

Ping An Bank Co., Ltd.

2024 Annual Report



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Important Notes

1. The board of directors (hereinafter referred to as the Board), the Supervisory Committee, the directors, the supervisors and senior management of Ping An Bank Co., Ltd. (hereinafter referred to as the Bank) guarantee the authenticity, accuracy and completeness of the contents of this annual report, in which there are no false representations, misleading statements or material omissions, and are severally and jointly liable for its contents.
2. Xie Yonglin (the Bank’s Chairman), Ji Guangheng (the President), Xiang Youzhi (the Vice President and the Chief Financial Officer) and Yu Chen (the head of the Accounting Department) declare that they guarantee the authenticity, accuracy and completeness of the financial report included in this annual report.
3. The 36th meeting of the 12th session of the Board of the Bank deliberated the 2024 Annual Report together with its summary. The quorum of the Board meeting was 13 directors, and 13 directors attended the Board meeting. The report was approved unanimously at the meeting.
4. The 2024 annual financial reports prepared by the Bank were audited by Ernst & Young Hua Ming LLP (hereinafter referred to as EY) according to the China Standards on Auditing and EY issued a standard unqualified auditor’s report.
5. The forward-looking statements such as plans for the future involved in the report do not constitute a substantial commitment for investors. Investors and stakeholders shall be aware of risks therein and appreciate the distinctions between plans, forecasts and commitments.
6. The Bank advises investors to read the full text of the annual report with particular attention to the following risk factors: the risks the Bank is exposed to during its business activities mainly include credit risk, market risk, liquidity risk, operational risk, country risk, interest rate risk on its banking account, reputation risk, strategic risk, compliance risk, money laundering risk, legal risk, information technology risk, etc., and the Bank has taken various measures to effectively manage and control these business risks, as discussed in detail under “Section III 3.6 Risk Management”.
7. Based on the Bank’s profit distribution proposal of ordinary shares which has been approved at the Board meeting, the Bank proposes to distribute cash dividends of RMB6.08 (tax inclusive) for every 10 shares in 2024, based on the total share capital of 19,405,918,198 shares of the Bank as at 31 December 2024. The Bank has distributed cash dividends of RMB2.46 (tax inclusive) for every 10 shares for the interim period of 2024, and it proposes to distribute cash dividends of RMB3.62 (tax inclusive) for every 10 shares at the end of 2024. There was no proposal to issue bonus shares or to convert reserve funds into share capital.

Interpretations

Item	refer(s) to	Interpretations
Ping An Bank, the Bank	refer(s) to	the bank formed and so renamed following the integration of Shenzhen Development Bank Co., Ltd. (“Shenzhen Development Bank” or “Shenzhen Development”) and the former Ping An Bank Co., Ltd. (the “Former Ping An Bank”) in 2012 through the acquisition of the Former Ping An Bank by Shenzhen Development
The Group	refer(s) to	Ping An Bank Co., Ltd. and its wholly-owned subsidiary Ping An Wealth Management Co., Ltd.
Shenzhen Development Bank or Shenzhen Development	refer(s) to	the national joint-stock commercial bank established on 22 December 1987 and renamed to Ping An Bank after its acquisition of the Former Ping An Bank
Former Ping An Bank	refer(s) to	the joint-stock commercial bank established in June 1995 and deregistered on 12 June 2012
China Ping An, Ping An Group	refer(s) to	Ping An Insurance (Group) Company of China, Ltd.
Ping An Wealth Management	refer(s) to	Ping An Wealth Management Co., Ltd.
Ping An Life Insurance	refer(s) to	Ping An Life Insurance Company of China, Ltd.
PBOC	refer(s) to	The People’s Bank of China
CSRC	refer(s) to	China Securities Regulatory Commission

Chairman's Statement

The year 2024 is a critical year for achieving the goals and tasks in the “14th Five-Year Plan”. China’s economic performance has maintained overall stability with progressive advancements, and high-quality development has been steadily advanced. While maintaining ongoing steady operation, the banking sector, in particular, is grappling with scarcity of high-quality assets, decline in profitability and higher requirement on asset quality, among other challenges. Ping An Bank has proactively implemented the guiding principles of the 20th National Congress of the Communist Party of China (CPC), the second and third plenary sessions of the 20th CPC Central Committee, the Central Financial Work Conference, and the Central Economic Work Conference. Upholding the political and people-centric nature of financial business, the Bank has steadfastly served the real economy and comprehensively strengthened risk prevention and control, maintaining robust overall operations and progressive development in business.

In 2024, influenced by factors such as market changes and proactive adjustments to asset structure, the Bank’s operating income and net profit experienced a year-on-year decrease, with an annual net profit of RMB44,508 million, down by 4.2%. By the end of 2024, the Bank’s total assets reached RMB5,769,270 million, a 3.3% increase from the end of the previous year, while the non-performing loan ratio remained at 1.06%, consistent with the end of the previous year.

In 2024, Ping An Bank has focused on advancing the “Five and Ten” key tasks. By adhering to the leadership of Party building in “One Center”, solidly making efforts in the “five areas” in finance, deepening the strategic reform of the “One Key Project”, and implementing the management and enhancement of “Ten Initiatives”, the Bank further laid a solid foundation for sustainable development.

The Bank has adhered to the leadership of Party building in “One Center” with high-quality development.

It has actively implemented the major decisions and deployments of the CPC Central Committee, strengthened Party leadership, and deepened the integration of Party building with business, leading high-quality development with high-quality Party building. The Bank has fully leveraged the political core and guiding role of the CPC Central Committee, comprehensively advancing the “Three Integrations” of Party building, including integrating Party leadership into corporate governance, Party building into organizational development, and the Party’s spirit into cultural development, so as to improve the systems and mechanisms of Party leadership. The Bank has comprehensively promoted the integration of Party building with corporate governance and business management across six dimensions: politics, ideology, organization, team building, Party conduct and integrity, and the integration of Party building with business, implementing Party building assessments and deepening the empowerment of Party building.

The Bank has solidly made efforts in the “five areas” in finance.By closely following national strategies, strengthening organizational leadership, and increasing resource support, it fully committed to the “five areas” of technology finance, green finance, inclusive finance, pension finance and digital finance, providing comprehensive and multi-level support to the real economy.

- Perfecting the business system and practicing technology finance. The Bank has constructed a business system of “customer base + product + policy + ecosystem”, which improved the product system, and optimized risk policies, providing full-chain, full-lifecycle financial services to technology-based enterprises. By the end of 2024, the number of tech customers of the Bank was 26,573; the balance of loans to tech enterprises was RMB148,851 million, an increase of 24.6% over the end of last year.

Ji Guangheng

Secretary of the Party Committee,
President of Ping An Bank



Chairman's Statement

- Deepening the industrial chain and practicing green finance.The Bank has delved into the green industrial chain, supply chain, and ecosystem, improving risk policies, innovating multi-level products and services and implementing the carbon emission reduction tools to support green transformation. By the end of 2024, the Bank's green loan balance reached RMB157,762 million, a 13.0% increase from the end of the previous year.

- Deepening scenario operations and upgrading inclusive finance. The Bank has focused on "ecosystem, supply chain, and platforms", creating scenario and batch-based service models to help solve financing difficulties for small and micro-sized enterprises, continuously supporting rural revitalization. By the end of 2024, the Bank has 782,000 small and micro-sized enterprise customers, with inclusive loans amounting to RMB495,706 million, and cumulative investment in rural revitalization support funds reaching RMB152,247 million.

- Perfecting the service system and implementing pension finance. The Bank has perfected the pension finance service system to develop its individual pension business, introduce and supply pension finance products, strengthen credit support for the pension industry, and advance the adaptation of financial services for the elderly, improving the consumers' sense of gain and satisfaction.

- Promoting the "three digital" program and deepening digital finance.The Bank has advanced the "three digital" program of digital operation, digital management, and digital execution, reducing internal operational costs and enhancing external customer experience. It has strengthened financial support for digital innovation-related industries, assisting in the development of the digital economy, enhancing information security management and improving the stability of financial service operations.

Comprehensively deepening the strategic reform of the "One Key Project". The Bank has fully implemented the strategic reform of "strong retail banking, selective corporate banking, and specialized interbank business", optimizing the business structure, perfecting the product system, and enhancing team capabilities to strengthen the Bank's core competitiveness.

- Returning to the origin and deepening "strong retail banking". The Bank has continued to promote its structural adjustments, increasing the proportion of high-quality customers and businesses. It has strengthened team capability building and enhanced the comprehensive operation and service capabilities. The Bank has upgraded the credit product system to develop key products with market competitiveness, building a customer-centric comprehensive operation system and making efforts in customer acquisition and activation operations. At the end of 2024, the Bank's personal mortgage loans accounted for 62.8% of total loans; retail customers reached 125,537.9 thousand; the assets under management (AUM) of retail customers amounted to RMB4,194,074 million, increased by 4.0% as compared with the end of last year.

- Serving the real economy and deepening "selective corporate banking". By closely following national development strategies, the Bank implemented the strategy of major category asset placement for corporates, strengthened its financial support for key fields, key regions and major projects, and increased asset placement in the real economy. It has constructed a customer tiered management and gradient development mechanism, further expanded the advantages of products such as supply chain finance, payment and settlement, cash management, cross-border finance, syndicated loans, mergers and acquisitions, and financing to improve the comprehensive service capabilities for customers. At the end of 2024, the balance of corporate loans was RMB1,606,935 million, up by 12.4% from the end of last year; the number of corporate customers was 853.3 thousand, representing an increase of 13.2% as compared with the end of the previous year.

- Prioritizing professionalism and deepening "specialized interbank business".The Bank leveraged its investment, transaction and sales capabilities and adopted its two-wheel driven mode of "investment transaction + customer business" to improve the operational efficiency. It developed market-making business actively, helped to activate the financial market, enhanced the capability of bond sales services, and provided bonds issuance and financing services to the real economy efficiently. In 2024, the Bank's market share of bond transactions reached 4.4%, up by 1.2 percentage points year on year; the bond sales volume through interbank channels reached RMB290,137 million, up by 39.6% as compared with the same period of last year.

Effectively implementing the management and enhancement of "Ten Initiatives". By closely focusing on basic management, the Bank effectively advanced "Ten Initiatives" in financial management, risk management, compliance and consumer protection, strict governance, team building, cultural development, branch management, technological empowerment, corporate governance, and security to continuously improve the level of business management. By strengthening basic management, the Bank has enhanced its refinement of management, optimized its capital utilization efficiency and liability costs, improved its cost reduction and efficiency, optimized its expense expenditure and cost-to-income ratio, improved the teams' comprehensive capabilities, strengthened its risk control, maintained its stable asset quality, reinforced its culture of compliance, and further improved its ethos and appearance.

