendment was made to the existing cash dividend policy of the Bank. The profit distribution plan complies with the *Articles of Association* of the Bank and the *2022-2024 Plan for Shareholder Returns* of the Bank, reflecting clear and definite standards and proportions for dividend distribution as well as complete decision-making procedures and mechanisms. The Board of Directors and the Board of Supervisors discussed and considered the profit distribution plan, and Independent Non-executive Directors expressed independent opinions, effectively safeguarding the legitimate rights and interests of minority shareholders. The above profit distribution plan will be submitted to the Annual General Meeting where all ordinary shareholders including minority shareholders have the right to participate and express their opinions and appeals. The Annual General Meeting of the Bank shall allow online voting, and the votes of minority shareholders in relation to the profit distribution plan shall be counted separately so as to fully protect the legitimate rights and interests of minority shareholders.

The tax deductions concerning the profit distribution of the Bank for the year shall be carried out in accordance with relevant regulations, which will be specified in the announcement of dividend distribution.

iii. Profit distribution for the last three years

Unit: RMB100 million, %

Item	2024	2023	2022
Cash dividends	111.67	102.22	112.26
Proportion to net profit attributable to shareholders of the Bank in the consolidated statement	26.78	25.06	25.05
Proportion to net profit attributable to ordinary shareholders of the Bank in the consolidated statement	30.14	28.41	28.07

iv. Accumulated cash dividend distribution for the last three years

Unit: RMB100 million, %

Item	Amount
Total amount of accumulated cash dividends	326.15
Total amount of accumulated share repurchase and cancellation	–
Total amount of both accumulated cash dividends and accumulated share repurchase and cancellation	326.15
Average net profit attributable to shareholders of the Bank per year	424.32
Average net profit attributable to ordinary shareholders of the Bank per year	376.76
Total amount of both accumulated cash dividends and accumulated share repurchase and cancellation/Average net profit attributable to shareholders of the Bank per year	76.87
Total amount of both accumulated cash dividends and accumulated share repurchase and cancellation/Average net profit attributable to ordinary shareholders of the Bank per year	86.57

II. IMPORTANT UNDERTAKINGS AND PERFORMANCE OF UNDERTAKINGS GIVEN BY THE BANK AND THE BANK'S DE FACTO CONTROLLER, SHAREHOLDERS AND OTHER RELATED PARTIES

Pursuant to the relevant provisions of the CSRC, to ensure that the Bank effectively implements compensation measures for potential dilution in relation to the issuance of preference shares, all Directors and Senior Management of the Bank promised to faithfully and diligently perform their duties, safeguard the legitimate rights and interests of the Bank and all shareholders, and made the following commitments:

1. They shall neither transfer interests to other entities or individuals for free or in an unfair way, nor jeopardize the interests of the Bank by other means.

2. They shall be thrifty, their position-related consumption shall be under restriction in strict compliance with relevant requirements at the national, local and Bank levels, and they shall refrain from over-consumption, extravagance and waste.

3. They shall never embezzle the Bank's assets for any investment or consumption activities irrelevant to the performance of their duties.

4. They shall try to propel the Board of Directors or the Remuneration Committee under the Board to formulate remuneration policies that are linked to the implementation of the Bank's compensation measures for potential dilution.

5. If the Bank launches any equity incentive scheme in the future, the conditions for exercising its rights under the intended equity incentive scheme shall be linked to the implementation of the Bank's compensation measures for potential dilution.

As at the end of the reporting period, there occurred no violation of the above-mentioned commitments by the Directors and Senior Management of the Bank.

As far as the Bank was aware, no material undertakings other than the above matters were given by the Bank, the Bank's other shareholders, Directors, Supervisors, Senior Management or other related parties.

III. RESERVE

Please refer to "Consolidated Statement of Changes in Equity" for details about the reserve change of the Bank.

IV. FIXED ASSETS

Please refer to "Notes to Consolidated Financial Statements" for details about the changes in fixed assets of the Bank as at the end of the reporting period.

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

During the reporting period, the Bank and its subsidiaries did not purchase, sell or redeem any listed securities of the Bank (including sales of treasury shares). As at the end of the reporting period, the Bank did not hold any treasury shares.

VI. PRE-EMPTIVE RIGHTS

The *Articles of Association* of the Bank does not make provisions on pre-emptive rights, and the shareholders of the Bank have not been granted any pre-emptive right.

VII. RETIREMENT AND BENEFITS

Please refer to "Notes to Consolidated Financial Statements" for details about retirement and the benefits provided by the Bank for its employees.

VIII. RELATIONS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Bank insisted on the staff-centered development philosophy. Please refer to "Environmental and Social Responsibilities" and "Directors, Supervisors, Senior Management, Staff and Business Outlets" for details about staff training, management and remuneration policies.

The Bank attached importance to the selection of suppliers, persisted in centralized procurement according to the rules and regulations of the Bank, encouraged fair and open competition, and established long-term cooperative relationships with high-quality suppliers based on the principle of mutual trust.

Adhering to the principle of honesty and trustworthiness, the Bank was dedicated to providing high-quality financial services to customers and improving consumer protection work. Please refer to "Environmental and Social Responsibilities" for details.

IX. MAJOR CUSTOMERS

As at the end of the reporting period, the operating income contributed by the top five customers of the Bank did not exceed 30% of the Bank's operating income.

X. USE OF CAPITAL BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES

There was no non-operational capital occupation by the controlling shareholder and other related parties of the Bank. KPMG Huazhen LLP has issued a special auditor's opinion on it. The special auditor's opinion was disclosed in public on the websites of SSE, the HKEXnews and the Bank.

XI. CHANGES IN ACCOUNTING POLICIES

There was no change in the accounting policies of the Bank during the reporting period.

XII. APPOINTMENT AND RESIGNATION OF ACCOUNTING FIRMS

i. Appointment of accounting firms for auditing financial statements

On 27 June 2024, the Bank convened the 2023 Annual General Meeting, deciding to engage KPMG Huazhen LLP as the accounting firm in charge of the Bank's domestic audit for 2024 (Huang Aizhou and Ge Mingyi acted as the certified public accountants for signature, with Huang Aizhou concurrently serving as the audit project partner. Both Huang Aizhou and Ge Mingyi had provided audit services for the Bank for one year). The Bank engaged KPMG as the accounting firm in charge of the Bank's overseas audit for 2024 (Fong Hoi Wan acted as the certified public accountant for signature. Fong Hoi Wan, also the audit project partner, had provided audit services for the Bank for one year). The audit fees paid to the two firms amounted to RMB7.67 million (inclusive of reimbursement expenses and value-added taxes). Both of the two accounting firms had provided audit services for the Bank for one year. During the reporting period, the non-audit fees paid by the Bank to KPMG Huazhen LLP and its member institutions amounted to RMB1.1504 million, and both KPMG Huazhen LLP and KPMG confirmed that such non-audit businesses would not impair auditor independence.

ii. Engagement of accounting firm for internal control audit

On 27 June 2024, the Bank convened the 2023 Annual General Meeting, deciding to engage KPMG Huazhen LLP as its internal control auditor for 2024, and the audit fees paid to this firm stood at RMB0.7 million (inclusive of reimbursement expenses and value-added taxes).

iii. Changes in accounting firms

Ernst & Young Hua Ming LLP and Ernst & Young had provided audit services for the Bank for eight consecutive years after finishing the audit work for 2023, reaching the longest successive years of service stipulated by MOF. In 2024, the Bank needed to change accounting firms.

iv. The Audit Committee of the Board of Directors of the Bank has no different opinion on the engagement of the accounting firms.

XIII. MATTERS CONCERNING BANKRUPTCY OR REORGANIZATION

During the reporting period, no bankruptcy or reorganization took place at the Bank.

XIV. MATERIAL LITIGATION AND ARBITRATION MATTERS

The Bank was involved in some litigation and arbitration cases during its ordinary and usual course of business, most of which were initiated by the Bank for the purpose of recovering NPLs. During the reporting period, the Bank was not involved in any major litigation and arbitration cases. As at the end of the reporting period, the Bank was involved in 389 sued litigation and arbitration cases pending final judgment, which involved about RMB1,658 million. The above litigation and arbitration cases would not have any significant adverse impact on the financial position or operating performance of the Bank.

XV. PENALTY IMPOSED ON THE BANK OR ITS CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER, DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

i. During the reporting period, the Bank was not investigated for suspected crimes according to law, and none of its controlling shareholders, de facto controller, Directors, Supervisors and Senior Management was suspected of committing crimes or subject to any compulsory measures taken according to law.

ii. During the reporting period, the Bank, the Bank's controlling shareholder, de facto controller, Directors, Supervisors or Senior Management were not subject to any criminal punishment, investigation by CSRC for suspected violation of laws and regulations, administrative penalty by CSRC, or material administrative penalty by other competent authorities.

iii. During the reporting period, none of the Bank's controlling shareholder, de facto controller, Directors, Supervisors or Senior Management was detained by the disciplinary inspection and supervision authorities for suspected serious disciplinary violations or duty-related crimes.

iv. During the reporting period, none of the Bank's Directors, Supervisors or Senior Management was subject to any compulsory measures taken by other competent authorities for suspected violation of laws and regulations.

v. During the reporting period, the Bank, the Bank's controlling shareholder, de facto controller, Directors, Supervisors or Senior Management were not subject to any administrative, regulatory measures taken by CSRC, or disciplinary actions taken by any stock exchange.

XVI. CREDIBILITY OF THE BANK, ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the reporting period, the Bank, the Bank's controlling shareholder and de facto controller had neither unfulfilled obligations specified in effective court judgments nor unpaid significant matured debts.

XVII. MATTERS CONCERNING CONNECTED TRANSACTIONS OF THE BANK UNDER THE *HONG KONG LISTING RULES*

In accordance with the *Hong Kong Listing Rules*, the transactions between the Bank and its connected persons (as defined in the *Hong Kong Listing Rules*) constitute connected transactions of the Bank. The Bank has monitored and managed these connected transactions in accordance with the *Hong Kong Listing Rules*.

Details on related party relationships and transactions of the Bank occurred in the year ended 31 December 2024 were included in "Notes to the Consolidated Financial Statements".

Certain transactions among the above related party transactions also constitute connected transactions as prescribed in Chapter 14A of the *Hong Kong Listing Rules*, and shall be subject to declaration, announcement and annual review as required in Chapter 14A of the *Hong Kong Listing Rules*. For the above related party transactions, the Bank has complied with the requirements in Chapter 14A of the *Hong Kong Listing Rules*, specifically:

The connected transactions disclosed below constitute connected transactions or continuing connected transactions as prescribed in Chapter 14A of the *Hong Kong Listing Rules* and meet relevant disclosure requirements. In respect of the following connected transactions, Directors confirmed that the Bank had complied with the disclosure requirements prescribed in Chapter 14A of the *Hong Kong Listing Rules*. For details, please refer to the Bank's announcements disclosed on the websites of the HKEXnews and the Bank.

i. Non-exempt connected transactions

1. Continuing connected transactions

(1) Mutual provision of services between connected legal persons

On 29 December 2023, the Bank and CEG entered into a comprehensive service framework agreement, which is valid from 1 January 2024 to 31 December 2026 (both dates inclusive), pursuant to which, services can be provided for each other between the Bank and CEG or CEG's associates or both. Main terms and conditions of the agreement are as follows:

CEG or CEG's associates or both provide the Bank with insurance services, joint marketing services, product management services, investment services, technology services, product services and comprehensive services, and the Bank provides asset custody services, agency sales services, product management services, investment services, product services and comprehensive services for CEG or CEG's associates or both. In principle, the services provided to each other under the above-mentioned comprehensive service framework agreement are priced in a market-oriented manner to ensure that pricing is subject to the terms which are not less favorable than those an independent third party can obtain from or provide for the Bank.

CEG is the controlling shareholder of the Bank. Therefore, CEG constitutes a connected person of the Bank under the *Hong Kong Listing Rules*.

On 29 November 2024, the Bank and CEG entered into a supplementary agreement to the comprehensive service framework agreement to revise the annual caps of comprehensive services provided by CEG or CEG's associates to the Bank and comprehensive services provided by the Bank to CEG or CEG's associates for the three years ended on 31 December 2026.

During the reporting period, the 2024 annual caps and actual amounts incurred of services provided for each other between the Bank and CEG or CEG's associates or both under the comprehensive service framework agreement are as follows:

Unit: RMB100 million

Transaction type	Annual cap	Actual amount incurred
Services provided by CEG and/or CEG's connected persons for the Bank		
Insurance services	2.76	1.90
Joint marketing services	10.49	3.19
Product management services	1.61	0.13
Investment services	0.61	0.02
Technology services	6.45	2.32
Product services	1.81	0.78
Comprehensive services	4.31	3.09
Services provided by the Bank for CEG and/or CEG's connected persons		
Asset custody services	3.95	1.36
Agency sales services	12.38	6.01
Product management services	0.36	0.20
Investment services	1.70	0.13
Product services	11.29	0.03
Comprehensive services	2.94	1.87

(2) Verification of transaction limit for connected legal persons to acquire the Bank's non-performing assets

On 30 June 2023, the Bank entered into an agreement with Everbright Jin'ou Asset Management Co., Ltd. ("Everbright Jin'ou"), and the Bank agreed to verify the accumulative transaction limit of RMB1.5 billion for Everbright Jin'ou to acquire the Bank's non-performing assets. A single transaction under the limit shall not exceed RMB1.5 billion, and the limit shall be valid for one year from 30 June 2023 to 30 June 2024 (both dates inclusive). The main terms and conditions of the agreement are as follows:

Under the premise of reasonable pricing and valuation, Everbright Jin'ou may acquire non-performing assets of the Bank for commercial purposes. In principle, the transactions proposed under the above-mentioned agreement are priced in a market-oriented manner to ensure that pricing is subject to the terms which are not less favorable than those an independent third party can obtain from or provide for the Bank.

Everbright Jin'ou is a subsidiary of CEG, the Bank's controlling shareholder, and thus constitutes a connected person of the Bank according to the *Hong Kong Listing Rules*. During the reporting period, there occurred no such connected transactions under this category.

2. Confirmations by Independent Non-executive Directors

Independent Non-executive Directors of the Bank had reviewed the above continuing connected transactions, and confirmed that the transactions are:

(1) conducted in the ordinary and usual course of business of the Bank;

(2) conducted on normal commercial terms or better. If the transactions available for comparison are not sufficient to determine whether the terms of such transactions are normal commercial terms, the terms of such transactions are not less favorable than those an independent third party can obtain from or provide for the Bank; and

(3) conducted in accordance with relevant transaction agreements with fair and reasonable terms, and in line with the overall interests of shareholders of the Bank.

3. Confirmations by auditors

The Bank had engaged an external auditor to conduct work on the continuing connected transactions of the Bank in compliance with the *Hong Kong Standard on Assurance Engagements 3000 (amended) – Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the Hong Kong Institute of Certified Public Accountants, and with reference to the *Practice Note 740 (amended)* – Auditor's Letter on Continuing Connected Transactions under the *Hong Kong Listing Rules*.

Based on the work carried out, the auditor of the Bank had provided a letter to the Board of Directors of the Bank in accordance with Article 14A.56 of the *Hong Kong Listing Rules* and confirmed that, with respect to the disclosed continuing connected transactions mentioned above:

(1) nothing had come to their attention that might cause them to believe that the disclosed continuing connected transactions had not been approved by the Board of Directors of the Bank.

(2) nothing had come to their attention that might cause them to believe that the continuing connected transactions conducted by the Bank, in all material respects, were not conducted in accordance with the pricing policies of the Bank.

(3) nothing had come to their attention that might cause them to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions.

(4) as for the total amount of each continuing connected transaction disclosed above, nothing had come to their attention that might cause them to believe that the amount of continuing connected transaction had exceeded the annual cap set by the Bank.

ii. Exemptible connected transactions

During the reporting period, a series of connected transactions were carried out between the Bank and its connected persons in the ordinary and usual course of business of the Bank. Pursuant to Chapter 14A of the *Hong Kong Listing Rules*, such connected transactions were exempted from reporting, announcement, annual review and independent shareholders' approval requirements.

XVIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

i. Significant events relating to material custody, contracting or leasing of other companies' assets, or other companies' material custody, contracting or leasing of the Bank's assets

Apart from routine business, during the reporting period, there was no significant event relating to material custody, contracting or leasing of other companies' assets or other companies' material custody, contracting or leasing of the Bank's assets.

ii. Significant guarantee

The provision of guarantee is in the ordinary and usual course of business of the Bank. During the reporting period, the Bank did not enter into any significant guarantee required to be disclosed save for the guarantees within its business scope as approved by PBOC and the former CBIRC or any guarantee contract in violation of laws, administrative regulations and the resolution procedures for external guarantee stipulated by CSRC.

iii. Explanatory notes and independent opinions of Independent Non-executive Directors concerning the provision of external guarantees by the Bank

In accordance with relevant regulations and requirements of the *Regulatory Guidelines for Listed Companies No. 8 – Regulatory Requirements for Capital Transactions and External Guarantees of Listed Companies* (CSRC announcement [2022] No. 26), Independent Non-executive Directors of the Bank reviewed the external guarantees provided by the Bank on a just, fair and objective basis, and issued an opinion as follows:

It was verified that the provision of external guarantee is one of the routine operations of a commercial bank, which has been approved by PBOC and the former CBIRC. As at the end of the reporting period, the Bank had a guarantee outstanding for the RMB180 million payable interests of financial bonds issued by CEG, which was backed by a counter-guarantee provided by CEG with the 67.5 million shares it held in a large securities firm. Save as disclosed, for the balance of the guarantee business of the Bank, please refer to the "Notes to the Consolidated Financial Statements".

Attaching importance to risk management of guaranteed business, the Bank formulated specific business management measures and operating procedures, and effectively monitored and forestalled risks in the guarantee business by on-site and off-site inspections. During the reporting period, this business was in the ordinary and usual course and no violation of the above-mentioned regulations took place at the Bank.

iv. Significant event relating to entrusted wealth management

During the reporting period, there was no event relating to entrusted wealth management beyond the scope of routine operations.

v. Other material contracts

During the reporting period, all contracts regarding routine operations were duly performed and there was no other material contract.

XIX. USE OF RAISED PROCEEDS

All the proceeds raised by the Bank in history were used for the purposes disclosed in prospectuses, offering circulars and other documents. The proceeds were used to replenish the Bank's capital, increase the capital adequacy ratio, and support the Bank's sustainable and healthy business development. During the reporting period, no proceeds were raised by the Bank due to rights issue, new share issue, issuance of preference shares or capital bonds, etc.

XX. OTHER SIGNIFICANT EVENTS

i. Completion of 2024 interim profit distribution

On 7 January 2025, the 2024 interim profit distribution plan was reviewed and approved at the Bank's 2025 First Extraordinary General Meeting, according to which the Bank distributed cash dividends to all shareholders of ordinary shares at RMB1.04 (tax included) per 10 shares. As at the disclosure date of this report, all interim cash dividends had been distributed, with an actual amount of RMB6,145 million.

ii. Increased holdings of the Bank's shares by the controlling shareholder

On 29 March 2024, CEG, the controlling shareholder of the Bank, increased its holdings of 64,321,400 A-shares of the Bank through centralized bidding via the Shanghai Stock Exchange system for the first time, accounting for 0.11% of the Bank's total share capital. Under certain market conditions, CEG planned to continue increasing its holdings in the Bank within the coming 12 months, with the cumulative increase in holdings amounting to not less than RMB400 million (inclusive) and not more than RMB800 million (inclusive). As at 28 March 2025, CEG had cumulatively increased its holdings of 121,943,100 A-shares of the Bank through centralized bidding via the Shanghai Stock Exchange system, accounting for 0.21% of the Bank's total share capital, with the cumulative increase amounting to RMB403,492,111 (excluding transaction costs). This shareholding increase plan had completed implementation.

XXI. SIGNIFICANT EVENTS OF SUBSIDIARIES

i. Everbright Financial Leasing Co., Ltd.

During the reporting period, the company distributed cash dividends of RMB200 million to shareholders and was not involved in any material litigation or arbitration, acquisition and disposal of major assets, material related party transaction, material contract, judicial or administrative investigation or material penalty. It engaged KPMG Huazhen LLP to audit its annual financial report.

ii. Everbright Wealth Management Co., Ltd.

During the reporting period, the company distributed cash dividends of RMB1,458 million to shareholders and was not involved in any material litigation or arbitration, acquisition and disposal of major assets, material related party transaction, material contract, judicial or administrative investigation or material penalty. It engaged KPMG Huazhen LLP to audit its annual financial report.

iii. Beijing Sunshine Consumer Finance Co., Ltd.

During the reporting period, the company distributed cash dividends of RMB60 million to shareholders and was not involved in any material litigation or arbitration, acquisition and disposal of major assets, material related party transaction, material contract, judicial or administrative investigation or material penalty. It engaged KPMG Huazhen LLP to audit its annual financial report.

iv. CEB International Investment Corporation Limited

During the reporting period, the company did not make profit distribution and was not involved in any material litigation or arbitration, acquisition and disposal of major assets, material related party transaction, material contract, judicial or administrative investigation or material penalty. It engaged KPMG to audit its annual financial report.

v. China Everbright Bank (Europe) S.A.

During the reporting period, the company did not make profit distribution and was not involved in any material litigation or arbitration, acquisition and disposal of major assets, material related party transaction, material contract, judicial or administrative investigation or material penalty. It engaged KPMG to audit its annual financial report.

vi. Shaoshan Everbright Rural Bank Co., Ltd.

During the reporting period, the rural bank did not make profit distribution and was not involved in any material litigation or arbitration, acquisition and disposal of major assets, material related party transaction, material contract, judicial or administrative investigation or material penalty. It engaged Hunan Zhengde United Accounting Firm to audit its financial report.

vii. Jiangsu Huai'an Everbright Rural Bank Co., Ltd.

During the reporting period, the rural bank did not make profit distribution and was not involved in any material litigation or arbitration, acquisition and disposal of major assets, material related party transaction, material contract, judicial or administrative investigation or material penalty. It engaged Huai'an Huaiyu Accounting Firm to audit its annual financial report.

viii. Jiangxi Ruijin Everbright Rural Bank Co., Ltd.

During the reporting period, the rural bank distributed cash dividends of RMB2.7786 million to shareholders and was not involved in any material litigation or arbitration, acquisition and disposal of major assets, material related party transaction, material contract, judicial or administrative investigation or material penalty. It engaged ShineWing LLP to audit its annual financial report.

XXII. PROFESSIONAL LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, the Bank established a professional liability insurance system for Directors, Supervisors and Senior Management in accordance with the relevant laws, regulations and the *Articles of Association* of the Bank. The *Articles of Association* of the Bank and such professional liability insurance system set out relevant permitted indemnity provisions. Such insurance shall cover relevant liabilities of the insured parties and indemnify relevant expenses resulting from possible litigation in accordance with the provisions.

XXIII. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There occurred no significant subsequent event after the balance sheet date at the Bank.

XXIV. REVIEW OF ANNUAL RESULTS

KPMG Huazhen LLP and KPMG had audited the Bank's financial statements, which were prepared in accordance with the PRC GAAP and IFRS Accounting Standards respectively, and issued a standard unqualified auditor's report. The Board of Directors and its Audit Committee had reviewed the business performance and financial statements of the Bank for the year 2024.

XXV. PUBLICATION OF ANNUAL REPORT

The Chinese and English versions of this Annual Report prepared by the Bank in accordance with the IFRS Accounting Standards and the *Hong Kong Listing Rules*, are available at the websites of the HKEXnews and the Bank. In case of any ambiguity in the understanding of the Chinese and English versions of this Annual Report, the Chinese version shall prevail.

Changes in Ordinary Share Capital and Shareholders

I. CHANGES IN SHARES

Unit: Share, %

	31 December 2023		Changes during the reporting period	31 December 2024	
	Number of shares	Percentage		Number of shares	Percentage
I. Shares subject to restrictions on sales	–	–	–	–	–
Shares held by state-owned legal persons	–	–	–	–	–
II. Shares not subject to restrictions on sales	59,085,551,061	100.00	–	59,085,551,061	100.00
1. RMB-denominated ordinary shares	46,406,815,561	78.54	–	46,406,815,561	78.54
2. Overseas listed foreign shares	12,678,735,500	21.46	–	12,678,735,500	21.46
III. Total shares	59,085,551,061	100.00	–	59,085,551,061	100.00

II. SECURITIES ISSUANCE AND LISTING

i. Securities issuance

During the reporting period, the Bank did not issue any new common stock or convertible corporate bond.

ii. During the reporting period, there was no change in the total number of shares, shareholding structure, or assets and liabilities structure of the Bank due to bonus issue, capitalization, rights issue, new share issue, share issue to specific objects, exercise of warrants, exercise of equity incentive scheme, mergers, capital reduction, listing of employee shares, bond issue or other reasons.

iii. The Bank had no employee shares.

III. NUMBER OF SHAREHOLDERS

Unit: Shareholder

	A shares	H shares
Total number of shareholders as at the end of the reporting period	156,101	807
Total number of shareholders as at the end of the month prior to the disclosure date of this report	150,883	804

IV. SHAREHOLDING OF TOP TEN SHAREHOLDERS

Unit: Share, %

Name of shareholder	Nature of shareholder	Change in the reporting period	Class of shares	Number of shares held	Shareholding percentage	Number of shares pledged/ marked/frozen
China Everbright Group Ltd.	State-owned legal person	80,619,500	A share	24,308,432,941	41.14	–
		–	H share	1,782,965,000	3.02	–
Hong Kong Securities Clearing Company Nominees Limited	Overseas legal person	71,780	H share	5,238,411,070	8.87	Unknown
Including: Ocean Fortune Investment Limited	Overseas legal person	–	H share	1,605,286,000	2.72	–
Overseas Chinese Town Holdings Company	State-owned legal person	–	H share	4,200,000,000	7.11	–
China CITIC Financial Asset Management Co., Ltd.	State-owned legal person	–	A share	4,184,682,388	7.08	–
China Everbright Limited	Overseas legal person	–	A share	1,572,735,868	2.66	–
China Life Reinsurance Company Ltd.	State-owned legal person	–	H share	1,530,397,000	2.59	–
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	405,541,409	A share	1,164,646,464	1.97	–
China Securities Finance Corporation Limited	State-owned legal person	–	A share	989,377,094	1.67	–
China Reinsurance (Group) Corporation	State-owned legal person	–	A share	413,094,619	0.70	–
		–	H share	376,393,000	0.64	–
Shenergy (Group) Co., Ltd.	State-owned legal person	–	A share	766,002,403	1.30	–

Notes:

1. As at the end of the reporting period, all ordinary shares of the Bank were not subject to restrictions on sales.

2. As at the end of the reporting period, the total number of H shares of the Bank held by the Hong Kong Securities Clearing Company Nominees Limited acting as the nominee for all institutional and individual investors that maintain an account with it was 5,238,411,070 H shares. Among them, 1,605,286,000, 282,684,000 and 172,965,000 H shares of the Bank were held by Ocean Fortune Investment Limited, China Life Reinsurance Company Ltd., and CEG, respectively. The number of remaining H shares of the Bank held under it was 3,177,476,070 H shares.

3. The Bank was aware that, as at the end of the reporting period, China Everbright Limited is a subsidiary indirectly controlled by China Everbright Group Ltd. China Life Reinsurance Company Ltd. is a wholly-owned subsidiary of China Reinsurance (Group) Corporation. COSCO Shipping (Shanghai) Investment Management Co., Ltd. and Ocean Fortune Investment Limited are both subsidiaries indirectly controlled by China COSCO Shipping Corporation Limited. Save for the above, the Bank was not aware of any related party relationship or concerted actions among the above shareholders.

4. As at the end of the reporting period, Hong Kong Securities Clearing Company Limited held 1,164,646,464 A shares of the Bank designated by and on behalf of others as the nominee, including shares under the Shanghai Stock Connect held by Hong Kong and overseas investors.

5. The Bank had no special repurchase account. There was no delegation, entrustment or abstention of voting rights. There was no difference in the arrangement of voting rights.

6. As at the end of the reporting period, the top ten shareholders neither lent any shares of the Bank to engage in refinancing business nor held any shares of the Bank using credit accounts.

7. As at the end of the reporting period, the top ten shareholders remained unchanged from the previous period.

8. Overseas Chinese Town Holdings Company pledged 2,058,480,000 H-shares of the Bank it held, and the relevant pledge registration procedures were completed on 24 January 2025.

V. CONFIRMATION OF COMPLIANCE WITH THE REQUIREMENT OF SUFFICIENCY OF PUBLIC FLOAT UNDER THE *HONG KONG LISTING RULES*

Based on publicly available information and to the knowledge of the Directors, as at 31 December 2024, the Bank had maintained the minimum public float as required by the *Hong Kong Listing Rules* and the waiver granted by SEHK.

VI. SUBSTANTIAL SHAREHOLDERS

i. Controlling shareholders

1. Basic information

Company name:	China Everbright Group Ltd.
Legal representative:	Wu Lijun
Date of establishment:	12 November 1990
Scope of business:	investment in and management of financial enterprises engaged in banking, securities, insurance, fund, trust, futures, leasing, gold and silver trading; asset management; investment in and management of non-financial enterprises (According to applicable laws, market entities have discretion to choose specific operation items to carry out operation activities. Business activities which are subject to approval by competent regulatory authorities in accordance with applicable laws shall be carried out following the contents of approval. Business operations prohibited or restricted by the industry policies of the country and Beijing Municipality are not allowed.)

2. Shareholding in other domestic and overseas listed companies

As at the end of the reporting period, the shareholding of CEG in other domestic and overseas listed companies were listed as follows:

Unit: %

Company name	Stock exchange for listing	Shareholding percentage
Everbright Securities Co., Ltd.	SSE, SEHK	45.88
China Everbright Limited	SEHK	49.74
China Everbright Environment Group Limited	SEHK	43.08
China CYTS Tours Holding Co., Ltd.	SSE	23.19
Cachet Pharmaceutical Company Ltd.	SZSE	28.47
Everbright Grand China Assets Limited	SEHK	74.99
Shenwan Hongyuan Group Co., Ltd.	SZSE, SEHK	3.99
Lianlian Digitech Co., Ltd.	SEHK	7.41

3. The controlling shareholder of CEG is CHI with 63.16% shareholding.

Changes in Ordinary Share Capital and Shareholders

4. Shareholding relationship between CEG and the Bank

5. There was no pledged, marked or frozen equity of the Bank held by CEG.

ii. Substantial shareholders holding more than 5% shares of the Bank

1. Overseas Chinese Town Holdings Company ("OCT Group") directly holds 7.11% shares of the Bank and dispatches directors to the Bank. As one of the Bank's substantial shareholders, the company's controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of China, with 90% shareholding. The company was established in December 1987 with a registered capital of RMB12,000 million, and its legal representative is Zhang Zhen'gao. OCT Group mainly engages in investment in tourism and related cultural industries (including performing arts, entertainment and relevant services), industry, real estate, commerce and trade, packaging, decoration and printing industries; tourism, warehouse rental, arts and culture, bonded warehouse for donated cars, and convention and exhibition services. As at the disclosure date of this report, the company pledged 2,058,480,000 H shares of the Bank it held, representing 49.01% of its holdings in the Bank and 3.48% of the Bank's total share capital. There are no marked or frozen equity of the Bank held by the company.

2. China CITIC Financial Asset Management Co., Ltd. directly holds 7.08% shares of the Bank and dispatches directors to the Bank. As one of the Bank's substantial shareholders, the company's substantial shareholders include China CITIC Group Corporation with 26.46% shareholding, MOF with 24.76% shareholding, Zhongbao Rongxin Private Equity Fund Management Co., Ltd. with 18.08% shareholding, and China Life Insurance (Group) Company with 4.5% shareholding. The company was established in November 1999, with a registered capital of RMB80.247 billion, and its legal representative is Mr. Liu Zhengjun. The company mainly engages in the acquisition and entrusted management of non-performing assets of financial and non-financial institutions, including management, investment and disposal; debt-for-equity swap and the management, investment and disposal of equity assets; overseas investment, purchase and sale of marketable securities, issuance of financial bonds, interbank borrowing and lending, commercial financing for other financial institutions, bankruptcy management, consulting and advisory business in terms of finance, investment, legal and risk management, appraisal of assets and projects, permitted asset securitization business, financial institution custody and close-down liquidation business, and other businesses approved by the banking regulatory authorities of the State Council of China. There was no pledged, marked or frozen equity of the Bank held by the company.

iii. Other substantial shareholders under regulatory standards

In accordance with the *Interim Measures for Equity Management of Commercial Banks* (Decree No. 1 of CBRC in 2018), substantial shareholders of the Bank also include:

1. China COSCO Shipping Corporation Limited ("COSCO Shipping") indirectly holds a total of 3.94% shares of the Bank through its subsidiaries COSCO Shipping (Shanghai) Investment Management Co., Ltd. and Ocean Fortune Investment Limited and dispatches a director to the Bank, thus imposing a substantial influence on the Bank. The controlling shareholder of COSCO Shipping is the State-owned Assets Supervision and Administration Commission of the State Council of China, with 90% shareholding. The company was established in February 2016, with a registered capital of RMB11 billion. Its legal representative is Mr. Wan Min. The company mainly engages in international shipping and auxiliary services of maritime transport; import and export of goods and technologies; international sea, land and air freight agency business; self-owned ship chartering; sales of ships, containers and steel; design of ocean engineering equipment; investment in docks and ports; sales of communication equipment, and provision of information and technical services; storage (except for hazardous chemicals); technological development, transfer, consultation and services in the fields of shipping and spare parts; and equity investment fund. There was no pledged, marked or frozen equity of the Bank held by the above-mentioned two companies.

2. China Reinsurance (Group) Corporation directly and indirectly holds a total of 3.93% shares of the Bank and dispatches directors to the Bank, thus imposing a substantial influence on the Bank. Its controlling shareholder is CHI, with 71.56% shareholding. The company was established in August 1996 with a registered capital of RMB42,479.80 million, and its legal representative is Mr. He Chunlei. The company mainly engages in the establishment of insurance enterprises through investment, investment business permitted by national laws and regulations, and domestic and international reinsurance business permitted by national laws and regulations. There was no pledged, marked or frozen equity of the Bank held by the company.

3. Shenergy (Group) Co., Ltd. directly holds 1.30% shares of the Bank and dispatches supervisors to the Bank, thus imposing a substantial influence on the Bank. The company is under the de facto control of Shanghai Municipal State-owned Assets Supervision and Administration Commission, with 100% shareholding. The company was established in November 1996 with a registered capital of RMB28 billion, and its legal representative is Mr. Huang Dinan. The company mainly engages in the investment, development, operation and management of fundamental industries relating to electricity and other energies, investment in and development of natural gas resources and urban gas pipe network, investment and management of high-tech industries, real industry investment, asset operation and domestic trade (except as otherwise provided by special provisions). There was no pledged, marked or frozen equity of the Bank held by the company.

iv. Related party transactions with substantial shareholders

The Bank had treated a total of over 2,900 enterprises as related parties, including the above-mentioned substantial shareholders and their controlling shareholders, de facto controllers, persons acting in concert and ultimate beneficiaries, as well as legal persons or non-legal-person organizations controlled or materially influenced by the above-mentioned substantial shareholders. During the reporting period, the Bank and its controlled subsidiaries entered into 40 related party transactions with 38 related parties, with the approved amount totaling approximately RMB181,167 million. The above-mentioned related party transactions had been reported to the Board of Directors and its Related Party Transaction Control Committee of the Bank for approval or filing in accordance with relevant procedures.

VII. AS AT THE END OF THE REPORTING PERIOD, THE BANK HAD NO SHARE REPURCHASE PLAN.

VIII. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE BANK UNDER HONG KONG LAWS AND REGULATIONS

As at the end of the reporting period, as far as Directors and Supervisors of the Bank were aware, the following persons or corporations (excluding Directors, Supervisors or Chief Executives of the Bank) had interests or short positions in the shares or underlying shares of the Bank as recorded in the register of interests in shares and short positions required to be kept under section 336 of the *Securities and Futures Ordinance of Hong Kong ("HKSFO")*, or which were required to be notified to the Bank:

Name of substantial shareholder	Class of shares	Type of interest	Long/short position	Number of shares	Percentage of relevant shares in issue (%)[4,5]	Percentage of the total issued shares (%)[4,5]
China COSCO Shipping Corporation Limited[1]	H shares	Interest of controlled corporation	Long position	1,605,286,000	12.66	2.72
China Shipping (Group) Company[1]	H shares	Interest of controlled corporation	Long position	1,605,286,000	12.66	2.72
COSCO Shipping Financial Holdings Co., Limited[1]	H shares	Interest of controlled corporation	Long position	1,605,286,000	12.66	2.72
Ocean Fortune Investment Limited[1]	H shares	Beneficial owner	Long position	1,605,286,000	12.66	2.72
Central Huijin Investment Ltd.[2]	H shares	Interest of controlled corporation	Long position	3,773,385,000	29.76	6.39
China Everbright Group Ltd.[2]	H shares	Beneficial owner/ Interest of controlled corporation	Long position	1,866,595,000	14.72	3.16
China Reinsurance (Group) Corporation[2]	H shares	Beneficial owner/ Interest of controlled corporation	Long position	1,906,790,000	15.04	3.23
China Life Reinsurance Company Ltd.[2]	H shares	Beneficial owner	Long position	1,530,397,000	12.07	2.59
Overseas Chinese Town Holdings Company	H shares	Beneficial owner	Long position	4,200,000,000	33.13	7.11
China Everbright Group Ltd.[3]	A shares	Beneficial owner/ Interest of controlled corporation	Long position	26,097,724,967	56.24	44.17
Central Huijin Investment Ltd.[3]	A shares	Interest of controlled corporation	Long position	27,127,148,586	58.46	45.91
China CITIC Financial Asset Management Co., Ltd.	A shares	Beneficial owner	Long position	4,184,682,388	9.02	7.08

Notes:

1. Ocean Fortune Investment Limited holds a long position in 1,605,286,000 H shares of the Bank directly. As far as the Bank was aware, Ocean Fortune Investment Limited is wholly-owned by COSCO Shipping Financial Holdings Co., Limited, which is wholly-owned by China Shipping (Group) Company. China Shipping (Group) Company is wholly-owned by China COSCO Shipping Corporation Limited. In accordance with the *HKSFO*, China COSCO Shipping Corporation Limited, China Shipping (Group) Company and COSCO Shipping Financial Holdings Co., Limited are all deemed to have interests in the 1,605,286,000 H shares held by Ocean Fortune Investment Limited.

2. China Life Reinsurance Company Ltd. holds a long position in 1,530,397,000 H shares of the Bank directly. China Reinsurance (Group) Corporation holds a long position in 376,393,000 H shares of the Bank directly. CEG holds a long position in 1,782,965,000 H shares of the Bank directly. China Everbright Holdings Company Limited holds a long position in 83,630,000 H shares of the Bank directly. As far as the Bank was aware, China Life Reinsurance Company Ltd. is wholly-owned by China Reinsurance (Group) Corporation, while 71.56% of the issued share capital of China Reinsurance (Group) Corporation is held by CHI. China Everbright Holdings Company Limited is wholly-owned by CEG, while 63.16% of the issued share capital of China Everbright Group Ltd. is held by CHI. In accordance with the *HKSFO*, China Reinsurance (Group) Corporation is deemed to have interests in the 1,530,397,000 H shares held by China Life Reinsurance Company Ltd., while China Everbright Group Ltd. is deemed to have interests in the 83,630,000 H shares held by China Everbright Holdings Company Limited. Therefore, CHI is deemed to have interests in a total of 3,773,385,000 H shares of the Bank indirectly.

3. China Everbright Group Ltd. holds a long position in 24,308,432,941 A shares of the Bank directly. China Everbright Group Ltd. is deemed to indirectly hold a long position in a total of 1,789,292,026 A shares of the Bank through its subsidiaries as follows:

   (1) China Everbright Limited directly holds a long position in 1,572,735,868 A shares of the Bank.

   (2) Meiguang Enyu (Shanghai) Properties Company Limited directly holds a long position of 148,156,258 A shares of the Bank.

   (3) China Everbright Investment and Assets Management Co., Ltd. directly holds a long position of 8,000,000 A shares of the Bank.

   (4) Everbright Financial Holding Asset Management Co., Ltd. directly holds a long position of 60,399,900 A shares of the Bank.

   Therefore, China Everbright Group Ltd. directly and indirectly holds a long position of 26,097,724,967 A shares of the Bank in total.

   China Reinsurance (Group) Corporation and Central Huijin Asset Management Ltd. directly hold a long position of 413,094,619 and 616,329,000 A shares of the Bank, respectively. As far as the Bank was aware, CHI held 100%, 71.56% and 63.16% of the issued share capital of Central Huijin Asset Management Ltd., China Reinsurance (Group) Corporation and CEG, respectively. In accordance with the *HKSFO*, CHI is deemed to hold a long position in 616,329,000 A shares held by Central Huijin Asset Management Ltd., a long position in 413,094,619 A shares held by China Reinsurance (Group) Corporation, and a long position in 26,097,724,967 A shares held by China Everbright Group Ltd. Therefore, CHI indirectly holds a long position of 27,127,148,586 A shares of the Bank in total.

4. As at 31 December 2024, the issued share capital of the Bank was 59,085,551,061 shares, including 46,406,815,561 A shares and 12,678,735,500 H shares.

5. The percentage of shareholding is rounded to two decimal places.

6. The data disclosed above is based on the information provided on the website of the HKEXnews and the information obtained by the Bank as at the end of the reporting period.

Save as disclosed above, as at the end of the reporting period, the Bank had not been notified by any person who had interests or short positions in the shares or underlying shares of the Bank, which were required to be disclosed to the Bank under Divisions 2 and 3 of Part XV of the *HKSFO*, or which were recorded in the register of interests in shares and short positions required to be kept by the Bank under section 336 of the *HKSFO*.

IX. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE BANK UNDER HONG KONG LAWS AND REGULATIONS

As at the end of the reporting period, as far as Directors and Supervisors of the Bank were aware, none of Directors, Supervisors and Chief Executives of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in the *HKSFO*) which were recorded in the register of interests in shares and short positions required to be kept by the Bank under section 352 of the *HKSFO*, or which were required to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the *HKSFO*, or which were required to be notified to the Bank and SEHK pursuant to the *Model Code*. None of Directors, Supervisors and Chief Executives of the Bank was granted a right to acquire any interest in the shares or debentures of the Bank or any of its associated corporations.

Changes in Preference Share Capital and Shareholders

I. ISSUANCE AND LISTING OF PREFERENCE SHARES

Unit: RMB, %, 10,000 Shares

Code	Abbreviation	Date of issuance	Issuance price	Coupon rate	Issuance volume	Date of listing	Approved volume for listing and trading	Date of delisting
360013	Everbright P1	19 June 2015	100	4.45	20,000	21 July 2015	20,000	–
360022	Everbright P2	8 August 2016	100	4.01	10,000	26 August 2016	10,000	–
360034	Everbright P3	15 July 2019	100	3.77	35,000	5 August 2019	35,000	–

II. USE OF PROCEEDS

In response to higher capital requirements raised by regulators, the Bank issued preference shares to ensure sustainable business development and improve its capital structure. All the proceeds were used to replenish the additional Tier 1 capital.

III. TOTAL NUMBER OF PREFERENCE SHAREHOLDERS AND SHAREHOLDINGS OF TOP TEN PREFERENCE SHAREHOLDERS

i. Everbright P1 (Code: 360013)

Unit: Shareholder, Share, %

Total number of shareholders as at the end of the reporting period				23		
Total number of shareholders as at the end of the month prior to the disclosure date of this report				23		
Name of shareholder	Nature of shareholder	Change in shareholding during the reporting period	Number of shares held	Percentage of shareholding	Class of shares	Number of shares pledged/marked/frozen
Hwabao Trust Co., Ltd.	Others	8,370,000	40,770,000	20.39	Domestic preference shares	–
Everbright Securities Asset Management Co., Ltd.	Others	-600,000	24,200,000	12.10	Domestic preference shares	–
BOC International (China) Co., Ltd.	Others	-900,000	14,510,000	7.26	Domestic preference shares	–
China Fund Management Co., Ltd.	Others	12,750,981	12,750,981	6.38	Domestic preference shares	–
Jiangsu International Trust Corporation Limited	Others	–	11,640,000	5.82	Domestic preference shares	–
Ping An Property & Casualty Insurance Company of China, Ltd.	Others	–	10,000,000	5.00	Domestic preference shares	–
Ping An Life Insurance Company of China, Ltd.	Others	–	10,000,000	5.00	Domestic preference shares	–
China Resources SZITIC Trust Co., Ltd.	Others	1,581,860	9,731,000	4.87	Domestic preference shares	–
BOCOM Schroders Asset Management Co., Ltd.	Others	-5,950,000	9,550,000	4.78	Domestic preference shares	–
AVIC Trust Co., Ltd.	Others	–	7,750,000	3.88	Domestic preference shares	–

Note: Everbright Securities Asset Management Co., Ltd. is a related party of China Everbright Group Ltd. and China Everbright Limited. Ping An Property & Casualty Insurance Company of China, Ltd. and Ping An Life Insurance Company of China, Ltd. are related parties. Save for the above, the Bank was not aware of any related party relationship or concerted actions among the above preference shareholders, as well as between the above preference shareholders and the top ten ordinary shareholders.

ii. Everbright P2 (Code: 360022)

Unit: Shareholder, Share, %

Total number of shareholders as at the end of the reporting period					23	
Total number of shareholders as at the end of the month prior to the disclosure date of this report					23	
Name of shareholder	**Nature of shareholder**	**Change in shareholding during the reporting period**	**Number of shares held**	**Percentage of shareholding**	**Class of shares**	**Number of shares pledged/marked/frozen**
China Resources SZITIC Trust Co., Ltd.	Others	2,970,000	18,260,000	18.26	Domestic preference shares	–
AVIC Trust Co., Ltd.	Others	–	16,470,000	16.47	Domestic preference shares	–
China Everbright Group Ltd.	State-owned legal person	–	10,000,000	10.00	Domestic preference shares	–
Guangdong Utrust Co., Ltd.	Others	6,510,000	9,780,000	9.78	Domestic preference shares	–
China Life Insurance Company Limited	Others	–	8,180,000	8.18	Domestic preference shares	–
Everbright Securities Asset Management Co., Ltd.	Others	2,960,000	7,790,000	7.79	Domestic preference shares	–
Postal Savings Bank of China Co., Ltd.	Others	–	7,150,000	7.15	Domestic preference shares	–
BOCOM Schroders Asset Management Co., Ltd.	Others	–	6,640,000	6.64	Domestic preference shares	–
China Fund Management Co., Ltd.	Others	4,300,000	4,300,000	4.30	Domestic preference shares	–
Jiangsu International Trust Corporation Limited	Others	–	1,800,000	1.80	Domestic preference shares	–

Note: China Everbright Group Ltd. is the controlling shareholder of the Bank. China Everbright Limited is a subsidiary indirectly controlled by China Everbright Group Ltd. Everbright Securities Asset Management Co., Ltd. is a related party of China Everbright Group Ltd. and China Everbright Limited. Save for the above, the Bank was not aware of any related party relationship or concerted actions among the above preference shareholders, as well as between the above preference shareholders and the top ten ordinary shareholders.

Changes in Preference Share Capital and Shareholders

iii. Everbright P3 (Code: 360034)

Unit: Shareholder, Share, %

Total number of shareholders as at the end of the reporting period					27	
Total number of shareholders as at the end of the month prior to the disclosure date of this report					27	
Name of shareholder	**Nature of shareholder**	**Change in shareholding during the reporting period**	**Number of shares held**	**Percentage of shareholding**	**Class of shares**	**Number of shares pledged/marked/frozen**
Ping An Life Insurance Company of China, Ltd.	Others	–	84,110,000	24.03	Domestic preference shares	–
Everbright Securities Asset Management Co., Ltd.	Others	38,685,000	54,225,000	15.49	Domestic preference shares	–
China Life Insurance Company Limited	Others	–	47,720,000	13.63	Domestic preference shares	–
New China Life Insurance Company Limited	Others	–	27,270,000	7.79	Domestic preference shares	–
Ping An Property & Casualty Insurance Company of China, Ltd.	Others	–	18,180,000	5.19	Domestic preference shares	–
CITIC-Prudential Life Insurance Company Limited	Others	–	15,000,000	4.29	Domestic preference shares	–
China Foreign Economy and Trade Trust Co., Ltd.	Others	9,057,500	13,637,500	3.90	Domestic preference shares	–
Hwabao Trust Co., Ltd.	Others	5,283,334	10,856,667	3.10	Domestic preference shares	–
Shanghai Guotai Junan Securities Asset Management Co., Ltd.	Others	–	9,090,000	2.60	Domestic preference shares	–
Taiping Life Insurance Co., Ltd.	Others	–	9,090,000	2.60	Domestic preference shares	–

Note: Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. are related parties. Everbright Securities Asset Management Co., Ltd. is a related party of CEG and China Everbright Limited. CITIC-Prudential Life Insurance Company Limited and China CITIC Financial Asset Management Co., Ltd. are related parties. Save for the above, the Bank was not aware of any related party relationship or concerted actions among the above preference shareholders, as well as between the above preference shareholders and the top ten ordinary shareholders.