The year 2025 marks the end of the "14th Five-Year Plan" and a critical year for further comprehensive deepening of reforms. The third plenary session of the 20th CPC Central Committee and the Central Economic Work Conference have established the overall tone of "seeking progress while maintaining stability, promoting stability through progress", with more proactive fiscal policies and appropriately loose monetary policies providing strong support for the economy and finance. Ping An Bank will maintain strategic focus, implement the "Four Persistences", actively respond to various risks and challenges, advance steady operations, and practice high-quality development.

Adhering to the leadership of Party building and anchoring the correct direction. The Bank has adhered to the leadership of Party building in business development, continuously strengthened Party leadership, and further exerted the political core and guiding role of the CPC Central Committee and the key role of primary-level Party organizations. It has continuously deepened the integration of Party with business, promoting the effective implementation of the Party and state's major policies and guidelines in the Bank.

Maintaining strategic focus and upgrading strategies and tactics. The Bank has adhered to established strategic guidelines to continuously upgrade the "strong retail banking", strengthen team building, optimize the product system, deepen customer management, and strengthen risk control. It has continuously upgraded the "selective corporate banking", strengthened credit supply, improved customer management, enhanced team capabilities, and balanced "volume, price and risk". The Bank has continuously upgraded "specialized interbank business", creating distinctive market-making businesses and enhancing value contribution and customer service capabilities.

Persisting in steady operations and preventing financial risks. The Bank has adhered to the base line mindset to upgrade the risk control system. It has perfected the whole-process, whole-product risk management system. It has strengthened compliance and integrity construction, advanced special governance in key areas, upgraded complaint letters and consumer protection management, implemented source governance, strengthened suitability management, and improved the quality and efficiency of consumer protection work.

Chairman’s Statement

Insisting on coordinated development and enhancing development momentum. The Bank has adhered to a customer-centric approach, enhanced internal coordination, and improved the synergy of business management. It has strengthened cross-line and cross-departmental coordination, and deepened integrated customer management. It has also enhanced collaboration between the Head Office and branches, further empowering branches to improve operational levels and release business development momentum.

Overcoming difficulties to open a new chapter, gathering strength to compose a new page. Ping An Bank will remain true to its original aspiration and mission, actively integrating its transformation and development into the national comprehensive deepening of reforms. It will continuously improve its ability to serve the real economy, strengthen financial risk prevention and control, enhance its business management efficiency, practice high-quality development, and strive to contribute greater value to the nation, society, shareholders, customers, and employees.

Company Profile

1.1 Company profile

1.1.1 Company information

Stock abbreviation	Ping An Bank	Stock code	000001
Traded on	Shenzhen Stock Exchange		
Name of the company in Chinese	平安银行股份有限公司		
Abbreviation in Chinese	平安银行		
Name of the company in English	Ping An Bank Co., Ltd.		
Abbreviation in English	PAB		
Legal Representative of the company	Xie Yonglin		
Place of registration	No. 5047, Shennan East Road, Luohu District, Shenzhen, Guangdong Province, the PRC.		
Change history of the company's registration address	The Bank established on 22 December 1987, and the registration address was No.1, Caiwuwei Xinshifang, Luohu District, Shenzhen, Guangdong Province, the PRC.		
	The Bank's registration address was changed to Floor 1-6, Hubei Bao Feng Building, No.45, Baoan South Road, Shenzhen, Guangdong Province, the PRC on 6 November 1990 due to relocation of the head office.		
	The Bank's registration address was changed to No. 178, Shennan Middle Road, Luohu District, Shenzhen, Guangdong Province, the PRC on 24 April 1998 due to relocation of the head office.		
	The Bank's registration address was changed to No. 5047, Shennan East Road, Luohu District, Shenzhen, Guangdong Province, the PRC on 27 April 2002 due to change in doorplate of the head office building.		
Postal code of the registration address	518001		
Office Address	No. 5047, Shennan East Road, Luohu District, Shenzhen, Guangdong Province, the PRC.		
	Block B, Ping An Financial Centre, No. 5023, Yitian Road, Futian District, Shenzhen, Guangdong, the PRC.		
Postal code of the office address	518001, 518033		
Website	http://bank.pingan.com		
E-mail	PAB_db@pingan.com.cn		
Service Hotline	95511 ext. 3		

Company Profile

1.1 Company profile (Continued)

1.1.2 Contact information

	Board Secretary	Representative of Securities Affairs
Name	Zhou Qiang	Lv Xuguang
Address	Board Office of Ping An Bank, Block B, Ping An Financial Center, No. 5023, Yitian Road, Futian District, Shenzhen, Guangdong, the PRC.	Board Office of Ping An Bank, Block B, Ping An Financial Center, No. 5023, Yitian Road, Futian District, Shenzhen, Guangdong, the PRC.
Telephone	(0755) 82080387	(0755) 82080387
Facsimile	(0755) 82080386	(0755) 82080386
E-mail	PAB_db@pingan.com.cn	PAB_db@pingan.com.cn

1.1.3 Information disclosure and filing location

Website of stock exchange that disclose the annual report of the company	Shenzhen Stock Exchange http://www.szse.cn
Name and website of media that disclose the annual report of the company	<i>China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily</i> CNINFO http://www.cninfo.com.cn
Filing location of the annual report	Shenzhen Stock Exchange, Board Office of Ping An Bank

1.1.4 Change of registered information

Unified social credit code	91440300192185379H
Change of main business after listing (if any)	None
Changes of all previous controlling shareholders	<p>China Ping An is the controlling shareholder of the Bank.</p> <p>In May 2010, Newbridge Asia AIV III, L.P. ("Newbridge"), the previous largest shareholder of the Bank, transferred all of its 520,414,439 shares of the Bank to China Ping An. In June 2010, the Bank issued 379,580,000 shares in a non-public manner to Ping An Life Insurance, a controlled subsidiary of China Ping An. After the issuance, China Ping An and its controlled subsidiary Ping An Life Insurance held a total of 1,045,322,687 shares of the Bank, approximately accounting for 29.99% of the total issued share capital of the Bank.</p> <p>In July 2011, the Bank completed the issuance of 1,638,336,654 shares to China Ping An to purchase 7,825,181,106 shares of Ping An Bank formerly held by it and raise RMB2,690,052,300 for its major asset reorganization. After the completion of the major asset reorganization, the total share capital of the Bank increased to 5,123,350,416 shares. China Ping An and its controlled subsidiary Ping An Life Insurance held a total of 52.38% of the shares of the Bank and became the controlling shareholders of the Bank.</p> <p>In December 2013, the Bank issued 1,323,384,991 shares to China Ping An in a non-public manner. After the issuance, the total share capital of the Bank increased to 9,520,745,656 shares. China Ping An and its controlled subsidiary Ping An Life Insurance, holding a total of 59% of the shares of the Bank, were the controlling shareholders of the Bank.</p> <p>In May 2015, the Bank issued 598,802,395 shares of the ordinary shares to eligible domestic investors in a non-public manner, and China Ping An subscribed 210,206,652 shares. After the issuance, the total share capital of the Bank increased to 14,308,676,139 shares. China Ping An and its controlled subsidiary Ping An Life Insurance, holding a total of 58% of the shares of the Bank, were the controlling shareholders of the Bank.</p> <p>In January 2019, the Bank made a public issuance of RMB26 billion of convertible corporate bonds. China Ping An and Ping An Life Insurance, as shareholders of the Bank, had the priority in placement in full amount. In August 2019, the Bank exercised the conditional right to redeem the convertible corporate bonds. Due to the conversion of convertible bonds, the total share capital of the Bank increased from 17,170,411,366 shares to 19,405,918,198 shares. China Ping An and its controlled subsidiary Ping An Life Insurance, holding a total of 58% of the shares of the Bank, were the controlling shareholders of the Bank.</p>

1.1 Company profile (Continued)

1.1.5 Others relevant information

Accounting firm employed by the company

Name of Accounting Firm	Ernst & Young Hua Ming LLP
Address of Accounting Firm	Room 01-12, Level 17, Ernst & Young Tower, Oriental Plaza, No.1 East Changan Ave. Dongcheng District, Beijing
Names of Signing Accountant	Chang Hua, Wang Yangyan

The sponsor institution appointed by the company to perform the duty of continuous supervision during the reporting period

☐ Applicable ☒ Not applicable

The financial advisor appointed by the company to perform the duty of continuous supervision during the reporting period

☐ Applicable ☒ Not applicable

1.2 Main businesses of the company during the reporting period

1.2.1 Industry profile

The year 2024 marks the 75th anniversary of the founding of the People's Republic of China and is a key year for achieving the goals and tasks in the "14th Five-Year Plan". Faced with a complex and severe external environment, the CPC Central Committee with Comrade Xi Jinping at its core has united and led the whole Party and the people of all ethnic groups in China to respond calmly and employ comprehensive strategies. As a result, China has maintained overall stable economic operations, steadily advanced high-quality development, forged new quality productive forces, and taken new solid steps toward Chinese modernization.

The banking industry actively implements the spirit of the 20th CPC National Congress, the second and third plenary sessions of the 20th CPC Central Committee, as well as the Central Financial Work Conference and the Central Economic Work Conference, by consistently seeking improvement in a stable way and unswervingly following the road of financial development with Chinese characteristics. The Bank has also vigorously made efforts in the five areas of technology finance, green finance, inclusive finance, pension finance and digital finance, actively supported the development of new quality productive forces, continuously enhanced financial support to household consumption, private enterprises, manufacturing industry and other areas, continuously improved the ability of financial institutions to serve the real economy, continuously strengthened financial risk prevention and control and made every effort to promote high-quality development.

1.2.2 Main businesses

The Bank is the first listed national joint-stock commercial bank in Chinese mainland. After years of development, the Bank has gradually grown into a nationwide joint-stock commercial bank with mature and steady operation and management system, a wide network of institutional outlets, a complete range of financial services, and a market-leading brand influence. At the same time, the Bank strives to build unique competitiveness in the industry, and it has formed distinct operating features in the fields of technology empowerment, retail business and comprehensive finance.

As approved by relevant regulatory authorities, the Bank engages in the following commercial banking activities: (I) absorption of public deposits; (II) advances of short, medium and long-term loans; (III) domestic and overseas settlement; (IV) bill acceptance and discounting; (V) issuance of financial bonds; (VI) issuing, cashing and underwriting government bonds on an agency basis; (VII) trading of government bonds and financial bonds; (VIII) interbank lending and borrowing; (IX) trading of foreign exchange on its own and as an agent; (X) bank cards; (XI) provision of letter of credit services and guarantee; (XII) collection and payment and insurance agency; (XIII) safe deposit box services; (XIV) foreign exchange settlement and sale; (XV) off-shore banking; (XVI) assets custody; (XVII) gold services; (XVIII) financial advisory, credit investigation, consultation and witness services; and (XIX) other businesses approved by relevant regulatory authorities.

1.3 Development strategy and core competence of the Bank

1.3.1 Development strategy of the Bank

The Bank stringently follows national policies and regulatory requirements, and upholds the political and people-oriented nature of financial work. Adhering to the strategic goal of building the “China’s most outstanding, world-leading smart retail bank” and the strategic principle of “strong retail banking, selective corporate banking, and specialized interbank business”, the Bank continuously deepens strategic transformation, upgrades operating strategies in retail business, corporate business and interbank capital business, supports the development of new quality productive forces, constantly advances digital transformation, strengthens risk management and promotes high-quality development.

(1) Strong retail banking

By adhering to the strategic positioning of retail business and conforming to market dynamics, the Bank adopts a customer-oriented approach to promote high-quality and sustainable development of retail business. On the one hand, the Bank reshapes retail strategies, and builds differentiated competitive advantages by focusing on upgrading strategic elements such as teams, products and customers. On the other hand, the Bank strengthens key business capabilities, implements the operation strategy around the business segments, foundation for platforms and guarantees of development, so as to promote balanced development of retail business with increased sales volume and improved service quality.

Upgrading two business segments >>>

Loan business: The Bank promotes balanced development of “volume, price and risk”. First, the Bank optimizes the loan business structure, increases the supply of housing mortgage loans, title deed-secured loans and new energy automobile loans, continuously optimizes the asset structure by attracting high-quality customers and adjusting the customer base structure. Second, the Bank enhances the product systems, continues to enrich product categories and improves its capability for refined risk pricing. It also customizes product strategies based on customer needs, and improves business processes and service experience, so as to fully improve the market competitiveness and brand influence of products.

Deposit and wealth management business: The Bank promotes steady size growth and continuous structure optimization. First, the Bank strengthens scenario management, focusing on expanding scenarios of corporate-private business linkage, platform customer acquisition and attraction, and payroll business, to drive the growth of deposits scale and facilitate low-cost deposit precipitation. Second, the Bank upgrades wealth management, builds a wealth management service system that covers different customer groups by providing diversified investment and wealth management products, rights and services to improve the quality and efficiency of services and optimize customer experience. Third, the Bank utilizes its unique advantages in bancassurance in order to provide customers with more comprehensive asset allocation services.

Strengthening the foundation for two platforms >>>

Digital platform: The Bank strengthens digital empowerment, and improves overall operating efficiency and customer experience by creating digital marketing channels, deepening digital operation and enhancing digital services.

Integrated finance platform: Driven by customer needs, the Bank leverages ecological advantages of “integrated finance + healthcare and eldercare” of Ping An Group to fully cover financial scenarios in customers’ daily life, provide professional and convenient solutions, and continues to intensify the comprehensive operation model of “one customer, multiple accounts, multiple products and one-stop service”.

Providing three guarantees of development >>>

Organization: The Bank promotes organic combination of specialization of business lines with localization of branches, upgrades the organization and management system with efficient collaboration between the head office and branches, strengthens professional operations and vertical transmission. It develops a future-oriented talent cultivation program with enhanced talent tool and upgraded development system to strengthen the professional capabilities of the team.

Risk: The Bank holistically upgrades the retail risk system, improves risk policies, iterates the model strategy, improves approval and authorization systems, strengthens whole process management and enhances risk control and operation capabilities.

Compliance: The Bank improves systems and processes, and constructs long-term mechanisms to continuously enhance the team’s awareness of compliance and sales behavior management, and strengthens the protection of consumers’ rights and interests.

(2) Selective corporate banking

The Bank follows the national development strategy and policies, and continuously deepens the strategy of selective corporate banking. Focusing on the “five areas” in finance and combining with its feature advantages, the Bank makes efforts in industry finance, technology finance, supply chain finance, cross-board finance and inclusive finance. With customers at the core, the Bank focuses on “sector refinement, customer refinement and product refinement”, responds actively to the latest national policies on industrial development, and continuously strengthens financing support for key areas such as advanced manufacturing, green finance, technology finance, inclusive finance, infrastructure and rural revitalization. The Bank gives full play to Ping An Group’s integrated finance advantages and provides customers with one-stop financial services through comprehensive solutions of “commercial bank + investment bank + investment” to help with enterprises’ industrial transformation and upgrading. The Bank increases customers’ share of wallet by implementing in-depth management to consolidate the foundation for corporate business development. The Bank upgrades the integrated operation mechanism for corporate and private businesses, releases the momentum of integrated operation, and supports balanced business development across the Bank. In addition, the Bank strictly maintains the “one lifeline” of asset quality to advance sustainable and high-quality development.

Sector refinement: The Bank closely follows the national strategic direction, examines the development trend of the industry, and continues to build up differentiated advantages and “moats” of industry-based operations, to consolidate the development of basic industries and emerging industries, and contributes to the development of modern industries in China with finance services.

Customer refinement: In line with the trend of comprehensive, ecological and integrated management on corporate customers, the Bank establishes a tiered management and gradient development mechanism for customers from strategic customers to small and micro-sized customers, and forges management capabilities with “long-termism” orientation to promote the refinement of customers.

Product refinement: Focusing on core customer groups, the Bank goes deep in industry scenarios and applies its “finance + technology” capabilities to strengthen product portfolio with industrialization, differentiation and integration, optimize financial service experience and enhance comprehensive customer service capabilities.

(3) Specialized interbank business

Upholding the operational concept of “serving financial markets, interbank customers and the real economy”, the Bank’s interbank capital business continuously advances the two-wheel driven mode of “investment transaction + customer business” and continuously improves the three capabilities of investment, transaction and sales, so as to consolidate the foundation of long-term healthy development and continuously enhance market competitiveness with a sound and balanced business layout.

Enhancing the “two-wheel driven” mode >>>

Investment transaction: The Bank continues to upgrade investment transaction capabilities, enhances professional capabilities including research, pricing, strategy, science and technology, grasps medium- and long-term strategic opportunities in the market, reasonably allocates assets, and nimbly identifies trading opportunities to obtain stable investment returns.

1.3 Development strategy and core competence of the Bank (Continued)

1.3.1 Development strategy of the Bank (Continued)

(3) Specialized interbank business (Continued)

Customer business: The Bank deeply explore financial market service needs of financial institutions and corporate customers, further enriches customer services such as market making, institutional sales, custody and risk aversion, and continuously makes efforts in serving direct financing of entities, improving financial market liquidity and helping enterprises manage market risks, so as to form a multi-product service model focusing on in-depth operation of customers.

Improving the “three capabilities” >>>

Investment capability:

The Bank establishes a globalized, cross-category and cross-market trading system, sensitively captures trading opportunities in different markets and maturity structures, reasonably selects sub-category, makes trendy allocations, and obtains balanced and complementary returns through a wealth of investment solutions.

Trading capability:

The Bank continues to improve investment decision-making frameworks and systems considering macro-economic trend research and quantitative analysis model, leverages professional advantages of the Bank in relative value trading, electronic trading and market-making trading, diversifies trading strategies, grasps trading opportunities more accurately, and maintains stable investment returns in a volatile market environment.

Sales capability:

The Bank expands the scope of financial market products and services, establishes an all-round sales team, promotes the development of financial market customer services from all aspects, and develops an integrated financial service model, to meet the service needs of institutional and corporate customers in market making, bond issuance, investment, custody, risk aversion and other aspects.

1.3.2 Core competence of the Bank

Comprehensive deepening the leadership of Party building. Actively implementing the spirit of the 20th National Congress, the second and third plenary sessions of the 20th CPC Central Committee, as well as the Central Financial Work Conference and the Central Economic Work Conference, the Bank adheres to the leadership of Party building, continuously enhances the Party’s leadership and Party building, giving full play to the political core and leading role of the CPC Central committee. It effectively promotes the integration of Party leadership into corporate governance, Party building into organizational construction, and Party spirit into cultural development, deepening the integration of Party building with business, constantly improving its capability of serving the real economy in financial services, sparing no efforts in the “five areas” in finance, comprehensively strengthening compliance risk management, leading high-quality development with high-quality Party building.

Outstanding integrated finance advantages. By strengthening the collaboration with the controlling shareholder Ping An Group actively and leveraging the Group’s advantages in customers, products, channels and brand, the Bank has built distinct integrated finance advantages through resource integration and coordination. Working on customer needs, the Bank has comprehensively enhanced its management model, cooperation mechanism and service platform for integrated finance. It continues to strengthen the management of related party transactions, strengthen the protection of customer information, adhere to fair pricing, effectively isolates risks, and conducts integrated finance business in compliance with laws and regulations.

Continuous deepening technology empowerment. The Bank has energized its strategic transformation by leveraging the leading digital technologies, and consistently improved technology-empowerment of financial services. In terms of

technology empowering the retail business, the Bank comprehensively deepens digital transformation, builds digital marketing channels, deepens digitalized operations, enhances digital services, and builds digital platforms into an online front for customer operations to provide customers with service experience of “worry free, time-saving and money-saving”. In terms of technology empowering the corporate business, the Bank establishes a demand-oriented and data-driven hierarchical customer operation system, and continuously consolidates customer base and enhances business contribution through ecological operations, comprehensive financial services and digital empowerment. In terms of technology empowering the interbank capital business, the Bank combines technology innovations with segmented scenarios in investment transactions, improves trading efficiency, risk control, investment and research capabilities. In terms of customer business, the Bank provides comprehensive services by using the leading iDeal platform and “ET-bank” platform to develop all-round institutional sales services.