IV. PROFIT DISTRIBUTION FOR PREFERENCE SHARES

1. Profit distribution policy for preference shares

Everbright P1, Everbright P2 and Everbright P3 issued by the Bank are priced at coupon rates subject to adjustments at different intervals. The coupon rates shall remain unchanged for the first five years commencing from the issuance date. Subsequently, the coupon rates shall be adjusted once every five years and remain unchanged during adjustment intervals. The initial coupon rates for Everbright P1, Everbright P2 and Everbright P3, which had been applied for five years, were adjusted to the second-phase coupon rates of 4.45%, 4.01% and 3.77% on 25 June 2020, 11 August 2021 and 18 July 2024, respectively,.

The dividends on the above three preference shares are non-cumulative, and the dividends shall be paid in cash. Under the circumstances that the Bank decides to cancel part or all of the dividend payments of the preference shares, the undistributed dividends shall not be carried forward to the following dividend period. After receiving dividends at the agreed rates, the preference shareholders are not entitled to the distribution of remaining profits with ordinary shareholders.

2. Profit distribution plan for preference shares

On 25 June 2024, the Bank distributed dividends on Everbright P1 at a coupon rate of 4.45% (before tax). On 12 August 2024, the Bank distributed dividends on Everbright P2 at a coupon rate of 4.01% (before tax). On 18 April 2024, the Bank distributed dividends on Everbright P3 at a coupon rate of 4.80% (before tax). All the above had been executed.

During the tenure of preference shares, as agreed, the dividends on Everbright P1 and Everbright P2 shall be paid annually. The Bank shall convene a board meeting at least 10 working days prior to the dividend payment dates of Everbright P1 and Everbright P2 to consider proposals relating to the dividend payment. The dividends on Everbright P3 are distributed once per fiscal year. The Bank will implement the dividend distribution plan within 15 working days after the Board of Directors' review and approval.

3. Amount and proportion of the preference share dividends distributed in the last three years

Unit: RMB million, %

Item	2024	2023	2022
Amount of dividends	2,971	2,971	2,971
Proportion of distribution	100.00	100.00	100.00

Note: Proportion of distribution is calculated based on the amount of declared dividends and that of the agreed dividends payable for the year.

V. DURING THE REPORTING PERIOD, THERE WAS NO REPURCHASE OF PREFERENCE SHARES OR CONVERSION OF PREFERENCE SHARES INTO ORDINARY SHARES BY THE BANK. FOR DETAILS OF THE PREFERENCE SHARE REPURCHASE AND THE TRIGGER CONDITIONS OF CONVERSION OF PREFERENCE SHARES INTO ORDINARY SHARES, PLEASE REFER TO THE PROSPECTUSES RELEASED AT PREFERENCE SHARE ISSUANCE OF THE BANK.

VI. DURING THE REPORTING PERIOD, THERE WAS NO VOTING RIGHT RESTORATION IN THE PREFERENCE SHARES OF THE BANK.

VII. ACCOUNTING POLICIES FOR PREFERENCE SHARES OF THE BANK AND REASONS FOR ADOPTION

According to the *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and *Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments* promulgated by MOF; the preference shares issued by the Bank were accounted for as an equity instrument.

Directors, Supervisors, Senior Management, Staff and Business Outlets

I. INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Gender	Age	Term of office	Remuneration received from the Bank during the reporting period (in RMB10,000 on a pretax basis)	Whether received remuneration from a related party
Wu Lijun	Chairman, Non-executive Director	Male	60	2020.03-2025.09	–	Yes
Cui Yong	Vice Chairman, Non-executive Director	Male	55	2024.04-2025.09	–	Yes
Hao Cheng	Secretary of the CPC Committee, Executive Director, President	Male	53	2024.08-2025.09 (as Board Director) 2024.06– (as Senior Management)	–	Yes
Qu Liang	Non-executive Director	Male	58	2021.02-2025.09	–	Yes
Qi Ye	Member of the CPC Committee, Executive Director, Executive Vice President, Chairwoman of Working Committee of Labor Union	Female	55	2024.06-2025.09 (as Board Director) 2020.05– (as Senior Management)	154.48	No
Yang Bingbing	Member of the CPC Committee, Executive Director, Executive Vice President, Risk Director	Male	54	2024.06-2025.09 (as Board Director) 2020.05– (as Senior Management)	153.02	No
Yao Wei	Non-executive Director	Male	49	2021.02-2025.09	–	Yes
Zhu Wenhui	Non-executive Director	Male	47	2023.08-2025.09	–	Yes
Zhang Mingwen	Non-executive Director	Male	46	2024.10-2025.09	–	Yes
Li Wei	Non-executive Director	Male	54	2021.08-2025.09	–	Yes
Shao Ruiqing	Independent Non-executive Director	Male	67	2019.08-2025.08	43.00	Yes
Hong Yongmiao	Independent Non-executive Director	Male	61	2019.09-2025.09	43.00	Yes
Li Yinquan	Independent Non-executive Director	Male	69	2020.06-2025.09	43.00	Yes
Liu Shiping	Independent Non-executive Director	Male	62	2022.01-2025.09	43.00	Yes
Huang Zhiling	Independent Non-executive Director	Male	65	2023.11-2025.09	–	No
Wu Junhao	Shareholder Supervisor	Male	59	2009.11-2025.09	–	Yes
Qiao Zhimin	External Supervisor	Male	72	2019.09-2025.09	34.00	Yes
Chen Qing	External Supervisor	Female	64	2022.09-2025.09	–	No
Shang Wencheng	Employee Supervisor	Male	49	2019.07-2025.09	–	No
Yang Wenhua	Employee Supervisor	Male	56	2022.09-2025.09	–	No
Lu Jian	Employee Supervisor	Male	53	2022.09-2025.09	–	No
Song Bingfang	Member of the CPC Committee, Secretary of Discipline Inspection Committee	Male	55	2025.01–	–	No
Liu Yan	Member of the CPC Committee, Executive Vice President, Chief Financial Officer	Female	51	2024.04–	99.57	No
Zhang Xuyang	Secretary to the Board of Directors, Chief Business Supervisor	Male	52	2022.08–	144.45	No
Total remuneration received from the Bank					757.52	

Notes:

1. The remuneration of Directors and Supervisors is subject to approval of the Annual General Meeting.

2. The remuneration of certain Directors, Supervisors and Senior Management is being calculated and has not been finalized, which will be disclosed in due course.

3. The remuneration of Directors, Supervisors and Senior Management who took office in 2024 was calculated based on their actual terms of office.

4. Directors and Supervisors of the Bank recused themselves from the discussions of the Board of Directors and the Board of Supervisors regarding their own remuneration.

5. During the reporting period, none of Directors, Supervisors and Senior Management held any shares of the Bank.

6. During the reporting period, the Bank did not implement any equity incentive scheme, and none of Directors, Supervisors and Senior Management held any stock options on the Bank's shares or was granted any restricted shares.

7. None of the incumbent Directors, Supervisors and Senior Management of the Bank was subject to any penalty by securities regulatory authorities in the recent three years.

II. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT WHO RESIGNED DURING THE REPORTING PERIOD

Name	Position	Gender	Age	Term of office	Remuneration received from the Bank during the reporting period (in RMB10,000 on a pretax basis)	Whether received remuneration from a related party
Wang Zhiheng	Secretary of the CPC Committee, Executive Director, President	Male	51	2022.12-2024.06	–	Yes
Wu Jian	Deputy Secretary of the CPC Committee, Secretary of Discipline Inspection Committee, Secretary of Party Committee Office of H.O.	Male	54	2024.06-2025.01	78.75	No
Dong Tiefeng	Member of the CPC Committee, Secretary of Discipline Inspection Committee (Executive Vice President level)	Male	57	2020.12-2024.03	39.20	No
Qu Liang	Member of the CPC Committee, Executive Vice President	Male	58	2018.09-2024.07	91.46	No
Wang Gang	Member of the CPC Committee (Executive Vice President level)	Male	51	2024.01-2024.03	25.15	No
Li Yinzhong	Shareholder Supervisor	Male	60	2021.12-2024.09	–	Yes
Wang Zhe	External Supervisor	Male	64	2016.11-2024.07	16.50	Yes
Total remuneration received from the Bank					251.06	

Notes:

1. The remuneration of Directors, Supervisors and Senior Management who resigned in 2024 was calculated based on their actual terms of office.

2. During the reporting period, none of the resigned Directors, Supervisors and Senior Management held any shares of the Bank.

3. During the reporting period, the Bank did not implement any equity incentive scheme, and none of resigned Directors, Supervisors and Senior Management held any stock options on the Bank's shares or was granted any restricted shares.

4. None of the resigned Directors, Supervisors and Senior Management was subject to any penalty from the securities supervisory authorities in the recent three years.

III. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

i. Changes in Directors

1. On 29 January 2024, NFRA approved the qualifications of Mr. Wu Lijun as Chairman of the Board of Directors of the Bank.

2. On 28 April 2024, NFRA approved the qualifications of Mr. Cui Yong as Vice Chairman and Non-executive Director of the Bank.

3. On 6 June 2024, due to work adjustment, Mr. Wang Zhiheng resigned from the positions as Executive Director of the Bank, Chairman and Member of Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee, Member of Strategy Committee, and Member of Risk Management Committee of the Board of Directors of the Bank.

4. On 25 June 2024, NFRA approved the qualifications of Mr. Yang Bingbing as Executive Director of the Bank.

5. On 26 June 2024, NFRA approved the qualifications of Ms. Qi Ye as Executive Director of the Bank.

6. On 8 July 2024, due to work adjustment, Mr. Qu Liang resigned from the position as Executive Vice President of the Bank, and his position as Executive Director was changed to Non-executive Director of the Bank.

7. On 23 August 2024, NFRA approved the qualifications of Mr. Hao Cheng as Executive Director of the Bank.

8. On 28 October 2024, NFRA approved the qualifications of Mr. Zhang Mingwen as Non-executive Director of the Bank.

During the reporting period, the Bank appointed new Directors including Mr. Cui Yong on 29 March 2024, Ms. Qi Ye and Mr. Yang Bingbing on 12 April 2024, Mr. Zhang Mingwen on 2 August 2024, and Mr. Hao Cheng on 5 August 2024. They had obtained legal opinions as required under Article 3.09D of the *Hong Kong Listing Rules*, and confirmed that they understood their responsibilities as Directors of the Bank.

ii. Changes in Supervisors

1. On 3 July 2024, due to expiration of the term of office, Mr. Wang Zhe ceased to serve as External Supervisor, Member of Nomination Committee, and Member of Supervision Committee of the Board of Supervisors of the Bank.

2. On 26 September 2024, due to retirement, Mr. Li Yinzhong resigned from the positions as Shareholder Supervisor and Member of the Nomination Committee of the Board of Supervisors of the Bank.

iii. Changes in Senior Management

1. On 3 January 2024, Mr. Wang Gang served as Member of the CPC Committee (Executive Vice President level) of the Bank. On 13 March 2024, due to work adjustment, Mr. Wang Gang ceased to serve as Member of the CPC Committee (Executive Vice President level) of the Bank.

2. On 5 March 2024, due to work adjustment, Mr. Dong Tiefeng ceased to serve as Member of the CPC Committee and Secretary of Discipline Inspection Committee (Executive Vice President level) of the Bank.

3. On 25 April 2024, NFRA approved the qualifications of Ms. Liu Yan as Chief Financial Officer (CFO) of the Bank. On 14 September 2024, NFRA approved the qualifications of Ms. Liu Yan as Executive Vice President of the Bank.

4. On 6 June 2024, due to work adjustment, Mr. Wang Zhiheng resigned from the position as President of the Bank.

5. On 21 June 2024, Mr. Wu Jian began to serve as Deputy Secretary of the CPC Committee and Secretary of Discipline Inspection Committee of the Bank. On 14 January 2025, due to work adjustment, Mr. Wu Jian ceased to serve as Deputy Secretary of the CPC Committee and Secretary of Discipline Inspection Committee of the Bank.

6. On 8 July 2024, due to work adjustment, Mr. Qu Liang resigned from the position as Executive Vice President of the Bank.

7. On 23 August 2024, NFRA approved the qualifications of Mr. Hao Cheng as President of the Bank.

8. On 14 January 2025, Mr. Song Bingfang began to serve as Member of the CPC Committee and Secretary of Discipline Inspection Committee of the Bank.

IV. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

i. Mr. Wu Lijun, Chairman of the Board of Directors of the Bank, ceased to concurrently serve as Chairman of the Board of Directors of China Everbright Holdings Company Limited.

ii. Mr. Qu Liang, Non-executive Director of the Bank, also served as Secretary of the CPC Committee and Chairman of the Board of Directors of Everbright Financial Leasing Co., Ltd.

iii. Mr. Yao Wei, Non-executive Director of the Bank, ceased to serve as Director of Konka Group Co., Ltd.

iv. Mr. Zhu Wenhui, Non-executive Director of the Bank, also served as Member of the CPC Committee and CFO of CITIC Construction Co., Ltd, and ceased to serve as Member of the CPC Committee, Vice President and CFO of China CITIC Financial Asset Management Co., Ltd.

v. Mr. Li Wei, Non-executive Director of the Bank, served as Chairman of the Board of Directors of China Re Asset Management Co., Ltd., ceased to serve as General Manager of China Re Asset Management Co., Ltd., started to serve as Investment Director of China Reinsurance (Group) Corporation, and ceased to serve as Chairman of China Re Asset Management (Hong Kong) Company Limited.

vi. Mr. Shao Ruiqing, Independent Non-executive Director of the Bank, ceased to serve as Independent Non-executive Director of China Enterprise Company Limited and Arcplus Group PLC.

vii. Mr. Li Yinquan, Independent Non-executive Director of the Bank, also served as Independent Non-executive Director of China Resources Beverage (Holdings) Company Limited, and ceased to serve as Independent Non-executive Director of China Agri-Products Exchange Limited.

viii. Mr. Liu Shiping, Independent Non-executive Director of the Bank, ceased to serve as External Director of Huizhou Industrial Investment Group Co., Ltd.

ix. Mr. Wu Junhao, Shareholder Supervisor of the Bank, also served as Vice Chairman, Executive Director and Secretary to the Board of Directors of Shenergy Property & Casualty Insurance Co., Ltd., and ceased to serve as Supervisor of Orient Securities Co., Ltd.

x. Mr. Shang Wencheng, Employee Supervisor of the Bank, also served as Secretary of the CPC Committee and General Manager of the Bank's Shenzhen Branch, and ceased to serve as General Manager of the Audit Department.

V. REMUNERATION POLICIES OF THE BANK

In accordance with the regulatory requirements and the Bank's business management needs, the Bank formulated and implemented remuneration management policies including the *Management Measures for Employee Salary Points*, the *Management Measures for Remuneration of the Heads of Domestic Branches*, the *Management Measures for Deferred Payment of Performance-based Remuneration*, the *Management Measures for Recovery of Performance-based Remuneration*, and the *Guidelines for Salary Distribution*, the *Management Measures for Remuneration of the Heads of Subsidiaries*. For Senior Management and employees whose positions exert a direct or material impact on risks, more than 40% of the performance-based remuneration shall be paid in a deferred manner, with a deferred period of at least three years, and the corresponding performance-based remuneration of those found guilty of violation of laws, regulations and disciplines or exposed to excessive risks within the scope of their responsibilities shall be recovered, based on the type of disciplinary action within the Party, organizational punishment or regulation violation, as well as the degree of risk exposure. During the reporting period, according to relevant measures, the Bank had recovered corresponding performance-based remuneration from employees found guilty of violation of laws, regulations and disciplines or exposed to excessive risks within the scope of their responsibilities.

VI. PROCEDURES FOR DETERMINING THE REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT, BASIS FOR DETERMINING THE REMUNERATION AND THE ACTUAL REMUNERATION PAID

The remuneration of Directors and Senior Management of the Bank is verified and paid in accordance with the *Articles of Association* of the Bank. The remuneration plan for Directors and Senior Management is reviewed by the Remuneration Committee of the Board of Directors before submitted to the Board of Directors for approval. The remuneration plan for Directors is further subject to the Annual General Meeting for approval.

The remuneration of Supervisors of the Bank is verified and paid in accordance with the *Articles of Association* of the Bank. The remuneration plan is reviewed by the Nomination Committee of the Board of Supervisors and then considered by the Board of Supervisors before submitted to the Annual General Meeting for approval.

For details about the remuneration of Directors, Supervisors and Senior Management of the Bank in 2024, please refer to relevant aforesaid contents in this section.

VII. POSITIONS HELD IN SHAREHOLDING COMPANIES BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Shareholding company	Position	Term of office
Wu Lijun	China Everbright Group Ltd.	Secretary of the CPC Committee	Aug 2023 to the present
		Chairman	Nov 2023 to the present
Cui Yong	China Everbright Group Ltd.	Deputy Secretary of the CPC Committee	Dec 2023 to the present
		Vice Chairman, General Manager	Jan 2024 to the present
Hao Cheng	China Everbright Group Ltd.	Member of the CPC Committee	Jun 2024 to the present
		Executive Director	Jul 2024 to the present
Yao Wei	Overseas Chinese Town Group Co., Ltd.	Member of Standing Committee of the CPC Committee, Chief Accountant	Jul 2020 to the present
Zhang Mingwen	COSCO Shipping (Shanghai) Investment Management Co., Ltd.	Chairman	Apr 2024 to the present
		General Manager	Jun 2022 to the present
Li Wei	China Reinsurance (Group) Corporation	Investment Director	Oct 2024 to the present

VIII. RESUMES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

i. Directors

Mr. Wu Lijun

Mr. Wu Lijun had served as Vice Chairman of the Board of Directors of the Bank since March 2020, and then has served as Chairman of the Board of Directors of the Bank since January 2024. He currently serves as Secretary of the CPC Committee and Chairman of the Board of Directors of China Everbright Group Ltd. He concurrently serves as Principal of Party School of China Everbright Group Ltd. He successively served as Deputy Director-General (Deputy Bureau Director level) of State Regulation Center of Supplies Reserve of Ministry of Domestic Trade; Head of IT Center, Deputy Director- General (Presiding) of Training Center, Director-General of Department of Personnel & Education, and General Manager of Party Organization Department of China Securities Regulatory Commission (CSRC); Member of the CPC Committee and Assistant Chairman of CSRC; Chairman and Secretary of the CPC Committee (Deputy Minister level) of Shenzhen Stock Exchange; Deputy Secretary of the CPC Committee, Vice Chairman of the Board of Directors and General Manager of China Everbright Group Ltd. He holds a doctoral degree in economics and is qualified as a senior economist.

Mr. Cui Yong

Mr. Cui Yong has served as Vice Chairman of the Board of Directors of the Bank since April 2024. He currently serves as Deputy Secretary of the CPC Committee, Vice Chairman of the Board of Directors and General Manager of China Everbright Group Ltd. He previously worked in the Ministry of Transport, and successively served as Deputy Division Chief and Division Chief of Transport and Urban Construction Division of Corporate Banking Department, Deputy General Manager of Corporate Banking Department I of Industrial and Commercial Bank of China (ICBC) H.O., Deputy Secretary of the CPC Committee and Deputy General Manager of ICBC Qingdao Branch, Secretary of the CPC Committee and General Manager of ICBC Xiamen Branch, Member of the CPC Committee and Deputy General Manager of ICBC Beijing Branch, General Manager of Corporate Finance Department of ICBC H.O.; Member of the CPC Committee and Executive Vice President of Agricultural Bank of China; Member of the CPC Committee, Executive Director and Executive Vice President of China Construction Bank. He holds a bachelor's degree in engineering and is qualified as a senior economist.

Mr. Hao Cheng

Mr. Hao Cheng has served as Secretary of the CPC Committee of the Bank since June 2024, and Executive Director and President of the Bank since August 2024. He currently serves as Member of the CPC Committee and Executive Director of China Everbright Group Ltd. He successively served as Member of the CPC Committee and Deputy General Manager of China Development Bank Tianjin Branch, Deputy Director-General of Human Resources Department and Organization Department of the CPC Committee of China Development Bank, Secretary of the CPC Committee and General Manager of China Development Bank Jilin Branch, and Member of the CPC Committee and Executive Vice President of Bank of Communications. He holds a doctoral degree in management and is qualified as a senior engineer.

Mr. Qu Liang

Mr. Qu Liang has served as Non-executive Director of the Bank since July 2024. He currently serves as Secretary of the CPC Committee and Chairman of the Board of Directors of Everbright Financial Leasing Co., Ltd., and concurrently serves as Senior Officer Outside Australia (SOOA) of CEB Sydney Branch. He successively served as Deputy General Manager of Corporate Banking Department of ICBC Henan Provincial Branch; Director-General of General Office, General Manager of Corporate Banking Department II, General Manager of Corporate Banking Department I of China Merchants Bank (CMB) Zhengzhou Branch, Deputy General Manager of Corporate Banking Department of CMB H.O., Secretary of the CPC Committee and General Manager of CMB Hohhot Branch, Secretary of the CPC Committee and General Manager of CMB Chongqing Branch; Commissioner of Office of Leading Group for Deepening Overall Reform (Department Head level of Group Headquarters) and Director-General of Leasing Business Management Center of China Everbright Group Ltd., and concurrently Secretary of the CPC Committee and General Manager of CEB Beijing Branch; Chairman of the Board of Directors of CEB International Investment Corporation Limited (Acting); Member of the CPC Committee, Executive Director and Executive Vice President of the Bank. He holds a master's degree in law and is qualified as a senior economist. He is Director of China Society for Finance and Banking.

Ms. Qi Ye

Ms. Qi Ye has served as Member of the CPC Committee of the Bank since May 2020, Executive Vice President of the Bank since July 2020, and Executive Director of the Bank since June 2024. She currently serves as Chairwoman of Working Committee of Labor Union Committee of the Bank, and concurrently serves as Director of China Union Pay Co., Ltd. She joined the Bank in 1992 and successively served as staff member of Credit Department of CEB H.O., cadre of CEB Hainan Representative Office, Assistant General Manager and Deputy General Manager of CEB Haikou Sub-branch directly affiliated to CEB H.O., Executive Vice President of Personal Banking Department of CEB H.O. (later renamed as Retail Banking Department), Risk Director of Retail Banking Department (Deputy General Manager level of H.O. department), Accredited Risk Director to Retail Banking Department (Deputy General Manager level of H.O. department) and Accredited Risk Director to Micro-finance Department (General Manager level of H.O. department) from Risk Management Department, Deputy General Manager (General Manager level of H.O. department) and General Manager of Retail Banking Department, and Chief Business Supervisor of the Bank. She holds an MBA degree and is qualified as an economist.

Mr. Yang Bingbing

Mr. Yang Bingbing has served as Member of the CPC Committee of the Bank since May 2020, Executive Vice President of the Bank since July 2020, Risk Director of the Bank since October 2021, and Executive Director of the Bank since June 2024. He joined the Bank in 2005, and successively served as Assistant General Manager and Deputy General Manager of Risk Management Department, Deputy General Manager (Presiding) and General Manager of Information Technology Department, General Manager of Electronic Banking Department, General Manager of Digital Banking Department, and Chief Business Supervisor of the Bank. He successively served as Deputy Principal Staff Member, Principal Staff Member of Unified Credit Management Division of Risk Management Department of BOC H.O. (during which he served as Deputy Director (Presiding) of Credit Management Division of Risk Management Department of Bank of China (Hong Kong) Limited), Senior Risk Manager (in charge of risk management planning) of Risk Management Department of BOC H.O. He holds an MBA degree and is qualified as a senior economist.

Directors, Supervisors, Senior Management, Staff and Business Outlets

Mr. Yao Wei

Mr. Yao Wei has served as Non-executive Director of the Bank since February 2021. He is currently Member of Standing Committee of the CPC Committee and Chief Accountant of Overseas Chinese Town Holdings Company. He successively served as Deputy Head and Head of Fixed Assets Team of Assets Division, and Head of Internal Control Team of Accounting Division of Finance Department of Daya Bay Nuclear Power Operations and Management Co., Ltd. (DNMC); staff member, Budget Management Head, Tax Manager, Senior Manager, and Division Chief of General Finance Division of Finance Department of China Guangdong Nuclear Power Group Corporation; Chief Accountant of CGN Wind Energy Co., Ltd.; Non-executive Director and Chief Accountant of CGN Meiya Power Holdings Co., Ltd. (later renamed as CGN New Energy Holdings Co., Ltd.); Deputy General Manager (Presiding) and General Manager of Finance Department, General Manager of Finance and Asset Management Department of China General Nuclear Power Corporation (CGN). He concurrently served as Chief Accountant of CGN Solar Energy Development Co., Ltd., Chairman of the Board of Directors of CGNPC International Limited, Executive Director of Shenzhen Nengzhihui Investment Co., Ltd., Chairman of the Board of Directors of Overseas Chinese Town (Yunnan) Investment Co., Ltd., and Director of Konka Group Co., Ltd. He holds a bachelor's degree in economics and is qualified as a certified public accountant.

Mr. Zhu Wenhui

Mr. Zhu Wenhui has served as Non-executive Director of the Bank since August 2023. He currently serves as Member of the CPC Committee and CFO of CITIC Construction Co., Ltd. He successively served as Project Manager of Finance Department of CITIC Group; Project Manager of CITIC Australia Pty. Ltd. and CITIC Resources Australia Pty. Ltd.; Senior Project Manager, Senior Executive, Senior Director, and Division Chief of Finance Department, Division Chief and Assistant General Manager of Treasury Department, Deputy General Manager of Finance Department of CITIC Group Corporation; Member of the CPC Committee, Executive Vice President and Chief Financial Officer of China CITIC Financial Asset Management Co., Ltd. He concurrently served as Board Director of CITIC Industrial Investment Group Corp., Ltd., CITIC Press Group Co., Ltd, and CITIC Engineering Design & Construction Co., Ltd. He holds a master's degree in economics and a master's degree in business administration. He is qualified as a senior economist and an Australian certified public accountant.

Mr. Zhang Mingwen

Mr. Zhang Mingwen has served as Non-executive Director of the Bank since October 2024. He currently serves as Secretary of the CPC Committee, Chairman, and General Manager of COSCO Shipping Development Co., Ltd., and concurrently serves as Chairman and General Manager of COSCO Shipping (Shanghai) Investment Management Co., Ltd. and Non-Executive Director of China Merchants Securities Co., Ltd. He successively served as Assistant General Manager of the Planning and Finance Department and Assistant General Manager of the Treasury Finance Department of China Shipping (Group) Company; Member of the CPC Committee, Deputy Chief Accountant and Chief Accountant of China Shipping Container Lines Co., Ltd.; Member of the CPC Committee and Chief Accountant of COSCO Shipping Development Co., Ltd.; Member of the CPC Committee and Chief Accountant of COSCO Shipping Holdings Co., Ltd. He concurrently served as CFO of Orient Overseas (International) Limited, and Board Director, CFO and Executive Committee Member of Orient Overseas Container Line Limited. He holds a bachelor's degree in economics and a master's degree in business administration, and is a Chartered Financial Analyst (CFA) and a senior accountant.

Mr. Li Wei

Mr. Li Wei has served as Non-executive Director of the Bank since August 2021. He currently serves as Secretary of the CPC Committee and Chairman of China Re Asset Management Co., Ltd. and Investment Director of China Reinsurance (Group) Corporation. He successively served as Member of the CPC Committee of Huatai Property & Casualty Insurance Co., Ltd.; Business Director of Sun Life Everbright Life Insurance Co., Ltd.; Member of the CPC Committee and Deputy General Manager of Sun Life Everbright Asset Management Co., Ltd.; Member of the CPC Committee, Deputy General Manager of China Continent Property & Casualty Insurance Co., Ltd., and Secretary of the CPC Committee and General Manager of its Beijing Branch; General Manager of Strategic Customer Department of China Reinsurance (Group) Corporation; Member of the CPC Committee, Vice Chairman and General Manager of China Reinsurance Asset Management Co., Ltd., Non-executive Director of CSSC (Hong Kong) Shipping Company Limited.; Chairman of China Re Asset Management (Hong Kong) Company Limited. He holds a doctoral degree in business administration.

Mr. Shao Ruiqing

Mr. Shao Ruiqing has served as Independent Non-executive Director of the Bank since August 2019. He currently serves as Professor (National Level II) and Doctoral Tutor of accounting at Shanghai Lixin University of Accounting and Finance. He concurrently serves as Vice President of China Communications Accounting Society; Standing Director of Shanghai Audit Society; Member of Accounting & Finance Expert Advisory Committee of Ministry of Transport; Independent Non-executive Director of Shanghai International Port (Group) Co., Ltd., and Independent Non-Executive Director of COSCO Shipping Development Co., Ltd. He successively served as Professor, Doctoral Tutor, Dean of Accounting Faculty, Dean of College of Economics and Management of Shanghai Maritime University; Professor, Vice Principal of Shanghai Lixin University of Commerce; Deputy to the 13th Shanghai Municipal People's Congress. He concurrently served as Independent Non-Executive Director of China Eastern Airlines Co., Ltd., Independent Non-Executive Director of China Enterprises Co., Ltd., Independent Non-Executive Director of Arcplus Group PLC, and External Supervisor of China Merchants Bank. He holds a bachelor's degree in economics, a master's degree in management and a doctoral degree in management. He is a gainer of the State Council Special Allowance and is also an Honorary Fellow Member of the Association of International Accountants.

Mr. Hong Yongmiao

Mr. Hong Yongmiao has served as Independent Non-executive Director of the Bank since September 2019. He currently serves as Dean and Distinguished Professor of the School of Economics and Management of University of Chinese Academy of Sciences; Distinguished Researcher of the Academy of Mathematics and Systems Science of Chinese Academy of Sciences; Fellow of the World Academy of Sciences (TWAS); Fellow of the Econometric Society; Vice Chairman of Teaching Advisory Committee for Economics Majors in Higher Education Institutions under Ministry of Education of China; Co-editor of *China Journal of Econometrics*; Independent Non-executive Director of BBMG Corporation. He successively served as President of the Chinese Economists Society, Independent Non-executive Director of Industrial and Commercial Bank of China, Independent Non-executive Director of Xiamen Bank Co., Ltd. He holds a bachelor's degree in science, a master's degree in economics and a doctoral degree in economics.

Directors, Supervisors, Senior Management, Staff and Business Outlets

Mr. Li Yinquan

Mr. Li Yinquan has served as Independent Non-executive Director of the Bank since June 2020. He currently serves as Board Director of China Merchants Capital Investment Co., Ltd. He concurrently serves as Independent Non-executive Director of Genertec Universal Medical Group Co., Ltd., Million Cities Holdings Limited, Hong Kong Shanghai Alliance Holdings Limited, Mainland Headwear Holdings Limited and China Resources Beverage (Holdings) Company Limited. He successively served as Assistant General Manager of International Banking Department H.O., Head of Preparatory Group of New York Branch, Deputy Director-General of Personnel & Education Department H.O., and Deputy General Manager of Hong Kong Branch of Agricultural Bank of China; General Manager of Finance Department, Chief Financial Officer (Chief Accountant), and Vice President of China Merchants Group Limited; General Manager (CEO) and Chairman of the Board of Directors of China Merchants Capital Investment Co., Ltd. He concurrently served as Executive Director of China Merchants Holdings (International) Company Limited (later renamed as China Merchants Port Holdings Company Limited); Non-Executive Director of China Merchants Bank; Executive Director of China Merchants China Direct Investments Limited; Independent Non-Executive Director of LIZHI INC., Kimou Environmental Holding Limited and China Agri-Products Exchange Limited. He holds a master's degree in economics and a master's degree in finance development and is qualified as a senior economist.

Mr. Liu Shiping

Mr. Liu Shiping has served as Independent Non-executive Director of the Bank since January 2022. He currently serves as Chairman of the Board of Directors of Global Business Intelligence Consulting Co., Ltd. (GBICC), and concurrently serves as Project Leader and Chief Scientist of the National Key R&D Program titled "Resilient Urban Intelligent Planning and Simulation Key Technologies and Applications"; Chief Scientist of the Low-carbon Smart City Committee of the Chinese Society of Technology Economics; Chief Expert of the Inclusive Finance Digitalization Task Force of China Everbright Bank; Chief Scientist of the Sustainability Research Institute of Peking University; Professor of University of Chinese Academy of Sciences; Vice Chairman of the Executive Committee of XBRL China; Expert Advisor for New Quality Productive Forces of Bank of Beijing; Independent Non-executive Director of Aixin Life Insurance Co., Ltd.; External Supervisor of Fujian OneBank Company Limited; Invited Consultant of Guangxi Zhuang Autonomous Region; Consultant of the Science and Technology Advisory Committee of Chengdu Municipal Government; Vice President of Guangdong Financial Innovation Research Association; Honorary Dean of Guangdong Jinchuang Blockchain Research Institute; Chairman of Zhongguancun Chuangxiang Human Resources Big Data Alliance. He successively served as Researcher of the Institute of Economics of Iowa State University in the United States of America; Senior Business Analyst of Providian Financial Corporation; Business Intelligence Chief Advisor of Global Services Department and Global Team Head of the "Data Mining for Financial Applications" project of IBM (International Business Machines Corporation); Member of the Information Technology Committee of China Association for Public Companies; Member of the Independent Non-executive Director Committee of China Association for Public Companies; Independent Non-executive Director of People.cn Co., Ltd.; Chair Professor of Fuzhou University; Independent Non-executive Director of Industrial Bank Co., Ltd.; Independent Non-executive Director of Zhejiang Tailong Commercial Bank Co., Ltd.; External Director of Huizhou Industrial Investment Group Co., Ltd. He is an academician of World Academy of Productivity Sciences, and holds a master's degree in economics, a master's degree in statistics and a doctoral degree in economics.

Mr. Huang Zhiling

Mr. Huang Zhiling has served as Independent Non-executive Director of the Bank since November 2023. He holds a doctoral degree in economics and is qualified as a researcher, risk management professional and economist. He has engaged in macroeconomic analysis, currency policy research and market economies research at the Economic Research Center of the former State Planning Commission (now Academy of Macroeconomic Research under the National Development and Reform Commission) since 1991. He was engaged in policy research in China Construction Bank (CCB) from 1995 to 1998, and successively served as Deputy Director-General of Policy Research Office, Deputy Head of Investment Research Institute and Deputy Director-General of General Office of CCB H.O. He worked in China Cinda Asset Management Co., Ltd. from 1999 to 2006, and successively served as Director-General of President Office and Chairman of Asset Disposal Review Committee. He has served as General Manager of Risk Management Department of CCB since April 2006, and Chief Risk Officer of CCB since February 2011. He served as Chief Economist (concurrently as Secretary to the Board of Directors) of CCB from September 2013 to May 2020, mainly focusing on macroeconomic policies and bank development strategies. He has been appointed as Member of Academic Advisory Committee of China Association for Public Companies since September 2023.

ii. Supervisors

Mr. Wu Junhao

Mr. Wu Junhao has served as Supervisor of the Bank since November 2009. He currently serves as Vice Chairman, Executive Director and Secretary to the Board of Directors of Shenergy Property & Casualty Insurance Co., Ltd. He successively served as Deputy Director of Shanghai Shenergy Asset Management Co., Ltd.; Deputy Director, Director and Senior Director of Asset Management Department, and Deputy Manager (Presiding) and General Manager of Financial Management Department of Shenergy (Group) Co., Ltd. He concurrently served as Board Director and Board Supervisor of Orient Securities Co., Ltd., Board Director of China Pacific Insurance (Group) Co., Ltd. He holds a master's degree in enterprise management.

Mr. Qiao Zhimin

Mr. Qiao Zhimin has served as External Supervisor of the Bank since September 2019. He concurrently serves as Independent Non-executive Director of Wuhan Rural Commercial Bank. He successively served as Deputy Division Chief of Finance and Accounting Department of BOC H.O., Executive Vice President of BOC Luxembourg Branch, Deputy General Manager of General Planning Department of BOC H.O.; Deputy Director-General of Accounting Department, Deputy Director-General of Banking Supervision Department I of PBOC, Head of Regulatory Team (Bureau Director level) for ICBC; Director-General of Finance and Accounting Department of CBRC; Vice Chairman of the 4th Session of the Board of Supervisors and Chairman of the 5th Session of the Board of Supervisors of China Minsheng Bank; Independent Non-executive Director of China Everbright Bank. He holds a master's degree and is qualified as a senior accountant.

Ms. Chen Qing

Ms. Chen Qing has served as External Supervisor of the Bank since September 2022. She successively served as Deputy Division Chief of Finance Department of National Audit Office; Deputy Division Chief, Division Chief and Full-time Supervisor (Division Chief level) of Bank of China; Full-time Supervisor (Division Chief level) of Agricultural Bank of China; Full-time Supervisor (Deputy Bureau Director level), Director-General of Office of the Board of Supervisors, Director-General of Audit Supervision Bureau of Bank of Communications, during which she concurrently served as Member of Discipline Inspection Committee, Member of Discipline Inspection Committee Office of H.O., Director of Female Employee Committee of Labor Union, and Employee Supervisor of Bank of Communications. She holds an MBA degree and was a gainer of the State Council Special Allowance in 2018. She is qualified as a senior auditor.

Directors, Supervisors, Senior Management, Staff and Business Outlets

Mr. Shang Wencheng

Mr. Shang Wencheng has served as Employee Supervisor of the Bank since July 2019. He currently serves as Secretary of the CPC Committee and General Manager of China Everbright Bank Shenzhen Branch, and concurrently serves as Member of China Institute of Internal Audit. He joined the Bank in 2000 and successively served as Deputy Division Chief of Finance Management Division of Planning and Finance Department; Accredited Finance Manager (Senior Manager level) to Credit Card Center from Planning and Finance Department; Accredited Finance Manager (Senior Manager level) to Information Technology Department from Planning and Finance Department; Senior Manager of Finance Management Division and Senior Manager of Management Accounting Division of Planning and Finance Department; Deputy Director-General of Audit Center (East) (Assistant General Manager level and Deputy General Manager level of H.O. department); Deputy General Manager and General Manager of Audit Department of the Bank. He holds a doctoral degree in finance. He is qualified as a senior economist, senior accountant and certified public accountant.

Mr. Yang Wenhua

Mr. Yang Wenhua has served as Employee Supervisor of the Bank since September 2022. He currently serves as Secretary of the CPC Committee of Everbright Technology Co., Ltd. He joined the Bank in 2006 and successively served as Assistant General Manager and Deputy General Manager of Credit Approval Department, General Manager of Asset Preservation Department, General Manager of Special Assets Management Department, and General Manager of Legal & Compliance Department (concurrently serving as Director-General of Office of Accountability Committee) of China Everbright Bank. He once served as Deputy General Manager of Beijing Zhichuan Road Subbranch, Secretary of Executive Vice President of H.O., Deputy General Manager of General Management Sub-department of Corporate Banking Department, Deputy General Manager of Risk Policy Department of CITIC Industrial Bank; Non-executive Director of China Everbright Bank (Europe) S.A. He holds a master's degree in economics and is qualified as an economist.

Mr. Lu Jian

Mr. Lu Jian has served as Employee Supervisor of the Bank since September 2022. He currently serves as General Manager of Finance and Accounting Department of the Bank. He joined the Bank in 2000 and successively served as Deputy Division Chief and Senior Manager of Financial Management Division of Planning and Finance Department of CEB H.O., Executive Vice President of CEB Changzhou Sub-branch of CEB Nanjing Branch (General Manager level of a tier-1 branch department), and Accredited Financial Director (Senior Manager level) to Electronic Banking Department from Planning and Finance Department, Senior Manager of Financial Management Division and Assistant General Manager of Planning and Finance Department, Assistant General Manager, Deputy General Manager of Finance and Accounting Department, and Director-General of Office of the Board of Supervisors of the Bank. He holds a bachelor's degree in economics and is qualified as a senior accountant and certified public accountant.

iii. Senior Management

Mr. Hao Cheng

Please refer to "i. Directors".

Ms. Qi Ye

Please refer to "i. Directors".

Mr. Song Bingfang

Mr. Song Bingfang has served as Member of the CPC Committee and Secretary of Discipline Inspection Committee of the Bank since January 2025. He once worked at China Investment Bank, China Development Bank and China Everbright Bank. He successively served as Division Chief of Strategic Planning Department; Assistant General Manager of Office of Board of Directors/Supervisors; Deputy Director-General, Senior Expert, Deputy Director-General (Director-General level) and Director of Office of Board of Directors; Director-General of Inspection Office of China Everbright Group Ltd. He holds a doctoral degree in economics and is qualified as a senior economist.

Mr. Yang Bingbing

Please refer to "i. Directors".

Ms. Liu Yan

Ms. Liu Yan has served as Chief Financial Officer of the Bank since April 2024, Member of the CPC Committee of the Bank since June 2024, and Executive Vice President of the Bank since September 2024. She concurrently serves as General Manager of Financial Market Department of China Everbright Bank (CEB). She joined the Bank in 1999 and successively served as Deputy Director-General of Audit Center (East) (Assistant General Manager level of H.O. department), Member of the CPC Committee and Deputy General Manager of CEB Shanghai Branch, Executive Vice President and General Manager of Asset & Liability Management Department of CEB H.O. She holds a master's degree in management and is qualified as a senior accountant.

Mr. Zhang Xuyang

Mr. Zhang Xuyang has served as Secretary to the Board of Directors of China Everbright Bank since August 2022, and Joint Company Secretary of China Everbright Bank since May 2022. He currently serves as Chief Business Supervisor of China Everbright Bank. He successively served in CEB H.O. as staff member of Market Development Department and General Office, Deputy Division Chief of General Secretariat Division, Division Chief of Secretariat Division II of General Office, Senior Deputy Manager, Division Chief of Agency Banking Division of Treasury Department, Division Chief of Foreign Exchange and Structured Products Division and Assistant General Manager of Investment Banking Department, Assistant General Manager of Personal Banking Department and Director-General of Wealth Management Center, Deputy General Manager, General Manager of Retail Banking Department and concurrently Director-General of Wealth Management Center, General Manager of Asset Management Department; Head of Preparatory Group, Secretary of the CPC Committee and Chairman of the Board of Directors of Everbright Wealth Management Co., Ltd.; Vice President of Baidu, Inc., and Vice President of Duxiaoman Technology (Beijing) Co., Ltd. He concurrently served as Chairman of Supervisory Committee of NetsUnion Clearing Corporation. He holds a master's degree in economics and a master's degree in science. He was Deputy to the 17th Qingdao Municipal People's Congress and Member of Financial and Economic Committee of the Qingdao Municipal People's Congress.

IX. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

None of the Directors and Supervisors of the Bank had interests in any business that competes or is likely to compete, either directly or indirectly, with the business of the Bank.

X. FINANCIAL, BUSINESS AND KIN RELATIONSHIPS AMONG MEMBERS OF THE BOARD OF DIRECTORS

Saved as disclosed in this report, there were no financial, business, kin relationships or other material relationships among the members of the Board of Directors.

XI. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS AND SERVICE CONTRACTS

None of the Directors or Supervisors of the Bank or their connected entities had any material interests in any material transaction, arrangement or contract by the Bank or its subsidiaries during the reporting period. None of Directors or Supervisors of the Bank entered into any service contract, pursuant to which the Bank shall compensate Directors or Supervisors if the Bank terminates the contract within a certain year (excluding statutory compensation).

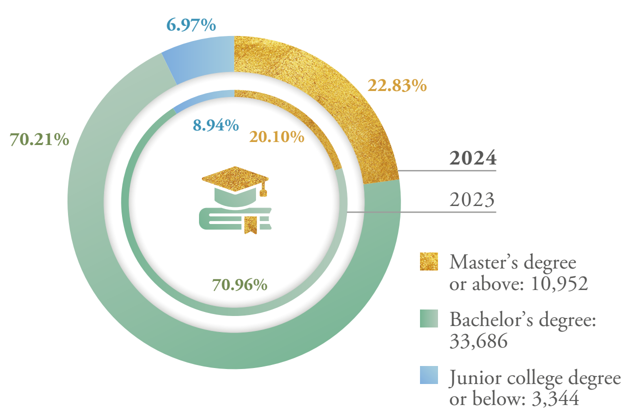
XII. EMPLOYEES

i. Overview

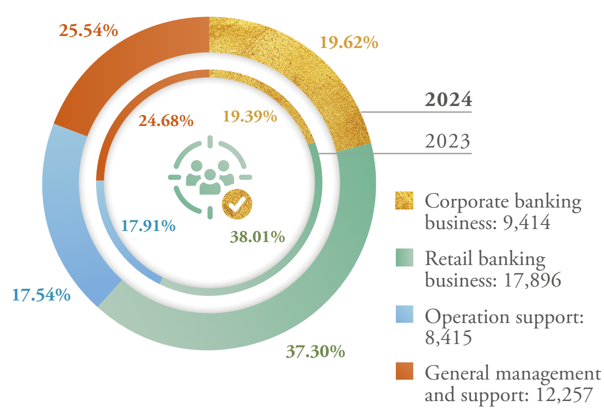
As at the end of the reporting period, the Bank had 47,982 employees (including 958 employees of subsidiaries) and 2,527 retired employees. Among all incumbent employees, in terms of educational background, 3,344 employees held a junior college degree or below, accounting for 6.97% of the total employees; 33,686 employees held a bachelor's degree, accounting for 70.21%; and 10,952 employees held a postgraduate degree or above, accounting for 22.83%. In terms of business segment, 9,414 employees were in corporate banking business, accounting for 19.62%; 17,896 employees were in retail banking business (including credit card business and digital banking business), accounting for 37.30%; 8,415 employees were in operation support positions (including tellers), accounting for 17.54%; and 12,257 employees were in general management and service support positions, accounting for 25.54%.

The geographical distribution of the Bank's staff was as follows: 7,680 employees in Bohai Rim, 7,016 employees in Yangtze River Delta, 6,145 employees in Pearl River Delta, 7,409 employees in Central China, 6,255 employees in Western China, 3,660 employees in Northeastern China and 413 employees in overseas institutions.

The educational background structure of employees of the Bank



The professional structure of employees of the Bank



ii. Diversity of employees

The Bank attaches great importance to the diversity of its talent pool, actively safeguarding the legitimate rights and interests of employees and providing fair and just career opportunities for employees regardless of gender, party and ethnic group. The Bank ensures equal rights for employees in recruitment, position adjustment, training, evaluation incentives and promotion, while genuinely addressing employee concerns to create a professional, inclusive and diversified working environment. As at the end of the reporting period, the ratio of male to female employees of the Bank was 1:1.3.

iii. Remuneration policies for employees

Keeping closely in line with its development strategy and operation objectives while insisting on the combination of incentives and constraints, the Bank established a remuneration system that is performance-oriented, internally fair and market-comparable. Grassroots-level institutions and employees were given bigger weights in remuneration distribution. By establishing an incentive and constraint mechanism for remuneration distribution, the Bank balanced the relationships between current term and long term, and between return and risk, and ensured that remuneration incentive corresponds with risk-adjusted performance. These policies are formulated and modified in strict accordance with relevant laws, regulations, regulatory requirements and corporate governance procedures.

The gross payroll of the Bank is determined based on the Bank's performance, and the annual payroll is determined by the Board of Directors. The Bank formulated the annual payroll plan in strict accordance with regulatory requirements and the Bank's corporate governance requirements, and managed and distributed the gross payroll and employee remuneration of all institutions under its jurisdiction within the annual payroll plan.

The Bank's remuneration policies apply to all employees who have entered into labor contracts with the Bank, and there is no exception beyond original remuneration plan. Employee remuneration consists of basic remuneration, performance-based remuneration and welfare income. Among them, basic remuneration is determined according to the value of position, years of service and employees' duty performance ability, and performance-based remuneration is linked to the performance assessment results of the employees and their institutions. The remuneration of employees in the audit, legal compliance and risk management departments of the Bank is determined based on their value contribution, duty performance ability and work performance, so that they have no direct relation with the businesses they supervise and remain independent from other business sectors.

iv. Training plans

Centering on strategic development goals with a focus on employees' career growth, the Bank enriched training contents, innovated cultivation models, and improved training system. The Bank continued to strengthen the political competency training for cadres at all levels and promoted the building and cultivation of Bank-wide professional talent pools in a coordinated manner by enhancing the development of talent pools for international banking, retail banking, risk management & compliance, technological innovation, and Party-building & inspection. The Bank developed annual training plans for key areas including corporate banking, retail banking, risk compliance, financial technology, finance management, operation management, and general management, systematizing, standardizing and specializing in professional training in all business segments. The Bank optimized its talent self-development training system, and improved the quality of internal trainers at both the Head Office level and branch levels. The Bank insisted on technological empowerment to enhance the construction of "Sunshine Academy", the digital learning platform of the Bank. During the reporting period, the Bank's "Sunshine Academy" cumulatively offered 62 online training sessions with over 19,000 online courses, of which 2,418 were newly launched, with a daily average of 4,154 employees studying online. 2,124 online examinations were organized, with employee's total learning time reaching 2.8148 million hours.

v. Employees of main subsidiaries as at the end of the reporting period

1. Everbright Financial Leasing Co., Ltd. had 179 formal employees, including 7 management members, 89 business staff and 83 supporting staff, with 96.00% of them holding a bachelor's degree or above.

2. Everbright Wealth Management Co., Ltd. had 324 formal employees, including 6 management members, 291 business staff and 27 supporting staff, with 100% of them holding a bachelor's degree or above.

3. Beijing Sunshine Consumer Finance Co., Ltd. had 137 formal employees, including 6 management members, 99 business staff and 32 supporting staff, with 100% of them holding a bachelor's degree or above.

4. CEB International Investment Corporation Limited had 106 formal employees, including 3 management members, 57 business staff and 46 supporting staff, with 100% of them holding a bachelor's degree or above.

5. China Everbright Bank (Europe) S.A. had 42 formal employees, including 3 management members, 33 business staff and 6 supporting staff, with 90.48% of them holding a bachelor's degree or above.

6. Shaoshan Everbright Rural Bank Co., Ltd. had 33 formal employees, including 3 management members, 18 business staff and 12 supporting staff, with 69.70% of them holding a bachelor's degree or above.

7. Jiangsu Huai'an Everbright Rural Bank Co., Ltd. had 41 formal employees, including 4 management members, 20 business staff members and 17 supporting staff members, with 78.05% of them holding a bachelor's degree or above.

8. Jiangxi Ruijin Everbright Rural Bank Co., Ltd. had 28 formal employees, including 6 management members, 10 business staff and 12 supporting staff, with 89.28% of them holding a bachelor's degree or above.

XIII. ORGANIZATIONAL SETUP

i. Departments

During the reporting period, the former Party Affairs Department (Publicity Department of Party Committee), Party Committee Office of H.O. and Party-building Research Office were integrated as Party Affairs Department/ Publicity Department of Party Committee/Party Committee Office of H.O. The former General Office (Party Committee Office) was renamed Party Committee Office/General Office/Security Department. The former Human Resources Department (Organization Department of Party Committee) was renamed Organization Department of Party Committee/Human Resources Department. The former Research & Education Center (Party School) was renamed Party School/Research & Education Center. And there was no change in the setup of other departments.

As at the end of the reporting period, the organizational setup of tier-1 Head Office departments was as follows:

China Everbright Bank Head Office

- Party Committee Office/General Office/Security Department
- Office of Board of Directors
- Office of Board of Supervisors
- Strategic Management & Investor Relations Department
- Finance & Accounting Department
- Asset & Liability Management Department
- Corporate Finance Department/Strategic Customer Management Department
- Public Sector Marketing Department
- Investment Banking Department
- Transaction Banking Department
- International Banking Department
- Inclusive Finance Department/Rural Revitalization Finance Department
- Retail Banking & Wealth Management Department
- Private Banking Department
- Retail Credit Department
- Credit Card Center
- Financial Market Department
- Financial Institutions Department
- Asset Custody Department
- Digital Banking/E-cloud Banking Services Department
- Financial Technology Department
- Data Asset Management Department
- Technology R&D Center
- Intelligent Operation Center
- Risk Management Department
- Credit Approval Department
- Risk Monitoring Department
- Special Assets Management Department/Asset Management Department
- Legal & Compliance Department/Office of Accountability Committee
- Audit Department
- Audit Center (Affiliated to H.O.)
- Audit Center (East)
- Audit Center (South)
- Audit Center (Central)
- Audit Center (West)
- Operation Management Department
- Channel Management Department/Consumer Rights & Interests Protection Department
- Organization Department of Party Committee/Human Resources Department
- Party Affairs Department/Publicity Department of Party Committee/Party Committee Office of H.O.
- Office of Discipline Inspection Committee/Discipline Inspection Committee Office of H.O.
- Inspection Office
- Office of Working Committee of Labor Union
- Party School/Research & Education Center

Directors, Supervisors, Senior Management, Staff and Business Outlets

ii. Branches and outlets

During the reporting period, the Bank had a net increase of 8 new banking outlets and a net decrease of 16 community banks. In the domestic market, as at the end of the reporting period, the Bank had 1,321 branches and outlets, including 39 tier-1 branches, 116 tier-2 branches and 1,166 outlets, and 422 community banks. The outlets of the Bank extended business reach to 150 economic center cities, covering all provincial administrative regions.

During the reporting period, the Bank established one new overseas tier-2 branch. In the overseas market, as at the end of the reporting period, the Bank had 7 overseas branch outlets, including Hong Kong Branch, Seoul Branch, Luxembourg Branch, Sydney Branch, Macao Branch, Melbourne Branch and Tokyo Representative Office.

Details of the Bank's branch outlets (excluding subsidiaries) are as follows:

Region	Institution name	Number of outlets	Total assets (RMB million)
Headquarters	Head Office	1	3,924,332
	Credit Card Center	1	361,870
Bohai Rim	Beijing Branch	74	744,304
	Tianjin Branch	34	102,340
	Shijiazhuang Branch	55	115,659
	Jinan Branch	38	97,087
	Qingdao Branch	35	88,080
	Yantai Branch	16	68,078
Yangtze River Delta	Shanghai Branch	57	399,813
	Nanjing Branch	69	342,681
	Hangzhou Branch	47	262,082
	Suzhou Branch	20	147,008
	Ningbo Branch	19	75,453
	Wuxi Branch	10	110,164
Pearl River Delta	Guangzhou Branch	91	332,234
	Shenzhen Branch	49	293,382
	Fuzhou Branch	40	111,796
	Xiamen Branch	17	50,494
	Haikou Branch	23	43,844
Central China	Zhengzhou Branch	52	131,617
	Taiyuan Branch	40	128,095
	Changsha Branch	62	141,159
	Wuhan Branch	41	132,565
	Hefei Branch	56	198,741
	Nanchang Branch	32	94,423

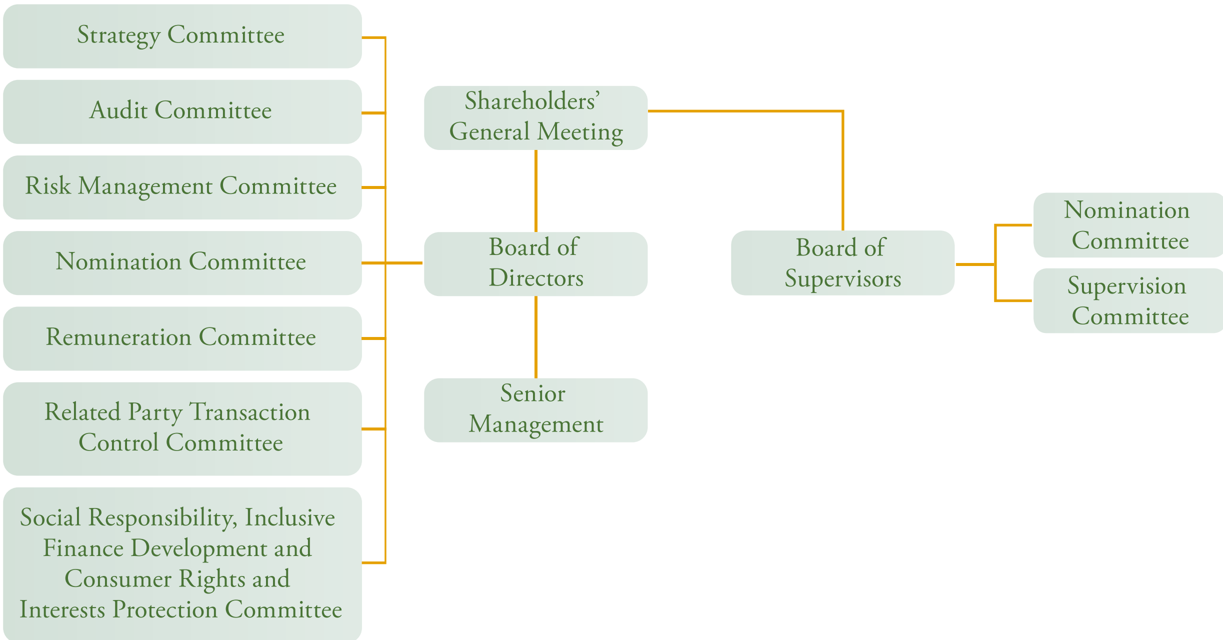
Region	Institution name	Number of outlets	Total assets (RMB million)
Western China	Xi'an Branch	39	79,718
	Chengdu Branch	31	90,611
	Chongqing Branch	27	123,766
	Kunming Branch	22	59,345
	Nanning Branch	29	68,644
	Huhhot Branch	20	38,665
	Urumqi Branch	8	20,136
	Guiyang Branch	13	39,746
	Lanzhou Branch	11	25,996
	Xining Branch	2	7,183
	Yinchuan Branch	5	7,016
	Lhasa Branch	2	5,952
Northeastern China	Heilongjiang Branch	38	57,212
	Changchun Branch	35	40,457
	Shenyang Branch	39	54,554
	Dalian Branch	23	28,105
Overseas	Hong Kong Branch	1	169,277
	Seoul Branch	1	38,402
	Luxembourg Branch	1	21,373
	Sydney Branch	2	34,211
	Macao Branch	1	10,577
	Tokyo Representative Office	1	–
Consolidation adjustment			(2,708,381)
Total		1,330	6,809,866


Bank
中国光大银行
CHINA EVERBRIGHT BANK

Corporate Governance

Corporate Governance

I. CORPORATE GOVERNANCE STRUCTURE



II. OVERVIEW

Aiming at the best practice of corporate governance in the capital market, the Bank has established a sound corporate governance framework and policy system meeting the requirements of the modern corporate system, leading to steady improvement in the corporate governance of the Bank. During the reporting period, the Bank strictly complied with the *Company Law*, the *Securities Law*, the *Law on Commercial Banks*, the *Code of Corporate Governance for Listed Companies*, the *Code of Corporate Governance of Banking and Insurance Institutions*, the *Guidelines for the Board of Supervisors of Commercial Banks*, the *Hong Kong Listing Rules* and other requirements. The Bank's corporate governance had no major deviation from laws, administrative regulations or provisions issued by CSRC on corporate governance of listed companies.

The Board of Directors of the Bank performed the duties as set out in Rule A.2.1 of Appendix C1 to the *Hong Kong Listing Rules*, including reviewing the Bank's corporate governance policies and practices, the training and continuous professional development of Directors and Senior Management, the Bank's policies and practices in respect of observance of law and regulatory requirements, the Bank's compliance with the *Model Code* and the compliance manual for employees, the Bank's compliance with the provisions of Appendix C1 to the *Hong Kong Listing Rules* and the contents disclosed in this section.

During the reporting period, the Bank's Board of Directors further optimized the objectives and measures in its development strategy, reinforced its efforts to serve the real economy and major national strategies with finance, and promoted high-quality development. The Board of Directors approved the *2024-2028 Capital Plan* to ensure robust support for the real economy and enhance risk resistance capability of the Bank. The Board of Directors strengthened employee conduct management, refined relevant policies and mechanisms, and approved the *Detailed Rules for Employee Conduct*. The Bank optimized its management model for internal institution setup to improve operational efficiency, actively fulfilled social responsibilities by offering paired assistance through donations, revised and improved relevant policies to continuously strengthen policy foundation in compliance with the latest regulatory requirements, and continued to optimize related-party transaction management mechanism by strictly reviewing material related-party transactions.

During the reporting period, the Bank's Board of Supervisors actively performed its responsibility for oversight, provided evaluation opinions on the performance of the Board of Directors, Senior Management and its members in a prudent and objective manner, and proactively conducted duty performance self-evaluations. The Board of Supervisors rigorously reviewed financial reports, business plans and profit distribution proposals to implement strict financial supervision. Through various methods such as reviewing proposals, listening to reports, conducting investigations and carrying out department talks, the Board of Supervisors strengthened oversight over strategies, risks and internal control management. It launched joint research with the Board of Directors centering on operational management, serving the five target areas of finance, digital transformation and talent cultivation. It placed emphasis on decision-making procedures, resolution implementation, compliant operation and risk prevention. The Board of Supervisors provided management suggestions and strengthened its own capabilities by regularly updating key responsibilities for the Board of Supervisors and its members, thus improving its oversight capacity.

During the reporting period, the Bank safeguarded the minority shareholders' rights of knowing, participating and decision-making through proper policy arrangements and procedure guarantee. Shareholders' general meetings were convened via both on-site voting and online voting. When material matters concerning the interests of medium and small investors were involved, the votes made by medium and small investors were counted and disclosed separately.

During the reporting period, the Bank proactively cultivated financial culture with Chinese characteristics, and strictly followed the requirements: upholding honesty and trustworthiness and sticking to the red line, seeking benefits through righteousness and refusing to eye profits only; remaining steady and prudent and being not eager for quick success or instant benefits; adhering to integrity and innovation and avoiding being diverted out of the real economy; and complying with laws and regulations and never acting recklessly. The Bank actively explored effective pathways to optimize the core concepts of corporate culture, incorporated the financial culture with Chinese characteristics into business and actions to lead development, and utilized corporate culture to enhance corporate brand value, consolidating cultural foundations and molding spirits for high-quality development.

The Board of Directors of the Bank had reviewed its work during the reporting period and solicited the opinions of Senior Management, who considered that the Board of Directors had effectively performed its duty and safeguarded the interests of the shareholders and the Bank.

III. INDEPENDENCE AND HORIZONTAL COMPETITION

The controlling shareholder and the de facto controller of the Bank took a series of measures in accordance with regulatory requirements to ensure that the Bank remains independent in terms of assets, personnel, finance, organization and business, and thus has the capability to operate independently. The controlling shareholder, the de facto controller and their related parties did not occupy or control any assets of the Bank. The Bank's Senior Management did not hold any administrative positions in the institutions of the controlling shareholders. The Bank has its independent and sound financial and accounting management policies, and the controlling shareholder, the de facto controller and their related parties did not interfere with the Bank's financial and accounting activities. The controlling shareholder, the de facto controller and their internal organizations had no superior-subordinate relationship with the Bank and its internal organizations. The controlling shareholder, the de facto controller and their related parties did not interfere with specific operations of the Bank and did not affect the independence of the Bank's operation management.

The Bank's controlling shareholder and other entities under its control were not engaged in the same or similar businesses as the Bank. Therefore, there was no horizontal competition.

IV. SHAREHOLDERS' GENERAL MEETINGS

i. Convening of shareholders' general meetings

During the reporting period, the Bank held one annual general meeting and two extraordinary general meetings, all in conformity with the procedures specified in the *Articles of Association* of the Bank.

On 7 March 2024, the Bank convened the 2024 First Extraordinary General Meeting in Beijing with a total of 53 shareholders or their proxies present, representing 42,881,190,820 voting shares, accounting for 72.5747% of the Bank's total voting shares. The meeting considered and approved 3 proposals including the election of Directors.

On 27 June 2024, the Bank convened the 2023 Annual General Meeting in Beijing with a total of 98 shareholders or their proxies present, representing 43,631,774,665 voting shares, accounting for 73.8451% of the Bank's total voting shares. The meeting considered and approved 10 proposals including the annual work report of the Board of Directors, the annual work report of the Board of Supervisors, the fixed asset investment budget, the final account report, the profit distribution plan, the engagement of accounting firms, the remuneration of Directors and Supervisors, paired assistance through donations, the capital bond issuance plan and relevant authorizations, and listened to 6 reports.

On 29 July 2024, the Bank convened the 2024 Second Extraordinary General Meeting with a total of 839 shareholders or their proxies present, representing 43,537,395,144 voting shares, accounting for 73.6854% of the Bank's total voting shares. The meeting considered and approved 2 proposals including the election of Directors.

The relevant announcements of the above-mentioned meetings were published on the websites of SSE, the HKEXnews and the Bank.

ii. Implementation of the resolutions of the shareholders' general meetings by the Board of Directors

During the reporting period, the Board of Directors of the Bank earnestly and fully implemented resolutions considered and approved at the shareholders' general meetings of the Bank.

The Board of Directors of the Bank earnestly implemented the profit distribution plan for 2023, distributed dividends to shareholders in a timely manner, and safeguarded shareholders' interests properly. The profit distribution plan was completed in July 2024.

In accordance with the proposal on the election of Directors at the shareholders' general meetings, the Bank submitted the qualifications of new Directors to NFRA in a timely manner and all submitted qualifications of Directors had been approved.

In accordance with the proposal on paired assistance through donations considered and approved by the shareholders' general meetings, the Bank had completed the work of paired assistance through donations.

Please refer to the *Articles of Association* of the Bank for details about the duties of shareholders' general meetings.

V. DIRECTORS AND BOARD OF DIRECTORS

i. Board composition

As at the disclosure date of this report, the Board of Directors consisted of 15 directors, including 3 Executive Directors (Mr. Hao Cheng, Ms. Qi Ye and Mr. Yang Bingbing), 7 Non-executive Directors (Mr. Wu Lijun, Mr. Cui Yong, Mr. Qu Liang, Mr. Yao Wei, Mr. Zhu Wenhui, Mr. Zhang Mingwen and Mr. Li Wei), and 5 Independent Non-executive Directors (Mr. Shao Ruiqing, Mr. Hong Yongmiao, Mr. Li Yinquan, Mr. Liu Shiping and Mr. Huang Zhiling).

The Bank paid special attention to the diversity of the members of the Board of Directors. In accordance with the *Policy on Membership Diversity of the Board of Directors* of the Bank, the Nomination Committee of the Board of Directors comprehensively assessed director candidates' gender, age, literacy level, educational background, professional experience, skills, knowledge, term of service, etc., when examining the appointment qualifications and conditions of director candidates and submitting recommendations to the Board of Directors. The Nomination Committee was responsible for regularly evaluating the structure, number of members and composition of the Board of Directors. As at the disclosure date of this report, out of the 15 Directors of the Bank, there were 13 Directors holding master's degrees or above, including 7 Directors holding doctoral degrees. Non-executive Directors held key positions in their respective institutions and possess extensive management experience. Independent Non-executive Directors were senior experts in economics, finance, accounting, risk management, fintech and other fields with diversified industry working experience, providing the Bank with professional advice in various fields. The Board of Directors understood the special importance of gender diversity and strove to improve its gender diversity, with 1 female member serving at the Board of Directors to meet the gender diversity requirements. The Bank will fully consider the gender composition of director candidates in the selection process in accordance with the *Diversity Policy for the Board of Directors* of the Bank, in order to further improve the gender diversity ratio of Board members.

For details of the resumes of Directors, please refer to "Directors, Supervisors, Senior Management, Staff and Business Outlets".

ii. Duties of the Board of Directors

As the decision-making body of the Bank, the Board of Directors is responsible for convening the shareholders' general meeting, reporting to the shareholders' general meeting and implementing resolutions passed at the shareholders' general meeting. The Board of Directors shall also set out strategies, operation plans and investment plans as well as risk management policies and formulate various proposals on financial budget, final accounts, risk capital allocation, profit distribution and appoint members of Senior Management.

The Bank has formulated the *Articles of Association* and other relevant rules to ensure that the Board of Directors can obtain independent views and opinions, including selection procedures and selection criteria for Directors, voting recusal mechanism for Directors with major interests on relevant proposals of the Board of Directors, authority of Independent Non-Executive Directors for independently engaging external audit institutions, advisory agencies, independent financial advisors or other professional advisors. The Board of Directors believes that the above-mentioned mechanism can effectively ensure that the Board of Directors obtains independent views and opinions.

Please refer to the *Articles of Association* of the Bank for details about the duties of the Board of Directors.

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iii. Board meetings and resolutions

During the reporting period, the Board of Directors held 10 meetings, including 7 on-site meetings and 3 meetings via written resolutions. The Board of Directors considered a total of 111 proposals and listened to a total of 47 reports, playing an effective role in well-conceived decision-making.

The Board of Directors highly valued the work of strategy optimization and regularly evaluated the execution of strategies. It improved corporate governance mechanism to further enhance standardized operation. It strengthened comprehensive risk management and internal control system, thereby enhancing the Bank's capacity to withstand risks. It optimized information disclosure system, enriched the disclosure contents, and effectively protected the legitimate rights and interests of investors. It conscientiously strengthened self-building to continuously improve its duty performance capability.

The announcements of resolutions of Board meetings of the Bank are published on the websites of SSE, the HKEXnews and the Bank.

iv. Attendance of Directors at the meetings of the Board of Directors

Director	Shareholders' General Meeting	Board of Directors	Special Committees of the Board of Directors: Strategy Committee	Audit Committee	Risk Management Committee	Nomination Committee	Remuneration Committee	Related Party Transaction Control Committee	Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee
	Number of attendance in person/Number of meetings during the term of office								
Incumbent Directors									
Wu Lijun	2/3	9/10	4/5	–	–	3/3	–	–	–
Cui Yong	2/2	6/6	2/2	–	–	–	–	–	–
Hao Cheng	–	3/3	2/2	–	3/3	–	–	–	2/2
Qu Liang	2/3	10/10	–	–	–	–	–	–	8/8
Qi Ye	1/1	4/4	–	–	–	–	–	–	2/2
Yang Bingbing	1/1	4/4	–	–	3/3	–	–	–	–
Yao Wei	1/3	8/10	–	5/7	–	–	–	–	8/8
Zhu Wenhui	3/3	10/10	5/5	7/7	–	–	–	–	–
Zhang Mingwen	–	1/1	–	–	1/1	–	–	–	–
Li Wei	2/3	9/10	–	–	7/9	–	4/4	–	–
Shao Ruiqing	2/3	10/10	–	7/7	9/9	–	4/4	8/8	–
Hong Yongmiao	2/3	9/10	4/5	–	–	3/3	4/4	8/8	–
Li Yinquan	2/3	10/10	–	7/7	–	3/3	4/4	8/8	–
Liu Shiping	2/3	9/10	5/5	7/7	–	3/3	–	8/8	–
Huang Zhiling	2/3	10/10	–	7/7	9/9	–	–	8/8	8/8
Former Directors									
Wang Zhiheng	1/1	4/5	2/3	–	5/5	–	–	–	5/5

Notes:

1. Directors newly appointed in 2024 would start to perform their duties after their appointment qualifications were approved by NFRA.

2. For more details about the changes of Directors, please refer to "Directors, Supervisors, Senior Management, Staff and Business Outlets".

3. "Number of attendance in person" includes on-site attendance and attendance via written resolutions.

4. Directors who were unable to attend in person the meetings of the Board of Directors and Special Committees entrusted other Directors to attend the meetings by proxy and exercise their voting rights.

v. Appointment, re-election and removal of Directors

In accordance with the *Articles of Association* of the Bank, Directors shall be elected and replaced at the shareholders' general meetings, and the term of office for Directors (including Non-executive Directors) is three years starting from the date when their appointment qualifications are approved by NFRA. Directors can be re-elected and re-appointed when the term of office expires, and the term of office of the re-elected and re-appointed directors commences from the date when such re-election and re-appointment are considered and approved at the shareholders' general meetings.

The term of office of Independent Non-executive Directors is the same as that of other Directors of the Bank. The term of office of Independent Non-executive Directors in the Bank shall conform to the applicable laws and provisions of regulatory authorities.

The *Articles of Association* of the Bank stipulates the procedures for appointing, re-electing and removing Directors. The Nomination Committee of the Board of Directors preliminarily reviews the appointment qualifications and conditions of each director candidate and submits recommendations to the Board of Directors, which will consider and approve the proposal on the nomination of director candidates and further submit it for election at the shareholders' general meetings.

vi. Board statement on the financial statements

The Senior Management has provided sufficient explanation and information for the Board of Directors to make well-informed decisions with respect to the submitted financial statements and other materials for approval. The Directors of the Bank acknowledge that they are responsible for preparing the financial statements of the Bank which truly represent the operating results of the Bank for the year of 2024. To the best knowledge of the Directors, there was no material uncertain event or condition that might have a material adverse effect on the continuing operation of the Bank.

VI. BOARD COMMITTEES

The Board of Directors of the Bank has set up the Strategy Committee, the Audit Committee, the Risk Management Committee, the Nomination Committee, the Remuneration Committee, the Related Party Transaction Control Committee, and the Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee. During the reporting period, the special committees held 44 meetings, including 5 meetings of the Strategy Committee, 7 meetings of the Audit Committee, 9 meetings of the Risk Management Committee, 3 meetings of the Nomination Committee, 4 meetings of the Remuneration Committee, 8 meetings of the Related Party Transaction Control Committee, and 8 meetings of the Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee. During these meetings, the Board Committees reviewed 96 proposals and listened to 50 reports. The Board committees, based on the division of duties, carefully considered material issues in the Bank's operation and management and provided professional support for the Board of Directors to make well-conceived decisions.

i. Strategy Committee

Primary duties of the Strategy Committee include: formulating business objectives, medium- to long-term development strategies, and advising the Board of Directors accordingly; reviewing plans on capital management objectives and replenishment, and supervising and inspecting their implementation; and developing business plan, reform plan for operation and management mechanisms, major external investment programs and capital operation schemes, overseeing and inspecting the implementation, and advising the Board accordingly.

During the reporting period, the Strategy Committee convened 5 meetings, including 2 on-site meetings and 3 meetings via written resolutions, reviewed 10 proposals and listened to 3 reports. It approved the proposals on the measures to optimize the 14th Five-Year development strategy, the profit distribution plan for 2023, the business plan and financial budget plan for 2024, the fixed asset investment budget plan for 2024, the capital bond issuance plan and relevant authorizations, the interim profit distribution plan for 2024, the 2024-2028 capital plan, and matters related to the reform of rural banks. The Committee also listened to the reports on the implementation of the 2023 strategies, the "Gyroscope" evaluation, and the comparative analysis on the strategic benchmarking results.

As at the disclosure date of this report, the Strategy Committee consisted of 6 Directors, including Non-executive Director Mr. Wu Lijun (Chairman), Executive Director Mr. Hao Cheng, Non-executive Directors Mr. Cui Yong and Mr. Zhu Wenhui, and Independent Non-executive Directors Mr. Hong Yongmiao and Mr. Liu Shiping.

ii. Audit Committee

Primary duties of the Audit Committee include: overseeing and evaluating the Bank's internal control; checking the Bank's risk status, compliance status, accounting policies, financial reporting procedures and financial position; reviewing the Bank's financial information and its disclosures, and taking charge of the annual audit; supervising and providing guidance for internal audit work, examining important policies and reports such as internal audit charter, and reviewing the medium- to long-term audit plans and annual audit plan; overseeing and evaluating external audit firms, and proposing the appointment or replacement of external audit firms; coordinating internal and external audits; reviewing and overseeing the mechanisms for employees of the Bank to report misconducts related to financial reports, internal control, etc.; proposing the appointment or dismissal of the chief financial officer; and reviewing changes in accounting policies, accounting estimates, or corrections of material accounting error for reasons other than changes in accounting standards.

During the reporting period, the Audit Committee convened 7 meetings including 3 on-site meetings and 4 meetings via written resolutions, reviewed 14 proposals and listened to 13 reports. It considered and approved the annual auditor's report on financial statements for A shares and H shares, the interim review report, the quarterly reports on the implementation of agreed-upon procedures and other periodic reports, the internal control assessment report and the audit report on internal control, internal audit plan, and the selection of accounting firms. The Committee also listened to the internal audit work summary, the *Proposal for Management of 2023*, the report on work rectifications and the special audit report on related business, and observed and discussed the performance of the annual, interim and quarterly operation.

The Committee diligently fulfilled its supervisory duties over auditors, urging the annual auditors to perform their audit work properly. The former accounting firms had served the Bank for eight consecutive years after finishing the audit work for 2023, reaching the longest consecutive years of service stipulated by MOF. In February 2024, the Committee convened a meeting, at which the *Proposal on the Engagement of Accounting Firms for 2024* was reviewed and approved. The Committee proposed the engagement of KPMG Huazhen LLP as the accounting firm in charge of the Bank's domestic audit for 2024 and KPMG as the accounting firm in charge of the Bank's overseas audit for 2024. The Committee held that both firms possess the necessary professional competence, investor protection capability, independence and good integrity, concluded that the reasons for changing the accounting firm are sound and appropriate, and thus agreed to submit this proposal to the Board of Directors for deliberation. In March 2024, the Committee reviewed the audit work plan of auditors, focused on issues such as service team, timetable, key audit areas, auditors' independence, project quality control and confidentiality, and pointed out major issues meriting particular attention in audit. In March 2024, the Committee convened a meeting to review the 2024 auditor' reports on the financial statements of the Bank issued by KPMG Huazhen LLP and KPMG. The Committee held that the auditor's report reflected the operation of the Bank in a truthful, accurate and complete manner, and came to a resolution which was submitted to the Board of Directors for review. Additionally, the Committee reviewed the auditors' summary report on the audit work, determining that the auditors had appropriately executed audit procedures on key audit projects, successfully completed the annual audit work, and agreed to submit it to the Board of Directors for review.

As at the disclosure date of this report, the Audit Committee consisted of 6 Directors, of which the majority and the Chairman were Independent Non-executive Directors. The members included Independent Non-executive Director Mr. Shao Ruiqing (Chairman), Non-executive Directors Mr. Yao Wei and Mr. Zhu Wenhui, and Independent Non-executive Directors Mr. LiYinquan, Mr. Liu Shiping and Mr. Huang Zhiling.

iii. Risk Management Committee

Primary duties of the Risk Management Committee include: determining the Bank's risk management policies and the overall risk tolerance level; supervising the duty performance of the Bank's Senior Management in exerting risk control in terms of credit, market, operation, liquidity, compliance and reputation; evaluating the Bank's risk policies, management status and risk tolerance; regularly submitting risk management reports to the Board of Directors; setting the Bank's capital adequacy management objectives and monitoring capital adequacy indicators; reviewing and approving matters related to the implementation of the Basel III; and supervising Senior Management's anti-money laundering duty performance, enhancing the effectiveness of data governance, and fulfilling data security management duties.

During the reporting period, the Risk Management Committee convened 9 meetings including 2 on-site meetings and 7 meetings via written resolutions, reviewed 26 proposals and listened to 13 reports. It considered and approved proposals including the risk management report, the capital adequacy ratio report, the liability quality management and consolidated management report, the business continuity special audit report, the internal capital adequacy assessment report, and reports related to risk appetite indicators, formulation and revision of relevant risk management policies, and writing-off of bad debts, and paid constant attention to the credit investment policies, internal control and compliance, fraud case prevention and management, special audits, AML management and other aspects of work.

As at the disclosure date of this report, the Committee consisted of 6 Directors, including Independent Non-Executive Director Mr. Huang Zhiling (Chairman), Executive Directors Mr. Hao Cheng and Mr. Yang Bingbing, Non-Executive Directors Mr. Zhang Mingwen and Mr. Li Wei, and Independent Non-Executive Director Mr. Shao Ruiqing.

iv. Nomination Committee

Primary duties of the Nomination Committee include: selecting qualified candidates for Directors and Senior Management; drafting the procedures and criteria for selecting Directors and Senior Management, preliminarily reviewing the qualifications and conditions of candidates, and advising the Board of Directors regarding the nomination or removal of Directors and the appointment or dismissal of Senior Management; regularly evaluating the Board structure, the number of Board members and the Board composition, and offering recommendations on the proposed adjustment to the Board of Directors according to the Bank's strategies.

During the reporting period, the Nomination Committee convened 3 meetings, all of which were meetings via written resolutions, reviewed 10 proposals and listened to 1 report. It reviewed and approved the proposals on the nomination of candidates for Directors, the appointment of Senior Management, etc., and offered suggestions to the Board of Directors.

As at the disclosure date of this report, the Nomination Committee consisted of 4 Directors, of which the majority and the Chairman were Independent Non-executive Directors. The members included Independent Non-executive Director Mr. Liu Shiping (Chairman), Non-executive Director Mr. Wu Lijun and Independent Non-executive Directors Mr. Hong Yongmiao and Mr. Li Yinquan.

v. Remuneration Committee

Primary duties of the Remuneration Committee include: drafting the remuneration plan for Directors and Senior Management, advising the Board of Directors, and overseeing the implementation of the plan; reviewing the duty performance of Directors and Senior Management, and making suggestions to the Board of Directors on the assessment and evaluation of them; and reviewing the remuneration management policies and rules of the Bank, advising the Board accordingly, and overseeing policy implementation.

During the reporting period, the Remuneration Committee convened 4 meetings including 1 on-site meeting and 3 meetings via written resolutions, reviewed 6 proposals and listened to 3 reports. It reviewed and approved the proposals regarding Board of Directors' report on the evaluation of Directors' overall duty performance for 2023, Directors' remuneration for 2023, the report on the progress of performance-based remuneration recovery for 2023, the revision of the *Measures for the Comprehensive Assessment and Evaluation of Senior Management*, etc., listened to the work reports made by Senior Management, and studied and proposed the assessment and evaluation results of Senior Management in 2023 and the remuneration suggestions for them. The Committee believed that the determination of Senior Management's remuneration complied with the relevant provisions of the *Management Measures for the Remuneration of Senior Management*, the determination of Directors' remuneration complied with the relevant provisions of the *Articles of Association* of the Bank, and the determination of Independent Non-executive Directors' remuneration complied with their work performance and the remuneration criteria for Independent Non-executive Directors. Directors recused themselves from the subvoting involving the determination of their remuneration.

As at the date of disclosure of this report, the Remuneration Committee consisted of 4 Directors, of which the majority and the Chairman were Independent Non-executive Directors. The members included Independent Non-Executive Director Mr. Hong Yongmiao (Chairman), Non-Executive Director Mr. Li Wei, and Independent Non-Executive Directors Mr. Shao Ruiqing and Mr. Li Yinquan.

vi. Related Party Transaction Control Committee

Primary duties of the Related Party Transaction Control Committee include: filing general related party transactions; reviewing major related party transactions, and submitting them to the Board of Directors for deliberation; reporting to the Board of Directors regarding the overall status, risk level and structural distribution of related party transactions during the year; formulating related party transaction management measures, and submitting them to the Board of Directors for approval before implementation; identifying related parties, and promptly informing relevant staff of them; and listening to accountability reports in situations such as failing to report related parties as required or conducting related party transactions in violation of regulations.

During the reporting period, the Related Party Transaction Control Committee convened 8 meetings including 2 on-site meetings and 6 meetings via written resolutions, reviewed 22 proposals and listened to 2 reports. It reviewed and approved the proposals on the 2023 report on related party transactions, 20 material related party transactions and 1 continuing related party transaction with entities related to CEG, listened to special audit reports on related party transaction management, and received filings on 45 general related party transactions.

As at the disclosure date of this report, the Related Party Transaction Control Committee consisted of 5 Directors, all of which were Independent Non-executive Directors, including Mr. Li Yinquan (Chairman), Mr. Shao Ruiqing, Mr. Hong Yongmiao, Mr. Liu Shiping and Mr. Huang Zhiling.

vii. Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee

Primary duties of the Social Responsibility, Inclusive Finance Development, and Consumer Rights Protection Committee include: promoting ESG system construction, deliberating ESG-related strategies, plans, policies and regulations; researching, formulating and evaluating measures to improve ESG performance, and implementing ESG requirements proposed by regulatory authorities; reviewing the social responsibility report, regularly listening to ESG reports, and enhancing the level of ESG information disclosure; overseeing and evaluating the implementation of the Bank's green finance development strategy; conducting strategic planning on the Bank's inclusive finance business; reviewing the Bank's general policies, evaluation measures, and annual business plan for inclusive finance; guiding and supervising Senior Management on the inclusive finance work; regularly reviewing the work reports of Senior Management on consumer rights and interests protection, and submitting them to the Board of Directors; discussing and deciding on relevant matters according to the authorizations of the Board of Directors, and studying major issues and policies on consumer protection; guiding and urging the establishment and improvement of the Bank's management policy and system for consumer protection; studying relevant audit reports, regulatory circulars and internal evaluation results related to the Bank's consumer protection work, and urging timely rectification by Senior Management; and supervising the comprehensiveness, timeliness and effectiveness of the consumer protection work of Senior Management.

During the reporting period, the Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee convened 8 meetings, including 2 on-site meetings and 6 meetings via written resolutions, reviewed 8 proposals and listened to 15 reports. It reviewed and approved the 2023 corporate social responsibility report, ESG work priorities, work summary and plan for consumer protection, the 2024 inclusive finance credit plan, and a report on consumer complaints. It also listened to and discussed the work summary and plan for inclusive finance, the work arrangement for inclusive finance, the credit plan for MSE inclusive finance, and the progress on the green finance work.

As at the disclosure date of this report, the Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee consisted of 6 Directors, including Executive Directors Mr. Hao Cheng (Chairman) and Ms. Qi Ye, Non-executive Directors Mr. Qu Liang, Mr. Yao Wei, and Mr. Zhang Mingwen, and Independent Non-Executive Director Mr. Huang Zhiling.

VII. THE CHAIRMAN AND THE PRESIDENT

The roles and work of Chairman of the Board of Directors and President of the Bank are performed by different individuals, and their respective responsibilities are clearly defined and divided, which is in compliance with the provisions specified in the *Hong Kong Listing Rules*. Chairman of the Board of Directors of the Bank is responsible for convening and presiding over the meetings of the Board of Directors, ensuring that all Directors attending the Board meetings are properly informed of the issues to be reviewed and reported, managing the operation of the Board of Directors, making sure that all key and relevant issues were discussed by the Board of Directors in a constructive and timely manner. President of the Bank is responsible for the overall operation and management, the implementation of the resolutions of the Board of Directors, and the implementation of the strategies and business plan of the Bank.

From 29 January 2024, Mr. Wu Lijun took office as Chairman of the Board of Directors of the Bank. From January to June 2024, Mr. Wang Zhiheng acted as President of the Bank. On 6 June 2024, due to work adjustments, Mr. Wang Zhiheng resigned from the position as President of the Bank. From 23 August 2024, Mr. Hao Cheng started serving as President of the Bank.

VIII. INDEPENDENT NON-EXECUTIVE DIRECTORS

i. Independence of the Independent Non-executive Directors

The 5 Independent Non-executive Directors of the Bank were not involved in any factors influencing their independence mentioned in Rule 3.13 of the *Hong Kong Listing Rules*. The Bank had received the annual confirmation letter about his or her independence issued by each Independent Non-executive Director according to Rule 3.13 of the *Hong Kong Listing Rules*. The Bank held that all Independent Non-executive Directors met the independence requirements specified in the *Hong Kong Listing Rules*.

ii. Attendance of Shareholders' General Meetings by Independent Non-executive Directors

Please refer to the above-mentioned relevant contents of this section for details.

iii. Attendance of Board meetings by Independent Non-executive Directors

Please refer to the above-mentioned relevant contents of this section for details.

iv. Independent Non-executive Directors' objection to any issues of the Bank

During the reporting period, none of the Independent Non-executive Directors of the Bank had raised any objection to the proposals of the Board of Directors or other issues.

v. Duty performance of Independent Non-executive Directors

As at the disclosure date of this report, the Bank had 5 Independent Non-executive Directors, reaching one-third of the Board members. The Remuneration Committee, the Nomination Committee, the Related Party Transaction Control Committee, the Risk Management Committee and the Audit Committee of the Board of Directors were all chaired by Independent Non-executive Directors. During the reporting period, the Independent Non-Executive Directors expressed independent opinions on matters involving the interests of minority shareholders, such as the profit distribution plan, nomination of Directors, remuneration of Directors, material related party transactions, internal control and audit. In each special committee, they leveraged their expertise to provide constructive and professional opinions and suggestions on various issues. When the Board of Directors was not in session, the Independent Non-Executive Directors kept themselves well informed of regulatory feedback, the Bank's strategic implementation, business innovation, internal control, audit and risk prevention and control by reviewing the Bank's internal documents and materials such as the *Bulletin of the Board* and the *Monthly Work Report of the Board* and participating in prudential regulatory discussions, department seminars, Board communication sessions, and investigation visits to branches. They actively communicated with other Directors, Supervisors, Senior Management and auditors so as to obtain necessary information to perform their duties. They maintained close contact with the Bank via email, phone and other forms of communication. Pursuant to relevant regulations of SEHK, the Bank held a discussion between Chairman and Independent Non-executive Directors where Independent Non-executive Directors expressed opinions and suggestions on strategic planning, development approaches, corporate governance and risk management. The relevant recommendations of Independent Non-executive Directors were highly valued and adopted by Senior Management, which played a positive role in defining strategic direction, strengthening risk control, promoting business development and enhancing the corporate governance level of the Bank.

IX. SUPERVISORS AND THE BOARD OF SUPERVISORS

i. Board of Supervisors

As at the disclosure date of this report, the Board of Supervisors of the Bank consisted of 6 members, including 1 Shareholder Supervisor (Mr. Wu Junhao), 2 External Supervisors (Mr. Qiao Zhimin and Ms. Chen Qing) and 3 Employee Supervisors (Mr. Shang Wencheng, Mr. Yang Wenhua and Mr. Lu Jian). The members of the Board of Supervisors, with rich experience in finance, accounting and corporate governance, demonstrated sufficient professionalism and independence, thus ensuring the effective functioning of the Board of Supervisors.

For details of the resumes of Supervisors, please refer to "Directors, Supervisors, Senior Management, Staff and Business Outlets".

For details of the duties of the Board of Supervisors, please refer to the *Articles of Association* of the Bank.

ii. Ways of duty performance for the Board of Supervisors

Main ways for the Board of Supervisors to perform supervisory duties include: holding regular meetings, attending shareholders' general meetings, attending as non-voting delegates the meetings of the Board of Directors, Board committees and Senior Management, reviewing business management reports, listening to the work reports of all business lines and branches, conducting interviews with heads of all branches and departments, and visiting branches for investigation. Through the above-mentioned ways, the Board of Supervisors supervised the duty performance of the Board of Directors, Senior Management and its members, as well as the Bank's finance management, risk management, internal control management, strategy management and remuneration management.

iii. Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors convened 8 meetings, including 4 on-site meetings and 4 meetings via written resolutions, at which it reviewed 28 proposals and listened to 61 reports, including the periodic reports of the Bank, the reports on the duty performance evaluation of the Board of Directors, Senior Management and their respective members, the internal control evaluation report, the profit distribution plan, the annual business operation & financial budget plan, the remuneration of Supervisors, and the work update and plan for consumer rights and interests protection, and expressed clear opinions on relevant proposals.

During the reporting period, pursuant to laws and regulations, the Supervisors attended all the on-site shareholders' general meetings, participated in all the meetings of the Board of Directors as non-voting delegates and supervised the compliance and legality, the voting procedures and the attendance, speeches and voting of the Directors of the aforementioned meetings.

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iv. Attendance of Supervisors at meetings of the Board of Supervisors

Supervisor	Board of Supervisors	Special Committees of the Board of Supervisors: Nomination Committee	Special Committees of the Board of Supervisors: Supervision Committee
	Number of attendance in person/Number of meetings during the term of office		
Incumbent Supervisors			
Wu Junhao	7/8	–	4/5
Qiao Zhimin	8/8	3/3	5/5
Chen Qing	8/8	3/3	5/5
Shang Wencheng	8/8	–	5/5
Yang Wenhua	7/8	–	4/5
Lu Jian	7/8	3/3	–
Former Supervisors			
Li Yinzhong	6/6	2/2	–
Wang Zhe	4/5	2/2	3/3

Notes:

1. For details of change in supervisors, please refer to "Directors, Supervisors, Senior Management, Staff and Business Outlets".

2. "Number of attendance in person" includes on-site attendance and attendance via written resolutions.

3. Supervisors who were unable to attend in person the meetings of the Board of Supervisors and special committees had all entrusted other Supervisors to attend the meetings by proxy and exercise their voting rights.

v. Special committees of the Board of Supervisors

The two special committees under the Board of Supervisors are the Nomination Committee and the Supervision Committee. During the reporting period, the two special committees convened 8 meetings, including 3 meetings of the Nomination Committee and 5 meetings of the Supervision Committee, at which 15 proposals were reviewed and 4 reports were heard. According to the division of responsibilities, the special committees discussed and studied significant supervision matters, providing strong support for the effective duty performance of the Board of Supervisors.

1. Nomination Committee

Primary duties of the Nomination Committee include: providing suggestions to the Board of Supervisors regarding the size and composition of the Board of Supervisors; drafting the procedures and criteria for the election of Supervisors by the shareholders' general meeting, and advising the Board of Supervisors accordingly; conducting preliminary review on the qualifications and conditions of supervisor candidates, and advising the Board of Supervisors accordingly; supervising the procedures of the selection and appointment of Directors; drafting the plan for supervising the duty performance of Directors, Supervisors and Senior management, making comprehensive evaluation in this regard, and reporting to the Board of Supervisors; supervising the implementation of the Bank's remuneration management policies and the rationality of the remuneration plan for Senior Management; and specifying the remuneration or allowance standards for Supervisors, and advising the Board of Supervisors accordingly.

During the reporting period, the Nomination Committee convened 3 meetings including 1 on-site meeting and 2 meetings via written resolutions, at which it reviewed 8 proposals and listened to 3 reports. It reviewed and approved the proposals including the supervision and evaluation report on Board of Supervisors' duty performance for 2023, the remuneration plan for Supervisors and the former Chairman of the Board of Supervisors for 2023, and the implementation plan for the supervision and evaluation of the Board of Supervisors' duty performance in 2024, and listened to the reports including the 2023 duty performance report and the 2024 work plan of the Nomination Committee, the report on the progress of performance-based remuneration recovery for 2023, and the special audit report on performance appraisal system and remuneration management.

As at the disclosure date of this report, the Nomination Committee consisted of 3 Supervisors, including External Supervisor Mr. Qiao Zhimin (Chairman), Ms. Chen Qing, and Employee Supervisor Mr. Lu Jian.

2. Supervision Committee

Primary duties of the Supervision Committee include: formulating the plan for supervising the Bank's operation and decision-making, finance activities, risk management and internal control, and implementing this plan after approval by the Board of Supervisors; supervising the Board of Directors in establishing the concept of steady business operation and value principles for the Bank and formulating the development strategy that works best for the Bank; keeping itself informed of the preparation of the periodic reports by the Board of Directors and relevant material adjustments, and reporting to the Board of Supervisors accordingly; and maintaining good communication with relevant special committees of the Board of Directors, relevant departments of the Bank and external agencies, and providing supervision suggestions on the Bank's engagement of external auditors when deemed necessary.

During the reporting period, the Supervision Committee convened 5 meetings including 2 on-site meetings and 3 meetings via written resolutions, at which it reviewed 7 proposals and listened to 1 report. The Committee reviewed and approved the proposals on the measures to optimize the 14th Five-Year Plan development strategy, the Bank's periodic reports, the internal control assessment report, the internal control audit report, etc., and listened to the duty performance report of the Supervision Committee for 2023 and its work plan for 2024.