Strong and effective risk control. The Bank has established and continuously improved a comprehensive risk management system, a vertical and centralized risk governance framework and a risk management and control policy covering the whole process. Being forward-looking before any incidents occur, the Bank takes a data-driven approach to develop risk policies and strategies, enabling dynamic research and adjustment as well as agile adjustments. This guides the allocation of high-quality assets, reducing risks at the source. In case of any incidents occurred, the Bank takes precise prevention and control measures. Specifically speaking, by combining automated early warning of system models with ground-level team collaboration, the Bank has created a “Sky Eye + grounding grid” mechanism. This ensures early detection, control, and resolution of risky assets, effectively preventing risk escalation. After the incidents, the Bank addresses the risk efficiently. It innovates in special asset management with professional, ecosystem-based, and investment banking approaches. Through diversified collection and disposal methods, the Bank maximizes the recovery of non-performing assets and minimizes ultimate losses. In addition, the Bank continuously has enhanced its intelligent risk control, strengthened its risk data foundation and built a whole-process risk control platform, to further enhance its risk control capabilities with digital and intelligent tools.

Enhancing refined management. The Bank has fully deepened its digital transformation, promoting the “three digital” program (digital operation, digital management and digital execution). This drives changes in business management and models, enhancing the precision of products and services as well as customer experience externally, and improving refined management and operating efficiency internally. The Bank has continuously improved the intelligence and refinement of risk management and cost management, aiming to reduce risk costs and increase production efficiency.

Deeply rooted corporate culture. The Bank practices its new value culture, uses the core concept of “expertise creates value” as the corporate culture, and adopts value as the only criteria of testing all work, promoting the unity of social value and business value. The Bank is deeply committed to practicing a culture of compliance, comprehensively constructing a governance system for compliance grid, establishing and perfecting a compliance management system, continuously strengthening the construction of compliance culture, and persistently enhancing the intelligent level of compliance management. The Bank is profoundly dedicated to practicing a culture of integrity, establishing a value orientation that esteems uprightness and honors incorruptibility, and comprehensively fostering a cultural ethos of integrity. The Bank is earnestly engaged in practicing a culture of collaboration, establishing and improving cross-line, cross-department, and head office-branch collaboration policy, creating an efficient and collaborative corporate cultural atmosphere, enhancing the combined force of business management, and improving the comprehensive service capabilities for clients.

1.4 Honors and awards

In 2024, honors and awards obtained by the Bank from activities of domestic and foreign institutions are as follows:

January

- In January 2024, the winners of 2023 “Innovation China” Finance Technology Innovation Contest were announced, and the Bank won the “Financial Internet of Things Innovation Project Award”, the “Financial Big Data Innovation Project Award” and the “Financial Cloud Innovation Project Award”.

March

- In March 2024, the Financial Information Technology Innovation Ecological Laboratory, established by China Financial Computerization Group Co., Ltd. under the leadership of the PBOC, announced the “Excellent Financial Information Technology Innovation Solutions (Issue 3)”, and the Bank’s “Zhihui Investment Banking System” was shortlisted.

April

- In April 2024, SRP, a subsidiary of Delinian (formerly known as Euromoney Institutional Investor), announced the list of China Structured Retail Products Awards 2023. Notably, the Bank won the awards of “Best Manufacturer - Commercial Bank” and “Best Derivatives Manufacturer - Commercial Bank”; Ping An Wealth Management won the awards of “Best Manufacturer”, “Rising Star” and “Personality of the Year”.

May

- In May 2024, at the “Annual Conference of China Securitization Forum” led by the Shanghai Advanced Institute for Financial Research (SAIFR), the Bank won the awards of “Annual Innovative Institution” and “Annual Excellent Project of Credit Asset Securitization”.

June

- In June 2024, the Bank won six awards, including “Best Board of Directors”, “Best CEO” and “Best CFO”, in the “2024 Asia (Ex-Japan) Executive Team” awards held by Institutional Investor. The Bank was also recognized as one of “The Most Respected Companies”.
- In June 2024, the winners of The *Asian Banker’s* 2024 China Awards Programme were announced, and the Bank won the awards of “Best Business Ecosystem Platform Initiative in Asia Pacific Region”, “Best Foreign Exchange Service in China” and “Best Anti-Money Laundering Technology Implementation in China”.
- In June 2024, at the 6th China Digital Inclusive Finance Conference, the Bank’s “digital treasury management platform” was shortlisted as an innovative achievement; and the “smart compliance platform”, “multi-scenario application and innovation of data credit in supply chain consumption scenario” and “Nebula Open Alliance” were selected as excellent cases.

September

- In September 2024, at the 5th BankTech Summit of CIFS 2024, the Bank’s “smart special asset management platform” won the award of “2024 Digital Transformation Benchmark Case of Banks”.

October

- In October 2024, the Bank’s Private Bank was awarded as “Best Private Bank” at the 17th “Stars of China Awards” Ceremony hosted by *Global Finance*.

November

- In November 2024, at the China International Fair for Trade in Services sponsored by the Ministry of Commerce and the Beijing Municipal People’s Government, the Bank’s “Hui Xiao Miao” large language model for audit ranked the third in the “Pioneer List for Financial Large Language Model”, and the “digital treasury management platform” was shortlisted as a case in the “Pioneer List for Science and Technology Finance”.

December

- In December 2024, the PBOC announced the list of award-winning projects of the “2023 Financial Technology Development Award”. The Bank’s “new mode of digital retail customer management” project won the second prize, and the “digital and intelligent platform for auto finance” project won the third prize.

Accounting Data and Financial Indicators

2.1 Key indicators

(In RMB million)

Item	2024	2023	Year-on-year change
Operating income	146,695	164,699	(10.9%)
Net profit attributable to shareholders of the Bank	44,508	46,455	(4.2%)
Cost/income ratio	27.66%	27.90%	-0.24 percentage point
Average return on total assets	0.78%	0.85%	-0.07 percentage point
Weighted average return on net assets	10.08%	11.38%	-1.30 percentage points
Net interest margin	1.87%	2.38%	-0.51 percentage point
Proportion of net non-interest income	36.31%	28.36%	+7.95 percentage points

	31 December 2024	31 December 2023	Change at the end of the year from the end of last year
Deposit principals from customers	3,533,678	3,407,295	3.7%
Total principal of loans and advances to customers	3,374,103	3,407,509	(1.0%)
Non-performing loan (NPL) ratio	1.06%	1.06%	-
Provision coverage ratio	250.71%	277.63%	-26.92 percentage points
Deviation ratio of loans overdue for more than 60 days	0.80	0.74	+0.06
Core tier 1 capital adequacy ratio	9.12%	9.22%	-0.10 percentage point

2.2 Key accounting data and financial indicators

Whether the Bank needs to retroactively adjust or restate the accounting data of previous years
☐ Applicable ☒ Not applicable

(In RMB million)

Item	31 December 2024	31 December 2023	31 December 2022	Change at the end of the year from the end of last year
Total assets	5,769,270	5,587,116	5,321,514	3.3%
Shareholders' equity	494,842	472,328	434,680	4.8%
Shareholders' equity attributable to ordinary shareholders of the Bank	424,894	402,384	364,736	5.6%
Share capital	19,406	19,406	19,406	-
Net asset per share attributable to ordinary shareholders of the Bank (RMB/share)	21.89	20.74	18.80	5.6%

Item	2024	2023	2022	Year-on-year change
Operating income	146,695	164,699	179,895	(10.9%)
Operating profit before impairment losses on credit and other assets	104,634	117,022	128,781	(10.6%)
Impairment losses on credit and other assets	49,428	59,094	71,306	(16.4%)
Operating profit	55,206	57,928	57,475	(4.7%)
Profit before tax	54,738	57,718	57,253	(5.2%)
Net profit attributable to shareholders of the Bank	44,508	46,455	45,516	(4.2%)
Net profit attributable to shareholders of the Bank less non-recurring gains/losses	44,838	46,431	45,407	(3.4%)
Net cash flows from operating activities	63,336	92,461	134,572	(31.5%)
Ratio per share (RMB/share) :				
Basic/Diluted earnings per share (EPS)	2.15	2.25	2.20	(4.4%)
Basic/Diluted EPS less non-recurring gains/losses	2.16	2.25	2.19	(4.0%)
Net cash flows from operating activities per share	3.26	4.76	6.93	(31.5%)
Financial ratios (%) :				
Return on total assets	0.77	0.83	0.86	-0.06 percentage point
Average return on total assets	0.78	0.85	0.89	-0.07 percentage point
Weighted average return on net assets	10.08	11.38	12.36	-1.30 percentage point
Weighted average return on net assets (less non-recurring gains/losses)	10.16	11.38	12.33	-1.22 percentage point

Note : The return on net assets and EPS indicators are calculated in accordance with the *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 - Computation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision)* (《公開發行證券的公司信息披露編報規則第9號——淨資產收益率和每股收益的計算及披露》(2010年修訂)) and *Accounting Standards for Business Enterprises No. 34 - Earnings per Share* (《企業會計準則第34號——每股收益》). The Bank issued non-cumulative preference shares of RMB20 billion in private placement on 7 March 2016 and non-fixed term capital bonds (“perpetual bonds”) of RMB30 billion and RMB20 billion in February 2020 and in November 2024, respectively, which are all classified as other equity instruments. In the calculation of the “weighted average return on net assets” and “EPS”, the paid dividends on preference shares of RMB874 million and the interests on perpetual bonds of RMB1,975 million have been deducted from the “Net profit attributable to shareholders of the Bank”.

Accounting Data and Financial Indicators

2.2 Key accounting data and financial indicators (Continued)

Whether the lower of the net profit before and after deducting non-recurring gains or losses for recent three fiscal years is negative, and the audit report of the last year shows that there is uncertainty in the Company’s ability to continue as a going concern

☐ Yes ☒ No

Whether the lower of the net profit before and after deducting non-recurring gains or losses are negative

☐ Yes ☒ No

Total share capital of the Bank as at the trading day prior to disclosure and fully diluted EPS calculated based on the latest share capital :

Total share capital of the Bank as at the trading day prior to disclosure (in shares)	19,405,918,198
Payment of dividends on preference shares (RMB)	874,000,000
Payment of interests on perpetual bonds (RMB)	1,975,000,000
Fully diluted EPS calculated based on the latest share capital (RMB/share)	2.15

Accounting data differences under domestic and overseas accounting standards

1. Differences in net profit and net assets between financial reports under the international accounting standards and the Chinese accounting standards

☐ Applicable ☒ Not applicable

During the reporting period of the Group, there was no difference in net profit and net assets between financial reports under the international accounting standards and the Chinese accounting standards.

2. Differences in net profit and net assets between financial reports under the overseas accounting standards and the Chinese accounting standards.

☐ Applicable ☒ Not applicable

During the reporting period of the Group, there was no difference in net profit and net assets between financial reports under the overseas accounting standards and the Chinese accounting standards.

3. Reasons for differences in accounting data under domestic and overseas accounting standards

☐ Applicable ☒ Not applicable

Quarterly key financial indicators

(In RMB million)

Item	First Quarter of 2024	Second Quarter of 2024	Third Quarter of 2024	Fourth Quarter of 2024
Operating income	38,770	38,362	34,450	35,113
Net profit attributable to shareholders of the Bank	14,932	10,947	13,850	4,779
Net profit attributable to shareholders of the Bank less non-recurring gains/losses	14,906	10,974	13,868	5,090
Net cash flows from operating activities	(21,382)	135,104	23,436	(73,822)

Whether the above financial indicators or their totals differ significantly from the relevant financial indicators in the quarterly reports and the interim report disclosed by the Bank

☐ Yes ☒ No

Information of loans and deposits

(In RMB million)

Item	31 December 2024	31 December 2023	31 December 2022	Change at the end of the year from the end of last year
Deposit principals from customers	3,533,678	3,407,295	3,312,684	3.7%
Including: Corporate deposits	2,246,498	2,199,677	2,277,714	2.1%
Personal deposits	1,287,180	1,207,618	1,034,970	6.6%
Total principal of loans and advances to customers	3,374,103	3,407,509	3,329,161	(1.0%)
Including: Corporate loans	1,606,935	1,429,790	1,281,771	12.4%
General corporate loans	1,421,206	1,214,991	1,084,224	17.0%
Discounted bills	185,729	214,799	197,547	(13.5%)
Personal loans	1,767,168	1,977,719	2,047,390	(10.6%)

Note : Pursuant to the *Circular on Revising and Issuing 2018 Versions of Financial Statement Templates for Financial Enterprises* (Cai Kuai [2018] No. 36) (《關於修訂印發 2018 年度金融企業財務報表格式的通知》(財會 [2018]36 號)) issued by the Ministry of Finance, interests accrued using the effective interest method are included in the carrying amount of financial instruments, and interests not received or paid as at the balance sheet date are presented in “Other assets” or “Other liabilities”. Unless otherwise stated, “Loans and advances to customers”, “Deposits from customers” and their breakdowns mentioned in this report are all amounts net of interests.

Accounting Data and Financial Indicators

2.2 Key accounting data and financial indicators (Continued)

Items and amounts of non-recurring gains/losses

✓ Applicable □ Not applicable

(In RMB million)				
Item	2024	2023	2022	Year-on-year change
Net gains or losses on disposal of non-current assets	10	20	152	(50.0%)
Gains/losses from contingencies	65	(64)	(75)	Negative amount for last year
Others	(356)	88	68	(504.5%)
Income tax effect	(49)	(20)	(36)	145.0%
Total	(330)	24	109	(1,475.0%)

Note : The non-recurring gains/losses are calculated in accordance with the definitions in the *Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Issuing Securities - Non-recurring Profit and Loss*(《公開發行證券的公司信息披露解釋性公告第 1 號——非經常性損益》).

During the reporting period, the Group had no situation in which non-recurring gains/losses were defined as recurring gains/losses in accordance with the *Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Issuing Securities - Non-recurring Profit and Loss* (《公開發行證券的公司信息披露解釋性公告第 1 號——非經常性損益》).

2.3 Supplementary financial ratios

(Unit: %)

Item	2024	2023	2022	Year-on-year change
Cost/income ratio	27.66	27.90	27.45	-0.24 percentage point
Credit costs	1.56	1.85	2.01	-0.29 percentage point
Deposit-loan spread	2.47	3.23	3.81	-0.76 percentage point
Net interest spread	1.83	2.31	2.67	-0.48 percentage point
Net interest margin	1.87	2.38	2.75	-0.51 percentage point

Note : Credit costs = impairment losses on loans/average balance of loans and advances to customers; Net interest spread (NIS) = average yield of interest-earning assets - average interest rate of interest-bearing liabilities; and Net interest margin (NIM) = net interest income/average balance of interest-earning assets.

2.4 Supplementary regulatory indicators

2.4.1 Key regulatory indicators

(Unit: %)

Item	Standard level of indicator	31 December 2024	31 December 2023	31 December 2022
Liquidity ratio (RMB and foreign currency)	≥25	68.91	68.01	55.19
Liquidity ratio (RMB)	≥25	68.36	67.17	54.16
Liquidity ratio (foreign currency)	≥25	81.87	89.76	79.51
Liquidity matching ratio	≥100	138.74	144.66	140.39
Capital adequacy ratio	≥10.75 (Note 2)	13.11	13.43	13.01
Tier 1 capital adequacy ratio	≥8.75 (Note 2)	10.69	10.90	10.40
Core tier 1 capital adequacy ratio	≥7.75 (Note 2)	9.12	9.22	8.64
Ratio of loans to the single largest customer to net capital	≤10	1.56	2.58	2.74
Ratio of loans to top 10 customers to net capital	Not applicable	11.40	12.77	13.93
Ratio of accumulated open foreign exchange position to net capital	≤20	4.97	4.42	2.28
Standard loan migration ratio	Not applicable	2.89	2.76	2.70
Special-mention loan migration ratio	Not applicable	45.49	41.23	45.54
Substandard loan migration ratio	Not applicable	74.50	80.18	73.89
Doubtful loan migration ratio	Not applicable	76.09	85.89	77.08
Non-performing loan (NPL) ratio	≤5	1.06	1.06	1.05
Provision coverage ratio	≥130 (Note 3)	250.71	277.63	290.28
Provision to loan ratio	≥1.8 (Note 3)	2.66	2.94	3.04

Notes : (1)Above-mentioned regulatory indicators are calculated in accordance with the regulatory requirements. Except for the capital adequacy ratio indicator, which represents the position at the Group level, all other indicators represent the positions at the Bank level as reported to the regulatory authorities.

(2)According to the *Additional Regulatory Requirements for Systemically Important Banks (for Trial Implementation)* (《系統重要性銀行附加監管規定(試行)》) and the list of China's systemically important banks in 2023, the Bank was in the first group of the list and implemented the additional capital requirement of 0.25%.

(3)n accordance with the provisions of *Circular on Adjusting the Regulatory Requirements for Loss Provisions for Loans of Commercial Banks* (Yin Jian Fa [2018] No. 7) (《關於調整商業銀行貸款損失準備監管要求的通知》(銀監發[2018]7號)), various joint-stock banks have implemented regulatory policies of differentiated and dynamically adjusted provision.

Accounting Data and Financial Indicators

2.4 Supplementary regulatory indicators (Continued)

2.4.2 Capital adequacy ratio

(In RMB million)

Item	31 December 2024		31 December 2023	
	The Group	The Bank	The Group	The Bank
Net core tier 1 capital	405,333	391,556	384,886	373,325
Net tier 1 capital	475,237	461,399	454,830	443,269
Net capital	582,713	567,693	560,773	549,165
Total risk-weighted assets	4,445,117	4,421,385	4,174,044	4,163,832
Credit risk-weighted assets	3,912,348	3,908,299	3,722,711	3,718,869
On-balance-sheet risk-weighted assets	3,130,715	3,126,666	3,118,974	3,115,132
Off-balance-sheet risk-weighted assets	771,534	771,534	594,788	594,788
Risk-weighted assets of counterparty credit risk exposure	10,099	10,099	8,949	8,949
Market risk-weighted assets	237,070	220,034	128,970	128,130
Operational risk-weighted assets	295,699	293,052	322,363	316,833
Core tier 1 capital adequacy ratio	9.12%	8.86%	9.22%	8.97%
Tier 1 capital adequacy ratio	10.69%	10.44%	10.90%	10.65%
Capital adequacy ratio	13.11%	12.84%	13.43%	13.19%
Balance of mitigated risk exposures of credit risk asset portfolio:				
Balance of mitigated risk exposures of on-balance-sheet credit risk assets	5,116,207	5,109,190	4,999,649	4,993,873
Risk exposures of off-balance-sheet assets after conversion	1,630,110	1,630,110	1,402,829	1,402,829
Counterparty credit risk exposures	7,949,215	7,949,215	6,093,103	6,093,103

Note : From 2024 onwards, the capital adequacy ratio is calculated in the methods required in the *Administrative Measures for the Capital Management of Commercial Banks* (《商業銀行資本管理辦法》). Credit risk-weighted assets are based on the weighting approach. Market risk-weighted assets and operational risk-weighted assets are based on the standardized approach. For more details on capital management, please refer to the Bank's website (<http://bank.pingan.com>).

2.4.3 Leverage ratio

(In RMB million)

Item	31 December 2024	30 September 2024	30 June 2024	31 March 2024
Leverage ratio	6.47%	6.58%	6.61%	6.74%
Net tier 1 capital	475,237	479,196	470,152	471,005
Balance of on-and off-balance sheet assets after adjustment	7,342,733	7,278,703	7,114,931	6,983,621

Note : The above data represents the performance at the Group level. From 2024 onwards, the Group adopted the approaches required in the *Administrative Measures for the Capital Management of Commercial Banks* (《商業銀行資本管理辦法》) to calculate the leverage ratio. At the end of the reporting period, the Group's leverage ratio decreased as compared with that of the end of September 2024, due to the increase in adjusted balance of on-and off-balance-sheet assets and the decrease in net tier 1 capital. For more details on leverage ratio, please refer to the Bank's website (<http://bank.pingan.com>).

2.4.4 Liquidity coverage ratio

(In RMB million)

Item	31 December 2024	30 September 2024	31 December 2023
Liquidity coverage ratio	136.15%	112.65%	112.34%
Qualified current assets with high quality	661,716	616,902	604,708
Net cash outflow	486,021	547,646	538,304

Note : The above data represents the performance at the Group level. The Group discloses the information on liquidity coverage ratio according to the *Measures for the Disclosure of Information on Liquidity Coverage Ratio of Commercial Banks* (《商業銀行流動性覆蓋率信息披露辦法》).

2.4.5 Net stable funding ratio

(In RMB million)

Item	31 December 2024	30 September 2024	31 December 2023
Net stable funding ratio	106.89%	107.92%	105.49%
Available stable funding	3,349,490	3,370,470	3,212,627
Stable funding required	3,133,535	3,123,008	3,045,293

Note : The above data represents the performance at the Group level. The Group discloses the information on net stable funding ratio according to the *Measures for the Disclosure of Information on Net Stable Funding Ratio of Commercial Banks* (《商業銀行淨穩定資金比例信息披露辦法》).