As at the disclosure date of this report, the Supervision Committee consisted of 5 Supervisors, including External Supervisor Ms. Chen Qing (Chairwoman), Shareholder Supervisor Mr. Wu Junhao, External Supervisor Mr. Qiao Zhimin, and Employee Supervisors Mr. Shang Wencheng and Mr. Yang Wenhua.

vi. Supervision by the Board of Supervisors

The Board of Supervisors had no objection to the supervision matters during the reporting period.

vii. Duty performance of External Supervisors

As at the disclosure date of this report, the Bank had 2 External Supervisors, both of whom served as chairpersons in the special committees of the Board of Supervisors. During the reporting period, the External Supervisors of the Bank performed their duties in good faith and with due diligence in accordance with the duties and rights granted by the *Articles of Association* of the Bank. The time both of them spent on the supervision work of the Bank was no less than 15 working days. Throughout the performance of duties, External Supervisors proactively learned about the Bank's operation management and strategy implementation by attending the meetings of the Board of Supervisors, attending as non-voting delegates the meetings of the Board of Directors and it special committees, and participating in joint research with the Board of Directors, and expressed independent, professional and objective opinions on major issues of concern such as material related party transactions, profit distribution, information disclosure, authenticity of financial statements, nomination and appointment of Directors, Supervisors and Senior Management and their remuneration. When the Board of Supervisors was not in session, External Supervisors carefully studied internal documents sent by the Bank and the information on the *Bulletin of the Board of Supervisors* and other materials to fully obtain supervision information, maintained close contact with the Bank via email, phone and other forms of communication, and paid attention to protecting the legitimate rights and interests of minority shareholders and other stakeholders, thereby playing a positive role in assisting the Board of Supervisors' duty performance.

viii. Review of the Annual Report by the Board of Supervisors

The Board of Supervisors reviewed the annual report and issued a written review opinion. The Board of Supervisors held that the preparation and review procedures of the *2024 Annual Report* complied with relevant laws, regulations, regulatory requirements, the *Articles of Association* of the Bank and internal management policies. The contents and formats of the Report were in compliance with laws, regulations and regulatory requirements, and the information contained in the Report truly reflected the Bank's operation, management and financial position in 2024. No personnel involved in the preparation and review of the annual report was found to have violated confidentiality provisions.

ix. Review opinions of the Board of Supervisors on information disclosure management rules and implementation

The Bank strictly performed its information disclosure obligations in accordance with regulatory requirements, conscientiously implemented the information disclosure management rules, and disclosed information in a timely and fair manner. During the reporting period, the information disclosed was authentic, accurate and complete.

X. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Bank adopted the standards set out in the *Model Code* as the code of conduct to govern the securities transactions by Directors and Supervisors of the Bank. Upon enquiry, all Directors and Supervisors confirmed that they had always complied with the *Model Code* for the year ended 31 December 2024. The Bank also formulated guidelines regarding the dealing of the Bank's securities by relevant employees and the guidelines are no less exacting than the *Model Code*. It had not come to the attention of the Bank that any employee was in violation of the guidelines during the reporting period.

XI. SENIOR MANAGEMENT

As at the disclosure date of this report, the Senior Management of the Bank consisted of 6 members, whose duties include carrying out the operation and management of the Bank, organizing resources to implement the resolutions of the Board of Directors, implementing the strategic plan, the business plan and the investment plan approved by the Board of Directors, developing plans for setting up the internal management structure and the basic management rules, and formulating specific administrative measures.

During the reporting period, the Senior Management, in accordance with the development strategy of the Bank, earnestly implemented the business plan and financial budget approved by the Board, provided solid support for the real economy, advanced the work of serving the five target areas of finance, optimized asset-liability structure, proactively explored new business areas, consolidated customer base, adhered to upholding fundamental principles while breaking new ground, continuously enhanced the Bank's core competitiveness, and advanced the Bank's high-quality development.

XII. ESTABLISHMENT AND IMPLEMENTATION OF ASSESSMENT AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT

The Remuneration Committee of the Board of Directors is responsible for drafting the remuneration plan for Senior Management, reviewing the duty performance of Senior Management, proposing suggestions on the remuneration plan for Senior Management and submitting the proposals to the Board of Directors for approval. During the reporting period, the Remuneration Committee listened to the work reports of Senior Management, studied the 2023 performance evaluation result of Senior Management and proposed the remuneration plan, which was reviewed and approved by the Board of Directors prior to implementation.

XIII. IMPLEMENTATION OF STOCK INCENTIVE PLAN AND EMPLOYEE STOCK OWNERSHIP PLAN

As at the end of the reporting period, the Bank did not implement any stock incentive plan or employee stock ownership plan.

XIV. TRAINING OF DIRECTORS AND SUPERVISORS

During the reporting period, some Directors and all Supervisors attended the special training for Directors and Supervisors of listed companies under the jurisdiction of Beijing Municipality organized by the Listed Companies Association of Beijing. Some Independent Non-executive Directors participated in the follow-up training for Independent Non-executive Directors held by SSE. The training which the Bank's Directors and Supervisors participated in regarding corporate governance, policies, laws, regulations, and business operation and management complied with Rule C.1.4 of the provisions of Appendix C1 to the *Hong Kong Listing Rules*.

XV. AUDITORS' REMUNERATION

For details about auditors' remuneration, please refer to "Significant Events".

XVI. INFORMATION DISCLOSURE AND INSIDER INFORMATION MANAGEMENT

As a company listed both in Shanghai (A shares) and Hong Kong (H shares), the Bank implemented the *Securities Law* and relevant regulatory requirements, complied with both domestic and overseas laws and regulations, and maintained good insider information management by optimizing information disclosure procedures to improve the quality of information disclosure. The Bank formulated the *Policies on Information Disclosure* and the *Policies on the Management of Insider Information and Insiders*, and the Board of Directors, responsible for the information disclosure and insider information management work, authorized Secretary to the Board of Directors to take charge of the organization, coordination and implementation of the work.

In accordance with relevant requirements, the Bank implemented strict confidentiality management for insider information and insider registration management. In the event of regular performance releases and major issues, the Bank strictly controlled the scope of insiders and carried out the registration work in a timely manner at critical time points. Before the disclosure of insider information according to law, the Bank conducted management and monitoring on the insider information. The Bank disclosed information in a timely and fair manner, thus ensuring the authenticity, accuracy and completeness of the disclosed information to protect the legitimate rights and interests of investors. During the reporting period, the Bank completed the preparation and disclosure of the 2023 Annual Report, the 2024 Interim Report and 2024 Quarterly Reports. The Bank optimized and enriched the contents of periodic reports, highlighted business features and achievements to fully showcase its development strategy and operational management to both domestic and overseas investors. In accordance with both domestic and overseas regulatory requirements, the Bank fully disclosed ad hoc announcements in a timely manner, and published 94 A-share announcements and 140 H-share announcements throughout the year.

XVII. INVESTOR RELATIONS MANAGEMENT

Attaching great importance to the opinions and suggestions of shareholders, the Bank formulated the shareholder communication policy and carried out an annual check on it to ensure effectiveness. During the reporting period, the Bank actively conducted various activities to manage investor relations and enhance communication with investors. After the disclosure of performance reports, the Bank held online and on-site meetings of performance briefing for the year 2023, the mid-year and third-quarter of 2024. The Bank organized roadshows for Senior Management to pay visits to over 40 investment institutions. The Bank exchanged views with hundreds of investors by hosting institutional investor research sessions and participating in strategy seminars with domestic and overseas securities companies. The Bank answered over 430 phone calls from domestic and overseas investors and handled more than 210 inquiry emails from investors. The Bank interacted with investors via platforms such as “SSE e-Interaction”, and continuously updated the contents of its official website in both Chinese and English versions to keep investors informed of the Bank’s information. The Bank actively communicated with minority shareholders via shareholders’ general meetings and answered their questions of concern. With the above-mentioned measures implemented, the Bank considered that the current shareholder communication policy is sufficient and effective.

XVIII. COMPANY SECRETARY UNDER THE *HONG KONG LISTING RULES*

As at the disclosure date of this report, Mr. Zhang Xuyang and Ms. Lee Mei Yi (Tricor Services Limited) acted as Joint Company Secretaries under the *Hong Kong Listing Rules*, with Mr. Zhang Xuyang as the main person of contact of the Bank. During the reporting period, Mr. Zhang Xuyang and Ms. Lee Mei Yi had participated in relevant professional training for no less than 15 hours in compliance with Rule 3.29 of the *Hong Kong Listing Rules*.

XIX. SHAREHOLDERS' RIGHTS

i. Shareholders who individually or jointly hold more than 10% of the voting shares of the Bank shall have the right to request the Board of Directors to convene an extraordinary general meeting. Such requests shall be made in writing to the Board of Directors.

ii. Shareholders who individually or jointly hold more than 3% of voting shares of the Bank may provide an interim proposal and submit it in writing to the Board of Directors 12 transaction days before the shareholders' general meeting is convened. The Board of Directors shall issue a supplementary notice for the shareholders' general meeting within 2 days upon receipt of the proposal and submit such proposal to the shareholders' general meeting for approval.

iii. When shareholders who individually or jointly hold more than 10% of the voting shares of the Bank request the Board of Directors to convene an extraordinary Board meeting, Chairman of the Board of Directors shall convene and preside over the meeting within 10 days.

iv. Unless there are specified provisions regarding the rights of the holders of preference shares in laws, regulations, rules, regulatory documents and the *Articles of Association* of the Bank, all the shareholders of the Bank shall have the following rights:

1. Collecting dividends and other forms of benefits distributed on the basis of the number of shares held by them;

2. Attending or entrusting proxy to attend meetings of shareholders, speak and exercise the voting rights at shareholder's general meetings;

3. Supervising business operation of the Bank and putting forward recommendations or inquiries accordingly;

4. Transferring shares in accordance with laws, regulations, rules, regulatory documents, relevant regulations of the securities regulatory authority of the jurisdiction where shares of the Bank are listed and the *Articles of Association* of the Bank;

5. Obtaining relevant information according to the *Articles of Association* of the Bank, including the *Articles of Association*, the Bank's bond stubs, the Bank's finance and accounting reports, subject to payment of the cost fees, and having the right to inspect and copy the Bank's share capital status, subject to payment of reasonable fees;

6. Participating in the distribution of the Bank's residual assets in proportion to the number of shares held by the shareholders when the Bank is terminated or liquidated;

7. And maintaining their legal rights through civil litigation or other legal means as prescribed by law and regulations, and may report relevant situations to regulators.

v. Holders of preference shares of the Bank shall be entitled to the following special rights:

1. Rights to dividends in priority to holders of ordinary shares;

2. Rights to distribution of residual assets of the Bank upon liquidation in priority to holders of ordinary shares;

3. Rights to attend and vote at shareholders' general meetings upon occurrence of prescribed events;

4. Rights to have their voting rights restored upon occurrence of prescribed events.

Please refer to the *Articles of Association* of the Bank for more content about shareholders' rights.

As for the contact details for shareholders to communicate with or enquire of the Board, please refer to "Profile of the Bank" in this report.

XX. STATEMENT OF COMPLIANCE WITH THE *BANKING (DISCLOSURE) RULES*

The Bank has prepared the 2024 H-share financial statements in accordance with the *Banking (Disclosure) Rules* by the Hong Kong Monetary Authority.

XXI. STATEMENT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE *HONG KONG LISTING RULES*

Since its listing on SEHK, the Bank has adopted the principles as stipulated in the *Corporate Governance Code ("CG Code")* contained in Appendix C1 to the *Hong Kong Listing Rules*, and applied them in corporate governance practices. The Bank has fully complied with all the code provisions in the CG Code during the reporting period.

XXII. INTERNAL CONTROL

i. Internal control building and implementation

Adhering to the principle of prioritizing policy and system, the Bank has established an internal control and compliance management system with tiered management at the core. The first tier is based on the Bank's *Articles of Association*, with the internal control management rules at the core, which standardizes the Bank's internal control and compliance governance framework, division of work responsibilities, tool application, and risk monitoring covering identification, assessment, reporting, disposal and supervisory inspection. The second tier consists of policies such as the internal control manual, the management procedures for early-warning and reporting of legal and compliance risks, the management measures for compliance managers, the basic management measures for the Bank's rules and regulations, and the management measures for the compliant management of overseas institutions, which primarily establishes a series of specific systems and mechanisms covering risk monitoring and early-warning, supervision & inspection, policy management, and assessment & rating for internal control and compliance. The third tier consists of a compilation of business management rules and regulations of various business lines and functional departments, featuring "specific rule for specific business and specific manual for specific business line". The Bank carried out review and re-inspection to streamline rules and regulations during the year to advance the implementation of the rules of Head Office with consistency and improve the effectiveness, feasibility and enforceability of rules and regulations.

Such a system is designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable but not absolute assurance against material misrepresentation or loss.

For information about the Bank's risk management system and risk management work during the reporting period, please refer to "Management Discussion and Analysis".

The Board of Directors of the Bank took responsibilities in corporate governance, risk management, internal control and evaluation on the above-mentioned aspects. The Board of Directors of the Bank conducted annual review and evaluation on the Bank's corporate governance, risk management and internal control. The Board of Directors considered that the Bank's corporate governance, risk management and internal control mechanism were practical and effective during the reporting period.

ii. Internal control of subsidiaries

The Bank continued to propel its subsidiaries to improve internal control and compliance management, and supported them to optimize organizational structure, refine management mechanism and implement regulatory policies by applying external regulations in internal business operation. The Bank coordinated the management of internal control and compliance matters of its subsidiaries covering institutional construction, supervisory inspection, and regular and special reporting mechanism, ensuring the consistency, completeness, effectiveness and timeliness of the internal control mechanism of subsidiaries. The Bank supervised and guided its subsidiaries to comprehensively rectify the problems identified in internal and external inspections, and consolidated the achievements in internal control management.

iii. Internal control assessment report

Based on the identification of material defects in the internal control over the financial reporting of the Bank, the Bank, as at the reference date (i.e., 31 December 2024) for the internal control assessment report, had not discovered any material defect in the internal control over financial reporting, and had maintained effective internal control over financial reporting in all material aspects in accordance with the enterprise internal control system and relevant regulations.

Based on the identification of material defects in the internal control unrelated to the financial reporting of the Bank, the Bank, as at the reference date (i.e., 31 December 2024) for the internal control assessment report, had not discovered any material defects in the internal control unrelated to financial reporting.

From the reference date of the internal control assessment report to the date of release of the internal control assessment report, there occurred no factor that could affect the assessment conclusion on the effectiveness of internal control.

The 2024 Internal Control Assessment Report of the Bank had been published in full text on the websites of SSE, the HKEXnews and the Bank.

iv. Audit report on internal control

KPMG Huazhen LLP audited the internal control of the Bank and issued an audit opinion: as at 31 December 2024, the Bank maintained an effective internal control over financial reporting in all material aspects in accordance with the *Basic Standards for Enterprise Internal Control* and relevant regulations. The audit report had been published on the websites of SSE, the HKEXnews and the Bank.

XXIII. MAJOR CHANGE IN THE *ARTICLES OF ASSOCIATION* OF THE BANK DURING THE REPORTING PERIOD

During the reporting period, there was no amendment to the Bank's *Articles of Association*.

Address Book of Head Office and Branches

Name	Address	P.C.	Tel	Fax
Head Office	China Everbright Center, No. 25 Taipingqiao Street, Xicheng District, Beijing	100033	010-63636363	010-63639066
Credit Card Center	Zhonghuixiyuan Mansion, Building 1, No. 6 Zhengda Road, Shijingshan District, Beijing	100040	010-56963176	010-56963284
Beijing Branch	No. 1 Xuanwumen Inner Street, Xicheng District, Beijing	100031	010-66567699	010-66567411
Shanghai Branch	No. 1118 Century Avenue, Pudong New Area, Shanghai	200120	021-63606360	021-23050088
Tianjin Branch	Annex Building of Zhonglian Building, No. 83 Qufu Avenue, Heping District, Tianjin	300041	022-23300167	022-23300229
Chongqing Branch	No. 168 Minzu Road, Yuzhong District, Chongqing	400010	023-63792773	023-63792764
Shijiazhuang Branch	No. 56 Yuhua East Road, Qiaodong District, Shijiazhuang	050000	0311-88628882	0311-88628883
Taiyuan Branch	No. 295 Yingze Street, Yingze District, Taiyuan	030001	0351-3839008	0351-3839108
Huhhot Branch	Tower D, Dongfangjunzuo, Chilechuan Street, Saihan District, Huhhot	010096	0471-4955882	0471-4955800
Dalian Branch	No. 4 Wuwu Road, Zhongshan District, Dalian	116001	0411-39037007	0411-39037015
Shenyang Branch	No. 156 Heping North Street, Heping District, Shenyang	110003	024-83255555	024-23283218
Changchun Branch	No. 2677 Jiefang Road, Chaoyang District, Changchun	130061	0431-88400080	0431-88400121
Heilongjiang Branch	No. 278 Dongdazhi Street, Nangang District, Harbin	150001	0451-53618775	0451-53618775
Nanjing Branch	No. 120 Hanzhong Road, Gulou District, Nanjing	210029	025-84787610	025-84712699
Suzhou Branch	No. 188 Xinghai Street, Industrial Park District, Suzhou	215021	0512-68662988	0512-68668766
Wuxi Branch	No. 1 Renmin Middle Road, Chong'an District, Wuxi	214023	0510-81802528	0510-81802535
Hangzhou Branch	Zheshang Times Building, No. 1 Miduqiao Road, Gongshu District, Hangzhou	310006	0571-87895358	0571-87895367
Ningbo Branch	Building 1, Hengfu Plaza, No. 828 Fuming Road, Jiangdong District, Ningbo	315040	0574-87300888	0574-87317230
Hefei Branch	No. 200 Changjiang West Road, Shushan District, Hefei	230001	0551-65101888	0551-65101726
Fuzhou Branch	Building 1, Zhengxiang Center, No. 153 Wuyi North Road, Gulou District, Fuzhou	350001	0591-87760707	0591-87835838
Xiamen Branch	No. 160 Hubin Middle Road, Siming District, Xiamen	361004	0592-2221666	0592-2237788
Nanchang Branch	No. 1333 Fenghezhong Avenue, Honggutan New Area, Nanchang	330000	0791-86662030	0791-86665448
Jinan Branch	No. 85 Jingqi Road, Shizhong District, Jinan	250001	0531-86155965	0531-86155800
Qingdao Branch	No. 69 Hongkong West Road, Shinan District, Qingdao	266071	0532-83893801	0532-83893800
Yantai Branch	No. 111 Nandajie Street, Zhifu District, Yantai	264000	0535-6658506	0535-6261796

Name	Address	P.C.	Tel	Fax
Zhengzhou Branch	No. 22 Middle Ring Road, Financial Island, Zhengzhou Area (Zhengdong) of Henan Pilot Free Trade Zone, Zhengzhou	450000	0371-65766001	0371-65766000
Wuhan Branch	No. 143-144 Yanjiang Avenue, Jiang'an District, Wuhan	430014	027-82796303	027-82801976
Changsha Branch	No. 142 Section 3 of Furong Middle Road, Tianxin District, Changsha	410015	0731-85363527	0731-85523677
Guangzhou Branch	No. 685 Tianhe North Road, Tianhe District, Guangzhou	510635	020-38730066	020-38730049
Shenzhen Branch	No. 18 Zizhuqi Avenue, Zhuzilinsi Road, Futian District, Shenzhen	518040	0755-83053388	0755-83242955
Nanning Branch	Taiping Financial Mansion, No. 16 Songxiang Road, Liangqing District, Nanning	530201	0771-5558638	0771-5568100
Haikou Branch	Jinlong City Plaza Building, South of Jinlong Road, Longhua District, Haikou	570125	0898-68539999	0898-68520711
Chengdu Branch	No. 79 Dacisi Road, Jinjiang District, Chengdu	610017	028-86665566	028-86720299
Kunming Branch	No. 28 Renmin Middle Road, Wuhua District, Kunming	650021	0871-63111068	0871-63111078
Xi'an Branch	Building 9, No. 1 Taoyuan South Road, Lianhu District, Xi'an	710002	029-87236013	029-87236010
Urumqi Branch	No. 177 Jiefang North Road, Tianshan District, Urumqi	830002	0991-7659851	0991-7706607
Guiyang Branch	West Tower III, Financial Center, Zone B, Convention and Exhibition City, Changling North Road, Guanshanhu District, Guiyang	550081	0851-82590249	0851-82590335
Lanzhou Branch	No. 555 Donggang West Road, Chengguan District, Lanzhou	730000	0931-8688600	0931-8688701
Yinchuan Branch	No. 219 Jiefang West Road, Xingqing District, Yinchuan	750001	0951-8773000	0951-8773080
Xining Branch	No. 57-7 Wusi West Road, Chengxi District, Xining	810008	0971-6363263	0971-6236234
Lhasa Branch	Taihe International Culture Square, No. 7 Jinzhu Middle Road, Chengguan District, Lhasa	850000	0891-6597000	0891-6597000
Hong Kong Branch	23/F, Everbright Center, 108 Gloucester Road, Wan Chai, Hong Kong SAR	–	00852-31239888	00852-21432188
Seoul Branch	23/F, Youngpoong Building, 41 Cheonggyecheon-ro, Jongro-ku, Seoul, Republic of Korea	03188	00822-37883700	00822-37883701
Luxembourg Branch	10 Avenue Emile Reuter, Luxembourg City, Grand Duchy of Luxembourg	L-2420	00352-2666888	00352-266688124
Sydney Branch	28/F, International Tower 1, 100 Barangaroo Avenue, Sydney, Commonwealth of Australia	NSW2000	0061-2-79238888	0061-2-79238800
Macao Branch	23F, Finance and IT Center of Macao, 320 Avenida Doutor Mario Soares, Macao SAR	–	00853-82966100	00853-82966150
Tokyo Representative Office	1 Chome-4-1 Marunouchi, Chiyoda City, Tokyo, Japan	100-0005	0081-3-62591786	–


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(5 506) (6 952) (4 861)
(44 464) (13 809) (6 974)
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(38 247) 15 906 61 669
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Independent Auditor's Report and Financial Statements

Independent Auditor's Report

To the Shareholders of China Everbright Bank Company Limited
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Everbright Bank Company Limited (the "Bank") and its subsidiaries (the "Group") set out on pages 170 to 316, which comprise the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position as at 31 December 2024, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

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

Refer to accounting policies in Note III 1 Measurement of expected credit loss allowance, Note V 16 Loans and advances to customers, Note V 18(d) Financial investments measured at amortised cost and Note V 49(a) Credit risk.

The key audit matter	How the matter was addressed in our audit
The Group uses an expected credit loss ("ECL") model to measure the loss allowance for loans and advances to customers and financial investments at amortised costs in accordance with IFRS 9, Financial instruments. The determination of ECL allowance for loans and advances to customers and financial investments at amortised costs is subject to the application of a number of key parameters and assumptions, including credit risk staging, probability of default, loss given default, exposures at default, discount rate and adjustments for forward-looking information. Extensive management judgment is involved in the selection of those parameters and the application of the assumptions. The determination of the ECL allowance is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The ECL allowance for corporate loans and advances and financial investments at amortised cost are derived from estimates including historical losses, internal and external credit grading. The ECL allowance for personal loans and advances are derived from estimates whereby management takes into consideration historical overdue data, historical loss experience. Management exercises judgement in determining the quantum of loss given default based on a range of factors. These include the financial situation of the borrower, the guarantee type, the seniority of the claim, the recoverable amount of any collaterals, and repayment sources of the borrower. Management refers to valuation reports of collaterals issued by qualified third party valuers and considers the impact of various factors including the market price, status and use when assessing the value of collaterals. The enforceability, timing and means of realisation of the collateral also have an impact on the recoverable amount of the collateral.	Our audit procedures to assess ECL allowance for loans and advances to customers and financial investments at amortised cost included the following: • with the assistance of KPMG's IT specialists, understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and financial investment at amortised cost, credit risk staging process and the measurement of ECL allowance for loans and advances to customers and financial investments at amortised cost. • with the assistance of KPMG's financial risk management specialists, assessing the appropriateness of the ECL model used to determine the loss allowances and the appropriateness of the key parameters and assumptions used in the model, which included credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information, and assessing the appropriateness of related key management judgment. • for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the internal records including historical loss experience and type of collateral. As part of these procedures, we assessed management's revisions to estimates and input parameters by comparing with prior period and considered the consistency of judgement. • comparing the macroeconomic forward-looking information used in the model with market information to assess whether they were aligned with market and economic development.

KEY AUDIT MATTERS (CONTINUED)

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

Refer to accounting policies in Note III 1 Measurement of expected credit loss allowance, Note V 16 Loans and advances to customers, Note V 18(d) Financial investments measured at amortised cost and Note V 49(a) Credit risk.

The key audit matter	How the matter was addressed in our audit
We identified the measurement of ECL allowance for loans and advances to customers and financial investments at amortised cost as a key audit matter because of the inherent uncertainty and management judgment involved and because of its significance to the financial results and capital of the Group.	• assessing the completeness and accuracy of key data used in the ECL model. We compared the total carrying amount of the loans and advances to customers and financial investments at amortised cost used by management to assess the ECL allowance with the general ledger to check the completeness of the data. We also selected samples to compare information of individual loan and advance to customers and financial investment at amortised cost with the underlying agreements and other related documentation to check the accuracy of the data. In addition, we checked the accuracy of key external data used by management by comparing them with public sources. • for key parameters used in the ECL model which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis, with the assistance of KPMG's IT specialists, assessing the logics and compilation of the loans and advances' overdue information on a sample basis. • evaluating the reasonableness of management's assessment on whether the credit risk of loans and advances to customers and financial investments at amortised cost has, or has not, increased significantly since initial recognition and whether the mentioned financial instruments are credit-impaired. Based on the risk oriented approach, we selected samples in industries more vulnerable to the current economic situation with reference to other borrowers with potential credit risk, checked overdue information, made enquiries of the client managers about the borrowers' business operations, inspected borrowers' financial information and researched market information about borrowers' businesses, to check the credit risk status of the borrower, and the reasonableness of the risk stage.

KEY AUDIT MATTERS (CONTINUED)

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

Refer to accounting policies in Note III 1 Measurement of expected credit loss allowance, Note V 16 Loans and advances to customers, Note V 18(d) Financial investments measured at amortised cost and Note V 49(a) Credit risk.

The key audit matter	How the matter was addressed in our audit
	• for corporate loans and advances and financial investments at amortised costs that are credit impaired, we selected samples to evaluate the forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, collateral valuation reports, other available information and possible future factors together with discount rates in supporting the computation of loss allowance. • based on our procedure performed, we selected samples and assessed the accuracy of calculating credit losses for loans and advances to customers and financial investments at amortised costs. • assessing the reasonableness of the disclosures in the financial statements in relation to the ECL allowance for loans and advances to customers and financial investments at amortised cost with reference to prevailing accounting standards.

KEY AUDIT MATTERS (CONTINUED)

Measurement of financial instruments' fair value

Refer to accounting policies in Note III 2 Fair value of financial instruments and Note V 50 Fair Value.

The key audit matter	How the matter was addressed in our audit
Financial instruments carried at fair value account for a significant part of the Group's assets and liabilities. Changes in fair value of those financial instruments impact either the profit or loss or other comprehensive income. Valuation of the Group's financial instruments, held at fair value is based on a combination of market data and valuation models which often involve a considerable number of inputs. Many of these inputs are obtained from readily available data, in particular for fair value measurements that are classified in level 1 or level 2 in the fair value hierarchy in which quoted market prices and observable inputs are used. Where one or more significant unobservable inputs, such as credit risk, liquidity and discount rate, are used, as in the case of level 3 fair value measurements, estimates need to be developed which can involve extensive management judgements. We identified measurement of financial instruments' fair value as a key audit matter due to the significance of the balance, the degree of complexity involved in the valuation techniques and significant management judgements in determining the inputs used in the valuation models.	Our audit procedures to assess the measurement of financial instruments' fair value included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the application of valuation models, front office and back office reconciliations and the measurement of financial instruments' fair value. • assessing the fair value of level 1 financial instruments, on a sample basis, by comparing the fair value applied by the Group with publicly available market data. • With the assistance of KPMG's financial risk management specialists, assessing the fair value of level 2 and level 3 financial instruments, on a sample basis, by evaluating the appropriateness of the Group's valuation models, evaluating the reasonableness of the inputs and the appropriateness of the application used by the Group; or either conducting independent valuation or obtaining inputs independently, and comparing our valuation results with that of the Group. • assessing the reasonableness of the disclosures in the financial statements in relation to fair value of financial instruments with reference to prevailing accounting standards.

KEY AUDIT MATTERS (CONTINUED)

Consolidation of structured entities

Refer to accounting policies in Note III 5 Judgement in assessing control over structured entities and Note V 42 Involvement with structured entities.

The key audit matter	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. The Group may acquire an ownership interest in a structured entity, through initiating, investing or retaining shares in a Wealth Management Products, funds, trust investment plans, asset management plans or securitization products, etc. In determining whether the Group should consolidate a structured entity, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions. We identified the 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 the nature of each entity.	Our audit procedures to assess the consolidation of structured entities included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the consolidation of structured entities. • selecting significant structured entities of each key product type and performing the following procedures: – 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; – inspecting 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 affect its own returns from the structured entity; – assessing management's judgement over whether the structured entity should be consolidated or not. • assessing the reasonableness of the disclosures in the financial statements in relation to the consolidation of structured entities with reference to prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

The engagement partner on the audit resulting in this independent auditor's report is Fong Hoi Wan.

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

28 March 2025

Consolidated Statement of Profit or Loss

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

	Note V	2024	2023
Interest income		234,007	250,809
Interest expense		(137,341)	(143,329)
Net interest income	1	96,666	107,480
Fee and commission income		22,194	26,724
Fee and commission expense		(3,123)	(3,026)
Net fee and commission income	2	19,071	23,698
Net trading gains	3	3,203	3,233
Dividend income		44	44
Net gains arising from investment securities	4	14,479	8,926
Net gains/(losses) on derecognition of financial assets measured at amortised cost		250	(555)
Net foreign exchange gains		49	1,125
Other operating income		1,833	1,784
Operating income		135,595	145,735
Operating expenses	5	(43,569)	(43,909)
Credit impairment losses	8	(40,522)	(52,075)
Other impairment losses		(43)	(30)
Operating profit		51,461	49,721
Share of profit of associates and joint ventures		13	36
Profit before tax		51,474	49,757
Income tax	9	(9,563)	(8,681)
Net profit		41,911	41,076
Net profit attributable to:			
Equity shareholders of the Bank		41,696	40,792
Non-controlling interests		215	284
		41,911	41,076
Earnings per share			
Basic earnings per share (in RMB/share)	10	0.62	0.62
Diluted earnings per share (in RMB/share)	10	0.62	0.61

The accompanying notes on pages 177 to 316 form part of these condensed consolidated financial statements.

Consolidated Statement of Comprehensive Income

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

	Note V	2024	2023
Net profit		41,911	41,076
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss:			
– Remeasurement of supplementary retirement benefits		(274)	(192)
– Equity instruments at fair value through other comprehensive income			
– Change in fair value		8	6
– Related income tax effect	23(b)	(2)	(2)
Subtotal		(268)	(188)
Items that will be reclassified to profit or loss:			
– Debt instruments at fair value through other comprehensive income			
– Change in fair value		12,705	3,824
– Change in provision for impairment losses		21	(12)
– Reclassified to the profit or loss upon disposal		(896)	146
– Related income tax effect	23(b)	(2,948)	(987)
– Change in cash flow hedge		(17)	4
– Exchange differences on translation of financial statements		52	49
Subtotal		8,917	3,024
Other comprehensive income, net of tax		8,649	2,836
Total comprehensive income		50,560	43,912
Total comprehensive income attributable to:			
Equity shareholders of the Bank		50,342	43,627
Non-controlling interests		218	285
		50,560	43,912

The accompanying notes on pages 177 to 316 form part of these condensed consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Note V	31 December 2024	31 December 2023
Assets			
Cash and deposits with central banks	11	283,266	349,184
Deposits with banks and other financial institutions	12	47,767	39,942
Precious metals		6,788	6,916
Placements with banks and other financial institutions	13	179,739	142,242
Derivative financial assets	14	33,797	13,324
Financial assets held under resale agreements	15	118,128	67,500
Loans and advances to customers	16	3,857,693	3,712,925
Finance lease receivables	17	94,781	99,158
Financial investments	18	2,208,749	2,241,462
– Financial assets at fair value through profit or loss		443,106	432,896
– Debt instruments at fair value through other comprehensive income		600,404	561,047
– Equity instruments at fair value through other comprehensive income		1,140	1,132
– Financial investments measured at amortised cost		1,164,099	1,246,387
Investments in joint ventures	19(b)	–	204
Property and equipment	20	28,506	25,838
Right-of-use assets	21	10,321	10,408
Goodwill	22	1,281	1,281
Deferred tax assets	23	31,358	33,974
Other assets	24	56,847	28,438
Total assets		6,959,021	6,772,796
Liabilities and equity			
Liabilities			
Due to the central bank	26	95,633	99,633
Deposits from banks and other financial institutions	27	581,536	552,326
Placements from banks and other financial institutions	28	216,562	194,205
Derivative financial liabilities	14	32,448	13,946
Financial assets sold under repurchase agreements	29	75,793	73,115
Deposits from customers	30	4,035,687	4,094,528
Accrued staff costs	31	21,895	20,064
Taxes payable	32	4,758	7,304
Lease liabilities	33	10,412	10,349
Debt securities issued	34	1,231,112	1,099,326
Other liabilities	35	62,954	53,215
Total liabilities		6,368,790	6,218,011

The accompanying notes on pages 177 to 316 form part of these condensed consolidated financial statements.

	Note V	31 December 2024	31 December 2023
Equity			
Share capital	36	59,086	59,086
Other equity instruments	37	104,899	104,899
of which: Preference shares		64,906	64,906
Perpetual bonds		39,993	39,993
Capital reserve	38	74,473	74,473
Other comprehensive income	39	10,891	2,245
Surplus reserve	40	29,543	26,245
General reserve	40	89,891	86,161
Retained earnings	41	218,917	199,282
Total equity attributable to equity shareholders of the Bank		587,700	552,391
Non-controlling interests		2,531	2,394
Total equity		590,231	554,785
Total liabilities and equity		6,959,021	6,772,796

Approved and authorised for issue by the board of directors on 28 March 2025.

Wu Lijun	**Hao Cheng**	**Liu Yan**	**Lu Jian**
Chairman, Non-executive Director	*President, Executive Director*	*Vice President, Chief Financial Officer*	*General Manager of Financial Accounting Department*

The accompanying notes on pages 177 to 316 form part of these condensed consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

(Expressed in millions of Renminbi, unless otherwise stated)

		Attributable to equity shareholders of the Bank											
			Other equity instruments										
	Note V	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total
Balance at 1 January 2024		59,086	64,906	39,993	–	74,473	2,245	26,245	86,161	199,282	552,391	2,394	554,785
Changes in equity for the year:													
Net profit		–	–	–	–	–	–	–	–	41,696	41,696	215	41,911
Other comprehensive income	39	–	–	–	–	–	8,646	–	–	–	8,646	3	8,649
Investment and reduction of owners													
– Convertible corporate bonds to increase share capital and capital reserves		–	–	–	–	–	–	–	–	–	–	–	–
Appropriation of profit:	41												
– Appropriation to surplus reserve		–	–	–	–	–	–	3,298	–	(3,298)	–	–	–
– Appropriation to general reserve		–	–	–	–	–	–	–	3,730	(3,730)	–	–	–
– Dividends to ordinary shareholders		–	–	–	–	–	–	–	–	(10,222)	(10,222)	(81)	(10,303)
– Dividends to other equity instrument holders		–	–	–	–	–	–	–	–	(4,811)	(4,811)	–	(4,811)
Balance at 31 December 2024		59,086	64,906	39,993	–	74,473	10,891	29,543	89,891	218,917	587,700	2,531	590,231

		Attributable to equity shareholders of the Bank											
			Other equity instruments										
	Note V	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total
Balance at 1 January 2023		54,032	64,906	39,993	4,163	58,434	(590)	26,245	81,401	179,299	507,883	2,130	510,013
Changes in equity for the year:													
Net profit		–	–	–	–	–	–	–	–	40,792	40,792	284	41,076
Other comprehensive income	39	–	–	–	–	–	2,835	–	–	–	2,835	1	2,836
Investment and reduction of owners													
– Convertible corporate bonds to increase share capital and capital reserves		5,054	–	–	(4,163)	16,039	–	–	–	–	16,930	–	16,930
Appropriation of profit:	41												
– Appropriation to general reserve		–	–	–	–	–	–	–	4,760	(4,760)	–	–	–
– Dividends to ordinary shareholders		–	–	–	–	–	–	–	–	(11,238)	(11,238)	(21)	(11,259)
– Dividends to other equity instrument holders		–	–	–	–	–	–	–	–	(4,811)	(4,811)	–	(4,811)
Balance at 31 December 2023		59,086	64,906	39,993	–	74,473	2,245	26,245	86,161	199,282	552,391	2,394	554,785

The accompanying notes on pages 177 to 316 form part of these condensed consolidated financial statements.

Consolidated Statement of Cash Flow Statement

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

	Note V	2024	2023
Cash flows from operating activities			
Profit before tax		51,474	49,757
Adjustments for:			
Credit impairment losses		40,522	52,075
Other impairment losses		43	30
Depreciation and amortisation		6,928	6,730
Interest income on impaired financial assets		(1,514)	(1,905)
Dividend income		(44)	(44)
Unrealised foreign exchange (gains)/losses		(2,137)	1,874
Interest income from investment securities and net gains on disposal		(65,953)	(65,608)
Net (gains)/losses on derecognition of financial assets measured at amortised cost		(250)	555
Share of profits of associates and joint ventures		(13)	(36)
Net gains on disposal of trading securities		(2,090)	(3,164)
Revaluation gains on financial instruments at fair value through profit or loss		(5,304)	(1,135)
Interest expense on debt securities issued		28,605	25,040
Interest expense on lease liabilities		385	397
Net gains on disposal of property and equipment		29	21
		50,681	64,587
Changes in operating assets			
Net decrease in deposits with the central bank, banks and other financial Institutions		42,587	2,385
Net increase in placements with banks and other financial institutions		(17,802)	(28,084)
Net (increase)/decrease in financial assets held for trading		(16,708)	72,860
Net increase in loans and advances to customers		(193,046)	(265,835)
Net increase in financial assets held under resale agreements		(50,653)	(67,427)
Net (increase)/decrease in other operating assets		(10,240)	24,294
		(245,862)	(261,807)
Changes in operating liabilities			
Net increase in deposits from banks and other financial institutions		28,301	11,329
Net increase in placements from banks and other financial institutions		22,390	5,585
Net increase/(decrease) in financial assets sold under repurchase agreements		2,733	(19,935)
Net (decrease)/increase in amounts due to the central bank		(3,545)	35,410
Net (decrease)/increase in deposits from customers		(67,344)	176,978
Income tax paid		(12,336)	(14,149)
Net increase/(decrease) in other operating liabilities		20,180	(1,612)
		(9,621)	193,606
Net cash used in operating activities		(204,802)	(3,614)

The accompanying notes on pages 177 to 316 form part of these condensed consolidated financial statements.

Consolidated Statement of Changes in Equity

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

	Note V	2024	2023
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		1,198,381	1,059,289
Investment income received		68,365	62,565
Proceeds from disposal of property and equipment and other long-term assets		320	43
Payments on acquisition of investments		(1,133,982)	(1,322,568)
Payments on acquisition of property and equipment, intangible assets and other long-term assets		(9,400)	(5,154)
Net cash from/(used in) investing activities		123,684	(205,825)
Cash flows from financing activities			
Proceeds from issuing debts		966,309	1,259,529
Repayments of debts issued		(834,702)	(1,020,256)
Interest paid on debt securities issued		(28,426)	(24,028)
Dividends paid		(15,123)	(16,070)
Other net cash flows from financing activities		(3,063)	(3,156)
Net cash from financing activities		84,995	196,019
Effect of foreign exchange rate changes on cash and cash equivalents		278	658
Net increase/(decrease) in cash and cash equivalents	45(a)	4,155	(12,762)
Cash and cash equivalents as at 1 January		123,902	136,664
Cash and cash equivalents as at 31 December	45(b)	128,057	123,902
Cash flows from operating activities include:			
Interest received		177,118	192,339
Interest paid		(99,851)	(116,483)

The accompanying notes on pages 177 to 316 form part of these condensed consolidated financial statements.

Notes to the Consolidated Financial Statements

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

I BACKGROUND INFORMATION

China Everbright Bank Company Limited (the "Bank") commenced its operations in Beijing, the People's Republic of China (the "PRC") on 18 August 1992. The A-Shares and H-Shares of the Bank were listed on the Shanghai Stock Exchange in August 2010 and the Stock Exchange of Hong Kong Limited in December 2013, respectively.

The Bank is licensed as a financial institution by the National Financial Regulatory Administration (the "NFRA"), formerly the China Banking Regulatory Commission, No. B0007H111000001 and is issued the business licence of legal enterprise No. 91110000100011743X by the State Administration of Industry and Commerce of the PRC. The registered address is No.25, Taipingqiao Ave, Everbright Center, Xicheng District, Beijing, People's Republic of China.

The principal activities of the Bank and its subsidiaries (Note V 19) (collectively the "Group") are the provision of corporate and retail deposits, loans and advances, settlement, treasury business and other financial services as approved by the CBIRC. The Group mainly operates in Chinese Mainland and also has a number of overseas branches and subsidiaries. For the purpose of these financial statements, Chinese Mainland refers to the PRC, excluding the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and Taiwan. Overseas refers to countries and regions other than Chinese Mainland.

These financial statements have been approved by the Board of Directors on 28 March 2025.

II MATERIAL ACCOUNTING POLICIES

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board (IASB). In addition, the consolidated financial statements comply with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities that are measured at fair value through profit or loss (including derivative financial instruments), and financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note III.

(Expressed in millions of Renminbi, unless otherwise stated)

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

1 Basis of preparation (continued)

1.1 Standards, amendments and interpretations effective in 2024

On 1 January 2024, the Group applied the following new and revised standards for the first time in 2024.

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback has added subsequent measurement requirements for sale leaseback transactions. This revision requires both the seller and lessee to not recognize gains or losses related to retained usage rights when measuring lease liabilities arising from sale leaseback transactions, and this requirement also applies to transactions involving variable lease payments. The amendments had no impact on the Group's financial statements.

Amendments to IAS 1 (2020): Classification of Liabilities as Current or Non-current involves the requirement to classify liabilities as current or non current liabilities. The revision specifically stipulates that the condition for entities to classify liabilities as non current liabilities is that the deferred payment right must exist and be substantial on the reporting date, and clarifies that the classification of liabilities is not affected by the intention of management or whether the entity expects to exercise the deferred payment right.

This amendments also stipulates the classification of liabilities that entities will or may settle by issuing their own equity instruments. If the conversion option granted to a counterparty by a liability involves the transfer of its own equity instruments by the entity, the classification of such liability will not be affected only if such option is separated from the main debt contract and recognized as equity in accordance with IAS 32.

Amendments to IAS 1 (2022): Non-current Liabilities with Covenants stipulates that only contractual conditions that must be complied with on or before the reporting date will affect the classification of current or non current liabilities. The contractual conditions that the entity must comply with after the reporting date (i. e. contractual conditions for future periods) do not affect the classification of liabilities on the reporting date. However, if non current liabilities may need to be repaid within 12 months after the reporting date due to future contractual constraints, the entity should disclose relevant information. The amendments had no impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements clarify disclosure requirements for improving the transparency of supplier financing arrangements and their impact on the company's liability, cash flow, and liquidity risk exposures. The amendments had no impact on the Group's financial statements.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

1 Basis of preparation (continued)

1.2 Standards and amendments that are not yet effective and have not been early adopted by the Group in 2024

		Effective for annual periods beginning on or after
Amendments to IAS 21	*Lack of Exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7	*Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to IFRS Accounting Standards	*Volume 11*	1 January 2026
IFRS 18	*Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28	*Sale of Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective date has been deferred indefinitely

Amendments to IAS 21 specify when a currency can be converted into another currency and when it cannot be converted; And how do enterprises determine the spot exchange rate when the currency is not convertible. According to the revision, companies are required to provide additional disclosure information to assist users in assessing how the lack of convertibility of a currency will or is expected to affect their financial performance, financial condition, and cash flows. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7: The classification and measurement of financial instruments mainly include clarifying the classification of financial assets with environmental, social, and governance (ESG) objectives and similar characteristics, settling financial liabilities through electronic payment systems, and adding disclosure requirements for financial assets designated as measured at fair value with changes in fair value recognized in other comprehensive income and financial instruments with contingent characteristics. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards includes minor revisions to the IFRS Accounting Standards and accompanying guidelines, as part of its regular maintenance of the standards. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRS 18 is to provide investors with more transparent and comparable information about a company's financial performance. The new regulations introduced mainly include improving the structure of the income statement, strengthening the disclosure of management performance indicators, and enhancing information aggregation and decomposition. The Group is currently evaluating the impact of this standard.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

1 Basis of preparation (continued)

1.2 Standards and amendments that are not yet effective and have not been early adopted by the Group in 2024 (continued)

IFRS 19 allows subsidiaries that do not have a public fiduciary responsibility and whose parent company prepares consolidated financial statements in accordance with IFRS Accounting Standards to adopt simplified disclosure requirements when preparing financial statements in accordance with IFRS Accounting Standards. The standard is not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address the inconsistencies in accounting treatment between IFRS 10 and IFRS 28 regarding asset sales/contributions between investors and their associates or joint ventures. When a transaction involves a business, full recognition of gains or losses is required. When a transaction involves assets that do not constitute a business, only partial gains or losses can be recognized, even if the assets belong to a subsidiary. The amendments are not expected to have any significant impact on the Group's financial statements.

2 Consolidation

2.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. That is the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible and rights arising from other contractual arrangements are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. If changes in facts and circumstances result in changes in elements involved in the definition of control, the Group will re-evaluate whether it still has control over subsidiaries.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is sum of the acquisition-date fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the sum of the acquisition-date fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill after considering the impact of related deferred income tax,. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

If the Group acquires a subsidiary through a merger of companies under common control, the difference between the share of book value of the net assets acquired by the merging parties and the book value of the merger consideration paid (or the total par value of shares issued) is adjusted to the share premium in the capital reserve; if capital reserve is not sufficient to offset the difference, the surplus reserve and retained earnings shall be offset in sequence.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

2 Consolidation (continued)

2.1 Subsidiaries (continued)

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Bank's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments, but does not include acquisition-related costs, which are expensed as incurred. The dividends or profits declared to distribute by the invested entity shall be recognised by the Bank as the current investment income of subsidiaries.

2.2 Joint Ventures

Joint ventures exist where the Group has a contractual arrangement with one or more parties to undertake economic activities which are subject to joint control.

Investments in joint ventures are initially recognised at cost and are accounted for using the equity method. The Group's "Investments in associates and joint ventures" includes goodwill.

Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group assesses at each financial reporting date whether there is objective evidence that investments in joint ventures are impaired. Once there are indications of impairment, an impairment assessment will be conducted. Impairment losses are recognised for the amounts by which the investments in joint ventures' carrying amounts exceed their recoverable amounts. The recoverable amounts are the higher of investments in joint ventures' fair value less costs to sell and value in use.

3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, non-restricted balances with central banks, short-term deposits and placements with banks and other financial institutions as defined above.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

4 Foreign currency translation

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or the rates that approximate the spot exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the financial reporting date are translated at the foreign exchange rates ruling at that date. Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the statement of profit or loss, and translation differences related to other changes in the carrying amount are recognised in "Other comprehensive income". Translation differences on all other monetary assets and liabilities are recognised in the statement of profit or loss.

Non-monetary assets and liabilities that are measured at historical cost in foreign currencies are translated using the foreign exchange rates at the financial reporting date of the transaction. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated using the foreign exchange rates at the date the fair value is determined. Translation differences on non-monetary financial assets classified as financial assets at fair value through other comprehensive income are recognised in "Other comprehensive income". Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised as "Net trading gains" in the statement of profit or loss.

Assets and liabilities of foreign operations are translated to Renminbi at the spot exchange rates at the end of the reporting period. Equity items, excluding "Retained Earnings", 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 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 shareholders' equity with respect to a foreign operation are transferred to profit or loss in the year when the foreign operation is disposed.

5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

5.1 Recognition and de-recognition of financial instruments

The Group shall recognise a financial asset or a financial liability in its statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

5 Financial instruments (continued)

5.1 Recognition and de-recognition of financial instruments (continued)

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.

When the financial asset has been transferred, if the Group neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

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, and

– 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.

5.2 Classification and measurement of financial assets

The Group classifies financial assets as at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Only if when the Group changes the business model for managing financial assets, the Group shall reclassify the affected financial assets.

For financial assets at fair value through profit or loss, transaction costs are directly recognised in profit or loss. For other financial assets, transaction costs are recognised in the initial measurement.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

5 Financial instruments (continued)

5.2 Classification and measurement of financial assets (continued)

Business models

The Group's 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. If financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the business model of the financial assets is "other". The Group's assessment of the business model is performed on a financial asset portfolio basis, and determined based on reasonable expected scenarios, taking into account: how cash flows were generated in the past, how the performance of the business model and the financial assets held within that business model is evaluated and reported to the Group's key management personnel; how risks are evaluated and managed; and how managers of the business are compensated.