Accounting Data and Financial Indicators

2.5 Data on operations of segments

2.5.1 Profit and scale

(In RMB million)

Item		Retail banking business		Wholesale banking business		Other operations		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Operating income	Amount	71,255	96,161	63,841	53,581	11,599	14,957	146,695	164,699
	Percentage %	48.6	58.4	43.5	32.5	7.9	9.1	100.0	100.0
Operating expenses	Amount	22,036	30,114	19,040	16,885	985	678	42,061	47,677
	Percentage %	52.4	63.2	45.3	35.4	2.3	1.4	100.0	100.0
Operating profit before impairment losses	Amount	49,219	66,047	44,801	36,696	10,614	14,279	104,634	117,022
	Percentage %	47.0	56.4	42.8	31.4	10.2	12.2	100.0	100.0
Impairment losses on credit and other assets	Amount	48,729	59,131	1,194	(63)	(495)	26	49,428	59,094
	Percentage %	98.6	100.1	2.4	(0.1)	(1.0)	0.0	100.0	100.0
Profit before tax	Amount	356	6,864	43,586	36,724	10,796	14,130	54,738	57,718
	Percentage %	0.6	11.9	79.7	63.6	19.7	24.5	100.0	100.0
Net profit	Amount	289	5,525	35,441	29,558	8,778	11,372	44,508	46,455
	Percentage %	0.6	11.9	79.7	63.6	19.7	24.5	100.0	100.0

Item	31 December 2024		31 December 2023		Change at the end of the year from the end of last year
	Balance	Percentage %	Balance	Percentage %	
Total assets	5,769,270	100.0	5,587,116	100.0	3.3%
Including: Retail banking business	1,693,154	29.4	1,948,994	34.9	(13.1%)
Wholesale banking business	2,874,621	49.8	2,357,660	42.2	21.9%
Other operations	1,201,495	20.8	1,280,462	22.9	(6.2%)

Notes:

(1) The retail banking business segment covers the provision of financial products and services to individual customers and some small enterprises, including personal loans, personal deposits, bank cards and various personal intermediary businesses.

The wholesale banking business segment covers the provision of financial products and services to corporate customers, government organizations, banks and other financial institutions, as well as some small enterprises. The products and services include corporate loans, corporate deposits, trade financing, various corporate intermediary businesses, various inter-bank capital businesses and Ping An Wealth Management related businesses.

Other operations refer to the bond investments and some monetary market activities based on its liquidity management needs, centrally managed equity investments, and assets, liabilities, income and expenses which cannot be directly attributed to any business segment.

(2) The operating income and net profit of retail business showed year-on-year decline, due to factors such as continued profit concession to the real economy, adjustment in asset structure and fee reductions in the bancassurance channel, while some individual customers remained under pressure to repay loans, and the Bank continued to step up its efforts in retail asset write-off and provision.

(In RMB million)

Item	31 December 2024		31 December 2023		Change at the end of the year from the end of last year
	Balance	Percentage %	Balance	Percentage %	
Deposit principals from customers	3,533,678	100.0	3,407,295	100.0	3.7%
Including: Corporate deposits	2,246,498	63.6	2,199,677	64.6	2.1%
Personal deposits	1,287,180	36.4	1,207,618	35.4	6.6%
Total principal of loans and advances to customers	3,374,103	100.0	3,407,509	100.0	(1.0%)
Including: Corporate loans	1,606,935	47.6	1,429,790	42.0	12.4%
Personal loans	1,767,168	52.4	1,977,719	58.0	(10.6%)

Note : Items above are classified based on the nature of the customers, where the corporate service to small enterprises is attributable to corporate deposits and corporate loans business, and the individual service to small enterprises is attributable to personal deposits and personal loans business. The same approach applies below.

2.5.2 Asset quality

Item	31 December 2024	31 December 2023	Change at the end of the year from the end of last year
Non-performing loan (NPL) ratio	1.06%	1.06%	-
Including: Corporate loans	0.70%	0.63%	+0.07 percentage point
Personal loans	1.39%	1.37%	+0.02 percentage point

Accounting Data and Financial Indicators

2.6 Change of core technical team or key technicians during the reporting period (exclusive of directors, supervisors and senior management)

☐ Applicable ☒ Not applicable

2.7 Significant changes in major assets

Significant changes in major assets

Major assets	Explanations on significant changes
Equity assets	There were no significant changes during the reporting period
Fixed assets	There were no significant changes during the reporting period
Intangible assets	There were no significant changes during the reporting period
Construction in progress	There were no significant changes during the reporting period

Status of major overseas assets

☐ Applicable ☒ Not applicable

Management Discussion and Analysis

3.1 Overall analysis of operations

In 2024, adhering to the leadership of Party building with the strategic goal of building “China’s most outstanding, world-leading smart retail bank” and the strategic principle of “strong retail banking, selective corporate banking, and specialized interbank business”, the Bank continuously upgraded its operating strategies in “retail business, corporate business and interbank business”, sparing no efforts in the “five areas” in finance, continued to strengthen risk management and deepen digital transformation, which promoted high-quality development.

Operating income and profit representing a year-on-year decrease while operation performance maintaining robust. In 2024, due to factors such as market changes and proactive adjustment to asset structure, the Group recorded an operating income of RMB146,695 million, representing a year-on-year decrease of 10.9%. Meanwhile, by promoting cost reduction and efficiency improvement for operation through digital transformation, the Bank’s business and administrative expense was RMB40,582 million, representing a year-on-year decrease of 11.7%. The Bank also strengthened asset quality management and control, and increased the efforts to collect and dispose of non-performing assets. Its impairment losses on credit and other assets was RMB49,428 million, representing a year-on-year decrease of 16.4%, recording a net profit of RMB44,508 million, representing a year-on-year decrease of 4.2%.

Proactively adjusting business structure to continuously support the real economy. At the end of 2024, the Group’s business scale remained stable on the whole. The total assets amounted to RMB5,769,270 million, up by 3.3% as compared with the end of last year. The total principal of loans and advances to customers was RMB3,374,103 million, down by 1.0% as compared with the end of last year. The Bank continued to strengthen the support for the real economy, and realized better growth in loans for fields such as manufacturing, sci-techs, green finance and others. The balance of corporate loans increased by 12.4% as compared with the end of last year. In addition, the Bank proactively improved the retail loan business structure and promoted the balanced development of “volume, price and risk”, in response to changes in the external operation environment. As a result, the Bank saw a decrease of 10.6% in balance of personal loans as compared with the end of last year. The total liabilities amounted to RMB5,274,428 million, representing an increase of 3.1% as compared with the end of last year; the balance of total deposit principals from customers was RMB3,533,678 million, up by 3.7% as compared with end of last year.

Strengthening comprehensive risk management and risk compensation capability remaining a good level. The Bank actively responded to the changes in macro-economy environment, strengthened risk control, and proactively optimized the asset structure and customer base structure, thus maintaining stable asset quality. At the end of 2024, the NPL ratio of the Bank was 1.06%, maintaining the same level as the end of last year; the deviation ratios of loans overdue for more than 60 days and 90 days were 0.80 and 0.63, respectively; the provision coverage ratio was 250.71%, and the risk compensation capability remained at a good level.

Practicing refined capital management and maintaining a stable capital adequacy ratio. The Bank continued to strengthen the internal supplementation capacity of capital and enhance its refined capital management with juggled returns to shareholders and capital requirements. At the end of 2024, the Group’s core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 9.12%, 10.69% and 13.11% respectively.

Management Discussion and Analysis

3.2 Analysis of financial statements

3.2.1 Analysis of income statement items

(1) Composition of and changes in operating income

In 2024, the Group recorded an operating income of RMB146,695 million, representing a year-on-year decrease of 10.9%, which included a net interest income of RMB93,427 million, representing a year-on-year decrease of 20.8%, and a net non-interest income of RMB53,268 million, representing a year-on-year increase of 14.0%.

(In RMB million)

Item	2024		2023		Year-on-year change
	Amount	Percentage	Amount	Percentage	
Net interest income	93,427	63.7%	117,991	71.6%	(20.8%)
Balances with the Central Bank	3,438	1.7%	3,844	1.6%	(10.6%)
Deposits with banks and other financial institutions, placements to banks and other financial institutions, financial assets held under resale agreements	10,206	5.1%	8,776	3.9%	16.3%
Loans and advances to customers	154,199	77.7%	183,849	80.8%	(16.1%)
Financial investments	30,538	15.5%	31,148	13.7%	(2.0%)
Subtotal of interest income	198,381	100.0%	227,617	100.0%	(12.8%)
Borrowings from the Central Bank	2,778	2.6%	4,101	3.8%	(32.3%)
Deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements	13,287	12.7%	12,945	11.8%	2.6%
Deposits from customers	72,321	68.9%	75,542	68.9%	(4.3%)
Debt securities issued	16,568	15.8%	17,038	15.5%	(2.8%)
Subtotal of interest expenses	104,954	100.0%	109,626	100.0%	(4.3%)
Net non-interest income	53,268	36.3%	46,708	28.4%	14.0%
Net fee and commission income	24,112	16.4%	29,430	17.9%	(18.1%)
Other net non-interest income	29,156	19.9%	17,278	10.5%	68.7%
Total operating income	146,695	100.0%	164,699	100.0%	(10.9%)

(2) Net interest income

In 2024, the Group recorded a net interest income of RMB93,427 million, representing a year-on-year decrease of 20.8%, mainly due to the decline of market interest rates and active reduction of high-risk retail assets. The NIM was 1.87%, a decrease of 51 basis points as compared with the same period of the previous year.