The contractual cash flow characteristics

The assessment of contractual cash flow characteristics is to determine whether the cash flows are solely payments of principal and interest on the principal amount outstanding. Principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset (for example, if there are repayments of principal). Interest consists of consideration for the time value of money, 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 subsequent measurement of financial assets depends on the classification:

Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

– the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised using the effective interest method for such financial assets. The gains or losses from derecognition, amendments or impairment on such financial assets are recognised in profit or loss.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

5 Financial instruments (continued)

5.2 Classification and measurement of financial assets (continued)

Debt instruments at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at the fair value through other comprehensive income should be recognised in "other comprehensive income", except for interests calculated using effective interest method, the recognition of impairment losses and foreign exchange gains and losses. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Equity instruments at fair value through other comprehensive income

The Group has irrevocably designated equity instruments that are not held for trading as financial assets at fair value through other comprehensive income. Only relevant dividend income (excluding dividend income that clearly represent a recovery of part of the cost of the investment) is recognised in profit or loss, and subsequent changes in fair value are recognised in other comprehensive income without provision for impairment. When financial assets are de-recognised, the accumulated gains or losses previously recognised in other comprehensive income shall be reclassified to retained earnings under equity.

Financial assets at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. Such financial assets that the Group holds are subsequently measured at fair value. Gains or losses on such financial assets are recognised in profit or loss unless it is part of a hedging relationship.

Only when an accounting mismatch can be eliminated or significantly reduced, financial assets can be designated at fair value through profits or losses at initial recognition. Such designation is irrevocable.

When an entity classified a financial asset as a financial asset designated at fair value through profit or loss, it cannot be reclassified as other financial asset; nor can other financial assets be reclassified as financial assets designated at fair value through profit or loss after initial recognition.

5.3 Classification and measurement of financial liabilities

Except for financial guarantee contracts, loan commitments issued and financial liabilities arising from a transfer of a financial asset which does not qualify for derecognition or when the continuing involvement approach applies, the Group classifies financial liabilities as at fair value through profit or loss and financial liabilities measured at amortised cost on initial recognition. For financial liabilities at fair value through profit or loss, transaction costs are directly recognised in profit or loss. For financial liabilities measured at amortised cost, transaction costs are recognised in the initial measurement.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

5 Financial instruments (continued)

5.3 Classification and measurement of financial liabilities (continued)

The subsequent measurement of financial liabilities depends on the classification:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative financial instruments) and financial liabilities designated at fair value through profit or loss at initial recognition. Financial liabilities held for trading (including derivative financial instruments) are subsequently measured at the fair value. A gain or loss on such financial liability is recognised in profit or loss, unless it is part of hedging relationship. Financial liabilities designated at fair value through profit or loss are subsequently measured at the fair value. A gain or loss on such financial liability is recognised in profit or loss, except that the changes in the fair value of the financial liability arising from changes in the Group's own credit risk should be recognised in other comprehensive income. If the recognition of the impact arising from changes in the financial liabilities' own credit risk in other comprehensive income will create or enlarge the accounting mismatch in profit or loss, the Group shall recognise the entire gain or loss of the financial liabilities (including the impact of changes in its own credit risk) in profit or loss.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are measured using the effective interest method.

5.4 Impairment of financial instruments

The Group evaluates and confirms relevant impairment allowance for financial assets measured at amortised cost, debt instrument investments at fair value through other comprehensive income, loan commitments and financial guarantee contracts based on the expected credit loss (ECL) model (Note V 49(a)).

5.5 Financial guarantee contracts and loan commitments

Financial guarantee contracts are those contracts that require a payment to be made by the issuer to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued are measured at fair value at initial recognition. For financial guarantee contracts issued which are not designated as at fair value through profit or loss at initial recognition, they are subsequently measured at the higher of the amount of the loss allowance determined using the ECL model and the amount initially recognised less the cumulative amount of income recognised in accordance with the principles for revenue recognition.

Loan commitments are commitments provided by the Group to the customers to grant loans under the established contract terms during a certain period. The impairment losses of loan commitments issued are measured using the ECL model.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

5 Financial instruments (continued)

5.6 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, for example, to hedge exchange-rate risks and interest rate risks through foreign exchange forward contracts and interest rate swaps, which are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of these derivatives are recognised in profit or loss unless it is designated in a hedging relationship.

In terms of the hedge accounting method, the Group's hedge is classified as:

(1) Fair value hedge, refers to a hedge of the exposure to changes in fair value of a recognised asset or liability, an unrecognised firm commitment or components of the above items.

(2) Cash flow hedge, refers to a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction which affects the Group's profit or loss.

At the beginning of the hedging relationship, the Group has formally designated the hedging relationship and prepared a formal written document on the hedging relationship, risk management objectives and risk management strategy. The file specifies the hedging instrument, the hedged item, the nature of the hedged risk, and the Group's method for evaluating the effectiveness of the hedging relationship. Hedging effectiveness refers to the degree to which the fair value or cash flow change of the hedging instrument can offset the fair value or cash flow of the hedged item caused by the hedged risk. Such hedging should be continuously evaluated for compliance with hedging effectiveness requirements on the initial designated date and subsequent periods.

The Group discontinues hedge accounting prospectively when the hedging instrument expires or is sold, terminated or exercised (the replacement or rollover of a hedging instrument into another hedging instrument does not constitute an expiration or termination), or the hedging relationship ceases to meet the updated risk management objective, or to meet other qualifying criteria for hedging accounting.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

If the qualifying criteria for hedge accounting are met, the hedging relationship should be treated as follows:

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

5 Financial instruments (continued)

5.6 Derivative financial instruments and hedge accounting (continued)

Fair value hedge

Gains or losses arising from hedging instruments are recognised in profit or loss. The gains or losses of the hedged item due to the hedging risk exposure shall be recognised in profit or loss, and the book value of the hedged item that is not measured at fair value shall be adjusted at the same time.

For the fair value hedges related to the debt instrument measured at amortised cost, the adjustment of the book value of the hedged item should be amortised to profit or loss based on a recalculated effective interest rate which is determined on the date that amortisation begins. The amortization in accordance with the effective interest method may commence immediately after the adjustment of book value and shall not be later than the termination of the adjustment of the hedged item based on the change in fair value caused by the hedging risk. If the hedged item is a debt instrument at fair value through other comprehensive income, cumulative hedging gains or losses recognised are amortised in the same way and recognised in profit or loss, but the book value of financial assets is not adjusted. If the hedged item is derecognised, any unamortised fair value hedge adjustment is recognised immediately when the item is derecognised.

If the hedged item is an unrecognised firm commitment, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

Cash flow hedge

The gain or loss of the hedging instrument that is determined to be effective should be directly recognised in other comprehensive income, and the ineffective part shall be recognised in profit or loss.

If the hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the 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 amount accumulated in the cash flow hedge reserve shall be removed and included in the initial cost of the asset or the liability. In other cases, the amount accumulated in the cash flow hedge reserve shall be reclassified to profit or loss in the same periods when the hedged future cash flows affect profit or loss, such as the expected sales occur.

When the Group discontinues hedge accounting for a cash flow hedge, if the hedged future cash flows are still expected to occur, that amount accumulated in the cash flow hedge reserve shall remain in equity until the expected transaction actually occurs or the commitment is confirmed to be fulfilled. If the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

5 Financial instruments (continued)

5.7 Convertible corporate bonds

Convertible bonds comprise the liability and equity components. The liability component, representing the obligation to make fixed payments of principal and interest, is classified as a liability and initially recognised at the fair value, calculated using the market interest rate of a similar liability that does not have an equity conversion option, and subsequently measured at amortised cost using the effective interest method. The equity component, representing an embedded option to convert the liability into ordinary shares, is initially recognised in "Equity" as the difference between the proceeds received from the convertible bonds as a whole and the initial fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to the allocation of proceeds.

On conversion of the bonds into shares, the amount transferred to share capital is calculated as the par value of the shares multiplied by the number of shares converted. The difference between the carrying value of the related component of the converted bonds and the amount transferred to share capital is recognised in share premium under "Capital reserve".

5.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

5.9 Financial assets held under resale and repurchase agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under repurchase agreements in the statement of financial position. Assets held under resale agreements are not recognised. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortised over the period of the respective transaction using the effective interest method and is included in interest income and interest expenses respectively.

6 Precious metals

Precious metals that are not related to the Group's trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value less costs to sell, and subsequent changes in fair value less costs to sell are recognised in profit or loss in the year of the change.

(Expressed in millions of Renminbi, unless otherwise stated)

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

7 Property and equipment

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

The Group's property and equipment mainly comprise premises, electronic equipment, aircraft, ships and vehicles and construction in progress.

The assets purchased or constructed are initially measured at acquisition cost or deemed cost, as appropriate. Such initial cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in an asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each financial reporting date.

Gains and losses on disposals are determined by the difference between proceeds and carrying amount, after deduction of relevant taxes and expenses. These are included in the statement of profit or loss.

7.1 Premises, electronic equipment and others

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful lives (years)	Estimated rate of residual value (%)	Depreciation rate (%)
Premises	30–35	3	2.8–3.2
Electronic equipment	3–5	3–5	19.0–32.3
Others	5–10	3–5	9.5–19.4

7.2 Aircraft, ships and vehicles

Aircraft, ships and vehicles are used in the Group's aircraft operating leasing business.

Aircraft are depreciated using the straight-line method over the expected useful life between 20 and 25 years, less the years in service at the time of purchase at an estimated residual value rate between 5% and 15%.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

7 Property and equipment (continued)

7.2 Aircraft, ships and vehicles (continued)

Ships are depreciated using the straight-line method over the expected useful life of 25 years, less the years in service at the time of purchase at an estimated residual value rate of 5%.

Vehicles are depreciated using the straight-line method over the expected useful life of 5 years, less the years in service at the time of purchase at an estimated residual value rate of 5%.

7.3 Construction in progress

Construction in progress consists of assets under construction or being installed and is stated at cost. Cost includes equipment cost, cost of construction, installation and other direct costs. Items classified as construction in progress are transferred to property and equipment when such assets are ready for their intended use and the depreciation charge commences after such assets are transferred to property and equipment.

8 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

8.1 As lessee

Except for short-term leases and leases of low-value assets, the Group recognizes the right-of-use assets and lease liabilities for the lease, and the accounting is shown in Note V 21 and Note V 33.

Short-term leases and leases of low-value assets

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease for which the value of the individual underlying asset is relatively low when it is new as a lease of a low-value asset. The Group chooses not to recognise the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the rent is amortised on a straight-line basis in each period of the lease term and included in the statement of profit or loss.

Right-of-use assets

At the commencement date of the lease, the Group recognises a right-of-use asset, which is measured according to the cost. The cost of the right-of-use asset comprises: (1) the amount of the initial measurement of the lease liability; (2) any lease payments made at or before the commencement date of the lease less any lease incentives received; (3) any initial direct cost incurred when the Group is a lessee; and (4) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. If the Group remeasures the lease liability due to changes in the lease payment amount, the carrying amount of the right-of-use assets shall be adjusted accordingly.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

8 Leases (continued)

8.1 As lessee (continued)

Right-of-use assets (continued)

The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset and the end of the lease term, whichever is shorter.

Lease liability

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. Lease payments include fixed payments and substantial fixed payments after deduction of lease incentives, variable lease payments depending on indexes or ratios, payments expected to be made based on security balances, and also include the exercise price of the purchase option or payments to exercise the option to terminate the lease, provided that the Group is reasonably certain that the option will be exercised or that the lease period reflects that the Group will exercise the option to terminate the lease.

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate of lessee as the discount rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognises such interest expenses in profit or loss. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred.

The Group uses the incremental borrowing rate as the discount rate to calculate the present value of lease payment. When determining the incremental borrowing rate, each institution of the Group uses its economic environment and the observable interest rate as the foundation. On this basis, the applicable incremental borrowing rate is calculated through the adjustment of the reference interest rate, which is determined according to the situation of the institution and the underlying asset, the lease term, the amount of the lease liability and other specific conditions of the lease.

After the commencement date, the Group increases the carrying amount of the lease liability when recognizing interest and decreases the carrying amount of the lease liability when paying the lease payment. The Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate if either: the actual fixed payment has been changed, 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; or there is a change in the assessment of an option to purchase, extend or terminate the underlying asset, assessed in the context of a purchase option.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

8 Leases (continued)

8.2 As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

When the Group is a lessor under finance leases, at the commencement date of the lease, the Group recognises finance lease receivable and derecognises finance lease assets. In the initial measurement of the finance lease receivable, the Group recognises the net investment of the lease as the book value. The net investment in a lease is the sum of the unguaranteed residual value and the present value of the unreceived minimum lease payment receivable at the commencement date, which is discounted by the interest rate implicit in the lease. The Group calculates and recognises the interest income in each period during the lease term using the constant periodic rate of interest, and recognises such interest income in profit or loss. Variable lease payments that are not measured as part of the net investment in the lease are recognised in profit or loss as incurred.

When the Group is a lessor under operating leases, The rental income is amortised on a straight-line basis in each period of the lease term and recognised in the statement of profit or loss. The initial direct costs are included in the carrying amount of the underlying assets and is recognized as expenses over the lease term on the same basis as the rental income.

9 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance, including computer software and other intangible assets.

Computer software and other intangible assets are stated at acquisition cost less accumulated amortisation and impairment. These costs are amortised on a straight-line basis over their estimated useful lives with the amortisation recognised in the statement of profit or loss.

The respective amortisation periods for intangible assets are as follows:

Asset category	**Estimated useful lives (years)**
Computer software	5
Others	5–10

10 Goodwill

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control. Goodwill is not amortised and is stated at cost less accumulated impairment loss (Note II 12). On disposal of the related cash-generating unit ("CGU") or group of CGUs, any attributable amount of purchased goodwill is written off and included in the calculation of profit or loss on disposal.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

11 Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets should be recorded at the fair value of the abandoned creditor's rights, and the relevant expenses payable for obtaining the repossessed assets should be included in the book value of the repossessed assets. When there is an indication that the net realizable value of the repossessed assets is lower than the book value, the Group will reduce the book value to the net realizable value.

12 Provision for impairment losses on non-financial assets

The carrying amounts of the following assets are reviewed at the end of the reporting period based on the internal and external sources of information to determine whether there is any indication of impairment: property and equipment, right-of-use assets, construction in progress, intangible assets, goodwill and investments in joint ventures.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at no later than each year end, irrespective of whether there is any indication of impairment or not. Goodwill is allocated to the cash generating unit (CGU), or group of CGUs, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

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 a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

The recoverable amount of an asset or CGU, or the group of CGUs (hereinafter called "asset") is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the CGU to which the assets belongs.

If there is indication of impairment when testing for CGU or the group of CGUs with goodwill for impairment, the Group shall first test the CGU or the group of CGUs excluding goodwill for impairment and recognise the impairment loss in the statement of profit or loss. Then the Group shall test the CGU or the group of CGUs including goodwill for impairment, by comparing the carrying amount with its recoverable amount. Any impairment loss shall be allocated to reduce the carrying amount of any goodwill allocated to the CGU or the group of CGUs first and then pro rata on the basis of carrying amount of each of the CGU or the group of CGUs (excluding goodwill).

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

12 Provision for impairment losses on non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

The estimation of recoverable amount indicates that if the recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset will be reduced to the recoverable amount, and the reduced amount will be recognized as an impairment loss included in profit or loss. A provision for an impairment loss of the asset is recognised accordingly.

13 Employee benefits

Employee benefits refer to all forms of consideration and other related expenditure given by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered services to the Group. If the effect of discounting the benefits payable which are payable after one year from the end of the reporting period is significant, the Group will present them at their present value.

13.1 Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing funds, measured at the amount incurred or 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.

All eligible employees overseas participate in local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies.

13.2 Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Group participates 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 in Chinese Mainland 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.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

13 Employee benefits (continued)

13.3 Post-employment benefits – defined benefit plans

According to the Expected Accumulated Benefit Obligation, the Group uses unbiased and mutually consistent actuarial assumptions to estimate relevant demographic and financial variables, to calculate the obligations arising from defined benefit plans, and recognize the net liability or net asset of a defined benefit plan as the deficit or surplus formed by subtracting the fair value of the defined benefit plan assets (if any) from its discounted present value.

The Group attributes the welfare obligations arising from the defined benefit plan to the period during which employees provide services. Recognize the net interest on net liabilities or assets belonging to service costs and defined benefit plans as part of the current period's profit and loss or related asset costs, and recognize the changes in net liabilities or net assets resulting from the re-measurement of defined benefit plans in other comprehensive income.

13.4 Termination benefits

Termination benefits are payable as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognises termination benefits in profit or loss at the earlier of:

– When the Group can no longer withdraw an offer of those benefits; and

– When the Group has a specific, formal restructuring plan involving payment of termination benefits, and the plan has started or the details of the plan have been notified to each affected party, so that each party has developed reasonable expectations.

14 Other provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency with uncertain timing or amount 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 measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

15 Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding ("entrusted funds") to the Group, and the Group grants loans to third parties ("entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amounts. No provision for impairment loss is made for entrusted loans.

16 Other equity instruments

Preference shares

Such preference shares or their components are initially recognised as financial assets, financial liabilities or equity instruments according to the terms of the contract, the economic substance and the definition of financial assets, financial liabilities and equity instruments.

The issued preference shares that should be classified as equity instruments will be recognised as equity in the actual amount received. Dividends payable are recognised as distribution of profits. Equity will be written down by the redemption price for any redemptions made before maturing in accordance with contractual terms.

Perpetual bonds

The perpetual bonds issued by the Group do not include the contractual obligations to pay cash or other financial assets to other parties or exchange financial assets or financial liabilities with other parties under potential adverse conditions; and perpetual bonds issued includes no terms and arrangement that the bonds must or will alternatively be settled in the Group's own equity instruments. The perpetual bonds issued by the Group are classified as equity instruments. The handling fees and commissions incurred in issuing the perpetual bonds are divided into equity instruments, and the transaction costs are deducted from equity. The interest on perpetual bond is recognized as profit distribution at the time of declaration.

17 Revenue recognition

17.1 Interest income

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

17 Revenue recognition (continued)

17.1 Interest income (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

For the purchased or originated credit-impaired financial assets, the Group calculates the interest income according to the amortised cost of the financial assets and the effective interest rate after credit adjustment since the initial recognition by the Group. The effective interest rate after credit adjustment refers to the estimated future cash flows of the acquired or originated financial assets with credit impairment in the expected duration, which is converted into the interest rate of amortised cost of the financial assets.

For the financial assets acquired or originated without any credit impairment, but incurred credit impairment in the subsequent period, the Group calculates the interest income in accordance with the amortised cost and the effective interest rate of the financial assets.

17.2 Fee and commission income

The income should be recognised when the Group's performance obligation in the contract is fulfilled, which refers the revenue is recognised when the customer obtains the control right of relevant goods or services. To obtain the right of control over related goods or services means to be able to dominate the use of such goods or the provision of such services and obtain almost all economic benefits therefrom.

The Group earns fee and commission income from a diverse range of services it provides to its customers. For those services that are provided over a period of time, fee and commission income is accrued in accordance with the terms and conditions of the service agreement. For other services, fee and commission income is recognised when the transactions are completed.

17.3 Other income

Other income is recognised on an accrual basis.

18 Expenses recognition

18.1 Interest expenses

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

18.2 Other expenses

Other expenses are recognised on an accrual basis.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

19 Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences; and

– in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

– when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences; and

– in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

The carrying amount of deferred 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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

II MATERIAL ACCOUNTING POLICIES (CONTINUED)

20 Dividend distribution

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised by the Group and declared after the end of the reporting year are not recognised as a liability at the end of the reporting period but disclosed separately in the notes to the financial statements.

21 Related parties

If a Group has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where the Group and one 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 Group is under common control only from the State and that have no other related party relationships are not regarded as related parties.

22 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, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. Any segments which do not comply with the reporting of segments by division of quantities are reported at consolidation level.

III CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Areas susceptible to changes in critical estimates and judgements, which affect the carrying value of assets and liabilities, are set out below. It is possible that actual results may be materially different from the estimates and judgements referred below.

1 Measurement of expected credit loss allowance

The Group follows IFRS 9 to measure impairment losses of all financial assets. In this process, there are many estimates and judgements, especially the determination of the amount of impairment losses, the estimation of future contract cash flows, the value of collateral, and the criteria for judging a significant increase in credit risk. The Group's impairment measurement is impacted by many factors, which will lead to different levels of allowance for impairment.

The Group's expected credit loss calculation is the result of model output, which contains many model assumptions and parameter inputs. The accounting judgements and estimates used in the expected credit loss model include:

- criteria for judging a significant increase in credit risk
- definition of credit impaired assets
- parameters for the measurement of ECL
- forward-looking information
- risk grouping

III CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

2 Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values of these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis and option pricing models. The Group has established a work flow to ensure that the valuation techniques are constructed by qualified personnel and are validated and reviewed by independent personnel. Valuation techniques are certified and calibrated before implementation to ensure that the valuation result reflects the actual market conditions. Valuation models established by the Group make maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

3 Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

4 Impairment of non-financial assets

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the cash flows generated by the asset (the asset group) during its continuous use and final disposal, as well as the discount rate used in calculating the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

5 Judgement in assessing control over structured entities

The Group is involved with structured entities in its normal business course, and the Group determines whether or not to consolidate those structured entities depending on whether the Group has control over them. When assessing control over structured entities, the Group takes into consideration the power arising from rights it directly owns or indirectly owns through subsidiaries (including controlled structured entities), variable returns, and the link between power and returns.

The variable returns the Group is exposed to from its involvement with structured entities include decision makers' remuneration (such as management fees and performance-related fees), as well as other benefits (such as investment income, remuneration and exposure to loss from providing credit or liquidity support, and variable returns from transactions with structured entities). When assessing whether it controls a structured entity, the Group not only considers applicable legal or regulatory requirements, and contractual agreements, but also other circumstances where the Group may have the obligation to absorb any loss of the structured entity.

The Group reassesses whether it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the relevant elements of control.

(Expressed in millions of Renminbi, unless otherwise stated)

IV TAXATION

The Group's main applicable taxes and tax rates are as follows:

(a) Value-added tax: value-added tax is charged based on the difference between the output tax amount and the input tax amount. The main value-added tax rates are 6% and 13%.

(b) City construction tax: city construction tax is calculated as 1%-7% of turnover tax paid.

(c) Education surcharge: education surcharge is calculated as 3% of turnover tax paid.

(d) Income tax: the income tax is calculated on taxable income. Taxation on the Bank and subsidiaries in Chinese Mainland is 25%. Taxation on overseas operations is charged at the relevant local rates. Tax paid on overseas operations is set off to the extent allowed under the relevant income tax laws of the PRC.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Net interest income

	Notes	2024	2023
Interest income			
Deposits with central banks		4,076	4,667
Deposits with banks and other financial institutions		340	257
Placements with banks and other financial institutions		5,159	5,295
Loans and advances to customers	(a)		
– Corporate loans and advances		86,665	86,788
– Personal loans and advances		75,019	86,838
– Discounted bills		1,362	1,563
Finance lease receivables		4,552	5,503
Financial assets held under resale agreements		1,048	2,330
Investments	(a)	55,786	57,568
Subtotal		234,007	250,809
Interest expenses			
Due to the central bank		2,083	2,471
Deposits from banks and other financial institutions		12,402	11,846
Placements from banks and other financial institutions		6,825	7,642
Deposits from customers			
– Corporate customers		58,047	65,372
– Individual customers		26,951	27,526
Financial assets sold under repurchase agreements		2,428	3,432
Debt securities issued		28,605	25,040
Subtotal		137,341	143,329
Net interest income		96,666	107,480

Note:

(a) *The interest income arising from impaired financial assets for year ended 31 December 2024 amounted to RMB1,514 million (2023: RMB1,905 million).*

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Net fee and commission income

	2024	2023
Fee and commission income		
Bank card service fees	8,313	11,215
Wealth management service fees	3,840	4,141
Settlement and clearing fees	3,663	3,782
Custody and other fiduciary business fees	1,936	2,057
Agency services fees	1,898	2,809
Acceptance and guarantee fees	1,340	1,454
Underwriting and advisory fees	1,187	1,241
Others	17	25
Subtotal	22,194	26,724
Fee and commission expense		
Bank card transaction fees	1,588	1,796
Settlement and clearing fees	910	801
Underwriting and advisory fees	45	57
Wealth management service fees	40	89
Agency services fees	4	4
Acceptance and guarantee fees	3	7
Others	533	272
Subtotal	3,123	3,026
Net fee and commission income	19,071	23,698

3 Net trading gains

	2024	2023
Trading financial instruments		
– Derivatives	188	368
– Debt securities	2,878	2,825
Subtotal	3,066	3,193
Precious metal contracts	137	40
Total	3,203	3,233

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Net gains arising from investment securities

	2024	2023
Net gains arising from financial investments at fair value through profit or loss	13,549	9,072
Net gains/(losses) arising from debt instruments at fair value through other comprehensive income	686	(833)
Net gains arising from Loans and advances to customers measured at fair value through other comprehensive income	210	541
Net revaluation gains reclassified from other comprehensive income on disposal	34	146
Total	14,479	8,926

5 Operating expenses

	Note	2024	2023
Staff costs			
– Salaries and bonuses		15,221	14,432
– Pension and annuity		2,591	2,480
– Housing allowances		1,278	1,228
– Staff welfares		826	851
– Supplementary retirement benefits		12	369
– Others		2,335	2,356
Subtotal		22,263	21,716
Premises and equipment expenses			
– Depreciation of right-of-use assets		2,828	2,830
– Depreciation of property and equipment		2,428	2,506
– Amortisation of intangible assets		1,316	1,053
– Rental and property management expenses		499	511
– Interest expense on lease liabilities		385	397
– Amortisation of other long-term assets		356	341
Subtotal		7,812	7,638
Tax and surcharges		1,650	1,716
Other general and administrative expenses	(a)	11,844	12,839
Total		43,569	43,909

Note:

(a) Other general and administrative expenses included the principal auditor's remuneration of RMB15.32 million for the year ended 31 December 2024 (2023: RMB34.45 million).

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Directors' and supervisors' emoluments

The emoluments before individual income tax for directors and supervisors who held office during the reporting year are as follows:

		2024							
				Discretionary bonuses					
	Notes	Fees RMB'000	Salaries RMB'000	Paid RMB'000	Payable RMB'000	Subtotal RMB'000	Contributions to social pension schemes RMB'000	Other welfares RMB'000	Total RMB'000
Executive directors									
Hao Cheng	(i)	–	–	–	–	–	–	–	–
Qi Ye	(i)	–	965	289	–	1,254	198	93	1,545
Yang Bingbing	(i)	–	953	286	–	1,239	198	93	1,530
Non-executive directors									
Wu Lijun	(ii)	–	–	–	–	–	–	–	–
Cui Yong	(ii)	–	–	–	–	–	–	–	–
Qu Liang	(ii)	–	–	–	–	–	–	–	–
Yao Wei		–	–	–	–	–	–	–	–
Zhu Wenhui		–	–	–	–	–	–	–	–
Zhang Mingwen	(ii)	–	–	–	–	–	–	–	–
Li Wei		–	–	–	–	–	–	–	–
Independent non- executive directors									
Shao Ruiqing		430	–	–	–	430	–	–	430
Hong Yongmiao		430	–	–	–	430	–	–	430
Li Yinquan		430	–	–	–	430	–	–	430
Liu Shiping		430	–	–	–	430	–	–	430
Huang Zhiling		–	–	–	–	–	–	–	–

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Directors' and supervisors' emoluments (continued)

The emoluments before individual income tax for directors and supervisors who held office during the reporting year are as follows: (continued)

		2024							
				Discretionary bonuses					
	Notes	Fees RMB'000	Salaries RMB'000	Paid RMB'000	Payable RMB'000	Subtotal RMB'000	Contributions to social pension schemes RMB'000	Other welfares RMB'000	Total RMB'000
Supervisors									
Wu Junhao		–	–	–	–	–	–	–	–
Qiao Zhimin		340	–	–	–	340	–	–	340
Chen Qing		–	–	–	–	–	–	–	–
Shang Wencheng		/	/	/	/	/	/	/	/
Yang Wenhua		/	/	/	/	/	/	/	/
Lu Jian		/	/	/	/	/	/	/	/
Former executive directors									
Wang Zhiheng	(ii)	–	–	–	–	–	–	–	–
Qu Liang	(ii)	–	576	173	–	749	113	53	915
Former supervisors									
Li Yinzhong	(ii)	–	–	–	–	–	–	–	–
Wang Zhe	(ii)	165	–	–	–	165	–	–	165

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Directors' and supervisors' emoluments (continued)

The emoluments before individual income tax for directors and supervisors who held office during the reporting year are as follows: (continued)

		2023							
				Discretionary bonuses					
	Notes	Fees RMB'000	Salaries RMB'000	Paid RMB'000	Payable RMB'000	Subtotal RMB'000	Contributions to social pension schemes RMB'000	Other welfares RMB'000	Total RMB'000
Executive directors									
Wang Zhiheng		–	338	253	–	591	47	152	790
Qu Liang		–	1,084	325	–	1,409	134	152	1,695
Qi Ye		–	1,059	317	–	1,376	134	152	1,662
Yang Bingbing		–	1,059	317	–	1,376	134	152	1,662
Non-executive directors									
Wu Lijun		–	–	–	–	–	–	–	–
Cui Yong		–	–	–	–	–	–	–	–
Yao Wei		–	–	–	–	–	–	–	–
Zhu Wenhui		–	–	–	–	–	–	–	–
Li Wei		–	–	–	–	–	–	–	–
Independent non- executive directors									
Shao Ruiqing		430	–	–	–	430	–	–	430
Hong Yongmiao		430	–	–	–	430	–	–	430
Li Yinquan		430	–	–	–	430	–	–	430
Han Fuling		420	–	–	–	420	–	–	420
Liu Shiping		430	–	–	–	430	–	–	430
Huang Zhiling		–	–	–	–	–	–	–	–

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Directors' and supervisors' emoluments (continued)

The emoluments before individual income tax for directors and supervisors who held office during the reporting year are as follows: (continued)

		2023							
				Discretionary bonuses					
	Notes	Fees RMB'000	Salaries RMB'000	Paid RMB'000	Payable RMB'000	Subtotal RMB'000	Contributions to social pension schemes RMB'000	Other welfares RMB'000	Total RMB'000
Supervisors									
Wu Junhao		–	–	–	–	–	–	–	–
Li Yinzhong		–	–	–	–	–	–	–	–
Wang Zhe		330	–	–	–	330	–	–	330
Qiao Zhimin		340	–	–	–	340	–	–	340
Chen Qing		–	–	–	–	–	–	–	–
Shang Wencheng		–	771	1,449	–	2,220	131	152	2,503
Yang Wenhua		–	780	1,384	–	2,164	134	152	2,450
Lu Jian		–	745	1,165	–	1,910	116	152	2,178
Former non- executive directors									
Wang Jiang		–	–	–	–	–	–	–	–
Yao Zhongyou		–	–	–	–	–	–	–	–
Liu Chong		–	–	–	–	–	–	–	–
Former independent non-executive directors									
Wang Liguo		350	–	–	–	350	–	–	350
Former supervisors									
Lu Hong		–	939	282	–	1,221	112	126	1,459

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Directors' and supervisors' emoluments (continued)

The emoluments before individual income tax for directors and supervisors who held office during the reporting year are as follows: (continued)

Notes:

(i) *On 29 July 2024, the Bank held its Second Extraordinary General Meeting of 2024 and elected Mr. Hao Cheng as the executive director of the Bank. On 23 August 2024, NFRA approved Mr. Hao Cheng's appointment as the executive director and the president of the Bank.*

On 25 June 2024, NFRA approved Mr. Yang Bingbing's appointment as the executive director of the Bank.

On 26 June 2024, NFRA approved Ms. Qi Ye's appointment as the executive director of the Bank.

(ii) *On 29 January 2024, NFRA approved Mr. Wu Lijun's appointment as Chairman of the Board of Directors of the Bank.*

On 28 April 2024, NFRA approved Mr. Cui Yong's appointment as the non-executive director and the vice Chairman of the Bank.

On 8 July 2024, due to work adjustment, Mr. Qu Liang resigned as executive director and the vice president of the Bank and will continue to perform his duties as a non-executive director of the Bank.

On 29 July 2024, the Bank held its Second Extraordinary General Meeting of 2024 and elected Mr. Zhang Mingwen as the non-executive director of the Bank. On 28 October 2024, NFRA approved Mr. Zhang Mingwen's appointment as the non-executive directorof the Bank.

On 6 June 2024, due to work adjustment, Mr. Wang Zhiheng resigned as the executive director and the president of the Bank, the chairman and the member of Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee of the Board of Directors, the member of Strategy Committee and Risk Management Committee of the Board of Directors.

On 26 September 2024, Mr. Li Yinzhong resigned as the shareholder supervisor, the member of the Nomination Committee of the Board of Supervisors of the Bank due to his retirement.

On 3 July 2024, due to expiration of the term of office, Mr. Wang Zhe ceased to serve as the external supervisor, the member of Nomination Committee, and the member of Supervision Committee of the Board of Supervisors of the Bank..

(iii) *The total compensation package for these directors and supervisors for the year ended 31 December 2024 has not yet been finalised in accordance with regulations of the PRC relevant authorities. The amount of the compensation not provided for is not expected to have significant impact on the Group's and the Bank's financial statements for the year ended 31 December 2024.*

The above directors' and supervisors' emoluments for the year ended 31 December 2024 were calculated in accordance with their actual tenure.

7 Individuals with highest emoluments

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	4,942	2,693
Discretionary bonuses	11,590	22,872
Contributions to pension schemes	267	296
Others	871	964
Total	17,670	26,825

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 Individuals with highest emoluments (continued)

None of the five individuals with the highest emoluments are directors or supervisors. The number of these individuals whose emoluments before individual income tax are within the following bands is set out below:

	2024	2023
RMB2,500,001 to 3,000,000	2	–
RMB3,000,001 to 3,500,000	2	–
RMB3,500,001 to 4,000,000	–	–
RMB4,000,001 to 4,500,000	–	–
RMB4,500,001 to 5,000,000	–	1
RMB5,000,001 and above	1	4

None of these individuals received any inducements or compensation for loss of office, or waived any emoluments during the reporting year.

8 Credit impairment losses

	2024	2023
Loans and advances to customers		
– measured at amortised cost	38,147	45,241
– measured at fair value through other comprehensive income	(331)	(86)
Debt instruments at fair value through other comprehensive income	335	134
Financial investments measured at amortised cost	2,030	5,732
Finance lease receivables	(95)	597
Others	436	457
Total	40,522	52,075

9 Income tax

(a) Income tax:

	Note V	2024	2023
Current tax		9,283	11,113
Deferred tax	23(b)	(335)	(2,260)
Adjustments for prior years		615	(172)
Total		9,563	8,681

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Income tax (continued)

(b) Reconciliations between income tax and accounting profit are as follows:

	Note	2024	2023
Profit before tax		51,474	49,757
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		12,869	12,439
Effect of different tax rates applied by certain subsidiaries		(1)	(5)
Non-deductible expenses and others		4,041	3,896
Non-taxable income	(i)	(7,501)	(7,017)
Interest expense on perpetual bonds		(460)	(460)
Subtotal		8,948	8,853
Adjustments for prior years		615	(172)
Income tax		9,563	8,681

Note:

(i) Non-taxable income mainly includes interest income of PRC government bonds and dividends of funds.

10 Basic and diluted earnings per ordinary share

Basic earnings per share was computed by dividing the net profit attributable to the ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Net profit attributable to equity holders of the Bank	41,696	40,792
Less: Dividends on preference shares declared	4,811	4,811
Net profit attributable to ordinary shareholders of the Bank	36,885	35,981
Weighted average number of ordinary shares in issue (in million shares)	59,086	57,822
Basic earnings per share (in RMB/share)	0.62	0.62

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Basic and diluted earnings per ordinary share (continued)

Weighted average number of ordinary shares in issue (in million shares):

	2024	2023
Issued ordinary shares as at 1 January	59,086	54,032
Add: Weighted average number of new issued ordinary shares in current year	–	3,790
Weighted average number of ordinary shares in issue (in million shares)	59,086	57,822

Diluted earnings per share was computed by dividing the net profit attributable to the ordinary shareholders of the Bank based on assuming conversion of all dilutive potential shares for the year by the adjusted weighted average number of ordinary shares in issue.

	2024	2023
Net profit attributable to ordinary shareholders of the Bank	36,885	35,981
Add: Interest expense on convertible bonds, net of tax	–	272
Net profit used to determine diluted earnings per share	36,885	36,253
Weighted average number of ordinary shares in issue (in million shares)	59,086	57,822
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares (in million shares)	–	1,484
Weighted average number of ordinary shares for diluted earnings per share (in million shares)	59,086	59,306
Diluted earnings per share (in RMB/share)	0.62	0.61

11 Cash and deposits with central banks

	Notes	31 December 2024	31 December 2023
Cash on hand		5,326	4,361
Deposits with central banks			
– Statutory deposit reserves	(a)	228,698	276,799
– Surplus deposit reserves	(b)	44,701	64,428
– Foreign exchange risk reserves	(c)	223	740
– Fiscal deposits		4,224	2,717
Subtotal		283,172	349,045
Accrued interest		94	139
Total		283,266	349,184

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Cash and deposits with central banks (continued)

Notes:

(a) *The Group places statutory deposit reserves with the People's Bank of China ("PBOC") and overseas central banks where it has operations. The statutory deposit reserves are not available for use in the Group's daily business. As at the end of the reporting period, the Bank's statutory deposit reserve rates in Chinese Mainland were as follows:*

	31 December 2024	*31 December 2023*
Reserve ratio for RMB deposits	*6.00%*	*7.00%*
Reserve ratio for foreign currency deposits	*4.00%*	*4.00%*

The statutory RMB deposit reserve rates applicable to domestic subsidiaries of the Group are determined by the PBOC. The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by local jurisdictions.

(b) *The surplus deposit reserve maintained with the PBOC is mainly for the purpose of clearing.*

(c) *The foreign-exchange risk reserve is the foreign-exchange risk reserve paid by the Group to the PBOC in accordance with the relevant provisions. As at 31 December 2024, the proportion of foreign-exchange risk reserve shall be 20% (31 December 2023: 20%).*

12 Deposits with banks and other financial institutions

Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Deposits in Chinese Mainland		
– Banks	34,360	28,412
– Other financial institutions	4,473	709
Deposits overseas		
– Banks	9,126	11,192
Subtotal	47,959	40,313
Accrued interest	202	64
Total	48,161	40,377
Less: Provision for impairment losses	(394)	(435)
Net balances	47,767	39,942

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Placements with banks and other financial institutions

Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Placements in Chinese Mainland		
– Banks	11,599	8,243
– Other financial institutions	136,505	111,172
Placements overseas		
– Banks	31,688	22,782
Subtotal	179,792	142,197
Accrued interest	265	371
Total	180,057	142,568
Less: Provision for impairment losses	(318)	(326)
Net balances	179,739	142,242

14 Derivatives and hedge accounting

(a) Analysed by nature of contract

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
– Interest rate swaps	644,830	6,510	(6,295)
– Treasury bond futures	277	1	–
Currency derivatives			
– Foreign exchange forwards	6,532	46	(55)
– Foreign exchange swaps and cross-currency interest rate swaps	1,673,074	27,211	(26,058)
– Foreign exchange options	1,689	29	(40)
Total	2,326,402	33,797	(32,448)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Derivatives and hedge accounting (continued)

(a) Analysed by nature of contract (continued)

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
– Interest rate swaps	911,287	4,856	(4,713)
– Treasury bond futures	97	–	(2)
Currency derivatives			
– Foreign exchange forwards	4,484	58	(49)
– Foreign exchange swaps and cross-currency interest rate swaps	931,148	8,383	(9,157)
– Foreign exchange options	2,443	27	(25)
Total	1,849,459	13,324	(13,946)

(1) The notional amounts of derivative financial instruments refer only to the amounts outstanding at the end of the reporting period and do not represent the amounts at risk.

(2) The above derivative financial instruments include hedging instruments designated by the Group.

(b) Analysed by credit risk-weighted amount

	31 December 2024	31 December 2023
Counterparty default risk-weighted assets	3,287	1,893
Credit value adjustment risk-weighted assets	3,272	2,309
Total	6,559	4,202

As at 31 December 2024 and 31 December 2023, the risk-weighted assets for counterparty credit risk ("CCR") of derivatives of the Group were calculated in accordance with the "Regulation Governing Capital of Commercial Banks", the "Regulation Governing Capital of Commercial Banks (provisional) " and other relevant regulations under the advanced capital measurement approaches. For derivative transactions, risk-weighted assets for CCR include the risk-weighted assets for default risk, and the risk-weighted assets for credit valuation adjustment ("CVA").

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Derivatives and hedge accounting (continued)

(c) Hedging accounting

(1) Fair value hedge

The Group uses interest rate swaps to hedge fair value changes caused by interest rate changes, and the hedged items are fixed interest bonds. As at 31 December 2024, the notional amount of the derivative financial instruments used by the Group for the fair value hedging instrument in the hedge accounting was RMB17,899 million (31 December 2023: RMB12,617 million). In the above hedging instrument, derivative financial assets was RMB413 million (31 December 2023: RMB345 million), derivative financial liabilities was RMB27 million (31 December 2023: RMB123 million).

In 2024 and 2023, the fair value changes recognised in the profit or loss attributed to the ineffective hedging were not significant.

(2) Cash flow hedge

The Group uses cross-currency swaps and foreign exchange swaps to hedge cash flow fluctuations resulting from exchange rate and interest rate risks. The hedged items are fixed or floating rate bonds and deposit certificates, as well as fixed rate funds offered or borrowed from the interbank markets. As at 31 December 2024, the nominal amount of derivative financial instruments used by the Group as cash flow hedging instruments in hedge accounting was RMB8,889 million (31 December 2023: RMB1,500 million), among which derivative financial assets amounted to RMB101 million (31 December 2023: RMB48 million), and derivative financial liabilities amounted to RMB97 million (31 December 2023: RMB0 million).

In 2024 and 2023, the profit or loss arising from the recognised invalidated portion of the cash flow hedge was not significant.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Financial assets held under resale agreements

(a) Analysed by type and location of counterparty

	31 December 2024	31 December 2023
In Chinese Mainland		
– Banks	29,821	2,317
– Other financial institutions	88,287	65,138
Subtotal	118,108	67,455
Accrued interest	29	51
Total	118,137	67,506
Less: Provision for impairment losses	(9)	(6)
Net balances	118,128	67,500

(b) Analysed by type of collateral held

	31 December 2024	31 December 2023
Bonds		
– Government bonds	27,968	6,433
– Other debt securities	90,140	61,022
Subtotal	118,108	67,455
Accrued interest	29	51
Total	118,137	67,506
Less: Provision for impairment losses	(9)	(6)
Net balances	118,128	67,500

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers

(a) Analysed by nature

	31 December 2024	31 December 2023
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	2,185,506	2,068,722
Discounted bills	419	636
Personal loans and advances		
– Personal housing mortgage loans	582,704	584,099
– Personal business loans	326,045	299,291
– Personal consumption loans	197,927	195,679
– Credit cards	375,743	433,547
Principal of loans and advances to customers measured at amortised cost	3,668,344	3,581,974
Accrued interest	12,373	11,342
Gross loans and advances to customers measured at amortised cost	3,680,717	3,593,316
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(88,582)	(85,371)
Net loans and advances to customers measured at amortised cost	3,592,135	3,507,945
Loans and advances to customers measured at fair value through other comprehensive income		
Forfaiting – domestic letter of credit	112,053	97,118
Discounted bills	153,505	107,862
Net Loans and advances to customers measured at fair value through other comprehensive income	265,558	204,980
Net loans and advances to customers	3,857,693	3,712,925
Provision for impairment losses of Loans and advances to customers measured at fair value through other comprehensive income	(359)	(690)

As at the end of the reporting period, part of the above loans and advances to customers was pledged for repurchase agreements. See Note V 25(a).

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(b) Analysed by industry

	31 December 2024		
	Amount	Percentage	Loans and advances secured by collateral
Manufacturing	517,263	13.16%	104,787
Leasing and commercial services	377,167	9.59%	96,841
Water, environment and public utility management	336,892	8.56%	116,067
Wholesale and retail trade	182,122	4.63%	38,084
Construction	160,791	4.09%	40,618
Real estate	157,688	4.01%	115,760
Transportation, storage and postal services	136,520	3.47%	49,309
Finance	113,392	2.88%	15,798
Production and supply of power, gas and water	100,044	2.54%	18,498
Agriculture, forestry, animal husbandry and fishery	52,740	1.34%	12,771
Others	162,940	4.14%	35,228
Subtotal of corporate loans and advances	2,297,559	58.41%	643,761
Personal loans and advances	1,482,419	37.68%	889,974
Discounted bills	153,924	3.91%	152,717
Total	3,933,902	100.00%	1,686,452
Accrued interest	12,373		
Gross loans and advances to customers	3,946,275		
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(88,582)		
Net loans and advances to customers	3,857,693		
Provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(359)		

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(b) Analysed by industry (continued)

	31 December 2023		
	Amount	Percentage	Loans and advances secured by collateral
Manufacturing	444,913	11.74%	82,297
Water, environment and public utility management	337,316	8.91%	112,731
Leasing and commercial services	335,235	8.85%	68,882
Wholesale and retail trade	177,439	4.69%	36,271
Real estate	165,745	4.38%	108,194
Construction	165,227	4.36%	42,950
Transportation, storage and postal services	136,270	3.60%	41,333
Finance	105,414	2.78%	7,663
Production and supply of power, gas and water	84,276	2.23%	15,973
Agriculture, forestry, animal husbandry and fishery	59,157	1.56%	14,789
Others	154,848	4.09%	29,297
Subtotal of corporate loans and advances	2,165,840	57.19%	560,380
Personal loans and advances	1,512,616	39.94%	868,717
Discounted bills	108,498	2.87%	107,305
Total	3,786,954	100.00%	1,536,402
Accrued interest	11,342		
Gross loans and advances to customers	3,798,296		
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(85,371)		
Net loans and advances to customers	3,712,925		
Provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(690)		

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(c) Analysed by type of collateral

	31 December 2024	31 December 2023
Unsecured loans	1,392,798	1,313,169
Guaranteed loans	854,652	937,383
Secured loans		
– Mortgage loans	1,409,879	1,210,545
– Pledged loans	276,573	325,857
Total	3,933,902	3,786,954
Accrued interest	12,373	11,342
Gross loans and advances to customers	3,946,275	3,798,296
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(88,582)	(85,371)
Net loans and advances to customers	3,857,693	3,712,925
Provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(359)	(690)

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(d) Analysed by geographical distribution

	31 December 2024		
	Amount	Percentage	Loans and advances secured by collateral
Yangtze River Delta	981,383	24.95%	362,424
Central	678,006	17.23%	338,570
Pearl River Delta	618,232	15.72%	343,797
Bohai Rim	577,265	14.67%	295,108
Western	485,466	12.34%	238,991
Northeastern	94,754	2.41%	68,656
Head Office	375,410	9.54%	–
Overseas	123,386	3.14%	38,906
Total	3,933,902	100%	1,686,452
Accrued interest	12,373		
Gross loans and advances to customers	3,946,275		

	31 December 2023		
	Amount	Percentage	Loans and advances secured by collateral
Yangtze River Delta	903,353	23.86%	323,157
Central	650,965	17.19%	317,662
Pearl River Delta	574,249	15.16%	319,019
Bohai Rim	516,609	13.64%	256,554
Western	475,934	12.57%	223,808
Northeastern	105,734	2.79%	74,441
Head Office	434,359	11.47%	799
Overseas	125,751	3.32%	20,962
Total	3,786,954	100.00%	1,536,402
Accrued interest	11,342		
Gross loans and advances to customers	3,798,296		

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(d) Analysed by geographical distribution (continued)

As at the end of the reporting period, detailed information of the impaired loans and advances to customers as well as the corresponding impairment provision in respect of geographic sectors which constitute 10% or more of gross loans and advances to customers is as follows:

	31 December 2024			
	Impaired loans and advances	Stage 1 (12-month ECL)	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)
Pearl River Delta	9,865	(3,902)	(3,286)	(8,046)
Central	7,127	(2,841)	(2,353)	(5,250)
Yangtze River Delta	6,904	(5,521)	(1,564)	(5,754)
Bohai Rim	5,221	(3,342)	(2,427)	(3,731)
Western	4,446	(2,754)	(3,744)	(3,209)
Total	33,563	(18,360)	(13,374)	(25,990)

	31 December 2023			
	Impaired loans and advances	Stage 1 (12-month ECL)	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)
Pearl River Delta	8,431	(4,373)	(3,857)	(5,253)
Central	6,001	(3,541)	(3,413)	(2,989)
Yangtze River Delta	6,062	(7,075)	(1,956)	(3,674)
Bohai Rim	4,921	(3,211)	(1,943)	(3,408)
Western	3,818	(3,265)	(4,010)	(2,055)
Total	29,233	(21,465)	(15,179)	(17,379)

For the definition of regional divisions, see Note V 48(b).

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(e) Overdue loans and advances analysed by overdue period

	31 December 2024				
	Overdue within three months or less (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	20,655	10,312	3,433	1,866	36,266
Guaranteed loans	1,712	2,843	2,191	666	7,412
Secured loans					
– Mortgage loans	13,134	10,521	9,216	2,738	35,609
– Pledged loans	5	4	2	9	20
Subtotal	35,506	23,680	14,842	5,279	79,307
Accrued interest	148	–	–	–	148
Total	35,654	23,680	14,842	5,279	79,455
As a percentage of gross loans and advances to customers	0.90%	0.60%	0.38%	0.13%	2.01%

	31 December 2023				
	Overdue within three months or less (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	20,408	13,380	1,607	928	36,323
Guaranteed loans	3,874	2,569	2,576	594	9,613
Secured loans					
– Mortgage loans	7,395	7,908	7,847	2,014	25,164
– Pledged loans	184	2,388	14	28	2,614
Subtotal	31,861	26,245	12,044	3,564	73,714
Accrued interest	83	–	–	–	83
Total	31,944	26,245	12,044	3,564	73,797
As a percentage of gross loans and advances to customers	0.84%	0.69%	0.32%	0.09%	1.94%

Overdue loans and advances represent loans and advances of which the whole or part of the principal or interest was overdue for one day or more.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(f) Loans and advances and provision for impairment losses

	31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
Principal of loans and advances to customers measured at amortised cost	3,462,419	152,150	53,775	3,668,344
Accrued interest	7,365	4,877	131	12,373
Gross loans and advances to customers measured at amortised cost	3,469,784	157,027	53,906	3,680,717
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(28,676)	(21,379)	(38,527)	(88,582)
Net loans and advances to customers measured at amortised cost	3,441,108	135,648	15,379	3,592,135
Net Loans and advances to customers measured at fair value through other comprehensive income	265,482	6	70	265,558
Provision for impairment losses of Loans and advances to customers measured at fair value through other comprehensive income	(358)	–	(1)	(359)

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(f) Loans and advances and provision for impairment losses (continued)

	31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
Principal of loans and advances to customers measured at amortised cost	3,398,940	134,156	48,878	3,581,974
Accrued interest	8,001	3,054	287	11,342
Gross loans and advances to customers measured at amortised cost	3,406,941	137,210	49,165	3,593,316
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(30,599)	(23,766)	(31,006)	(85,371)
Net loans and advances to customers measured at amortised cost	3,376,342	113,444	18,159	3,507,945
Net Loans and advances to customers measured at fair value through other comprehensive income	201,865	3,115	–	204,980
Provision for impairment losses of Loans and advances to customers measured at fair value through other comprehensive income	(645)	(45)	–	(690)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(g) Reconciliation of provision for impairment losses

		2024			
	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2024		(30,599)	(23,766)	(31,006)	(85,371)
– Transfer to Stage 1		(4,375)	2,444	1,931	–
– Transfer to Stage 2		1,076	(2,296)	1,220	–
– Transfer to Stage 3		398	1,855	(2,253)	–
Net reverse/(charge) for the year	(i)	4,829	384	(43,360)	(38,147)
Write-off and disposal		–	–	46,519	46,519
Recovery of loans and advances written off		–	–	(12,275)	(12,275)
Interest income on impaired loans		–	–	735	735
Exchange fluctuation and others		(5)	–	(38)	(43)
As at 31 December 2024		(28,676)	(21,379)	(38,527)	(88,582)

		2023			
	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2023		(36,726)	(17,680)	(28,774)	(83,180)
– Transfer to Stage 1		(2,610)	2,371	239	–
– Transfer to Stage 2		2,153	(2,495)	342	–
– Transfer to Stage 3		389	2,286	(2,675)	–
Net reverse/(charge) for the year	(i)	6,216	(8,247)	(43,210)	(45,241)
Write-off and disposal		–	–	51,573	51,573
Recovery of loans and advances written off		–	–	(9,437)	(9,437)
Interest income on impaired loans		–	–	961	961
Exchange fluctuation and others		(21)	(1)	(25)	(47)
As at 31 December 2023		(30,599)	(23,766)	(31,006)	(85,371)

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Loans and advances to customers (continued)

(g) Reconciliation of provision for impairment losses (continued)

Note:

(i) The net charge for the year includes the impact of provisions for impairment losses on the newly originated or purchased loans, provisions for impairment losses made/reversed in the event of updates to the impact of changes in PD, LGD, and EAD, changes in model assumptions and methodologies, and phase transfers.

(ii) The above reconciliation of provision for impairment losses only represents provision for impairment losses on loans and advances to customers measured at amortised cost. As at 31 December 2024, the balance of provision for impairment losses on loans and advances to customers measured at fair value through other comprehensive income was RMB359 million (31 December 2023: RMB690 million).

17 Finance lease receivables

	31 December 2024	31 December 2023
Finance lease receivables	109,841	115,776
Less: Unearned finance lease income	(11,337)	(12,943)
Present value of finance lease receivables	98,504	102,833
Accrued interest	694	837
Less: Provision for impairment losses	(4,417)	(4,512)
Net balance	94,781	99,158

The finance lease receivables under finance lease and hire purchase contracts and their present values are as follows:

	31 December 2024	31 December 2023
Less than 1 year (inclusive)	39,541	40,820
1 year to 2 years (inclusive)	27,570	31,071
2 years to 3 years (inclusive)	17,113	19,730
3 years to 4 years (inclusive)	8,007	10,156
4 years to 5 years (inclusive)	5,874	3,940
More than 5 years	11,736	10,059
Total	109,841	115,776

18 Financial investments

	Notes	31 December 2024	31 December 2023
Financial assets at fair value through profit or loss	(a)	443,106	432,896
Debt instruments at fair value through other comprehensive income	(b)	600,404	561,047
Equity instruments at fair value through other comprehensive income	(c)	1,140	1,132
Financial investments measured at amortised cost	(d)	1,164,099	1,246,387
Total		2,208,749	2,241,462

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Financial investments (continued)

(a) Financial assets at fair value through profit or loss

	Notes	31 December 2024	31 December 2023
Debt instruments held for trading	(i)	128,495	106,408
Other financial assets at fair value through profit or loss	(ii)	314,611	326,488
Total		443,106	432,896

(i) Debt instruments held for trading

	Notes	31 December 2024	31 December 2023
Issued by the following governments or institutions:			
In Chinese Mainland			
– Government		30,037	28,605
– Banks and other financial institutions		46,197	45,887
– Other institutions	(1)	37,867	29,734
Overseas			
– Government		1,169	1,176
– Banks and other financial institutions		12,884	510
– Other institutions		341	496
Total	(2)	128,495	106,408
Listed	(3)	29,978	21,052
Of which: listed in Hong Kong		5,920	2,270
Unlisted		98,517	85,356
Total		128,495	106,408

Notes:

(1) Debt instruments issued by other institutions in Chinese Mainland mainly represented debt securities issued by state-owned enterprises and joint stock enterprises in Chinese Mainland.

(2) At the end of the reporting period, some of the debt instruments held for trading were pledged for repurchase agreements and time deposits. See Note V 25(a).

(3) Listed investments only include debt instruments traded on a stock exchange.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Financial investments (continued)

(a) Financial assets at fair value through profit or loss (continued)

(ii) Other financial assets at fair value through profit or loss

	31 December 2024	31 December 2023
Fund investments	278,804	296,565
Equity instruments	3,481	4,341
Others	32,326	25,582
Total	314,611	326,488

(b) Debt instruments at fair value through other comprehensive income

(i) Analysed by type and location of counterparty:

	Notes	31 December 2024	31 December 2023
In Chinese Mainland			
– Government		328,801	278,638
– Banks and other financial institutions	(1)	147,220	143,306
– Other institutions	(2)	78,354	88,524
Overseas			
– Government		3,208	1,911
– Banks and other financial institutions		8,549	21,121
– Other institutions		26,581	19,520
Subtotal		592,713	553,020
Accrued interest		7,691	8,027
Total	(3)	600,404	561,047
Listed	(4)	68,538	68,540
Of which: listed in Hong Kong		28,103	25,199
Unlisted		524,175	484,480
Subtotal		592,713	553,020
Accrued interest		7,691	8,027
Total		600,404	561,047

Notes:

(1) Debt instruments issued by banks and other financial institutions mainly represent debt securities issued by banks and other financial institutions in Chinese Mainland.

(2) Debt instruments issued by other institutions mainly represent debt securities issued by state-owned enterprises and joint stock enterprises in Chinese Mainland.

(3) At the end of the reporting period, part of the debt instruments at fair value through other comprehensive income were pledged for repurchase agreements and time deposits, see Note V 25(a).

(4) Listed investments only include debt instruments traded on a stock exchange.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Financial investments (continued)

(b) Debt instruments at fair value through other comprehensive income (continued)

(ii) Reconciliation of provision for impairment losses on debt instruments at fair value through other comprehensive income

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2024	(433)	(107)	(753)	(1,293)
– Transfer to Stage 2	5	(5)	–	–
– Transfer to Stage 3	43	83	(126)	–
Net charge for the year	108	14	(457)	(335)
Exchange fluctuation and others	3	–	(21)	(18)
As at 31 December 2024	(274)	(15)	(1,357)	(1,646)

	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2023	(470)	(158)	(590)	(1,218)
– Transfer to Stage 2	6	(6)	–	–
– Transfer to Stage 3	52	92	(144)	–
Net charge for the year	(39)	(40)	(55)	(134)
Exchange fluctuation and others	18	5	36	59
As at 31 December 2023	(433)	(107)	(753)	(1,293)

(c) Equity instruments at fair value through other comprehensive income

	Notes	31 December 2024	31 December 2023
Listed	(i)	38	30
Unlisted		1,102	1,102
Total	(ii)	1,140	1,132

Notes:

(i) Listed investments only include equity instruments traded on a stock exchange.

(ii) The Group designated the equity instruments not held for trading as measured at fair value through other comprehensive income. For year ended 31 December 2024, the Group has received RMB44 million dividends from the above equity instruments (2023: RMB44 million).

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Financial investments (continued)

(d) Financial investments measured at amortised cost

	Notes	31 December 2024	31 December 2023
Debt securities and asset-backed instruments	(i)	1,127,995	1,199,678
Others	(ii)	34,602	43,327
Subtotal		1,162,597	1,243,005
Accrued interest		16,509	18,679
Total		1,179,106	1,261,684
Less: Provision for impairment losses		(15,007)	(15,297)
Net balance		1,164,099	1,246,387
Listed	(iii)	169,666	205,136
Of which: listed in Hong Kong		25,436	25,104
Unlisted		977,924	1,022,572
Subtotal		1,147,590	1,227,708
Accrued interest		16,509	18,679
Net balance		1,164,099	1,246,387

(i) Debt securities and asset-backed instruments measured at amortised cost were analysed by type and location of counterparty as follows:

	Notes	31 December 2024	31 December 2023
In Chinese Mainland			
– Government		493,294	488,028
– Banks and other financial institutions		322,250	408,738
– Other institutions	(1)	265,319	236,545
Overseas			
– Government		7,270	13,987
– Banks and other financial institutions		23,880	41,167
– Other institutions		15,982	11,213
Subtotal		1,127,995	1,199,678
Accrued interest		16,475	18,637
Total	(2)	1,144,470	1,218,315
Less: Provision for impairment losses		(2,923)	(4,241)
Net balance		1,141,547	1,214,074
Fair value		1,175,503	1,241,475

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Financial investments (continued)

(d) Financial investments measured at amortised cost (continued)

(i) Debt securities and asset-backed instruments measured at amortised cost were analysed by type and location of counterparty as follows: (continued)

Notes:

(1) Debt securities and asset-backed instruments issued by other institutions mainly represent debt securities and asset-backed instruments issued by state-owned enterprises and joint stock enterprises in Chinese Mainland.

(2) As at the end of the reporting period, part of the debt securities measured at amortised cost were pledged for repurchase agreements, time deposits and derivative transactions. See Note V 25(a).

(ii) Other financial investments measured at amortised cost mainly include trusts and other rights to earnings.

(iii) Listed investments only include debt instruments traded on a stock exchange.

(iv) Reconciliation of provision for impairment losses on financial investments measured at amortised cost:

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2024	(711)	(130)	(14,456)	(15,297)
– Transfer to Stage 2	7	(7)	–	–
Net charge for the year	(114)	37	(1,953)	(2,030)
Write-off and disposal	–	–	1,219	1,219
Interest income on impaired financial investments	–	–	779	779
Exchange fluctuation and others	335	–	(13)	322
As at 31 December 2024	(483)	(100)	(14,424)	(15,007)

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Financial investments (continued)

(d) Financial investments measured at amortised cost (continued)

(iv) Reconciliation of provision for impairment losses on financial investments measured at amortised cost: (continued)

	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2023	(1,325)	(56)	(9,501)	(10,882)
– Transfer to Stage 1	(19)	19	–	–
– Transfer to Stage 2	22	(22)	–	–
Net charge for the year	751	(71)	(6,412)	(5,732)
Write-off and disposal	–	–	513	513
Interest income on impaired financial investments	–	–	944	944
Exchange fluctuation and others	(140)	–	–	(140)
As at 31 December 2023	(711)	(130)	(14,456)	(15,297)

19 Investments in subsidiaries and joint ventures

(a) Investments in subsidiaries

The Bank

	31 December 2024	31 December 2023
Everbright Financial Leasing Co., Ltd.	4,680	4,680
CEB International Investment Co., Ltd.	2,267	2,267
Shaoshan Everbright Rural Bank Co., Ltd.	105	105
Jiangsu Huai'an Everbright Rural Bank Co., Ltd.	70	70
China Everbright Bank (Europe) S. A.	156	156
Jiangxi Ruijin Everbright Rural Bank Co., Ltd.	105	105
Everbright Wealth Co., Ltd.	5,000	5,000
Beijing Sunshine Consumer Finance Co., Ltd.	600	600
Less: Provision for impairment losses	(1,793)	–
Total	11,190	12,983

The Group and the Bank conduct impairment testing on long-term equity investment, and the recoverable amount is determined according to the present value of the estimated future cash flow of the relevant subsidiary, and the estimated future cash flow is determined based on the financial forecast approved by the management of the corresponding subsidiary. The average growth rate, discount rate and other assumptions used to forecast cash flows reflect the specific risks associated with them.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Investments in subsidiaries and joint ventures (continued)

(a) Investments in subsidiaries (continued)

The Bank (continued)

The details of the subsidiaries are presented as follows:

Corporate name	Registered address	Registered capital	Investment proportion	Voting proportion	Main business	Economic nature/type
Everbright Financial Leasing Co., Ltd. (Everbright Financial Leasing)	Wuhan, Hubei	5,900	90%	90%	Leasing transactions	Incorporated company
CEB International Investment Co., Ltd. (CEB International)	Hong Kong	2,267	100%	100%	Investment banking	Limited company
Shaoshan Everbright Rural Bank Co., Ltd (Shaoshan Everbright Bank)	Shaoshan, Hunan	150	70%	70%	Banking business	Incorporated company
Jiangsu Huai'an Everbright Rural Bank Co., Ltd. (Huai'an Everbright Bank)	Huai'an, Jiangsu	100	70%	70%	Banking business	Incorporated company
China Everbright Bank (Europe) S. A. (CEB Europe)	Luxembourg	156	100%	100%	Banking business	Incorporated company
Jiangxi Ruijin Everbright Rural Bank Co., Ltd. (Ruijin Everbright Bank)	Ruijin, Jiangxi	150	70%	70%	Banking business	Incorporated company
Everbright Wealth Co., Ltd. (Everbright Wealth)	Qingdao, Shandong	5,000	100%	100%	Asset management business	Limited company
Beijing Sunshine Consumer Finance Co., Ltd. (Sunshine Consumer)	Beijing	1,000	60%	60%	Consumer finance business	Incorporated company

(b) Investments in joint ventures

The Group

	2024	2023
Net balances as at 1 January	204	165
Decrease capital	(220)	–
Investment gains under the equity method	13	36
Foreign currency conversion difference	3	3
Net balances at 31 December	–	204

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Property and equipment

	Premises (Note (i))	Aircraft, ships and vessels (Note (ii))	Construction in progress	Electronic equipment	Others	Total
Cost						
As at 1 January 2024	16,450	11,510	1,603	10,226	5,001	44,790
Additions	673	3,010	904	728	204	5,519
Transfer out	–	–	(480)	–	–	(480)
Disposals	(18)	–	–	(1,300)	(322)	(1,640)
Foreign currency conversion difference	–	188	–	–	2	190
As at 31 December 2024	17,105	14,708	2,027	9,654	4,885	48,379
Accumulated depreciation						
As at 1 January 2024	(5,832)	(1,807)	–	(7,208)	(3,942)	(18,789)
Charge for the year	(524)	(472)	–	(1,220)	(212)	(2,428)
Disposals	11	–	–	1,252	276	1,539
Foreign currency conversion difference	–	(32)	–	–	–	(32)
As at 31 December 2024	(6,345)	(2,311)	–	(7,176)	(3,878)	(19,710)
Provision for impairment losses						
As at 1 January 2024	(163)	–	–	–	–	(163)
As at 31 December 2024	(163)	–	–	–	–	(163)
Net balances						
As at 31 December 2024	10,597	12,397	2,027	2,478	1,007	28,506

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Property and equipment (continued)

	Premises (Note (i))	Aircraft, ships and vessels (Note (ii))	Construction in progress	Electronic equipment	Others	Total
Cost						
As at 1 January 2023	14,278	11,057	2,832	9,968	4,971	43,106
Additions	58	267	923	648	185	2,081
Transfers in/(out)	2,138	–	(2,152)	–	–	(14)
Disposals	(24)	–	–	(390)	(155)	(569)
Foreign currency conversion difference	–	186	–	–	–	186
As at 31 December 2023	16,450	11,510	1,603	10,226	5,001	44,790
Accumulated depreciation						
As at 1 January 2023	(5,337)	(1,370)	–	(6,269)	(3,793)	(16,769)
Charge for the year	(495)	(414)	–	(1,304)	(293)	(2,506)
Disposals	–	–	–	365	144	509
Foreign currency conversion difference	–	(23)	–	–	–	(23)
As at 31 December 2023	(5,832)	(1,807)	–	(7,208)	(3,942)	(18,789)
Provision for impairment losses						
As at 1 January 2023	(163)	–	–	–	–	(163)
As at 31 December 2023	(163)	–	–	–	–	(163)
Net balances						
As at 31 December 2023	10,455	9,703	1,603	3,018	1,059	25,838

Notes:

(i) *As at 31 December 2024, title deeds were not yet finalised for the premises with a net balances of RMB2,228 million (31 December 2023: RMB2,278 million). Management of the Group expected that there would be no significant cost in obtaining the title deeds.*

(ii) *As at 31 December 2024, Everbright Financial Leasing, the Group's subsidiary leased aircraft and vessels to third parties under operating lease arrangements, with a net balances of RMB12,397 million (31 December 2023: RMB9,703 million). As at the end of the reporting period, part of the aircraft was pledged for borrowings from banks. See Note V 25(a).*

The net book values of premises at the end of the reporting period are analysed by the remaining terms of leases as follows:

	2024	2023
Held in Chinese Mainland		
– Medium term leases (10 to 50 years)	10,060	9,846
– Short term leases (less than 10 years)	537	609
Total	10,597	10,455

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Right-of-use assets

	Premises	Transportation and others	Total
Cost			
As at 1 January 2024	18,926	36	18,962
Charge for the year	2,889	5	2,894
Deductions	(2,644)	(8)	(2,652)
Foreign currency conversion difference	1	–	1
As at 31 December 2024	19,172	33	19,205
Accumulated depreciation			
As at 1 January 2024	(8,535)	(19)	(8,554)
Charge for the year	(2,821)	(7)	(2,828)
Reduction for the year	2,490	6	2,496
Foreign currency conversion difference	2	–	2
As at 31 December 2024	(8,864)	(20)	(8,884)
Net balances			
As at 31 December 2024	10,308	13	10,321

	Premises	Transportation and others	Total
Cost			
As at 1 January 2023	18,193	53	18,246
Charge for the year	3,574	9	3,583
Deductions	(2,854)	(26)	(2,880)
Foreign currency conversion difference	13	–	13
As at 31 December 2023	18,926	36	18,962
Accumulated depreciation			
As at 1 January 2023	(7,939)	(26)	(7,965)
Charge for the year	(2,820)	(10)	(2,830)
Reduction for the year	2,232	17	2,249
Foreign currency conversion difference	(8)	–	(8)
As at 31 December 2023	(8,535)	(19)	(8,554)
Net balances			
As at 31 December 2023	10,391	17	10,408

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Goodwill

	31 December 2024	31 December 2023
Gross amount	6,019	6,019
Less: Provision for impairment losses	(4,738)	(4,738)
Net balances	1,281	1,281

As approved by the PBOC, the Bank and China Development Bank ("CDB") jointly signed the "Agreement between China Development Bank and China Everbright Bank for the transfer of assets, liabilities and banking premises of China Investment Bank" (the "Agreement") on 18 March 1999. According to the Agreement, CDB transferred the assets, liabilities, equity and 137 outlets of 29 branches of the former China Investment Bank ("CIB") to the Bank. The Agreement became effective on 18 March 1999. The Bank assessed the fair value of the transferred assets and liabilities, and recognised the excess of the purchase cost over the sum of the fair value of the net assets transferred and deferred tax assets as goodwill.

The Bank regularly conducts impairment tests on goodwill. The Bank makes provision for impairment if necessary. The Bank calculates the recoverable amount of the CGU using cash flow projections based on financial forecasts approved by management covering a five-year period. As at 31 December 2024, the discount rate used in the Bank's cash flow forecast is 10% (31 December 2023: 10%). The discount rate used reflects specific risks relating to the relevant segments.

Based on the result of the impairment testing, no additional impairment losses on goodwill were recognised for the year.

23 Deferred tax assets and liabilities

Deferred income tax assets and deferred income tax liabilities that have not been offset:

	31 December 2024	31 December 2023
Deferred income tax assets	37,608	36,153
Deferred income tax liabilities	(6,250)	(2,179)
Total	31,358	33,974

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Deferred tax assets and liabilities (continued)

(a) Analysed by nature

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred income tax assets				
– Fair value changes	60	15	2,856	697
– Provision for impairment losses	124,352	31,088	118,220	29,550
– Accrued staff costs and others	26,020	6,505	23,623	5,906
Total	150,432	37,608	144,699	36,153
Deferred income tax liabilities				
– Fair value changes	(19,444)	(4,861)	(2,787)	(697)
– Others	(5,556)	(1,389)	(5,927)	(1,482)
Total	(25,000)	(6,250)	(8,714)	(2,179)

(b) Movements of deferred tax

	Provision for impairment losses Note (i)	Fair value changes of financial instruments Note (ii)	Accrued staff costs and others	Net balance of deferred tax assets/ (liabilities)
As at 1 January 2024	29,550	–	4,424	33,974
Recognised in profit or loss	1,513	(1,870)	692	335
Recognised in other comprehensive income	25	(2,976)	–	(2,951)
As at 31 December 2024	31,088	(4,846)	5,116	31,358

	Provision for impairment losses Note (i)	Fair value changes of financial instruments Note (ii)	Accrued staff costs and others	Net balance of deferred tax assets/ (liabilities)
As at 1 January 2023	28,445	856	3,402	32,703
Recognised in profit or loss	1,108	130	1,022	2,260
Recognised in other comprehensive income	(3)	(986)	–	(989)
As at 31 December 2023	29,550	–	4,424	33,974

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Deferred tax assets and liabilities (continued)

(b) Movements of deferred tax (continued)

Notes:

(i) The Group made provision for impairment losses on loans and advances to customers and other assets. The provision for impairment losses was determined based on the expected recoverable amount of the relevant assets at the end of the reporting period. Besides, the amounts deductible for income tax purposes which fulfil specific criteria as set out in the PRC tax rules are calculated at 1% of the gross carrying amount of qualifying assets at the end of the reporting period, together with write-offs and are approved by the tax authorities.

(ii) Fair value changes of financial instruments are subject to tax when realised.

24 Other assets

	Note	31 December 2024	31 December 2023
Other receivables	(a)	31,368	8,047
Interest receivables		9,937	8,331
Intangible assets		4,963	4,297
Property and equipment purchase prepayment		4,491	2,042
Refundable Deposits		1,783	1,641
Long-term deferred expense		954	916
Repossessed assets		83	147
Land use right		67	71
Others		3,201	2,946
Total		56,847	28,438

Note:

(a) Other receivables mainly include items in the process of clearing and settlement. The amount of impairment allowance is not material.

25 Pledged assets

(a) Assets pledged as collateral

The Group's assets as collateral for liabilities include discounted bills, debt securities and property and equipment, which are mainly used as collateral for repurchase agreements, time deposits, derivative contracts and borrowings from banks. The carrying amount of the assets pledged as securities as at 31 December 2024 was RMB212.320 billion (as at 31 December 2023: RMB195.465 billion)

(b) Collateral received

The Group accepted securities as collateral for those which are permitted to be sold or re-pledged in connection with reverse repurchase agreements with banks and other financial institutions in the year ended 31 December 2024.

As at 31 December 2024, the Group had no collateral received from banks and other financial institutions (31 December 2023: Nil). As at 31 December 2024, the Group had no collateral that was sold or re-pledged but was obligated to return (31 December 2023: Nil). These transactions are conducted under standard terms in the normal course of business.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Due to the central bank

	31 December 2024	31 December 2023
Due to the central bank	95,007	98,552
Accrued interest	626	1,081
Total	95,633	99,633

27 Deposits from banks and other financial institutions

Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Deposits in Chinese Mainland		
– Banks	200,642	153,897
– Other financial institutions	377,851	396,375
Deposits overseas		
– Banks	878	798
Subtotal	579,371	551,070
Accrued interest	2,165	1,256
Total	581,536	552,326

28 Placements from banks and other financial institutions

Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Placements in Chinese Mainland		
– Banks	142,984	111,593
– Other financial institutions	2,684	5,495
Placements overseas		
– Banks	70,022	76,212
Subtotal	215,690	193,300
Accrued interest	872	905
Total	216,562	194,205

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29 Financial assets sold under repurchase agreements

(a) Analysed by type and location of counterparty

	31 December 2024	31 December 2023
In Chinese Mainland		
– Banks	50,502	51,038
Overseas		
– Banks	24,378	21,616
– Other financial institutions	744	274
Subtotal	75,624	72,928
Accrued interest	169	187
Total	75,793	73,115

(b) Analysed by collateral

	31 December 2024	31 December 2023
Debt securities	71,595	71,916
Bank acceptances	4,029	1,012
Subtotal	75,624	72,928
Accrued interest	169	187
Total	75,793	73,115

30 Deposits from customers

	31 December 2024	31 December 2023
Demand deposits		
– Corporate customers	760,979	965,167
– Individual customers	301,162	249,402
Subtotal	1,062,141	1,214,569
Time deposits		
– Corporate customers	1,459,520	1,451,942
– Individual customers	977,213	945,213
Subtotal	2,436,733	2,397,155
Pledged deposits	458,063	412,129
Other deposits	591	1,019
Subtotal deposits from customers	3,957,528	4,024,872
Accrued interest	78,159	69,656
Total	4,035,687	4,094,528

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Accrued staff costs

	Notes	31 December 2024	31 December 2023
Salary and welfare payable		17,643	16,051
Pension and annuity payable	(a)	291	313
Supplementary retirement benefits payable	(b)	3,961	3,700
Total		21,895	20,064

Notes:

(a) *Pension and annuity payable*

Pursuant to the relevant laws and regulations in the PRC, the Group operates a defined contribution scheme for its employees arranged by local government labour and social security organisations. The Group makes contributions to the retirement scheme at the applicable rates based on the amounts stipulated by the relevant government organisations.

The Group provides an annuity plan to the eligible employees. The Group makes annuity contributions in proportion to its employees' gross wages in the prior year, which are expensed to profit or loss when the contributions are made.

(b) *Supplementary retirement benefits ("SRB")*

The Group pays SRB for eligible employees. The amount represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees at the end of the reporting period. The Group's obligations in respect of the SRB were assessed using projected unit credit method by an external independent actuary, Wills Towers Watson Management Consulting (Shenzhen) Co., Ltd..

(i) *The details of the Group's supplementary retirement benefits are as follows:*

	31 December 2024	*31 December 2023*
Present value of supplementary retirement benefits liability	*3,961*	*3,700*

(ii) *Movements of SRB of the Group are as follows:*

	2024	*2023*
As at 1 January	*3,700*	*3,159*
Current service costs	*(98)*	*267*
Interest costs	*110*	*102*
Recalculation part of the defined benefit plan	*274*	*192*
Payments made	*(25)*	*(20)*
As at 31 December	*3,961*	*3,700*

Remeasurement of the defined benefit plan was recognised in other comprehensive income. See Note V 39.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Accrued staff costs (continued)

Notes: (continued)

(b) Supplementary retirement benefits ("SRB") (continued)

(iii) Principal actuarial assumptions of the Group are as follows:

	31 December 2024	31 December 2023
Discount rate	2.00%	3.00%
Medical cost growth rate	5.00%	6.00%

(iv) Sensitivity analysis:

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, with other assumptions being constant, would have affected the defined benefit obligation by the amounts shown below:

	31 December 2024	
	Increases	Decreases
Discount rate (0.25% movement)	(297)	328
Medical cost growth rate (1% movement)	1,230	(862)

	31 December 2023	
	Increases	Decreases
Discount rate (0.25% movement)	(274)	302
Medical cost growth rate (1% movement)	1,186	(832)

Although the analysis does not take the full expected distribution into account in the future cash flow statement, approximate assumptions can be made about the sensitivity to supplementary retirement benefits.

Except for (a) and (b) above, the Group has no other major responsibilities for the payment of employee retirement benefits and other post-retirement benefits. There is no balance in arrears in the above staff emoluments payable.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Taxes payable

	31 December 2024	31 December 2023
Income tax payable	1,896	4,334
Value added tax payable	2,444	2,554
Others	418	416
Total	4,758	7,304

33 Lease liabilities

	31 December 2024	31 December 2023
Within 1 year (inclusive)	2,864	2,691
1 year to 2 years (inclusive)	2,373	2,288
2 years to 3 years (inclusive)	1,964	1,914
3 years to 5 years (inclusive)	2,515	2,602
More than 5 years	1,742	2,080
Total undiscounted lease liabilities	11,458	11,575
Lease liabilities	10,412	10,349

34 Debt securities issued

	Notes	31 December 2024	31 December 2023
Financial bonds issued	(a)	278,882	233,363
Tier-two capital bonds issued	(b)	61,594	61,593
Interbank deposits issued	(c)	817,541	733,507
Certificates of deposit issued	(d)	38,004	35,705
Medium term notes issued	(e)	30,546	30,792
Subtotal		1,226,567	1,094,960
Accrued interest		4,545	4,366
Total		1,231,112	1,099,326

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Debt securities issued (continued)

(a) Financial bonds issued

	Notes	31 December 2024	31 December 2023
Fixed rate financial bonds maturing in March 2024	(i)	–	39,998
Floating rate financial bonds maturing in May 2024	(ii)	–	1,453
Floating rate financial bonds maturing in August 2024	(iii)	–	969
Fixed rate financial bonds maturing in February 2025	(iv)	40,000	39,999
Floating rate financial bonds maturing in March 2025	(v)	409	436
Floating rate financial bonds maturing in March 2025	(vi)	749	799
Floating rate financial bonds maturing in April 2025	(vii)	513	547
Floating rate financial bonds maturing in May 2025	(viii)	272	291
Fixed rate financial bonds maturing in October 2025	(ix)	47,999	47,997
Floating rate financial bonds maturing in May 2026	(x)	454	484
Fixed rate financial bonds maturing in May 2026	(xi)	19,999	19,999
Fixed rate financial bonds maturing in June 2026	(xii)	19,999	19,999
Fixed rate financial bonds maturing in September 2026	(xiii)	29,999	29,999
Fixed rate financial bonds maturing in November 2026	(xiv)	27,999	27,999
Fixed rate financial bonds maturing in November 2026	(xv)	2,996	2,394
Fixed rate financial bonds maturing in March 2027	(xvi)	1,698	–
Fixed rate financial bonds maturing in March 2027	(xvii)	19,999	–
Fixed rate financial bonds maturing in April 2027	(xviii)	29,999	–
Fixed rate financial bonds maturing in May 2027	(xix)	2,196	–
Fixed rate financial bonds maturing in July 2027	(xx)	2,286	–
Fixed rate financial bonds maturing in August 2027	(xxi)	24,999	–
Fixed rate financial bonds maturing in August 2027	(xxii)	5,000	–
Floating rate financial bonds maturing in October 2027	(xxiii)	1,317	–
Total		278,882	233,363

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Debt securities issued (continued)

(a) Financial bonds issued (continued)

Notes:

(i) Fixed rate social bonds for Small and Micro Enterprises Loans of RMB40.00 billion with a term of three years were issued by the Bank on 22 March 2021. The coupon rate is 3.45% per annum.

(ii) Floating rate financial bonds of AUD 300.00 million with a term of three years were issued by the Bank's Sydney branch on 18 May 2021. The coupon rate is 3MBBSW+68BPS per annum.

(iii) Floating rate financial bonds of AUD 200.00 million with a term of 1.75 years were issued by the Bank's Sydney branch on 11 November 2022. The coupon rate is 3MBBSW+103BPS per annum.

(iv) Fixed rate social bonds for Small and Micro Enterprises Loans of RMB40.00 billion with a term of three years were issued by the Bank on 17 February 2022. The coupon rate is 2.73% per annum.

(v) Floating rate financial bonds of AUD 90.00 million with a term of two years were issued by the Bank's Sydney branch on 24 February 2023. The coupon rate is 3MBBSW+93BPS per annum.

(vi) Floating rate financial bonds of AUD 165.00 million with a term of two years were issued by the Bank's Sydney branch on 15 March 2023. The coupon rate is 3MBBSW+100BPS per annum.

(vii) Floating rate financial bonds of AUD 113.00 million with a term of two years were issued by the Bank's Sydney branch on 19 April 2023. The coupon rate is 3MBBSW+90BPS per annum.

(viii) Floating rate financial bonds of AUD 60.00 million with a term of two years were issued by the Bank's Sydney branch on 8 May 2023. The coupon rate is 3MBBSW+92BPS per annum.

(ix) Fixed rate financial bonds of RMB48.00 billion with a term of three years were issued by the Bank on 18 October 2022. The coupon rate is 2.47% per annum.

(x) Floating rate financial bonds of AUD 100.00 million with a term of three years were issued by the Bank's Sydney branch on 5 May 2023. The coupon rate is 3MBBSW+105BPS per annum.

(xi) Fixed rate financial bonds (Phase I) of RMB20.00 billion with a term of three years were issued by the Bank on 16 May 2023. The coupon rate is 2.68% per annum.

(xii) Fixed rate green financial bonds (Phase I) of RMB20.00 billion with a term of three years were issued by the Bank on 19 June 2023. The coupon rate is 2.68% per annum.

(xiii) Fixed rate financial bonds (Phase II) of RMB30.00 billion with a term of three years were issued by the Bank on 21 September 2023. The coupon rate is 2.72% per annum.

(xiv) Fixed rate financial bonds (Phase III) of RMB28.00 billion with a term of three years were issued by the Bank on 7 November 2023. The coupon rate is 2.81% per annum.

(xv) Fixed rate financial bonds of RMB3.00 billion with a term of three years were issued by Everbright Financial Leasing on 8 November 2023. The coupon rate is 2.85% per annum.

(xvi) Fixed rate financial bonds (Phase I) of RMB2.00 billion with a term of three years were issued by Everbright Financial Leasing on 4 March 2024. The coupon rate is 2.45% per annum.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Debt securities issued (continued)

(a) Financial bonds issued (continued)

Notes: (continued)

(xvii) Fixed rate financial bonds (Phase I) of RMB20.00 billion with a term of three years were issued by the Bank on 15 March 2024. The coupon rate is 2.43% per annum.

(xviii) Fixed rate social bonds for Small and Micro Enterprises Loans of RMB30.00 billion with a term of three years were issued by the Bank on 23 April 2024. The coupon rate is 2.15% per annum.

(xix) Fixed rate financial bonds (Phase II) of RMB2.50 billion with a term of three years were issued by Everbright Financial Leasing on 23 May 2024. The coupon rate is 2.20% per annum.

(xx) Fixed rate financial bonds (Phase III) of RMB2.50 billion with a term of three years were issued by Everbright Financial Leasing on July 23 2024. The coupon rate is 2.02%. per annum.

(xxi) Fixed rate financial bonds (Phase II) of RMB25.00 billion with a term of three years were issued by the Bank on 23 August 2024. The coupon rate is 2.07% per annum.

(xxii) Fixed rate special financial bonds for agriculture, rural areas and farmers (Phase I) of RMB5.00 billion with a term of three years were issued by the Bank on 23 August 2024. The coupon rate is 2.05% per annum.

(xxiii) Floating rate financial bonds of AUD 290.00 million with a term of three years were issued by the Bank's Sydney branch on 16 October 2024. The coupon rate is 3MBBSW+90BPS per annum.

(xxiv) As at 31 December 2024, the total fair value of the financial bonds issued approximated to RMB282,377 million (31 December 2023: RMB233,714 million).

(b) Tier-two capital bonds issued

	Notes	31 December 2024	31 December 2023
Tier-two capital fixed rate bonds maturing in September 2030	(i)	1,597	1,596
Tier-two capital fixed rate bonds maturing in August 2032	(ii)	39,998	39,998
Tier-two capital fixed rate bonds maturing in April 2033	(iii)	9,999	9,999
Tier-two capital fixed rate bonds maturing in August 2037	(iv)	5,000	5,000
Tier-two capital fixed rate bonds maturing in April 2038	(v)	5,000	5,000
Total		61,594	61,593

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Debt securities issued (continued)

(b) Tier-two capital bonds issued (continued)

Notes:

(i) *Fixed rate tier-two capital bonds of RMB1.60 billion with a term of ten years were issued on 16 September 2020 by Everbright Financial Leasing. The coupon rate is 4.39% per annum. The Group has an option to redeem the debts on 18 September 2025 at the nominal amount.*

(ii) *Fixed rate tier-two capital bonds of RMB40.00 billion with a term of ten years were issued by the Bank on 25 August 2022. The coupon rate is 3.10% per annum. The Bank has an option to redeem the debts on 29 August 2027 at the nominal amount.*

(iii) *Fixed rate tier-two capital bonds of RMB10.00 billion with a term of ten years were issued by the Bank on 10 April 2023. The coupon rate is 3.55% per annum. The Bank has an option to redeem the debts on 12 April 2028 at the nominal amount.*

(iv) *Fixed rate tier-two capital bonds of RMB5.00 billion with a term of fifteen years were issued by the Bank on 25 August 2022. The coupon rate is 3.35% per annum. The Bank has an option to redeem the debts on 29 August 2032 at the nominal amount.*

(v) *Fixed rate tier-two capital bonds of RMB5.00 billion with a term of fifteen years were issued by the Bank on 10 April 2023. The coupon rate is 3.64% per annum. The Bank has an option to redeem the debts on 12 April 2033 at the nominal amount.*

(vi) *As at 31 December 2024, the fair value of the total tier-two capital bonds issued approximated to RMB64,578 million (31 December 2023: RMB62,243 million)*

(c) Interbank deposits issued

As at 31 December 2024, the interbank deposits were issued by the Bank measured at amortised cost. The fair value of its outstanding interbank deposits issued was RMB811,718 million (31 December 2023: RMB726,139 million).

(d) Certificates of deposit issued

As at 31 December 2024, the certificates of deposit were issued by the Bank's Hong Kong Branch, Seoul Branch, Sydney Branch and Luxembourg Branch measured at amortised cost. The fair value of the certificates of deposit issued approximated to their carrying amount.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Debt securities issued (continued)

(e) Medium term notes

	Notes	31 December 2024	31 December 2023
Medium term notes with fixed rate maturing on 11 March 2024	(i)	–	3,900
Medium term notes with fixed rate maturing on 15 June 2024	(ii)	–	4,253
Medium term notes with fixed rate maturing on 14 September 2024	(iii)	–	3,544
Medium term notes with fixed rate maturing on 1 December 2024	(iv)	–	2,125
Medium term notes with fixed rate maturing on 15 December 2024	(v)	–	2,123
Medium term notes with fixed rate maturing on 12 September 2025	(vi)	1,499	1,498
Medium term notes with fixed rate maturing on 2 March 2026	(vii)	2,916	2,830
Medium term notes with fixed rate maturing on 14 May 2026	(viii)	1,499	–
Medium term notes with fixed rate maturing on 20 May 2026	(ix)	400	–
Medium term notes with fixed rate maturing on 22 May 2026	(x)	480	–
Medium term notes with floating rate maturing on 12 September 2026	(xi)	3,645	3,538
Medium term notes with floating rate maturing on 20 September 2026	(xii)	4,009	3,892
Medium term notes with fixed rate maturing on 19 November 2026	(xiii)	1,498	–
Medium term notes with fixed rate maturing on 18 December 2026	(xiv)	342	353
Medium term notes with fixed rate maturing on 18 December 2026	(xv)	364	354
Medium term notes with fixed rate maturing on 18 December 2026	(xvi)	997	995
Medium term notes with fixed rate maturing on 19 December 2026	(xvii)	380	392
Medium term notes with fixed rate maturing on 21 December 2026	(xviii)	996	995
Medium term notes with fixed rate maturing on 8 March 2027	(xix)	450	–

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Debt securities issued (continued)

(e) Medium term notes (continued)

	Notes	31 December 2024	31 December 2023
Medium term notes with floating rate maturing on 7 April 2027	(xx)	728	–
Medium term notes with fixed rate maturing on 26 April 2027	(xxi)	498	–
Medium term notes with floating rate maturing on 14 May 2027	(xxii)	4,008	–
Medium term notes with floating rate maturing on 3 June 2027	(xxiii)	1,095	–
Medium term notes with fixed rate maturing on 30 September 2027	(xxiv)	1,456	–
Medium term notes with floating rate maturing on 30 October 2027	(xxv)	1,102	–
Medium term notes with floating rate maturing on 19 November 2027	(xxvi)	2,184	–
Total		30,546	30,792

Notes:

(i) Fixed rate medium term notes of USD550.00 million with a term of three years were issued by the Bank's Hong Kong branch on 11 March 2021. The coupon rate is 0.93% per annum.

(ii) Fixed rate medium term notes of USD600.00 million with a term of three years were issued by the Bank's Hong Kong branch on 15 June 2021. The coupon rate is 0.84% per annum.

(iii) Fixed rate medium term notes of USD500.00 million with a term of three years were issued by the Bank's Luxembourg branch on 14 September 2021. The coupon rate is 0.83% per annum.

(iv) Fixed rate medium term notes of USD300.00 million with a term of three years were issued by the Bank's Hong Kong branch on 1 December 2021. The coupon rate is 1.27% per annum.

(v) Fixed rate medium term notes of USD300.00 million with a term of three years were issued by the Bank's subsidiary CEB International on 15 December 2021. The coupon rate is 2.00% per annum.

(vi) Fixed rate medium term notes of RMB1.50 billion with a term of two years were issued by the Bank's Hong Kong branch on 12 September 2023. The coupon rate is 2.95% per annum.

(vii) Fixed rate medium term notes of USD400.00 million with a term of three years were issued by the Bank's Hong Kong branch on 2 March 2023. The coupon rate is 4.99% per annum.

(viii) Fixed rate medium term notes of RMB1.50 billion with a term of two years were issued by the Bank's Hong Kong branch on 14 May 2024. The coupon rate is 3.00% per annum.

(ix) Fixed rate medium term notes of RMB400.00 million with a term of two years were issued by the Bank's Sydney branch on 20 May 2024. The coupon rate is 3.00% per annum.

(x) Fixed rate medium term notes of RMB500.00 million with a term of two years were issued by the Bank's Sydney branch on 22 May 2024. The coupon rate is 0.00% per annum.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Debt securities issued (continued)

(e) Medium term notes (continued)

Notes: (continued)

(xi) *Floating rate medium term notes of USD500.00 million with a term of three years were issued by the Bank's Hong Kong branch on 12 September 2023. The coupon rate is SOFR Compounded Index+63BPS per annum.*

(xii) *Floating rate medium term notes of USD550.00 million with a term of three years were issued by the Bank's Sydney branch on 20 September 2023. The coupon rate is SOFR Compounded Index+63BPS per annum.*

(xiii) *Fixed rate medium term notes of RMB1.50 billion with a term of two years were issued by the Bank's Hong Kong branch on 19 November 2024. The coupon rate is 2.45% per annum.*

(xiv) *Fixed rate medium term notes of EUR 45.00 million with a term of three years were issued by the Bank's Luxembourg branch on 18 December 2023. The coupon rate is 3.70% per annum.*

(xv) *Fixed rate medium term notes of USD50.00 million with a term of three years were issued by the Bank's Luxembourg branch on 18 December 2023. The coupon rate is 5.00% per annum.*

(xvi) *Fixed rate medium term notes of RMB1.00 billion with a term of three years were issued by the Bank's Luxembourg branch on 28 December 2023. The coupon rate is 3.00% per annum.*

(xvii) *Fixed rate medium term notes of EUR 50.00 million with a term of three years were issued by the Bank's Luxembourg branch on 19 December 2023. The coupon rate is 3.66% per annum.*

(xviii) *Fixed rate medium term notes of RMB1.00 billion with a term of three years were issued by the Bank's Luxembourg branch on 29 December 2023. The coupon rate is 3.10% per annum.*

(xix) *Fixed rate medium term notes of RMB450.00 million with a term of three years were issued by the Bank's Luxembourg branch on 6 March 2024. The coupon rate is 3.00% per annum.*

(xx) *Floating rate medium term notes of USD100.00 million with a term of three years were issued by the Bank's Sydney branch on 28 March 2024. The coupon rate is SOFR Compounded Index+59BPS per annum.*

(xxi) *Fixed rate medium term notes of RMB500.00 million with a term of three years were issued by the Bank's Sydney branch on 26 April 2024. The coupon rate is 2.80% per annum.*

(xxii) *Floating rate medium term notes of USD550.00 million with a term of three years were issued by the Bank's Hong Kong branch on 14 May 2024. The coupon rate is SOFR Compounded Index+52BPS per annum.*

(xxiii) *Floating rate medium term notes of USD150.00 million with a term of three years were issued by the Bank's Sydney branch on 3 June 2024. The coupon rate is SOFR Compounded Index+54BPS per annum.*

(xxiv) *Fixed rate medium term notes of USD200.00 million with a term of three years were issued by the Bank's Luxembourg branch on 30 September 2024. The coupon rate is 3.90% per annum.*

(xxv) *Floating rate medium term notes of EUR 145.00 million with a term of three years were issued by the Bank's Luxembourg branch on 30 October 2024. The coupon rate is EURIBOR 6M+60BPS per annum.*

(xxvi) *Floating rate medium term notes of USD300.00 million with a term of three years were issued by the Bank's Hong Kong branch on 19 November 2024. The coupon rate is SOFR Compounded Index+59BPS per annum.*

(xxvii) *As at 31 December 2024, the fair value of the medium term notes approximated to RMB30,644 million (31 December 2023: RMB30,476 million).*

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35 Other liabilities

	Notes	31 December 2024	31 December 2023
Payment and collection clearance accounts		11,087	9,616
Bank loans	(a)	9,619	24,936
Deposit payable of finance leases		5,592	6,510
Provisions	(b)	2,409	2,068
Dormant accounts		729	729
Dividend payables		14	23
Others		33,504	9,333
Total		62,954	53,215

Notes:

(a) *The Group's subsidiary, Everbright Financial Leasing, borrowed long-term loans with terms of 1 to 10 years. Everbright Financial Leasing should repay the loan with quarterly interest payment or interest paid off with principal.*

(b) *Provisions*

	31 December 2024	31 December 2023
Expected credit losses on credit commitments	2,183	1,845
Litigation losses	93	133
Others	133	90
Total	2,409	2,068

The reconciliation of the expected credit losses on credit commitments was as follows:

	2024	2023
As at 1 January	1,845	1,598
Net charge for the year	338	247
As at 31 December	2,183	1,845

36 Share capital

The Bank's shareholding structure as at the end of the reporting period is as follows:

	31 December 2024	31 December 2023
Ordinary shares listed in Chinese Mainland (A share, RMB1 per share)	46,407	46,407
Ordinary shares listed in Hong Kong (H share, RMB1 per share)	12,679	12,679
Total	59,086	59,086

The H shares rank pari passu in all respects with the A shares including the right to all dividend distributions declared, paid or made.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37 Other equity instruments

	Notes	31 December 2024	31 December 2023
Preference shares	(a), (b), (c), (e)	64,906	64,906
Perpetual bonds	(d), (e)	39,993	39,993
Total		104,899	104,899

(a) Preference shares at the end of the reporting period

	Issue date	Dividend rate	Issue price *(RMB/share)*	Issue price *(million)*	Issue amount *(RMBmillion)*	Conversion condition
Everbright P1	2015-6-19	4.45%	100	200	20,000	Mandatory conversion triggering events
Everbright P2	2016-8-8	4.01%	100	100	10,000	Mandatory conversion triggering events
Everbright P3	2019-7-15	3.77%	100	350	35,000	Mandatory conversion triggering events
Subtotal					65,000	
Less: Issuing costs					(94)	
Book value					64,906	

(b) Main clauses of preference shares

(i) Dividend

Fixed rate for the first 5 years after issuance;

Dividend is reset every 5 years thereafter to the sum of the benchmark rate and the fixed spread;

The fixed spread equals to the spread between the dividend rate at the time of issuance and the benchmark rate. The fixed spread will remain unchanged throughout the term of the preference shares.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37 Other equity instruments (continued)

(b) Main clauses of preference shares (continued)

(ii) Conditions to distribution of dividends

The Group could pay dividends while the Group still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general reserve, and the Group's capital adequacy ratio meets regulatory requirements. The Group may elect to cancel any dividend, but such cancellation requires a shareholder's resolution to be passed.