• Average daily balance and average yield/interest rate of the major asset and liability items

(In RMB million)

Item	January to December 2024			January to December 2023		
	Average daily balance	Interest income/expense	Average yield/interest rate	Average daily balance	Interest income/expense	Average yield/interest rate
Assets						
Loans and advances to customers	3,397,523	154,199	4.54%	3,387,714	183,849	5.43%
Financial investments	1,004,288	30,538	3.04%	1,002,270	31,148	3.11%
Balances with the Central Bank	221,726	3,438	1.55%	250,380	3,844	1.54%
Deposits with banks and other financial institutions	370,957	10,206	2.75%	325,699	8,776	2.69%
Total interest-earning assets	4,994,494	198,381	3.97%	4,966,063	227,617	4.58%
Liabilities						
Deposits from customers	3,491,527	72,321	2.07%	3,437,377	75,542	2.20%
Debt securities issued	675,587	16,568	2.45%	662,372	17,038	2.57%
Interbank business and others	732,867	16,065	2.19%	738,980	17,046	2.31%
Total interest-bearing liabilities	4,899,981	104,954	2.14%	4,838,729	109,626	2.27%
Net interest income	93,427			117,991		
Deposit-loan spread	2.47%			3.23%		
Net interest spread	1.83%			2.31%		
Net interest margin	1.87%			2.38%		

3.2 Analysis of financial statements (Continued)

3.2.1 Analysis of income statement items (Continued)

(2) Net interest income (Continued)

(In RMB million)

Item	October to December 2024			July to September 2024		
	Average daily balance	Interest income/expenses	Average yield/interest rate	Average daily balance	Interest income/expenses	Average yield/interest rate
Assets						
Loans and advances to customers	3,378,105	34,464	4.06%	3,372,426	38,209	4.51%
Financial investments	925,984	7,405	3.18%	1,029,379	7,536	2.91%
Balances with the Central Bank	214,477	833	1.55%	224,633	883	1.56%
Deposits with banks and other financial institutions	381,941	2,376	2.47%	374,240	2,546	2.71%
Total interest-earning assets	4,900,507	45,078	3.66%	5,000,678	49,174	3.91%
Liabilities						
Deposits from customers	3,583,913	17,177	1.91%	3,552,941	18,127	2.03%
Debt securities issued	646,492	3,731	2.30%	598,989	3,615	2.40%
Interbank business and others	649,211	3,279	2.01%	731,405	3,982	2.17%
Total interest-bearing liabilities	4,879,616	24,187	1.97%	4,883,335	25,724	2.10%
Net interest income	20,891			23,450		
Deposit-loan spread			2.15%			2.48%
Net interest spread			1.69%			1.81%
Net interest margin			1.70%			1.87%

● Average daily balance and yield of loans and advances to customers

(In RMB million)

Item	January to December 2024			January to December 2023		
	Average daily balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans	1,380,792	49,206	3.56%	1,158,053	46,343	4.00%
Discounted bills	189,261	3,428	1.81%	201,144	4,056	2.02%
Personal loans	1,827,470	101,565	5.56%	2,028,517	133,450	6.58%
Loans and advances to customers	3,397,523	154,199	4.54%	3,387,714	183,849	5.43%

Item	October to December 2024			July to September 2024		
	Average daily balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans	1,428,242	11,990	3.34%	1,412,800	12,556	3.54%
Discounted bills	177,687	747	1.67%	165,976	754	1.81%
Personal loans	1,772,176	21,727	4.88%	1,793,650	24,899	5.52%
Loans and advances to customers	3,378,105	34,464	4.06%	3,372,426	38,209	4.51%

In 2024, the average yield of loans and advances to customers of the Bank was 4.54%, down 89 basis points from the same period last year, of which the average yield of corporate loans was 3.56%, down 44 basis points from the same period last year, and the average yield of personal loans was 5.56%, down 102 basis points from the same period last year. On the one hand, the Bank adhered to the policy orientation of making continued profit concession to the real economy, and continuously enhanced credit loan support to key sectors such as manufacturing, sci-techs and green finance; it also actively adjusted the asset structure, and increased the proportion of high-quality assets. On the other hand, the decline of Loan Prime Rate (LPR), adjusted interest rate of existing housing loans as well as repricing led to a year-on-year decline in the yield of new loans, causing a year-on-year decrease in the yield of loans portfolio.

3.2 Analysis of financial statements (Continued)

3.2.1 Analysis of income statement items (Continued)

(2) Net interest income (Continued)

● Average daily balance and interest rate of deposits from customers

(In RMB million)

Item	January to December 2024			January to December 2023		
	Average daily balance	Interest expenses	Average interest rate	Average daily balance	Interest expenses	Average interest rate
Corporate deposits	2,228,377	44,726	2.01%	2,290,339	48,846	2.13%
Including: Demand deposits	833,377	7,337	0.88%	932,565	10,568	1.13%
Time deposits	1,395,000	37,389	2.68%	1,357,774	38,278	2.82%
Including: Treasury deposits and agreement deposits	83,260	2,386	2.87%	78,101	2,323	2.97%
Personal deposits	1,263,150	27,595	2.18%	1,147,038	26,696	2.33%
Including: Demand deposits	293,387	450	0.15%	254,693	539	0.21%
Time deposits	969,763	27,145	2.80%	892,345	26,157	2.93%
Deposits from customers	3,491,527	72,321	2.07%	3,437,377	75,542	2.20%

Item	October to December 2024			July to September 2024		
	Average daily balance	Interest expenses	Average interest rate	Average daily balance	Interest expenses	Average interest rate
Corporate deposits	2,297,241	10,617	1.84%	2,282,188	11,270	1.96%
Including: Demand deposits	828,809	1,470	0.71%	788,561	1,554	0.78%
Time deposits	1,468,432	9,147	2.48%	1,493,627	9,716	2.59%
Including: Treasury deposits and agreement deposits	85,071	584	2.73%	86,947	611	2.80%
Personal deposits	1,286,672	6,560	2.03%	1,270,753	6,857	2.15%
Including: Demand deposits	319,908	74	0.09%	307,297	108	0.14%
Time deposits	966,764	6,486	2.67%	963,456	6,749	2.79%
Deposits from customers	3,583,913	17,177	1.91%	3,552,941	18,127	2.03%

In 2024, the average interest rate of deposits from customers was 2.07%, a year-on-year decrease of 13 basis points. Specifically, the interest rate of RMB deposits decreased by 14 basis points as compared with the same period last year. In the future, the Bank will continue to strengthen customer expansion and management, enhance its control of high-cost deposit products, facilitate low-cost deposit precipitation and continue to optimize deposit structure and costs.

(3) Net non-interest income

In 2024, the Group recorded a net non-interest income of RMB53,268 million, representing a year-on-year increase of 14.0%.

● Net fee and commission income

In 2024, the Group recorded net fee and commission income of RMB24,112 million, representing a year-on-year decrease of 18.1%. In the fee and commission income, settlement fee income was RMB3,022 million, representing a year-on-year decrease of 8.3%, mainly due to the decrease in fee income of corporate settlement business; the agency and trusteeship fee income was RMB5,434 million, representing a year-on-year decrease of 29.4%, mainly due to the decrease in income from agency of personal insurance; the fee income of bank cards was RMB13,174 million, representing a year-on-year decrease of 18.3%, mainly due to the decrease in fee income of credit card business; other fee and commission income was RMB4,758 million, representing a year-on-year decrease of 23.0%, mainly due to the decrease in management fee of wealth management and trade financing income.

(In RMB million)

Item	2024	2023	Year-on-year change
Settlement fee income	3,022	3,294	(8.3%)
Agency and trusteeship fee income	5,434	7,697	(29.4%)
Bank card fee income	13,174	16,128	(18.3%)
Assets custody fee income	1,456	1,745	(16.6%)
Others	4,758	6,178	(23.0%)
Fee and commission income	27,844	35,042	(20.5%)
Fee and commission expenses	3,732	5,612	(33.5%)
Net fee and commission income	24,112	29,430	(18.1%)

3.2 Analysis of financial statements (Continued)

3.2.1 Analysis of income statement items (Continued)

(3) Net non-interest income (Continued)

● Other net non-interest income

In 2024, the Group's other net non-interest income was RMB29,156 million, representing a year-on-year increase of 68.7%, mainly driven by the market opportunities and increase in net non-interest income from bond investments and other businesses.

(In RMB million)			
Item	2024	2023	Year-on-year change
Investment income	24,604	16,054	53.3%
Gains or losses on changes in fair value	3,104	(354)	Negative amount for last year
Exchange gains or losses	880	662	32.9%
Other operating income	382	538	(29.0%)
Gains or losses on disposal of assets	8	144	(94.4%)
Other income	178	234	(23.9%)
Other net non-interest income	29,156	17,278	68.7%

(4) Business and administrative expenses

In 2024, the Group's operating and administrative expense was RMB40,582 million, representing a year-on-year decrease of 11.7%, of which staff expenses, depreciation, amortization and rental expenses, as well as general business management expenses amounted to RMB19,126 million, RMB5,837 million and RMB15,619 million, decreased 8.5%, 10.0% and 15.9% respectively on a year-on-year basis; the cost/income ratio was 27.66%, down by 0.24 percentage point as compared with the same period of last year. The Group continued to deepen strategic transformation, comprehensively deepened digital transformation, maintaining its investment in strategically focused businesses, and improving resource allocation efficiency. In addition, the Group further promoted the "cost reduction, efficiency enhancement" concept to reduce workplace and daily operating expenses and increase the investment efficiency of business support expenses.

(In RMB million)			
Item	2024	2023	Year-on-year change
Staff expenses	19,126	20,909	(8.5%)
Depreciation, amortization and rental expenses	5,837	6,485	(10.0%)
General business management expenses	15,619	18,565	(15.9%)
Total	40,582	45,959	(11.7%)

(5) Provision for impairment losses on credit and other assets

The Group adhered to the prudent principle, continuously strengthened disposal of non-performing assets, and the risk compensate capability remained a good level. In 2024, the Group's provision for impairment losses on credit and other assets amounted to RMB49,428 million, representing a year-on-year decrease of 16.4%. The Group has made a steady progress in overall macroeconomic performance. It continued to optimize its business structure and strengthened its efforts to settle non-performing assets. The overall provision for impairment declined.

(In RMB million)			
Item	Provision/ (Reversal) in 2024	Provision/ (Reversal) in 2023	Year-on-year change
Deposits with banks and other financial institutions	(242)	(1,512)	Negative amount for last year
Placements to banks and other financial institutions	221	(1,485)	Negative amount for last year
Financial assets held under resale agreements	(84)	104	(180.8%)
Loans and advances to customers	52,924	62,833	(15.8%)
Investment on debts (Note)	3,672	(5,538)	Negative amount for last year
Other investment on debts	(353)	(498)	Negative amount for last year
Expected credit losses of credit commitments	(7,597)	3,690	(305.9%)
Foreclosed assets	489	77	535.1%
Others	398	1,423	(72.0%)
Total	49,428	59,094	(16.4%)

Note :It mainly includes credit impairment loss of financial assets such as bonds measured at amortized cost, asset management plan and trust plan.