(iii) Dividend blocker

If the Group cancels all or part of the dividends to the preference shareholders, the Group shall not make any dividend distribution to ordinary shareholders before the Group pays the dividends for the current dividend year to the preference shareholders in full.

(iv) Order of distribution and liquidation method

The preference shareholders are subordinated to the depositors, ordinary creditors, holders of subordinated debt, holders of Tier-two capital bonds, holders of convertible bonds and holders of perpetual bonds but have a higher priority in shares' distribution than the ordinary shareholders.

(v) Mandatory conversion triggering events

Upon the occurrence of an Additional Tier-one Capital Triggering Event (adequacy ratio of common equity tier-one capital of the Group falling to 5.125% or below), the Group shall have the right to convert all or part of the preference shares into A shares, in order to restore the adequacy ratio of common equity tier-one capital of the Group to above 5.125%; If preference shares were converted to A shares, they cannot be converted to preference shares again.

Upon the occurrence of a non-viability triggering event (the earlier of the two situations: (1) NFRA has determined that the Group would become non-viable if there is no conversion or write-down of capital; and (2) the relevant authorities have determined that a public sector injection of capital or equivalent support is necessary, without which the Group would become non-viable), the Group shall have the right to convert all preference shares into A shares.

(vi) Redemption

Subject to the prior approval of the NFRA and the satisfaction of the relevant requirements, the Group shall have the right to redeem all or part of the preference shares on any redeemable day (annual dividend of the preference shares payment day) after the fifth year following the completion date of the issuance of the preference shares. The specific commencement date of the redemption period shall be determined by the board directors in line with market conditions, subject to authorisation at a shareholders' general meeting (the authorisation can be further delegated). The redemption period for the preference shares shall commence on such commencement date of the redemption period and end on the completion date of the redemption or conversion of all the preference shares. Where redemption is in part, the preference shares shall be redeemed based on the same proportion and conditions. Preference shares shall be redeemed in cash. The redemption price shall be the par value plus the dividend declared but unpaid for the relevant period.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37 Other equity instruments (continued)

(c) Changes in preference shares outstanding

	1 January 2024		Additions for the year		31 December 2024	
	Number of shares (million)	Carrying value	Number of shares (million)	Carrying value	Number of shares (million)	Carrying value
Preference shares	650	64,906	–	–	650	64,906

	1 January 2023		Additions for the year		31 December 2023	
	Number of shares (million)	Carrying value	Number of shares (million)	Carrying value	Number of shares (million)	Carrying value
Preference shares	650	64,906	–	–	650	64,906

(d) Main clauses of perpetual bonds

With the approvals by the relevant regulatory authorities in China, the Bank issued RMB40 billion of non-dated capital bonds (the "Bonds") with write-down clauses in the domestic interbank bond market on 18 September 2020, and completed the issuance on 22 September 2020. The denomination of the Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first five years is 4.60%, which is reset every 5 years.

The duration of the Bonds is the same as the period of continuing operation of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the NFRA, the Bank may redeem the Bonds in whole or in part on each distribution payment date 5 years after the issuance date of the Bonds. Upon the occurrence of a trigger event for the write-downs, with the consent of the NFRA and without the consent of the bondholders, the Bank has the right to write down all or part of the Bonds issued and existing at that time in accordance with the total par value. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated creditors; and shall rank in priority to the claims of shareholders and will rank pari passu with the claims under any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bonds are paid with non-cumulative interest. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and such cancellation shall not constitute a default. The Bank may at its discretion utilise the proceeds from the cancelled distributions to meet other obligations of maturing debts. But the Bank shall not distribute profits to ordinary shareholders until the resumption of full interest payment.

Capital raised from the issuance of the Bonds, after deduction of transaction costs, was wholly used to replenish the Bank's additional tier one capital and to increase its capital adequacy ratio.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37 Other equity instruments (continued)

(e) Interests attributable to equity instruments' holders

Items	31 December 2024	31 December 2023
Total equity attributable to equity shareholders of the Bank	587,700	552,391
– Equity attributable to ordinary shareholders of the Bank	482,801	447,492
– Equity attributable to preference shareholders of the Bank	64,906	64,906
– Equity attributable to Perpetual bonds holders of the Bank	39,993	39,993
Total equity attributable to non- controlling interests	2,531	2,394
– Equity attributable to non-controlling interests of ordinary shares	2,531	2,394

38 Capital reserve

	31 December 2024	31 December 2023
Share premium	74,473	74,473

39 Other comprehensive income

	31 December 2024	31 December 2023
Items that will not be reclassified to profit or loss		
Fair value changes on equity instruments at fair value through other comprehensive income	26	20
Remeasurement of a defined benefit plan	(1,169)	(895)
Subtotal	(1,143)	(875)
Items that will be reclassified to profit or loss		
Debt instruments at fair value through other comprehensive income	11,930	3,051
– Change in fair value	10,275	1,522
– Change in provision for impairment losses	1,655	1,529
Change in cash flow hedge	(13)	4
Exchange differences on translation of foreign operations	117	65
Subtotal	12,034	3,120
Total	10,891	2,245

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39 Other comprehensive income (continued)

Other comprehensive income attributable to equity holders of the Bank in the condensed consolidated statement of financial position:

	Fair value change on debt instruments at fair value through other comprehensive income	Change in provision for impairment losses on debt instruments at fair value through other comprehensive income	Fair value change on equity instruments at fair value through other comprehensive income	Change in Cash flow hedge	Exchange differences on translation of foreign operations	Remeasurement of a defined benefit plan	Total
As at 1 January 2023	(1,463)	1,544	16	–	16	(703)	(590)
Changes in amount for the previous year	2,985	(15)	4	4	49	(192)	2,835
As at 1 January 2024	1,522	1,529	20	4	65	(895)	2,245
Changes in amount for the year	8,753	126	6	(17)	52	(274)	8,646
As at 31 December 2024	10,275	1,655	26	(13)	117	(1,169)	10,891

40 Surplus reserve and general reserve

(a) Surplus reserve

The surplus reserve at the end of the reporting period represented statutory surplus reserve fund. The Bank is required to allocate 10% of its net profit, after making good prior year's accumulated losses, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital. The Bank appropriated RMB3,298 million of profits to the surplus reserve for the year ended 31 December 2024 (2023: Nil).

(b) General reserve

Pursuant to the Measures for Managing the Appropriation of Provisions of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance, the Bank is required to provide for impairment losses of its assets and set aside a general reserve through the appropriation of net profits to cover potential losses against its assets. The general reserve is part of the equity shareholders' interests and the general reserve through profit net of tax should not be less than 1.5% of the period-end balance of risk-bearing assets.

The Bank's subsidiaries appropriated their profits to the general reserve according to the applicable local regulations.

The Group appropriated RMB3,730 million of profits to the general reserve for the year ended 31 December 2024 (2023: RMB4,760 million). The Bank appropriated RMB3,271 million of profits to the general reserve for the year ended 31 December 2024 (2023: RMB4,397 million).

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41 Appropriation of profits

(a) At the Board Meeting held on 28 March 2025, the the following profit appropriations was approved for the year ended 31 December 2024:

- Under the Company Law of the PRC, the statutory surplus reserve is withdrawn, amounting to RMB3,298 million;
- Appropriated RMB3,271 million to general reserve;
- Declared final cash dividends of RMB5,022 million to all ordinary shareholders, representing RMB0.85 per 10 shares before tax. Combined with the distributed interim cash dividends, total of RMB11,167 million, representing 1.89 per 10 shares before tax in 2024.

The above profit appropriation is subject to the approval of the Bank's general meeting of shareholders.

(b) At the first extraordinary general meeting on 7 January 2025, the shareholders approved the proposal on the medium-term distribution plan for 2024:

- Declared Interim cash dividend in 2024 to preference shareholders of RMB6,145 million before tax, representing RMB1.04 per 10 shares before tax.

(c) At the Board Meeting held on 7 January 2025, the dividend distribution of the Everbright P3 for the year ended 2024 was approved by the Board of Directors:

- Declared cash dividends to preference shareholders of RMB1,516 million before tax, calculated using the 4.80% of dividend yield ratio for the Everbright P3 from 1 January 2024 to 17 July 2024 and calculated using the 3.77% of dividend yield ratio for the Everbright P3 from 18 July 2024 to 31 December 2024.

(d) At the Annual General Meeting of Shareholders held on 27 June 2024, the Shareholders approved the following profit appropriations for the year ended 31 December 2023:

- Under the Company Law of the PRC, the Bank's statutory surplus reserve has reached 50% of its registered capital, so no further statutory surplus reserve shall be withdrawn for this profit distribution;
- Appropriated RMB4,397 million to general reserve;
- Declared cash dividends of RMB10,222 million to all ordinary shareholders, representing RMB1.73 per 10 shares before tax.

(e) At the Board Meeting held on 27 May 2024, the dividend distribution of the Everbright P1 for the year ended 2023 was approved by the Board of Directors:

- Declared cash dividends to preference shareholders of RMB890 million before tax, representing RMB4.45 per share before tax, accruing from 25 June 2023, and are calculated using the 4.45% of dividend yield ratio for the Everbright P1.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41 Appropriation of profits (continued)

(f) At the Board Meeting held on 27 May 2024, the dividend distribution of the Everbright P2 for the year ended 2023 was approved by the Board of Directors:

– Declared cash dividends to preference shareholders of RMB401 million before tax, representing RMB4.01 per share before tax, accruing from 11 August 2023, and are calculated using the 4.01% of dividend yield ratio for the Everbright P2.

(g) At the Board Meeting held on 27 March 2024, the dividend distribution of the Everbright P3 for the year ended 2023 was approved by the Board of Directors:

– Declared cash dividends to preference shareholders of RMB1,680 million before tax, representing RMB4.80 per share before tax, accruing from 1 January 2023, and are calculated using the 4.80% of dividend yield ratio for the Everbright P3.

42 Involvement with structured entities

(a) Structured entities sponsored by third party institutions in which the Group holds interests:

In order to make better use of the funds to obtain income, the Group has an interest in the structured entities initiated and established by third-party institutions through direct holding of investments. Structured entities that the Group does not consolidate but in which it holds interests for better investment return, which include fund investments, asset management plans and asset-backed securities at fair value through profit or loss, asset management plans and asset-backed securities at amortised cost.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in unconsolidated structured entities sponsored by third party institutions as at the end of the reporting period:

	31 December 2024		31 December 2023	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss				
– Fund investments	278,804	278,804	296,565	296,565
– Asset management plans	3,855	3,855	8,137	8,137
– Asset-backed securities	19,750	19,750	–	–
Financial investments measured at amortised cost				
– Asset management plans	17,280	17,280	32,313	32,313
– Asset-backed securities	73,791	73,791	115,552	115,552
Total	393,480	393,480	452,567	452,567

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42 Involvement with structured entities (continued)

(b) Structured entities sponsored by the Group which the Group does not consolidate but hold interests in:

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interests held by the Group include investments in units issued by these structured entities and fees charged by providing management services. As 31 December 2024, the carrying amounts of the investments in the notes issued by these structured entities and management fee receivables being recognised were not material in the statement of financial positions.

As at 31 December 2024, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products which are sponsored by the Group was RMB1,599,488 million (31 December 2023: RMB1,312,263 million). The aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB75,539 million (2023: RMB30,187 million).

For the year ended 31 December 2024, the amount of fee and commission income received from the unconsolidated structured entities by the Group was RMB3,059 million (2023: RMB3,725 million).

For the purpose of asset-liability management, wealth management products may cause short-term financing needs to the Group. The Group is not contractually obliged to provide financing. After internal risk assessment, the Group may enter into lending transactions with these wealth management products in accordance with market principles. As at 31 December 2024, the balance related to these products was Nil (31 December 2023: Nil). For year ended 31 December 2024, the amount of interest income from the above financing transactions was RMB15,967 (2023: Nil).

In addition, please refer to Note V 43 for the interests in the unconsolidated structured entities of asset securitisation transactions held by the Group as at 31 December 2024. For the year ended 31 December 2024, the Group's income from these structured entities was not material.

(c) Consolidated structured entities

The structured entities included in the consolidation scope of the Group are mainly single asset management plans issued by third parties. When the Group has the right to a single asset management plan issued by a third party, can enjoy significant variable returns by participating in related activities, and has the ability to use its power over the investee to affect its variable returns, the Group has control over such a single asset management plan.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43 Transferred 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 structured entities. In some cases, these transfers may give rise to full or partial de-recognition of the financial assets concerned in accordance with IFRS Accounting Standards. In other cases where the transferred assets do not qualify for de-recognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Credit assets backed securitisation

The Group enters into credit assets transfers in the normal course of business during which it transfers credit assets to structured entities which in turn issue asset-backed securities to investors. The Group may acquire some asset-backed securities at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

With respect to the credit assets that were securitised and qualified for de-recognition, the Group derecognised the transferred credit assets in their entirety. The corresponding total carrying amount of asset-backed securities held by the Group in the securitisation transactions amounted to RMB63 million as at 31 December 2024 (31 December 2023: RMB29 million).

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the transferred credit assets are recognised on the statement of financial position to the extent of the Group's continuing involvement. As at 31 December 2024, the Group has no continuing involvement in credit asset-backed securities (31 December 2023: Nil).

Transfer of non-performing loans

In 2024, the Group disposed the original book value of non-performing loans of RMB4.737 billion (2023: RMB7.448 billion) through transfer to a third party. The Group transferred almost all the risks and rewards of the ownership of such non-performing loans, so the Group terminated the recognition of such non-performing loans.

Transfer of right to earnings

The Group enters into transactions of transfer of right to earnings of credit assets in the normal course of business by which it transfers the right to earnings to structured entities which sell share of trust to investors.

With respect to the credit assets that were transferred and qualified for de-recognition, the Group derecognised the transferred credit assets in their entirety. As at 31 December 2024, the Group held no share in corresponding transaction.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43 Transferred financial assets (continued)

Transfer of right to earnings (continued)

As the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets and it has retained control on them, these financial assets are recognised on the statement of financial position to the extent of the Group's continuing involvement. The extent of the Group's continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred assets. As at 31 December 2024, the Group retains a continuing involvement in transferred credit assets in the form of subordinated tranches, which were accounted for in other assets and other liabilities. In 2024, there were no new credit assets in which the Group retained the continuing involvement (2023: Nil). As at 31 December 2024, the carrying amount of assets that the Group continues to recognise amounted to RMB251 million (31 December 2023: RMB251 million).

44 Capital management

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by NFRA. The capital of the Group is categorised into common equity tier-one capital, additional tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading global banks with reference to the Group's own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio. The required information is filed with the NFRA by the Group and the Bank quarterly.

With effect from 1 January 2024, the Group has started computing its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks" and other relevant regulations.

According to the Regulation Governing Capital of Commercial Banks, the capital adequacy ratio of commercial banks at all levels shall not be lower than the following minimum requirements: common equity tier-one capital adequacy ratio shall not be less than 5%, tier-one capital adequacy ratio shall not be less than 6%, and capital adequacy ratio shall not be less than 8%. Commercial banks should set aside reserve capital on the basis of minimum capital requirements which is 2.5% of risk-weighted assets and is met by common equity tier-one capital, commercial banks also should provide counter-cyclical capital above the minimum capital requirements and reserve capital requirements, which is 0-2.5% of risk-weighted assets (the proportion shall be determined by the regulatory authority) and is met by common equity tier-one capital. According to the requirements of the Additional Regulatory Provisions on Systemically Important Banks (Provisional), systemically important banks should meet certain additional capital requirements which are met by common equity tier-one capital, on the basis of meeting the minimum capital requirements, reserve capital and counter-cyclical capital requirements. The Group is in the first group on the list of systemically important banks, and need to meet the additional capital requirement of 0.25%. In addition, subsidiaries or branches of the bank incorporated overseas are also directly regulated and supervised by their respective local banking supervisors, respectively. There are differences in the capital adequacy requirements of different countries.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44 Capital management (continued)

The credit risk weighting method, market risk standard method and operational risk standard method are used to measure risk weighted assets. To measure the credit risk weighted assets of various on balance sheet assets, the corresponding impairment provision shall be deducted from the book value of the assets first, and then multiplied by the risk weight; To measure the credit risk weighted assets of various off balance sheet items, the nominal amount of off balance sheet items shall be multiplied by the credit conversion coefficient to obtain the equivalent on balance sheet assets, and then the risk weighted assets shall be measured according to the treatment method of on balance sheet assets. Risk weighted assets of counterparty credit risk exposure, including counterparty credit risk arising from derivatives transactions and securities financing transactions with counterparties.

During the reporting period, the Group's capital adequacy ratio at all levels meets regulatory requirements.

As of December 31,2024, the capital adequacy ratio indicators measured by the Group in accordance with the "Measures for the Management of Capital of Commercial Banks" and other relevant regulations are listed in the "Pillar 3 Report as 31 December 2024" that the Group has publicly disclosed.

45 Notes to the consolidated cash flow statements

(a) Net change in cash and cash equivalents

	31 December 2024	31 December 2023
Cash and cash equivalents as at 31 December	128,057	123,902
Less: Cash and cash equivalents as at 1 January	123,902	136,664
Net increase/(decrease) in cash and cash equivalents	4,155	(12,762)

(b) Cash and cash equivalents

	31 December 2024	31 December 2023
Cash on hand	5,326	4,361
Surplus deposit reserves	44,701	64,428
Deposits with banks and other financial institutions due within three months when acquired	39,549	36,427
Placements with banks and other financial institutions due within three months when acquired	38,481	18,686
Total	128,057	123,902

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 Notes to the consolidated cash flow statements (continued)

(c) Reconciliation of liabilities arising from financing activities

	Debt securities issued	Lease liabilities	Dividend payables	Total
As at 1 January 2024	1,099,326	10,349	23	1,109,698
Financing cash flows	103,181	(3,063)	(15,123)	84,995
Non-cash changes				
– Interest expense	28,605	385	–	28,990
– Net increase in leases	–	2,741	–	2,741
– Convertible corporate bonds to increase share capital and capital reserve	–	–	–	–
– Appropriation of profits	–	–	15,114	15,114
As at 31 December 2024	1,231,112	10,412	14	1,241,538

	Debt securities issued	Lease liabilities	Dividend payables	Total
As at 1 January 2023	875,971	10,151	23	886,145
Financing cash flows	215,245	(3,156)	(16,070)	196,019
Non-cash changes				
– Interest expense	25,040	397	–	25,437
– Net increase in leases	–	2,957	–	2,957
– Convertible corporate bonds to increase share capital and capital reserve	(16,930)	–	–	(16,930)
– Appropriation of profits	–	–	16,070	16,070
As at 31 December 2023	1,099,326	10,349	23	1,109,698

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46 Related party relationships and transactions

(a) Related party relationships

(i) The ultimate parent company and its subsidiaries

The ultimate parent of the Group is China Investment Corporation ("CIC") set up in China.

Approved by the State Council of the PRC, CIC was established on 29 September 2007 with registered capital of USD200 billion. Central Huijin Investment Ltd. ("Huijin") is a wholly-owned subsidiary of CIC and exercises its rights and obligations as an investor on behalf of CIC to ultimately control the Bank through the China Everbright Group.

Huijin was established as a wholly state-owned investment company on 16 December 2003. It was registered in Beijing with registered capital of RMB828,209 million. Apart from holding equity investments as authorised by the State Council of the PRC, it does not engage in any other commercial operations.

The Group's transactions with CIC, Huijin and its affiliates mainly include deposit taking, purchases and sales of debt securities, money market transactions and inter-bank clearing. These transactions are priced based on market prices and conducted under normal commercial terms.

The Group has issued subordinated debts, financial bonds, interbank deposits and certificates of deposit which are tradable bearer bonds in the secondary market. Accordingly, the Group has no information in respect of the amount of the debts held by these banks and other financial institutions as at the end of the reporting date. The amounts and balances with related parties and transactions between the Group and the ultimate parent company and its subsidiaries are listed in Note V 46(b).

(ii) Affiliated companies

The immediate parent of the Group is China Everbright Group Ltd. ("China Everbright Group"). The uniform social credit code of China Everbright Group is 91100000102063897J. The affiliated companies refer to China Everbright Group and its affiliated companies. The transactions and balances with China Everbright Group and its affiliates are listed in Note V 46(b).

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46 Related party relationships and transactions (continued)

(a) Related party relationships (continued)

(ii) Affiliated companies (continued)

The affiliated companies that have related party transactions with the Group are mainly as follows:

Related parties

– Everbright Securities Asset Management Co., Ltd.
– Everbright Xinglong Trust Co., Ltd.
– Everbright Securities Co., Ltd.
– Everbright Jin'ou Asset Management Co., Ltd.
– Sun Life Everbright Asset Management Co., Ltd.
– Shanghai CEL JIAXIN Equity Investment Management Co., Ltd.
– Everbright Financial Holdings Asset Management Co., Ltd.
– Everbright Futures Co., Ltd.
– Sun Life Everbright Life Insurance Co., Ltd.
– Yixing Huankeyuan Optical Control Industry Investment Partnership (Limited Partnership)
– Guokai Jinzhan Economic and Trade Co., Ltd
– Kunshan Development Zone Optical Control Digital Industry Master Fund Partnership (Limited Partnership)
– Everbright Happiness International Leasing Co., Ltd.
– Everbright Development Investment Co., Ltd.
– Jia Shi Guo Run (Shanghai) Medical Technology Co., Ltd
– Everbright Environmental Protection (China) Co., Ltd.
– Qingdao Guangkong Low Carbon New Energy Equity Investment Co., Ltd.
– Everbright Real Estate Co., Ltd.
– Shanghai Jiashi Jiayi Medical Equipment Co., Ltd.
– Everbright Prudential Fund Management Co., Ltd.
– China Everbright Industry (Group) Co., Ltd.
– Everbright Technology Co., Ltd.
– Anhui Jiashi Yicheng Medical Technology Co., Ltd.
– Everbright Financial Holding (Tianjin) Venture Capital Co., Ltd.
– Everbright Elderly Care and Health Industry Development Co., Ltd
– Everbright Green Environmental Management (shenzhen) Co., Ltd.
– Everbright Financial Holding Investment Holdings Co., Ltd
– Guangcai Tendering (Shenzhen) Co., Ltd
– Everbright Elderly Care and Health Industry Development Co., Ltd
– China Young Chuangyi Investment Management Co., Ltd.

(iii) Other related parties

Other related parties include key management personnel (directors, supervisors, senior management personnel of the head office) and their close family members, enterprises controlled, jointly controlled or exerted significant influence by key management personnel or their close family members, shareholders holding more than 5% shares of the Group and the key management personnel in direct control party.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46 Related party relationships and transactions (continued)

(a) Related party relationships (continued)

(iii) Other related parties (continued)

The other related parties that have related party transactions with the Group are as follows:

Other related parties

- CITIC Financial Asset Management Corporation Limited
- China UnionPay Co., Ltd.
- COSCO SHIPPING Finance Co., Ltd.
- Shenzhen Overseas Chinese Town Holdings Co., Ltd.
- Overseas Chinese Town Group Co., Ltd.
- Beijing Huaheng Xingye Real Estate Development Co., Ltd.
- Zhongfei Rental Finance and Leasing Co., Ltd.
- COSCO SHIPPING Logistics Supply Chain Co., Ltd.
- Jiangsu Hengrui Medicine Co., Ltd.
- COSCO SHIPPING Development (Hong Kong) Limited
- COSCO SHIPPING Investment & Holding Co., Ltd.
- Sheneng Group Finance Co., Ltd.
- Da Cheng Fund Management Co., Ltd.
- Huarong Financial Leasing Co., Ltd
- Konka Group Co., Ltd.
- Rinnai Corporation Shanghai
- Haifa Baocheng Finance Leasing Co., Ltd.
- Zhongfei Baoqing Leasing (Tianjin) Co., Ltd.
- China Merchants Securities Co., Ltd.
- Orient Securities Co., Ltd.
- Jinhua Future Real Estate Development Co., Ltd.
- Wuhan Qingshan Ancient Town Real Estate Development Co., Ltd.
- Zhonglong Aircraft Recycling and Remanufacturing Co., Ltd.
- Zhangjiakou Guanghexiangda Property Service Co., Ltd.
- Bohai Securities Co., Ltd
- China Cinda Asset Management Co., Ltd.
- Shandong Expressway Guangkong Beijing Investment Fund Management Center (Limited Partnership)
- COSCO SHIPPING Development Co., Ltd.
- CITIC Construction Co., Ltd.
- Zhongji Yongle Leasing (Tianjin) Co., Ltd.

The amounts and balances of transactions between the Group and other related parties are shown in Note V 46(b).

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46 Related party relationships and transactions (continued)

(b) Related party transactions

(i) The ultimate parent company and its subsidiaries

The Group's material transactions with CIC, Huijin and its affiliates during the reporting period are summarised as follows:

	2024	2023
Interest income	7,420	984
Interest expense	8,381	8,553

The Group's material balances with CIC, Huijin and its affiliates at the end of the reporting period are summarised as follows:

	31 December 2024	31 December 2023
Deposits with banks and other financial institutions	3,980	4,616
Precious metals	4,283	2,557
Placements with banks and other financial institutions	34,383	22,055
Derivative financial assets	27,629	2,697
Financial assets held under resale agreements	12,501	10,878
Loans and advances to customers	14,078	20
Financial investments	303,663	335,428
– Financial assets at fair value through profit or loss	90,821	103,533
– Debt instruments at fair value through other comprehensive income	71,198	72,259
– Financial investments measured at amortised cost	141,644	159,636
Other assets	730	740
Total	401,247	378,991
Deposits from banks and other financial institutions	137,843	104,479
Placements from banks and other financial institutions	71,056	60,985
Derivative financial liabilities	26,526	2,959
Financial assets sold under repurchase agreements	21,501	–
Deposits from customers	103,498	88,215
Other liabilities	3,002	1,209
Total	363,426	257,847

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46 Related party relationships and transactions (continued)

(b) Related party transactions (continued)

(ii) Transactions with other PRC state-owned entities

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations ("state-owned entities"). Transactions with other state-owned entities include but are not limited to: lending and deposit taking; taking and placing of inter-bank balances; entrusted lending and other custody services; insurance and securities agency, and other intermediary services; sale, purchase, underwriting and redemption of bonds issued by other state-owned entities; purchase, sale and leases of property and other assets; and rendering and receiving of utilities and other services.

These transactions are conducted in the ordinary course of the Group's banking business on terms similar to those that would have been entered into with non-state-owned entities. The Group's pricing strategy and approval processes for major products and services, such as loans, deposits and commission income, do not depend on whether or not the customers are state-owned entities. Having considered the substance of the relationships, the Group is of the opinion that none of these transactions are material related party transactions that require separate disclosure.

(iii) Affiliated companies and other related parties

The Group's material transactions and balances with China Everbright Group and the above related parties during and at the end of the reporting period are summarised as follows:

	China Everbright Group	Affiliated companies	Others	Total
Transactions with related parties for the year ended 31 December 2024:				
Interest income	–	201	1,398	1,599
Interest expense	166	498	1,171	1,835

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46 Related party relationships and transactions (continued)

(b) Related party transactions (continued)

(iii) Affiliated companies and other related parties (continued)

The Group's material transactions and balances with China Everbright Group and the above related parties during and at the end of the reporting period are summarised as follows: (continued)

	China Everbright Group	Affiliated companies	Others	Total
Balances with related parties as at 31 December 2024:				
Precious metals	–	–	–	–
Placements with banks and other financial institutions	–	–	13,308	13,308
Derivative financial assets	–	–	37	37
Loans and advances to customers	–	2,645	14,447	17,092
Financial investments	–	16,125	6,145	22,270
– Financial assets at fair value through profit or loss	–	16,060	4,340	20,400
– Debt instruments at fair value through other comprehensive income	–	–	654	654
– Financial investments measured at amortised cost	–	65	1,151	1,216
Other assets	–	185	1,667	1,852
Total	–	18,955	35,604	54,559
Deposits from banks and other financial institutions	–	14,537	8,117	22,654
Derivative financial liabilities	–	–	17	17
Deposits from customers	5,849	9,547	15,052	30,448
Other liabilities	–	52	438	490
Total	5,849	24,136	23,624	53,609
Significant other off-balance sheet with related parties as at 31 December 2024:				
Guarantee granted (Note)	180	–	–	180

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46 Related party relationships and transactions (continued)

(b) Related party transactions (continued)

(iii) Affiliated companies and other related parties (continued)

The Group's material transactions and balances with China Everbright Group and the above related parties during and at the end of the reporting period are summarised as follows: (continued)

	China Everbright Group	Affiliated companies	Others	Total
Transactions with related parties for the year ended 31 December 2023:				
Interest income	–	1,383	982	2,365
Interest expense	260	658	605	1,523
Balances with related parties as at 31 December 2023:				
Precious metals	–	451	412	863
Placements with banks and other financial institutions	–	1,454	16,505	17,959
Derivative financial assets	–	–	23	23
Loans and advances to customers	–	3,588	15,558	19,146
Financial investments	222	23,169	8,056	31,447
Financial assets at fair value through profit or loss	222	23,003	2,243	25,468
Debt instruments at fair value through other comprehensive income	–	–	2,990	2,990
Financial investments measured at amortised cost	–	166	2,823	2,989
Other assets	–	106	1,608	1,714
Total	222	28,768	42,162	71,152
Deposits from banks and other financial institutions	–	15,120	11,888	27,008
Derivative financial liabilities	–	–	18	18
Deposits from customers	14,304	11,656	5,573	31,533
Other liabilities	–	189	1,957	2,146
Total	14,304	26,965	19,436	60,705
Significant other off-balance sheet with related parties as at 31 December 2023:				
Guarantee granted (Note)	180	–	–	180

Note: As at 31 December 2024, the Bank has guarantee obligations relating to China Everbright Group's outstanding interest obligation of RMB180 million (31 December 2023: RMB180 million) due to one of the state-owned commercial banks.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46 Related party relationships and transactions (continued)

(b) Related party transactions (continued)

(iv) Remuneration of directors, supervisors and senior management

	2024 RMB'000	2023 RMB'000
Remuneration	14,909	21,085
– Retirement benefits	1,609	1,831
– Basic social pension insurance	542	621

The total compensation packages for senior management of the Group as at 31 December 2024 have not been finalised in accordance with the regulations of the PRC relevant authorities. The remuneration not yet accrued is not expected to have a significant impact on the Group's and the Bank's financial statements as at 31 December 2024.

(v) Loans to related natural persons

The aggregate amount of relevant loans outstanding as at 31 December 2024 to related natural persons amounted to RMB2 million (As at 31 December 2023: RMB7 million).

Of which the aggregate amount of relevant loans outstanding to directors, supervisors and senior management, are as follows:

The aggregate amount of relevant outstanding loans to directors, supervisors, senior management or their associates of the Group disclosed pursuant to section 78 of Schedule 11 to the revised Hong Kong Companies Ordinance, with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Aggregate amount of relevant loans outstanding as at the end of year	45	4,581
Maximum aggregate amount of relevant loans outstanding during the year	236	4,956

The banking transactions between the group and its related parties are conducted on normal commercial terms.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47 Statement of financial position of the Bank

	Note V	31 December 2024	31 December 2023
Assets			
Cash and deposits with central banks		282,597	348,606
Deposits with banks and other financial institutions		24,795	22,823
Precious metals		6,788	6,916
Placements with banks and other financial institutions		192,282	153,835
Derivative financial assets		33,795	13,324
Financial assets held under resale agreements		113,244	56,127
Loans and advances to customers		3,849,147	3,704,549
Financial investments		2,187,742	2,214,355
– Financial assets at fair value through profit or loss		434,938	449,847
– Debt instruments at fair value through other comprehensive income		592,705	555,215
– Equity instruments at fair value through other comprehensive income		1,134	1,127
– Financial investments measured at amortised cost		1,158,965	1,208,166
Investments in subsidiaries	19(a)	11,190	12,983
Property and equipment		16,038	16,066
Right-of-use assets		10,132	10,318
Goodwill		1,281	1,281
Deferred tax assets		30,387	32,562
Other assets		50,448	25,186
Total assets		6,809,866	6,618,931

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47 Statement of financial position of the Bank (continued)

	Note V	31 December 2024	31 December 2023
Liabilities and equity			
Liabilities			
Due to the central bank		95,633	99,488
Deposits from banks and other financial institutions		590,770	554,964
Placements from banks and other financial institutions		114,641	115,644
Derivative financial liabilities		32,448	13,943
Financial assets sold under repurchase agreements		67,735	52,227
Deposits from customers		4,035,641	4,094,098
Accrued staff costs		21,141	19,412
Taxes payable		4,000	6,518
Lease liabilities		10,221	10,259
Debt securities issued		1,220,223	1,093,182
Other liabilities		46,083	19,865
Total liabilities		6,238,536	6,079,600
Equity			
Share capital		59,086	59,086
Other equity instruments		104,899	104,899
of which: Preference shares		64,906	64,906
Perpetual bonds		39,993	39,993
Capital reserve		74,473	74,473
Other comprehensive income		10,770	2,322
Surplus reserve		29,543	26,245
General reserve		85,097	81,826
Retained earnings		207,462	190,480
Total equity		571,330	539,331
Total liabilities and equity		6,809,866	6,618,931

48 Segment reporting

The Group manages its business by business lines and geographical areas. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 Segment reporting (continued)

Corporate banking

This segment represents the provision of a range of financial products and services to corporations and government agencies. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, cash management services, financial consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans, deposit taking activities, bank card business, personal wealth management services, remittance services and securities agency services.

Financial market business

This segment covers the Group's financial market business. The financial market business enters into inter-bank money market transactions, repurchase transactions and inter-bank investments. It also trades in debt securities, derivatives and foreign currency trading for its own accounts. The financial market business segment also covers customer-driven derivatives and foreign currency trading, as well as management of the Group's overall liquidity position, including the issuance of debts.

Others

These represent equity investments and related income.

Measurement of segment assets and liabilities and measurement of segment income, expenses and results are based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/(expense)".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred to acquire property and equipment, intangible assets and other long-term assets.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 Segment reporting (continued)

(a) Segment results, assets and liabilities

	2024				
	Corporate banking	Retail banking	Financial market business	Others	Total
Operating income					
External net interest income	28,934	48,068	19,664	–	96,666
Internal net interest income/(expense)	13,532	(5,105)	(8,427)	–	–
Net interest income	42,466	42,963	11,237	–	96,666
Net fee and commission income	6,312	11,984	775	–	19,071
Net trading gains	–	–	3,203	–	3,203
Dividend income	–	–	–	44	44
Net gains/(losses) arising from investment securities	210	–	14,724	(455)	14,479
Net gains on derecognition of financial assets measured at amortised cost	–	–	250	–	250
Foreign exchange gains/(losses)	214	57	(222)	–	49
Other net operating income	1,609	101	8	115	1,833
Operating income	50,811	55,105	29,975	(296)	135,595
Operating expenses	(17,473)	(23,787)	(1,864)	(445)	(43,569)
Credit impairment losses	(7,169)	(31,034)	(2,319)	–	(40,522)
Other impairment losses	(37)	(3)	(3)	–	(43)
Gains on investments in joint ventures	–	–	–	13	13
Profit/(Losses) before tax	26,132	281	25,789	(728)	51,474
Other segment information					
– Depreciation and amortisation	3,151	3,482	295	–	6,928
– Capital expenditure	3,663	5,368	369	–	9,400

	31 December 2024				
	Corporate banking	Retail banking	Financial market business	Others	Total
Segment assets	2,796,284	1,616,318	2,510,205	3,575	6,926,382
Segment liabilities	2,944,188	1,441,306	1,980,214	3,068	6,368,776

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 Segment reporting (continued)

(a) Segment results, assets and liabilities (continued)

	2023				
	Corporate banking	Retail banking	Financial market business	Others	Total
Operating income					
External net interest income	22,663	59,217	25,600	–	107,480
Internal net interest income/(expense)	22,057	(10,455)	(11,602)	–	–
Net interest income	44,720	48,762	13,998	–	107,480
Net fee and commission income	6,913	16,115	670	–	23,698
Net trading gains	–	–	3,233	–	3,233
Dividend income	–	–	–	44	44
Net gains/(losses) arising from investment securities	330	–	9,728	(1,132)	8,926
Net losses on derecognition of financial assets measured at amortised cost	–	–	(555)	–	(555)
Foreign exchange gains	270	58	797	–	1,125
Other net operating income	1,715	21	1	47	1,784
Operating income	53,948	64,956	27,872	(1,041)	145,735
Operating expenses	(17,347)	(24,666)	(1,785)	(111)	(43,909)
Credit impairment losses	(12,578)	(33,545)	(5,952)	–	(52,075)
Other impairment losses	(24)	(4)	(2)	–	(30)
Gains on investments in joint ventures	–	–	–	36	36
Profit/(Losses) before tax	23,999	6,741	20,133	(1,116)	49,757
Other segment information					
– Depreciation and amortisation	3,024	3,443	263	–	6,730
– Capital expenditure	1,967	2,998	189	–	5,154

	31 December 2023				
	Corporate banking	Retail banking	Financial market business	Others	Total
Segment assets	2,637,211	1,676,631	2,418,605	5,094	6,737,541
Segment liabilities	3,050,710	1,338,226	1,826,215	2,837	6,217,988

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 Segment reporting (continued)

(a) Segment results, assets and liabilities (continued)

Reconciliation between segment assets, liabilities and total assets and total liabilities:

	Note V	31 December 2024	31 December 2023
Segment assets		6,926,382	6,737,541
Goodwill	22	1,281	1,281
Deferred tax assets	23	31,358	33,974
Total assets		6,959,021	6,772,796
Segment liabilities		6,368,776	6,217,988
Dividend payables	35	14	23
Total liabilities		6,368,790	6,218,011

(b) Geographical information

The Group operates principally in China with branches located in main provinces, autonomous regions and municipalities directly under the central government. Also, the Group has set up branches in Hong Kong, Macao, Luxembourg, Seoul, and Sydney, with subsidiaries located in Beijing, Wuhan city of Hubei Province, Shaoshan city of Hunan Province, Huai'an city of Jiangsu Province, Ruijin city of Jiangxi Province, Qingdao city of Shandong Province, Hong Kong and Luxembourg.

Non-current assets include property and equipment, right-of-use assets, land use rights and intangible assets. In presenting of geographical information, non-current assets are allocated based on geographical locations of the underlying assets. Operating income is allocated based on the locations of the branches which generate income. Geographical areas, as defined for management reporting purposes, are as follows:

– "Yangtze River Delta" refers to the following areas serviced by the following branches of the Bank and Huai'an Everbright Bank: Shanghai, Nanjing, Hangzhou, Suzhou, Ningbo and Wuxi;

– "Pearl River Delta" refers to the areas serviced by the following branches of the Bank: Guangzhou, Shenzhen, Fuzhou, Xiamen and Haikou;

– "Bohai Rim" refers to the areas serviced by the following branches of the Bank, Everbright Wealth and Sunshine Consumer: Beijing, Tianjin, Shijiazhuang, Jinan, Qingdao and Yantai;

– "Central" refers to the areas serviced by the following subsidiaries and branches of the Bank, Everbright Financial Leasing, Shaoshan Everbright Bank and Ruijin Everbright Bank: Zhengzhou, Taiyuan, Changsha, Wuhan, Hefei and Nanchang;

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 Segment reporting (continued)

(b) Geographical information (continued)

– "Western" refers to the areas serviced by the following branches of the Bank: Xi'an, Chengdu, Chongqing, Kunming, Nanning, Hohhot, Urumchi, Guiyang, Lanzhou, Xining, Yinchuan and Lhasa;

– "Northeastern" refers to the areas serviced by the following branches of the Bank: Heilongjiang, Changchun, Shenyang and Dalian;

– "Overseas" refers to the areas serviced by the Bank and the following branches, CEB International, CEB Europe: Hong Kong, Seoul, Luxembourg, Sydney, Macao; and

– "Head Office" refers to the head office of the Bank.

	Operating Income								
	Bohai Rim	Yangtze River Delta	Central	Pearl River Delta	Western	North eastern	Head Office	Overseas	Total
2024	25,618	23,307	21,301	17,984	15,354	4,142	25,468	2,421	135,595
2023	25,622	25,697	24,748	20,304	17,997	5,634	22,797	2,936	145,735

	Non-current Asset (Note (i))								
	Bohai Rim	Yangtze River Delta	Central	Pearl River Delta	Western	North eastern	Head Office	Overseas	Total
31 December 2024	3,297	3,410	15,505	3,781	3,003	1,077	13,458	326	43,857
31 December 2023	3,277	3,618	12,970	3,506	3,009	1,138	12,744	352	40,614

Note:

(i) Including property and equipment, right-of-use assets and other assets.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management

The goal of the Group's financial risk management is to optimize capital allocation and achieve value creation within an acceptable range of risks, while meeting the requirements of regulatory authorities, depositors, and other stakeholders for the stable operation of banks. The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

The Group's risk management policies were established to identify and analyse the risks to which the Group is exposed, to set appropriate risk limits, and to design relevant internal control policies and systems for monitoring risks and adhering to risk limits. Risk management policies and relevant internal control are reviewed regularly to reflect changes in market conditions and the Group's activities. The Internal Audit Department of the Group undertakes both regular and ad hoc reviews of the compliance of internal control implementation with risk management policies.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

The board of directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The board also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The board gives advice on internal controls relating to risk management. Senior management is responsible for the implementation of the development strategy, risk strategy and risk management policies set by the board of directors. Senior management is responsible for the improvement of the risk management system and establishment of risk management policies and rules. Senior management is responsible for establishment of procedures and standards to identify, measure, evaluate, monitor and control credit risks. And senior management is responsible for the management of all types of risks and ensure that the business activities of the Bank are consistent with the risk strategy, risk appetite and risk policies adopted by the board of directors.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Credit business (continued)

The business lines of the Group are directly responsible for the management of credit risk. The Risk Management Department is responsible for the development of risk management policies and procedures, and the monitoring and management of credit risks. The Internal Audit Department is responsible for auditing the performance of duties of business lines and the Risk Management Department, specifically as follows:

– The Corporate Finance Department/Strategic Account Department, Investment Banking Department, Inclusive Finance Department/Rural Revitalization Finance Department, Credit Card Centre, Retail Credit Department, Digital Finance Department/E-cloud Banking Services Department and other business lines carry out corporate and retail business in accordance with the risk management policies and procedures of the Bank. The business lines are directly responsible for the management of credit risk, and they are the first line of defence of internal control. The business lines independently monitor the customer relationship and the whole process of specific business in its duration, and they are firstly responsible for the compliance and security of the business.

– The Bank's main responsible departments for credit risk management are the Risk Management Department, Credit Approval Department, Risk Monitoring Department, and Special Asset Management Department/Asset Management Department. They are the second line of defence of the internal control in credit risk management, and they are responsible for the overall execution of credit risk management. The functional departments of credit risk management determine their functional positioning in accordance with the basic procedures of "Policy and technology – Investigation and approval – During and post-lending monitoring – Collection and Resolution".

– The Internal Audit Department is the third line of defence of credit risk management, and undertakes the responsibility of execution and performance evaluation.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate businesses, the Group has established industry-specific limits for credit and investment approval. It has put in place dynamic monitoring mechanism, with regular reporting of credit exposures to the board. The Group's credit risk management covers key operational phases, including pre-lending client due diligence, independent credit assessment and credit approval, loan payment and post-lending monitoring. With respect to pre-lending client due diligence, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit assessment and approval phase, the Group has stablished standardized system and procedures for credit evaluation and approval in accordance with the principle of separation of duties for assessment and approval as well as the hierarchical approval principle. All credit applications are approved by designated credit officers. In the loan payment phase, an independent responsible department has been established to manage and monitor the payment of the loan, ensuring that the payment conforms with the intended use of the loan approved. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Credit business (continued)

For personal credit operation business, the Group implemented control processes of "separation of review and approval, separation of approval and lending, separation of approval and mortgage registration, and separation of loan management and archival keeping" to effectively control the operational risk. During the pre-lending process, relatively managers are required to assess the income level, credit history, and repayment ability of the applicant to strengthen the credit evaluation of the applicant. During the review and approval process, the relatively managers forward the application and their recommendations to the loan-approval departments for further approval, and a standardized review and approval policies and process in accordance with the principle of "separation of review and approval" and "hierarchical approval" have been established for this process. The Group monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process in accordance with its standardized loan recovery procedures.

The Group adopts a risk-based loan classification system to manage its loan portfolio. Loans and advances are generally classified into normal, special mention, substandard, doubtful and loss according to their levels of risk. Substandard, doubtful and loss loans are considered to be impaired loans and advances. The Group measures and manages the quality of the Group's credit assets in accordance with the Rules on Risk Classification of Financial Assets of China Everbright Bank.

The core definitions of the five categories of loans and advances are set out below:

Normal:	Debtors can perform the contract and there is no objective evidence that the principal, interest or proceeds cannot be paid in full and on time.
Special mention:	Although there are currently a number of factors that may adversely affect the performance of the contract, the debtors are currently able to pay the principal, interest or proceeds.
Substandard:	Debtors are unable to pay the principal, interest or income in full, or the financial assets have suffered credit impairment.
Doubtful:	Debtors have been unable to pay the principal, interest or income in full, and the financial assets have suffered significant credit impairment.
Loss:	After all possible measures taken, only a very small part of the financial assets can be recovered, or all of the financial assets can be lost.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Credit business (continued)

The Bank implemented a customer credit rating system based on the PD model. The PD model predicts the PD for customers in the coming year. The risk ratings of the customers is obtained through mapping relationship. The Group conducts recheck and optimization testing of the model according to the customer's actual default of the year to better identify the credit risk.

The customer credit ratings in the internal rating model are based on four categories of A, B, C and D which are further classified into twenty four grades as AAA+, AAA, AAA-, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-, BB+, BB, BB-, B+, B, B-, CCC+, CCC, CCC-, CC, C and D. Credit grading D equates to defaulted customers while the others are assigned to performing customers.

Management periodically reviews various elements of the Group's credit risk management process, in the context of loan portfolio growth, the changing portfolio mix and concentration of assets, and the evolving risk profile of the credit portfolio. From time to time, in this regard, refinements are made to the Group's credit risk management processes to ensure an effective management mechanism of the Group's credit risk exposures is always in place. These refinements include, among other things, adjustments to portfolio level controls, such as revisions to lists of approved borrowers, industry limits and underwriting criteria. Where circumstances related to specific loans or a group of loans increase the Bank's credit risk exposure, actions are taken, to the extent possible, to strengthen the Group's security position.

Financial market business

The Group will incorporate the financial market business that bears credit risk into its unified credit management system, and ensure that the credit risk level borne by the financial market business meets the Group's risk appetite through differentiated access standards. Relevant standards will be dynamically adjusted.

Credit risk measurement

Measurement of ECL
The Expected credit losses is a weighted average of credit losses on financial instruments weighted at the probability of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Group discounted to present value at the original effective interest rate, i. e., the present value of all cash shortfalls.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)
According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instrument for the 12-month ECL;

- Stage 2: Financial instruments with significantly increased credit risk since initial recognition but are not credit-impaired are included in Stage 2, with their impairment allowance measured at an amount equivalent to the lifetime ECLs;

- Stage 3: Financial assets that are credit-impaired at the end of the reporting year are included in Stage 3, with their impairment allowance measured at the amount equivalent to the lifetime ECLs.

For the previous accounting year, the impairment allowance was measured at the amount equivalent to the ECL over the entire lifetime of the financial instrument. However, at the end of the reporting period, if the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group measures the impairment allowance of the financial instruments at the end of the reporting period according to the ECL in the next 12 months.

For purchased or originated credit-impaired financial assets, the Group only recognises the cumulative change in lifetime ECL after initial recognition at the end of the reporting period as impairment allowance. At the end of each reporting period, the Group recognises the amount of the changes in ECL as an impairment allowance in profit or loss.

The Group shall measure ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money;

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When measuring ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)
The Group conducted an assessment of ECL according to forward-looking information and used complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e. g., the likelihood of default by customers and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- Criteria for judging significant increases in credit risk
- Definition of credit-impaired assets
- Parameters for measuring ECL
- Forward-looking information
- Risk grouping

Criteria for judging significant increases in credit risk
The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at the end of each reporting period. When determining whether credit risk has increased significantly since initial recognition, the Group considers that it can obtain reasonable and reliable information without paying unnecessary additional costs or efforts, including qualitative and quantitative analysis based on the Group's historical data, external credit risk rating and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the end of the reporting period with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria
Credit risk is deemed to increase significantly when the forward-looking lifetime PD of an exposure increases by certain predetermined thresholds since its initial recognition. Specifically, such thresholds are met when the PD increases by a certain absolute level as well as by a relative percentage.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement (continued)

Qualitative criteria

- Significant adverse change in debtors' operation or financial status

- Be classified into Special Mention category within five-tier loan classification

Backstop criteria

- The debtor's contractual payments (including principal and interest) are more than 30 days past due

The Group continued to make judgments based on substantive risk assessment and comprehensively considered the operations and repayment capacity of borrowers, and to assess whether the credit risk of relevant financial instruments had increased significantly since initial recognition.

Definition of credit-impaired assets
The standard adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- Significant financial difficulty of the issuer or the debtor;

- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;

- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;

- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;

- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

- The debtor leaves any of the principal, advances, interest or investments in corporate bonds of the Group overdue for more than 90 days.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement (continued)

Parameters of ECL measurement
According to whether there is a significant increase in credit risk and whether the assets are credit-impaired, the Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). According to the requirements of IFRS 9, the Group takes into account the historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral and repayments) and forward-looking information in order to establish the model of PD, LGD and ECL.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the result of the credit risk rating of customers, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment.

- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the difference of credit products, and the type of collateral, the LGD varies. The LGD is the percentage of loss of risk exposure after the time of default, based on historical statistics, the loss rate may be different in various economic environments.

- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Forward-looking information
The calculation of ECL involves forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types, such as GDP, CPI, investment in property and equipment.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. The Group combined statistic model and experts' judgement in this process, according to the result of model and experts' judgement, the Group predicts these economic indicators at least every half year basis and determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

As at 31 December 2024, the key assumptions the Group has taken include the GDP growth rate, the CPI growth rate, the investment in property and equipment growth rate. The GDP growth rate: the predicted value under the base economic scenario during the year of 2025 is 4.71%, the optimistic predicted value is 5.00%, the pessimistic predicted value is 4.28%.

In addition to providing a baseline economic scenario, the Group combines statistic model with experts' judgement to determine the weight of the other possible scenarios. The Group measures the weighted average ECL of 12 months (Stage 1) or life time (Stage 2 and Stage 3). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

Notes to the Consolidated Financial Statements

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

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement (continued)

Forward-looking information (continued)
The Group conducts sensitivity analysis on the main economic indicators used in forward-looking information. When the predicted value of the main economic indicators changes by 10%, the difference between the hypothetical expected credit loss and the current expected credit loss measurement does not exceed 5%.

Risk grouping
The Group groups financial assets with similar credit risk characteristics when measuring expected credit losses. According to the nature of the business, the financial assets of the Group are categorised into corporate business, interbank business, debt securities business, retail business and credit card business according to the business categories, within which the risk groups are further categorised according to the credit risk characteristics such as product type, customer industry and internal risk assessment pool. The Group regularly reviews the reasonableness of the groupings. When the credit risk characteristics of the exposure within the portfolio change, the reasonableness of the groupings is reviewed in a timely manner and, if necessary, regrouped according to the common risk characteristics of the relevant credit risk exposures.

Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets, including derivative financial instruments.

	31 December 2024				
	Stage 1	Stage 2	Stage 3	N/A	Total
Assets					
Deposits with central banks	277,940	–	–	–	277,940
Deposits with banks and other financial institutions	47,767	–	–	–	47,767
Placements with banks and other financial institutions	179,710	–	29	–	179,739
Financial assets held under resale agreements	118,128	–	–	–	118,128
Loans and advances to customers	3,706,590	135,654	15,449	–	3,857,693
Finance lease receivables	87,946	6,398	437	–	94,781
Financial investments	1,750,515	5,982	8,006	444,246	2,208,749
Others (Note)	34,818	9,937	–	33,797	78,552
Total	6,203,414	157,971	23,921	478,043	6,863,349
Credit commitments	1,563,143	5,340	159	–	1,568,642
Maximum credit risk exposure	7,766,557	163,311	24,080	478,043	8,431,991

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Maximum credit risk exposure (continued)

	31 December 2023				
	Stage 1	Stage 2	Stage 3	N/A	Total
Assets					
Deposits with central banks	344,823	–	–	–	344,823
Deposits with banks and other financial institutions	39,942	–	–	–	39,942
Placements with banks and other financial institutions	142,138	–	104	–	142,242
Financial assets held under resale agreements	67,500	–	–	–	67,500
Loans and advances to customers	3,578,207	116,559	18,159	–	3,712,925
Finance lease receivables	92,478	6,164	516	–	99,158
Financial investments	1,792,844	3,028	11,562	434,028	2,241,462
Others (Note)	11,625	8,332	–	13,324	33,281
Total	6,069,557	134,083	30,341	447,352	6,681,333
Credit commitments	1,328,897	7,431	8	–	1,336,336
Maximum credit risk exposure	7,398,454	141,514	30,349	447,352	8,017,669

Note: Others comprise derivative financial assets and interests receivable, deposit margin, and other receivables recorded in other assets.

Credit rating

The distribution according to the credit quality of amounts due from banks and non-bank financial institutions (including deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements for which counterparties are banks and non-bank financial institutions) is as follows:

	31 December 2024	31 December 2023
Impaired		
Gross amount	300	300
Provision for impairment losses	(271)	(196)
Subtotal	29	104
Neither overdue nor impaired		
– grade A to AAA	339,163	244,575
– grade B to BBB	1,981	286
– unrated (Note)	4,910	4,940
Provision for impairment losses	(449)	(221)
Subtotal	345,605	249,580
Total	345,634	249,684

Note: Mainly represent deposits with banks and other financial institutions.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(a) Credit risk (continued)

Credit rating (continued)

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to Bloomberg Composite, or the major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by the rating agency designations as at the end of the reporting period are as follows:

	31 December 2024	31 December 2023
Impaired		
Gross amount	23,787	26,018
Provision for impairment losses	(15,781)	(14,456)
Subtotal	8,006	11,562
Neither overdue nor impaired		
Bloomberg Composite		
– grade AAA	2,416	2,295
– grade AA- to AA+	17,478	11,189
– grade A- to A+	31,409	31,307
– grade lower than A–	37,156	36,062
Provision for impairment losses	(134)	(312)
Subtotal	88,325	80,541
Other agency ratings		
– grade AAA	1,581,483	1,534,081
– grade AA- to AA+	188,658	227,148
– grade A- to A+	9,186	14,599
– grade lower than A–	7,528	8,565
– unrated	36,994	51,076
Provision for impairment losses	(738)	(1,375)
Subtotal	1,823,111	1,834,094
Total	1,919,442	1,926,197

(b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(b) Market risk (continued)

The board of directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured, monitored and controlled all types of market risk. The Risk Management Committee monitors the market risk management process within the scope authorised by the board of directors, which include review and approval of market risk management strategies, policies and procedures as well as the market risk tolerance level recommended by senior management. The Group is primarily exposed to market risk in its treasury business. The Financial Market Department, Investment Banking Department and overseas institution are responsible for the Group's investments and proprietary trading business. The Assets and Liability Management Department is responsible for monitoring and managing the interest rate risk and foreign exchange risk on a daily basis under the banking book. The Risk Management Department is responsible for formulating the market risk management policies and procedures, as well as identifying, measuring and monitoring the Group's market risk, and the daily monitoring and management of interest rate risk and exchange rate risk in the Bank's trading book.

The Group classified the transactions as the banking book transactions and trading book transactions. The identification, measurement, monitoring and controls over the relevant market risks are based on the nature and characteristics of these books. The trading book transactions consist of the Group's investments which are acquired or incurred primarily for the purpose of selling in the near term, or for the purpose of short-term profit taking. The banking book transactions represent non-trading businesses. Sensitivity analysis, scenario analysis and foreign currency gap analysis are the main tools employed by the Group to measure and monitor the market risk in its trading book transactions. Sensitivity gap analysis, effective duration analysis and scenario simulation analysis are the main tools used by the Group to measure and monitor the market risk of its non-trading businesses.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile with reference to the interest rate risks for different maturities.

Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(b) Market risk (continued)

Scenario simulation analysis is an important technique for assessing interest rate risk. It simulates and calculates the changes in net interest income (NII) and economic value (EVE) indicators in the following year through multiple conventional scenarios and stress scenarios, including interest rate standard shocks, yield curve shifts and shape changes, historical extreme interest rate changes, customers' execution of embedded options for deposits and loans, etc. The Bank regularly re-examines important customer behavior models such as loan prepayment and deposits from early withdrawals used in scenario simulation analysis.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

Interest rate risk

The Group is primarily exposed to interest rate risk arising from gap risk and basis risk. The Assets and Liability Management Department and Risk Management Department are responsible for identifying, measuring and monitoring. In terms of measuring and monitoring risks, the Group regularly evaluates the interest rate sensitivity repricing gap of each period and the impact of interest rate changes on the Group's net interest income and economic value. The main purpose of interest rate risk management is to reduce the potential negative impact of interest rate changes on net interest income and economic value.

Gap risk

Gap risk refers to the risk caused by different repricing periods of different financial instruments when interest rates change. Changes in interest rates include both a parallel upward or downward shift of the yield curve and a change in the shape of the yield curve. Due to the different repricing periods of financial instruments, when the interest rate rises when the interest rate on liabilities is repriced earlier than the interest rate on assets, or when the interest rate falls when the interest rate on assets is repriced earlier than the interest rate on liabilities, the Bank faces a reduction in interest rate spreads or even negative interest rate differentials for a certain period of time, resulting in losses.

Basis risk

Basis risk, is caused by interest rates on different pricing basis on the on-and off- balance sheet business of banking books. The risk could be different because the basis risk changes no matter the term is the same or similar.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

The following tables indicate the average interest rates for the respective periods, and the expected next repricing dates (or maturity dates whichever are earlier) for the assets and liabilities of the Group as at the end of the reporting period:

	31 December 2024						
	Average interest rate (Note)	Total	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets							
Cash and deposits with central banks	1.48%	283,266	13,658	269,608	–	–	–
Deposits with banks and other financial institutions	0.81%	47,767	202	43,895	524	3,146	–
Placements with banks and other financial institutions	3.25%	179,739	294	100,424	79,021	–	–
Financial assets held under resale agreements	1.65%	118,128	29	118,099	–	–	–
Loans and advances to customers	4.22%	3,857,693	12,373	2,770,066	938,780	132,273	4,201
Finance lease receivables	4.77%	94,781	694	1,993	77,928	10,775	3,391
Financial investments	3.14%	2,208,749	315,311	132,238	276,388	1,155,206	329,606
Others	N/A	168,898	165,447	1,783	–	–	1,668
Total assets	N/A	6,959,021	508,008	3,438,106	1,372,641	1,301,400	338,866

	31 December 2024						
	Average interest rate (Note)	Total	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Liabilities							
Due to the central bank	2.47%	95,633	626	10,337	84,670	–	–
Deposits from banks and other financial institutions	2.09%	581,536	2,165	479,644	99,727	–	–
Placements from banks and other financial institutions	3.43%	216,562	878	141,700	73,984	–	–
Financial assets sold under repurchase agreements	2.30%	75,793	169	72,938	1,792	894	–
Deposits from customers	2.18%	4,035,687	81,559	1,952,258	873,543	1,128,256	71
Debt securities issued	2.48%	1,231,112	4,545	284,893	659,137	220,943	61,594
Others	N/A	132,467	112,436	857	4,467	12,444	2,263
Total liabilities	N/A	6,368,790	202,378	2,942,627	1,797,320	1,362,537	63,928
Asset-liability gap	N/A	590,231	305,630	495,479	(424,679)	(61,137)	274,938

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

The following tables indicate the average interest rates for the respective periods, and the expected next repricing dates (or maturity dates whichever are earlier) for the assets and liabilities of the Group as at the end of the reporting period: (continued)

	31 December 2023						
	Effective interest rate (*)	Total	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets							
Cash and deposits with the central bank	1.50%	349,184	12,868	336,316	–	–	–
Deposits with banks and other financial institutions	0.65%	39,942	64	36,916	614	2,348	–
Placements with banks and other financial institutions	3.32%	142,242	475	53,598	88,169	–	–
Financial assets held under resale agreements	1.85%	67,500	51	67,449	–	–	–
Loans and advances to customers	4.75%	3,712,925	11,342	2,781,823	840,342	76,552	2,866
Finance lease receivables	5.12%	99,158	837	19,567	54,075	19,795	4,884
Financial investments	3.32%	2,241,462	342,584	95,378	203,955	1,230,409	369,136
Others	N/A	120,383	117,232	1,213	–	–	1,938
Total assets	N/A	6,772,796	485,453	3,392,260	1,187,155	1,329,104	378,824

	31 December 2023						
	Effective interest rate (*)	Total	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Liabilities							
Due to the central bank	2.63%	99,633	1,081	35,115	63,437	–	–
Deposits from banks and other financial institutions	2.12%	552,326	1,256	458,150	92,920	–	–
Placements from banks and other financial institutions	3.85%	194,205	911	137,193	56,101	–	–
Financial assets sold under repurchase agreements	1.91%	73,115	187	63,150	9,294	484	–
Deposits from customers	2.32%	4,094,528	71,197	2,133,378	832,260	1,057,655	38
Debt securities issued	2.59%	1,099,326	4,366	182,999	654,566	195,802	61,593
Others	N/A	104,878	69,593	21,841	4,380	7,501	1,563
Total liabilities	N/A	6,218,011	148,591	3,031,826	1,712,958	1,261,442	63,194
Asset-liability gap	N/A	554,785	336,862	360,434	(525,803)	67,662	315,630

Note: The average interest rate represents the ratio of interest income/expense to the average interest-bearing assets/liabilities.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(b) Market risk (continued)

Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit or loss and equity. As at 31 December 2024, assuming other variables remain unchanged, an increase in the estimated interest rate of one hundred basis points will cause the Group's net profit to increase by RMB2,057 million (31 December 2023: decrease by RMB2,241 million), and equity to decrease by RMB12,046 million (31 December 2023: decrease by RMB14,041 million); a decrease in the estimated interest rate of one hundred basis points will cause the Group's net profit to decrease by RMB2,057 million (31 December 2023: increase by RMB2,404 million), and equity to increase by RMB12,046 million (31 December 2023: increase by RMB14,844 million).

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by the repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

– Interest rate movements at the end of the reporting period apply to all derivative and non-derivative financial instruments of the Group;

– An interest rate movement is one hundred basis points based on the assumption of interest rate movement over the next 12 months;

– There is a parallel shift in the yield curve with the changes in interest rates;

– There are no other changes to the portfolio of asset and liability;

– Other variables (including exchange rates) remain unchanged; and

– The analysis does not take into account the effect of risk management measures taken by management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

Foreign currency risk

The Group's foreign currency risk mainly arises from the foreign currency portfolio within the treasury's proprietary investments, and other foreign currency exposures. The Group manages foreign currency risk by spot and forward foreign exchange transactions, swap transactions and matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(b) Market risk (continued)

Foreign currency risk (continued)

The Group's currency exposures as at the end of the reporting period are as follows:

	31 December 2024			
	RMB	USD (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
Assets				
Cash and deposits with central banks	274,786	3,565	4,915	283,266
Deposits with banks and other financial institutions	32,418	8,632	6,717	47,767
Placements with banks and other financial institutions	143,122	25,947	10,670	179,739
Financial assets held under resale agreements	118,128	–	–	118,128
Loans and advances to customers	3,703,981	76,810	76,902	3,857,693
Finance lease receivables	92,033	2,748	–	94,781
Financial investments	2,090,469	84,738	33,542	2,208,749
Others	164,471	56	4,371	168,898
Total assets	6,619,408	202,496	137,117	6,959,021
Liabilities				
Due to the central bank	95,633	–	–	95,633
Deposits from banks and other financial institutions	572,892	6,819	1,825	581,536
Placements from banks and other financial institutions	105,471	82,470	28,621	216,562
Financial assets sold under repurchase agreements	52,092	17,620	6,081	75,793
Deposits from customers	3,888,204	105,066	42,417	4,035,687
Debt securities issued	1,185,372	37,896	7,844	1,231,112
Others	121,805	59	10,603	132,467
Total liabilities	6,021,469	249,930	97,391	6,368,790
Net position	597,939	(47,434)	39,726	590,231
Credit commitments	1,525,647	23,147	22,031	1,570,825
Derivative financial instruments (Note)	4,609	28,325	(31,426)	1,508

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(b) Market risk (continued)

Foreign currency risk (continued)

The Group's currency exposures as at the end of the reporting period are as follows: (continued)

	31 December 2023			
	RMB	USD (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
Assets				
Cash and deposits with the central bank	336,903	4,039	8,242	349,184
Deposits with banks and other financial institutions	24,287	12,334	3,321	39,942
Placements with banks and other financial institutions	123,706	13,713	4,823	142,242
Financial assets held under resale agreements	67,500	–	–	67,500
Loans and advances to customers	3,562,808	76,324	73,793	3,712,925
Finance lease receivables	95,658	3,500	–	99,158
Financial investments	2,104,119	94,282	43,061	2,241,462
Others	99,085	19,163	2,135	120,383
Total assets	6,414,066	223,355	135,375	6,772,796
Liabilities				
Due to the central bank	99,633	–	–	99,633
Deposits from banks and other financial institutions	550,469	1,194	663	552,326
Placements from banks and other financial institutions	93,855	72,675	27,675	194,205
Financial assets sold under repurchase agreements	50,493	12,638	9,984	73,115
Deposits from customers	3,946,331	110,553	37,644	4,094,528
Debt securities issued	1,044,469	40,643	14,214	1,099,326
Others	91,055	10,589	3,234	104,878
Total liabilities	5,876,305	248,292	93,414	6,218,011
Net position	537,761	(24,937)	41,961	554,785
Credit commitments	1,294,400	29,802	13,979	1,338,181
Derivative financial instruments (Note)	16,923	25,298	4,458	46,679

Note: Derivative financial instruments reflect the net notional amounts of derivatives.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(b) Market risk (continued)

Foreign currency risk (continued)

The Group conducts a substantial portion of its business in RMB, with certain transactions denominated in USD, HKD and, to a much lesser extent, other currencies. As at the financial reporting date, the exchange rate changes of the currencies to which the Group had significant exposure are as follows:

	31 December 2024	31 December 2023
Exchange rates against RMB for the USD	7.2993	7.0919
Exchange rates against RMB for the HKD	0.9401	0.9079

The Group uses sensitivity analysis to measure the potential effect of changes in the Group's exchange rates on the Group's net profit or loss and equity. As at 31 December 2024, assuming other variables remain unchanged, an appreciation of one hundred basis points in the USD against the RMB would decrease both the Group's net profit and equity by RMB57 million (31 December 2023: increase by RMB49 million); a depreciation of one hundred basis points in the USD against the RMB would increase both the Group's net profit and equity by RMB57 million (31 December 2023: decrease by RMB49 million).

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions:

– The foreign exchange sensitivity is the gain and loss recognised as a result of one hundred basis points' fluctuation in the foreign currency exchange rates (central parity) against RMB;

– At the end of the reporting period, the fluctuation of exchange rates by one hundred basis points is based on the assumption of exchange rate movement over the next 12 months;

– Due to the immaterial proportion of the Group's total assets and liabilities denominated in currencies other than US dollars and HK dollars, other foreign currencies are converted into US dollars in the above sensitivity analysis;

– The foreign exchange exposures calculated include spot and forward foreign exchange exposures and swaps;

– Other variables (including interest rates) remain unchanged; and

– The analysis does not take into account the effect of risk management measures taken by management.

Due to the assumptions adopted, actual changes in the Group's net profit or loss and equity resulting from the increase or decrease in foreign exchange rates might vary from the estimated results of this sensitivity analysis.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(b) Market risk (continued)

Price risk

Price risk mainly comes from equity investments held by the Group and the trading precious metal investments. The Group's risk of commodity or shares price from investment is not significant.

(c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to meet repayment obligations or sustain its asset business. In accordance with liquidity policies, the Group monitors the future cash flows and maintains liquid assets of high quality.

The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC, chaired by the President of the Bank, is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

– Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting of liquidity requirements on a timely basis and the payments to various businesses, whether under a normal operating environment or a state of stress; and

– Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; achieving the integration of the security, liquidity, and effectiveness of the Bank's funds.

The Asset and Liability Management Department is responsible for executing liquidity risk management policies. It is also responsible for identifying, measuring, monitoring and managing medium and long-term working capital on a regular basis, and for formulating liquidity management strategies. The Asset and Liability Management Department is responsible for monitoring working capital on a daily basis and ensuring the liquidity. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

The Group mainly applies liquidity gap analysis to measure liquidity risk. The Group will continue to focus on limit monitoring and dynamic control, and apply different scenario stress tests to assess the impacts from liquidity risks and develop effective contingency plans to respond to various possible liquidity risks.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Group by maturity grouping based on the remaining periods to repayment at the end of the reporting period:

	31 December 2024							
	Overdue/ indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with central banks	233,145	50,121	–	–	–	–	–	283,266
Deposits with banks and other financial institutions	–	38,114	1,832	4,151	524	3,146	–	47,767
Placements with banks and other financial institutions	29	–	39,902	60,625	79,183	–	–	179,739
Financial assets held under resale agreements	–	–	118,128	–	–	–	–	118,128
Loans and advances to customers	54,752	338,884	167,962	297,402	1,109,615	878,825	1,010,253	3,857,693
Finance lease receivables	774	40	3,735	6,632	26,506	51,138	5,956	94,781
Financial investments	12,643	284,143	34,849	69,281	278,391	1,197,801	331,641	2,208,749
Others	88,812	44,627	3,775	6,295	17,576	5,937	1,876	168,898
Total assets	390,155	755,929	370,183	444,386	1,511,795	2,136,847	1,349,726	6,959,021

	31 December 2024							
	Overdue/ indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Liabilities								
Due to the central bank	–	–	–	10,545	85,088	–	–	95,633
Deposits from banks and other financial institutions	–	257,905	86,394	137,342	99,895	–	–	581,536
Placements from banks and other financial institutions	–	6	102,010	40,212	74,334	–	–	216,562
Financial assets sold under repurchase agreements	–	–	47,776	25,331	1,792	894	–	75,793
Deposits from customers	–	1,165,866	416,600	411,816	890,795	1,150,538	72	4,035,687
Debt securities issued	–	–	67,677	221,763	659,135	220,943	61,594	1,231,112
Others	–	79,366	3,561	6,925	21,779	18,486	2,350	132,467
Total liabilities	–	1,503,143	724,018	853,934	1,832,818	1,390,861	64,016	6,368,790
Net position	390,155	(747,214)	(353,835)	(409,548)	(321,023)	745,986	1,285,710	590,231
Notional amount of derivative financial instruments	–	–	266,914	362,621	1,269,594	421,528	5,745	2,326,402

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Group by maturity grouping based on the remaining periods to repayment at the end of the reporting period: (continued)

	31 December 2023							
	Overdue/ indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	280,256	68,928	–	–	–	–	–	349,184
Deposits with banks and other financial institutions	–	36,037	319	450	614	2,348	174	39,942
Placements with banks and other financial institutions	104	–	33,883	19,965	88,290	–	–	142,242
Financial assets held under resale agreements	–	–	67,500	–	–	–	–	67,500
Loans and advances to customers	39,762	396,811	154,641	248,115	1,060,240	944,464	868,892	3,712,925
Finance lease receivables	162	128	3,263	6,171	25,185	56,191	8,058	99,158
Financial investments	18,447	306,948	43,247	56,486	203,673	1,241,735	370,926	2,241,462
Others	86,094	19,027	1,529	3,211	4,422	3,957	2,143	120,383
Total assets	424,825	827,879	304,382	334,398	1,382,424	2,248,695	1,250,193	6,772,796

	31 December 2023							
	Overdue/ indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Liabilities								
Due to the central bank	–	–	–	35,905	63,728	–	–	99,633
Deposits from banks and other financial institutions	–	333,243	45,042	80,762	93,279	–	–	552,326
Placements from banks and other financial institutions	–	8	97,753	40,064	56,380	–	–	194,205
Financial assets sold under repurchase agreements	–	–	62,702	568	9,361	484	–	73,115
Deposits from customers	–	1,470,859	337,149	361,246	803,504	1,121,731	39	4,094,528
Debt securities issued	–	–	12,038	159,232	659,110	207,353	61,593	1,099,326
Others	–	49,141	2,366	4,979	21,631	22,697	4,064	104,878
Total liabilities	–	1,853,251	557,050	682,756	1,706,993	1,352,265	65,696	6,218,011
Net position	424,825	(1,025,372)	(252,668)	(348,358)	(324,569)	896,430	1,184,497	554,785
Notional amount of derivative financial instruments	–	–	214,180	219,449	817,324	592,781	5,725	1,849,459

Notes to the Consolidated Financial Statements

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

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of the contractual undiscounted cash flows of the financial liabilities at the end of the reporting period:

	31 December 2024							
	Carrying amount	Contractual undiscounted cash flows	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Due to the central bank	95,633	97,056	–	–	10,597	86,459	–	–
Deposits from banks and other financial institutions	581,536	583,497	258,141	86,457	137,781	101,118	–	–
Placements from banks and other financial institutions	216,562	218,929	6	102,427	40,776	75,720	–	–
Financial assets sold under repurchase agreements	75,793	76,020	–	47,820	25,422	1,829	949	–
Deposits from customers	4,035,687	4,112,938	1,165,929	416,893	413,482	903,177	1,213,367	90
Debt securities issued	1,231,112	1,272,093	–	65,374	226,298	676,892	234,617	68,912
Other financial liabilities	70,957	76,138	50,301	40	1,035	5,785	16,429	2,548
Total non-derivative financial liabilities	6,307,280	6,436,671	1,474,377	719,011	855,391	1,850,980	1,465,362	71,550
Derivative financial instruments								
Derivative financial instruments settled on net basis		177	–	88	(89)	136	42	–
Derivative financial instruments settled on gross basis								
– Cash inflow		153,987	–	51,759	38,673	57,992	5,563	–
– Cash outflow		(152,656)	–	(51,566)	(38,319)	(57,288)	(5,483)	–
Total derivative financial instruments cashflow		1,331	–	193	354	704	80	–

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of the contractual undiscounted cash flows of the financial liabilities at the end of the reporting period: (continued)

	31 December 2023							
	Carrying amount	Contractual undiscounted cash flows	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Due to the central bank	99,633	101,085	–	–	36,043	65,042	–	–
Deposits from banks and other financial institutions	552,326	553,439	333,338	45,073	81,039	93,989	–	–
Placements from banks and other financial institutions	194,205	195,946	8	97,976	40,394	57,568	–	–
Financial assets sold under repurchase agreements	73,115	73,427	–	62,735	572	9,587	533	–
Deposits from customers	4,094,528	4,170,249	1,470,859	342,224	368,489	829,163	1,159,474	40
Debt securities issued	1,099,326	1,143,760	–	12,185	162,688	674,799	223,110	70,978
Other financial liabilities	61,496	66,078	19,705	358	1,856	17,638	20,740	5,781
Total non-derivative financial liabilities	6,174,629	6,303,984	1,823,910	560,551	691,081	1,747,786	1,403,857	76,799
Derivative financial instruments								
Derivative financial instruments settled on net basis		194	–	(1)	–	74	3	118
Derivative financial instruments settled on gross basis								
– Cash inflow		935,633	–	202,641	161,113	559,855	12,024	–
– Cash outflow		(766,976)	–	(94,206)	(117,104)	(543,869)	(11,797)	–
Total derivative financial instruments cashflow		168,657	–	108,435	44,009	15,986	227	–

This analysis of the financial instruments by contractual undiscounted cash flows might diverge from actual results.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of Credit commitments of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period:

	31 December 2024			
	Within one year	Between one year and five years	More than five years	Total
Loan and credit card commitments	475,053	33,467	92,363	600,883
Guarantees, acceptances and other credit commitments	923,348	39,402	7,192	969,942
Total	1,398,401	72,869	99,555	1,570,825

	31 December 2023			
	Within one year	Between one year and five years	More than five years	Total
Loan and credit card commitments	376,524	525	2,261	379,310
Guarantees, acceptances and other credit commitments	914,859	42,911	1,101	958,871
Total	1,291,383	43,436	3,362	1,338,181

(d) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impacts from other external events.

The Group establishes a framework of an operational risk management system to identify, assess, control, manage and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as follows:

– A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;

– A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 Risk Management (continued)

(d) Operational risk (continued)

– A set of standard operational procedures covering all products and services, which is practical, traceable and can be re-performed, investigated and remedied;

– A series of operational risk management tools, including Risk Control Self-Assessment (RCSA), Key Risk Index (KRI), Loss Event Collection and IT system monitoring;

– An operational risk management culture, the core values of the culture is that effective risk management could create value. It is supported with a team of operational risk management professionals across all branches, businesses and functions;

– An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and

– An independent risk assessment framework based on the internal audit and the compliance review.

50 Fair value

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Debt securities and equity investments

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period. The fair values of unlisted equity investments are estimated using comparable firm approach, after adjustment for the specific circumstances of the issuers.

(ii) Receivables and other non-derivative financial assets

Fair values are estimated as the present values of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) Debt securities issued and other non-derivative financial liabilities

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

(iv) Derivative financial instruments

The fair values of foreign currency forward and swap contracts are determined by the difference between the present values of the forward prices and the contractual prices at the end of the reporting period, or are based on quoted market prices. The fair values of interest rate swaps are estimated as the present value of estimated future cash flows. The yield curve is based on the optimised price between the broker's quoted price and Thomson Reuters' quoted price. The fair value of option contracts are determined by option pricing models.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50 Fair value (continued)

(b) Fair value measurement

(i) Financial assets

The Group's financial assets mainly consist of cash and deposits with central banks, deposits with banks and other financial institutions, placements with banks and other financial institutions, derivative financial assets, financial assets held under resale agreements, loans and advances to customers, finance lease receivables and financial investments.

Cash and deposits with central banks, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers measured at amortised cost, finance lease receivables and financial investments measured at amortised cost, except for bond investments and asset-backed securities, are mostly priced at floating interest rates close to the LPR. Accordingly, the carrying amounts approximate the fair values.

Financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, and derivative financial assets presented at fair value.

(ii) Financial liabilities

The Group's financial liabilities mainly include deposits from banks and other financial institutions, placements from banks and other financial institutions, derivative financial liabilities, financial assets sold under repurchase agreements, deposits from customers, due to the central bank and debt securities issued. Except the debt securities issued, the carrying amounts of other financial liabilities approximate their fair values.

Financial liabilities at fair value through profit or loss and derivative financial liabilities presented at fair value.

The tables below summarise the carrying amounts and fair values of "debt securities and asset-backed instruments measured at amortised cost", and "debt securities issued" not presented at fair value at the end of the reporting period:

	Carrying value		Fair value	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial assets				
Debt securities and asset-backed instruments measured at amortised cost	1,141,547	1,214,074	1,175,503	1,241,475
Financial liabilities				
Debt securities issued	1,231,112	1,099,326	1,227,321	1,088,390

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50 Fair value (continued)

(b) Fair value measurement (continued)

(ii) Financial liabilities (continued)

Except for the items shown in the tables above, the maturity dates of aforesaid financial assets and liabilities are within a year or are mainly floating interest rates, as a result, their carrying amounts are approximately equal to their fair value.

Debt securities and asset-backed instruments measured at amortised cost are based on broker/dealer price quotations. Where this information is not available, the Bank will perform valuation by referring to prices from valuation service providers or on the basis of discounted cash flows models. Valuation parameters include market interest rates, expected future default rates, prepayment rates and market liquidity. The fair values of RMB bonds are mainly determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd..

The fair values of debt securities issued are calculated by using discounted cash flow model which is based on the current yield curve that is appropriate for the remaining term to maturity.

(c) Fair value hierarchy

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The definitions of three levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i. e., prices) or indirectly. Input parameters like ChinaBond interbank yield curves, LIBOR yield curves and SOFR are sourced from ChinaBond, Thomson Reuters and Shanghai Clearing House.

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes complicated equity instruments or debt instruments with one or more than one significant unobservable component.

Fair value measurement requires the use of observable open market data wherever possible. The Group tries its best to consider relevant and observable market prices in valuations.

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is with reference to that of another instrument that is substantially the same.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50 Fair value (continued)

(c) Fair value hierarchy (continued)

Assets and liabilities measured at fair value

The table below summaries the carrying values in three levels of assets and liabilities measured at fair value at the end of the reporting period:

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial assets				
– Currency derivatives	–	27,286	–	27,286
– Interest rate derivatives	1	6,510	–	6,511
Loans and advances to customers	–	265,558	–	265,558
Financial assets at fair value through profit or loss				
– Debt instruments held for trading	–	128,473	22	128,495
– Other financial assets at fair value through profit or loss	215,300	93,278	6,033	314,611
Debt instruments at fair value through other comprehensive income	–	600,176	228	600,404
Equity instruments at fair value through other comprehensive income	38	–	1,102	1,140
Total	215,339	1,121,281	7,385	1,344,005
Liabilities				
Derivative financial liabilities				
– Currency derivatives	–	26,153	–	26,153
– Interest rate derivatives	–	6,295	–	6,295
Total	–	32,448	–	32,448

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50 Fair value (continued)

(c) Fair value hierarchy (continued)

Assets and liabilities measured at fair value (continued)

The table below summaries the carrying values in three levels of assets and liabilities measured at fair value at the end of the reporting period: (continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial assets				
– Currency derivatives	–	8,468	–	8,468
– Interest rate derivatives	–	4,856	–	4,856
Loans and advances to customers	–	204,980	–	204,980
Financial assets at fair value through profit or loss				
– Debt instruments held for trading	–	106,290	118	106,408
– Other financial assets at fair value through profit or loss	237,057	79,327	10,104	326,488
Debt instruments at fair value through other comprehensive income	–	561,027	20	561,047
Equity instruments at fair value through other comprehensive income	30	–	1,102	1,132
Total	237,087	964,948	11,344	1,213,379
Liabilities				
Derivative financial liabilities				
– Currency derivatives	–	9,231	–	9,231
– Interest rate derivatives	2	4,713	–	4,715
Total	2	13,944	–	13,946

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 for the year.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50 Fair value (continued)

(c) Fair value hierarchy (continued)

Assets and liabilities measured at fair value (continued)

The movements during the year ended 31 December 2024 in the balance of Level 3 fair value measurements are as follows:

	Derivative financial assets	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Debt instruments at fair value through other comprehensive income	Total assets	Derivative financial liabilities	Total liabilities
As at 1 January 2024	–	10,222	1,102	20	11,344	–	–
Transferred to level 3	–	669	–	208	877	–	–
Total gains or losses:							
– Recognised in profit or loss	–	(597)	–	–	(597)	–	–
– Recognised in other comprehensive income	–	–	–	(8)	(8)	–	–
Purchases	–	336	–	8	344	–	–
Settlements	–	(4,575)	–	–	(4,575)	–	–
As at 31 December 2024	–	6,055	1,102	228	7,385	–	–
Impact on net loss	–	(597)	–	–	(597)	–	–

The movements during the year ended 31 December 2023 in the balance of Level 3 fair value measurements are as follows:

	Derivative financial assets	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Debt instruments at fair value through other comprehensive income	Total assets	Derivative financial liabilities	Total liabilities
As at 1 January 2023	–	7,951	1,102	64	9,117	–	–
Transferred to level 3	–	12	–	20	32	–	–
Total gains or losses:							
– Recognised in profit or loss	–	1,586	–	–	1,586	–	–
Purchases	–	1,045	–	–	1,045	–	–
Settlements	–	(372)	–	(64)	(436)	–	–
31 December 2023	–	10,222	1,102	20	11,344	–	–
Impact on net income	–	1,586	–	–	1,586	–	–

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50 Fair value (continued)

(c) Fair value hierarchy (continued)

Financial assets and liabilities not measured at fair value

The tables below summarise the fair values in three levels of "debt securities and asset-backed instruments measured at amortised cost" and "debt securities issued", which are not presented at fair value on the statement of financial position:

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt securities and asset-backed instruments measured at amortised cost	–	1,174,878	625	1,175,503
Financial liabilities				
Debt securities issued	–	1,227,321	–	1,227,321

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt securities and asset-backed instruments measured at amortised cost	–	1,241,463	12	1,241,475
Financial liabilities				
Debt securities issued	–	1,088,390	–	1,088,390

(d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs are primarily unlisted equity. These financial instruments are valued using cash flow discount model and market method. The models incorporate various non-observable assumptions such as discount rate and market rate volatilities.

As at 31 December 2024, the carrying amounts of financial instruments valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also not material.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51 Entrusted lending business

The Group provides entrusted lending business services to government agencies, corporations and individuals. All entrusted loans are funded by entrusted funds from these entities and individuals. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustors and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statement of financial position.

	31 December 2024	31 December 2023
Entrusted loans	103,155	89,823
Entrusted funds	103,155	89,823

52 Commitments and contingent liabilities

(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, credit card commitments, acceptances, letters of credit and financial guarantees.

The contractual amounts of loans and credit card commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	31 December 2024	31 December 2023
Loan commitments		
– Original contractual maturity within one year	27,602	23,826
– Original contractual maturity more than one year (inclusive)	125,831	7,908
Credit card commitments	447,450	347,576
Subtotal	600,883	379,310
Acceptances	683,870	669,058
Letters of guarantee	119,730	128,239
Letters of credit	166,162	161,394
Guarantees	180	180
Total	1,570,825	1,338,181

The Group may be exposed to credit risk in all the credit businesses above. Group management periodically assesses the estimated credit risk and makes provision for any expected credit losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52 Commitments and contingent liabilities (continued)

(b) Credit risk-weighted amount of credit commitments

	31 December 2024	31 December 2023
Credit risk-weighted amount of credit commitments	484,597	402,069

As at 31 December 2024 and 31 December 2023, the credit risk-weighted amount of credit commitments represents the amount calculated with reference to the "Regulation Governing Capital of Commercial Banks" and the "Regulation Governing Capital of Commercial Banks (provisional)". The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors. The credit conversion coefficient ranged from 0% to 100% for credit commitments.

(c) Capital commitments

As at the end of the reporting period, the Group's authorised capital commitments are as follows:

	31 December 2024	31 December 2023
Contracted but not paid		
– Purchase of property and equipment	10,773	9,570
Approved but not contracted for		
– Purchase of property and equipment	6,264	6,286
Total	17,037	15,856

(d) Underwriting and redemption commitments

The Group has no unexpired commitments for underwriting bonds as at the end of the reporting period.

As an underwriting agent of the PRC government bonds, the Group has the responsibility for buying back those bonds it previously sold should the holders decide to make an early redemption of the bonds held. The redemption price for a bond at any time before its maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payable to the bond holders is calculated in accordance with the relevant MOF and PBOC rules. The redemption price may be different from the fair value of similar financial instruments traded at the redemption date.

(Expressed in millions of Renminbi, unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52 Commitments and contingent liabilities (continued)

(d) Underwriting and redemption commitments (continued)

As at the end of the reporting period, the underwritten, sold and immature national bonds' redemption commitments at nominal value are as follows:

	31 December 2024	31 December 2023
Redemption commitments	3,229	4,022

(e) Outstanding litigations and disputes

As at 31 December 2024, the Group was the defendant or the third party in certain pending litigation and disputes with gross claims of RMB1,645 million (31 December 2023: RMB665 million). Provisions have been made for the estimated losses from such litigations based upon the opinions of the Group's internal and external legal counsels (Note V 35). The Group considers that the provisions made are reasonable and adequate.

53 Subsequent Events

The Group has no significant subsequent events except for dividend distribution. See Note V,41 for details of dividend distribution.

54 Comparative Figures

Certain comparative figures in the notes have been adjusted to conform with changes in disclosures in current period.

Unaudited Supplementary Financial Information

(Expressed in millions of Renminbi, unless otherwise stated)

The information set out below does not form part of the consolidated financial statements, and is included herein for information purposes only.

1 LIQUIDITY COVERAGE RATIO, LIQUIDITY RATIO AND NET STABLE FUNDING RATIO

Liquidity Coverage Ratio

As stipulated by the Rules on Liquidity Risk Management of Commercial Banks, commercial banks' liquidity coverage ratio ("LCR") should reach 100% by the end of 2018. During the transition period, the LCR should be no lower than 90%. During the transition period, eligible commercial banks are encouraged to fulfil the requirements in advance, and banks with LCR already reaching 100% are encouraged to continuously maintain it at 100% or above.

	31 December 2024	31 December 2023
Liquidity coverage ratio	151.17%	149.17%
High Quality Liquid Assets	1,021,575	1,068,057
Net cash outflows in 30 days from the end of the reporting period	675,790	716,013

Liquidity Ratio*

	As at 31 December 2024	Average for the year ended 31 December 2024	As at 31 December 2023	Average for the year ended 31 December 2023
RMB current assets to RMB current liabilities	83.42%	79.26%	76.71%	67.23%
Foreign current assets to foreign current liabilities	69.53%	74.28%	77.51%	91.29%

** Liquidity ratio is calculated in accordance with the banking level.*

The above liquidity coverage ratio are calculated in accordance with the formula promulgated by the NFRA and based on the financial information prepared in accordance with PRC GAAP.

Net Stable Funding Ratio

The net stable fund ratio is designed to ensure that commercial banks have sufficient sources of stable funding to meet the demand for stable funds for various assets and off-balance sheet exposures. The Measures for the Administration of Liquidity Risk of Commercial Banks stipulate that since 1 July 2018, the minimum regulatory standard for the net stable fund ratio is no less than 100%.

(Expressed in millions of Renminbi, unless otherwise stated)

1 LIQUIDITY COVERAGE RATIO, LIQUIDITY RATIO AND NET STABLE FUNDING RATIO (CONTINUED)

Net Stable Funding Ratio (continued)

The calculation formula of net stable funding ratio is as follows:

Net stable funding ratio = available and stable funds/required stable funds*100%

As at 31 December 2024, the Group met the supervision requirement with the net stable funding ratio standing at 108.76%.

Indicators	31 December 2024
Available and stable funds	3,984,792
Required stable funds	3,663,764
Net stable funding ratio	108.76%

2 CURRENCY CONCENTRATIONS

	31 December 2024			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	202,496	47,226	89,891	339,613
Spot liabilities	(249,930)	(41,546)	(55,845)	(347,321)
Forward purchases	855,619	6,384	819,293	1,681,296
Forward sales	(827,293)	(3,354)	(849,139)	(1,679,786)
Net long position	(19,108)	8,710	4,200	(6,198)
Net structural position	–	367	156	523

	31 December 2023			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	223,355	54,577	80,798	358,730
Spot liabilities	(248,292)	(45,595)	(47,819)	(341,706)
Forward purchases	468,139	3,717	16,446	488,302
Forward sales	(442,841)	(4,862)	(10,843)	(458,546)
Net long position	361	7,837	38,582	46,780
Net structural position	–	344	197	541

The net structural position of the Group includes the structural positions, denominated in foreign currency, of the Bank's Hong Kong, Seoul, Luxembourg, Sydney and Macao branches. Structural assets mainly include property and equipment.

3 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

(a) By geographical segment

	31 December 2024	31 December 2023
Head Office	8,616	9,923
Pearl River Delta	8,206	7,268
Yangtze River Delta	6,577	5,020
Central	6,031	4,786
Bohai Rim	4,681	4,363
Northeastern	3,599	3,559
Western	3,559	2,820
Overseas	2,532	4,114
Total	43,801	41,853

The above analysis includes loans and advances overdue for more than 90 days. Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

(b) By overdue day

	31 December 2024	31 December 2023
Loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	9,396	13,899
– between 6 months and 1 year (inclusive)	14,284	12,346
– over 1 year	20,121	15,608
Total	43,801	41,853
As a percentage of loans and advances		
– between 3 and 6 months (inclusive)	0.24%	0.36%
– between 6 months and 1 year (inclusive)	0.36%	0.33%
– over 1 year	0.51%	0.41%
Total	1.11%	1.10%

The above analysis includes loans and advances overdue for more than 90 days. Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

(Expressed in millions of Renminbi, unless otherwise stated)

3 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES (CONTINUED)

(c) Collateral of loans and advances past due but not impaired

	31 December 2024	31 December 2023
Covered portion of loans and advances past due but not impaired	11,871	6,426
Uncovered portion of loans and advances past due but not impaired	21,379	24,031
Total loans and advances past due but not impaired	33,250	30,457
Current market value of collateral	37,191	16,114

4 RESTRUCTURED LOANS AND ADVANCES TO CUSTOMERS

	31 December 2024	31 December 2023
Restructured loans and advance to customers	21,959	6,551
Of which: Restructured loans and advances to customers overdue more than 90 days	776	1,267

5 NON-BANK CHINESE MAINLAND EXPOSURE

The Bank is a commercial bank incorporated in the PRC with its banking business conducted in Chinese Mainland. As at 31 December 2024, substantial amounts of the Group's exposures arose from businesses with Chinese Mainland entities or individuals.

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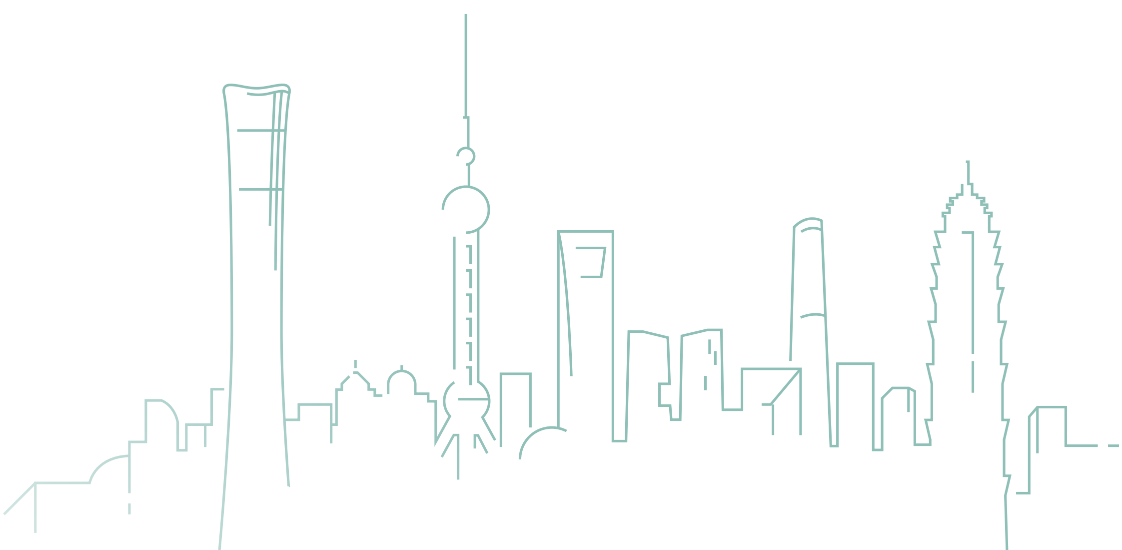

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