3.2 Analysis of financial statements (Continued)

3.2.1 Analysis of income statement items (Continued)

(6) Income tax expenses

In 2024, the Group's provision for income tax expenses amounted to RMB10,230 million, a year-on-year decrease of 9.2%; the effective income tax rate was 18.69%, decreased by 0.82 percentage point on a year-on-year basis, mainly due to the increase in tax exemption income such as interest income from government bonds.

(In RMB million)

Item	2024	2023	Year-on-year change
Profit before tax	54,738	57,718	(5.2%)
Income tax expenses	10,230	11,263	(9.2%)
Effective income tax rate	18.69%	19.51%	-0.82 percentage point

(7) Regional segment of operating income and expense

See "V. Operating segment information" in "Section X Financial Report" for details about regional segment of operating income and expense of the Group in 2024.

3.2.2 Analysis of balance sheet items

(1) Asset composition and changes

At the end of 2024, the Group's total assets amounted to RMB5,769,270 million, grew by 3.3% as compared with the end of last year; including the total principal of loans and advances to customers of RMB3,374,103 million, down by 1.0% as compared with the end of last year.

(In RMB million)

Item	31 December 2024		31 December 2023		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Total loans and advances to customers	3,382,696	58.6%	3,417,463	61.2%	(1.0%)
Including: Total principal of loans and advances to customers	3,374,103	58.5%	3,407,509	61.0%	(1.0%)
Accrued interest on loans and advances to customers	8,593	0.1%	9,954	0.2%	(13.7%)
Impairment provision for loans and advances to customers measured at amortized cost	(88,643)	(1.5%)	(97,353)	(1.7%)	(8.9%)
Net loans and advances to customers	3,294,053	57.1%	3,320,110	59.5%	(0.8%)
Financial assets classified as investments (Note)	1,662,486	28.8%	1,431,426	25.6%	16.1%
Cash and balances with the Central Bank	268,973	4.7%	274,663	4.9%	(2.1%)
Deposits with banks and other financial institutions	132,090	2.3%	93,597	1.7%	41.1%
Precious metals	12,620	0.2%	9,680	0.2%	30.4%
Placements to banks and other financial institutions and financial assets held under resale agreements	299,971	5.2%	331,537	5.9%	(9.5%)
Investment properties	298	0.0%	335	0.0%	(11.0%)
Fixed assets	8,634	0.1%	9,814	0.2%	(12.0%)
Right-of-use assets	5,048	0.1%	5,776	0.1%	(12.6%)
Intangible assets	6,238	0.1%	6,622	0.1%	(5.8%)
Goodwill	7,568	0.1%	7,568	0.1%	-
Deferred income tax assets	52,329	0.9%	45,757	0.8%	14.4%
Other assets	18,962	0.4%	50,231	0.9%	(62.3%)
Total assets	5,769,270	100.0%	5,587,116	100.0%	3.3%

Note :“Financial assets classified as investments” include the derivative financial assets, financial assets held for trading, investment on debts, other investment on debts and other equity instrument investments on the balance sheet. Please see “3.2.3 (1) Investment portfolio and overall situation” in this section for details.

3.2 Analysis of financial statements (Continued)

3.2.2 Analysis of balance sheet item (Continued)

(1) Asset composition and changes (Continued)

● Loans and advances to customers

See "3.2.7 Analysis on asset quality for loans" in this section for details about loans and advances to customers.

● Goodwill

The Bank acquired goodwill from its acquisition of the former Ping An Bank in July 2011. The goodwill balance was RMB7,568 million at the end of 2024. See "IV. Notes to key items in the financial statements - 16. Goodwill" in "Section X Financial Report" for details about the goodwill and impairment test.

(In RMB million)

Item	Balance	Impairment provision
Goodwill	7,568	-

● Other assets - foreclosed assets

(In RMB million)

Item	31 December 2024	31 December 2023	Change at the end of the year from the end of last year
Land and buildings	5,093	1,791	184.4%
Others	2	2	-
Subtotal	5,095	1,793	184.2%
Impairment provision for foreclosed assets	(1,947)	(1,587)	22.7%
Net value of foreclosed assets	3,148	206	1,428.2%

(2) Liability structure and changes

At the end of 2024, the total liabilities amounted to RMB5,274,428 million, representing an increase of 3.1% as compared with the end of last year, including the balance of total deposit principals from customers of RMB3,533,678 million, up by 3.7% as compared with end of last year.

(In RMB million)

Item	31 December 2024		31 December 2023		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Deposits from customers	3,592,313	68.1%	3,458,287	67.6%	3.9%
Including: Deposit principals from customers	3,533,678	67.0%	3,407,295	66.6%	3.7%
Accrued interest on deposits from customers	58,635	1.1%	50,992	1.0%	15.0%
Borrowings from the Central Bank	86,110	1.6%	208,783	4.1%	(58.8%)
Deposits from banks and other financial institutions	447,877	8.5%	467,791	9.2%	(4.3%)
Placements from banks and other financial institutions	55,641	1.1%	49,059	1.0%	13.4%
Financial liabilities held for trading	137,356	2.6%	31,614	0.6%	334.5%
Derivative financial liabilities	64,553	1.2%	42,220	0.8%	52.9%
Financial assets sold under repurchase agreements	131,181	2.5%	58,152	1.1%	125.6%
Employee benefits payable	16,163	0.3%	17,189	0.3%	(6.0%)
Taxes payable	14,172	0.3%	9,380	0.2%	51.1%
Debt securities issued	695,200	13.2%	728,328	14.2%	(4.5%)
Lease liabilities	5,410	0.1%	6,210	0.1%	(12.9%)
Accrued liabilities	5,828	0.1%	13,498	0.3%	(56.8%)
Other liabilities (Note)	22,624	0.4%	24,277	0.5%	(6.8%)
Total liabilities	5,274,428	100.0%	5,114,788	100.0%	3.1%

Note : "Other liabilities" include settlement payables, accrued and payable expenses, etc.

3.2 Analysis of financial statements (Continued)

3.2.2 Analysis of balance sheet item (Continued)

(2) Liability structure and changes (Continued)

● Distribution of deposits from customers as per customer type

(In RMB million)

Item	31 December 2024	31 December 2023	Change at the end of the year from the end of last year
Corporate deposits	2,246,498	2,199,677	2.1%
Personal deposits	1,287,180	1,207,618	6.6%
Total deposit principals from customers	3,533,678	3,407,295	3.7%

● Distribution of deposits from customers as per region

(In RMB million)

Item	31 December 2024		31 December 2023		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Eastern Region	1,028,637	29.1%	994,482	29.2%	3.4%
Southern Region	1,311,350	37.1%	1,270,352	37.2%	3.2%
Western Region	260,226	7.4%	265,600	7.8%	(2.0%)
Northern Region	791,645	22.4%	756,662	22.2%	4.6%
Headquarters	93,574	2.6%	83,502	2.5%	12.1%
Overseas	48,246	1.4%	36,697	1.1%	31.5%
Total deposit principals from customers	3,533,678	100.0%	3,407,295	100.0%	3.7%

(3) Changes in shareholders' equity

At the end of 2024, the Group's shareholders' equity amounted to RMB494,842 million, up by 4.8% as compared with the end of last year. Among which the undistributed profit amounted to RMB243,605 million, up by 10.1% as compared with the end of last year, due to the net profit recorded and appropriated in 2024.

(In RMB million)

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Share capital	19,406	-	-	19,406
Other equity instruments	69,944	20,000	(19,996)	69,948
Including: Preference shares	19,953	-	-	19,953
Perpetual bonds	49,991	20,000	(19,996)	49,995
Capital reserve	80,761	-	(48)	80,713
Other comprehensive income	2,264	237	(374)	2,127
Surplus reserve	10,781	-	-	10,781
General reserve	67,917	345	-	68,262
Undistributed profit	221,255	44,508	(22,158)	243,605
Including: Dividend of ordinary shares proposed for distribution	13,953	11,799	(18,727)	7,025
Total shareholders' equity	472,328	65,090	(42,576)	494,842

(4) Fair value measurement

At the end of 2024, for the Group's fair value measurement and items measured at fair value, please refer to "VIII. Risk disclosure - 4. Fair value of financial instruments" and "XII. Other significant items - Assets and liabilities measured at fair value" in "Section X Financial Report".

(5) Restrictions on major asset rights by the end of the reporting period

☐ Applicable ☒ Not applicable

3.2 Analysis of financial statements (Continued)

3.2.3 Investment situation

(1) Investment portfolio and overall situation

✓ Applicable ☐ Not applicable

(In RMB million)

Item	31 December 2024		31 December 2023		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Derivative financial assets	65,412	3.9%	40,521	2.8%	61.4%
Financial assets held for trading	629,571	37.9%	450,293	31.5%	39.8%
Investment on debts	785,075	47.2%	772,467	54.0%	1.6%
Other investment on debts	176,655	10.6%	161,931	11.3%	9.1%
Other equity instrument investments	5,773	0.4%	6,214	0.4%	(7.1%)
Total financial assets classified as investments	1,662,486	100.0%	1,431,426	100.0%	16.1%

(2) Significant equity investment acquired in the reporting period

☐ Applicable ✓ Not applicable

(3) Significant non-equity investment ongoing in the reporting period

☐ Applicable ✓ Not applicable

(4) Financial bonds held

At the end of 2024, the Group held financial bonds (policy bank bonds, various general financial bonds and subordinated financial bonds, excluding enterprise bonds) in the amount of RMB243,990 million, among which the top ten financial bonds with the highest face value were detailed as follows:

(In RMB million)

Name of bonds	Par value	Annual coupon rate (%)	Maturity date	Impairment provision
2024 Policy Bank Bonds	5,140	2.23	11/26/2034	-
2023 Policy Bank Bonds	4,695	2.73	1/11/2028	-
2022 Commercial Bank Financial Bonds	3,900	2.92	12/19/2025	4.17
2024 Commercial Bank Financial Bonds	2,730	2.62	4/8/2034	-
2024 Commercial Bank Financial Bonds	2,620	2.10	7/12/2027	3.04
2024 Policy Bank Bonds	2,420	2.34	1/5/2027	-
2024 Commercial Bank Financial Bonds	2,400	2.37	10/28/2034	-
2024 Commercial Bank Financial Bonds	2,240	2.25	8/29/2034	-
2023 Policy Bank Bonds	2,221	3.10	2/13/2033	-
2017 Policy Bank Bonds	2,211	4.24	8/24/2027	-

3.2 Analysis of financial statements (Continued)

3.2.3 Investment situation (Continued)

(5) Derivative financial instruments held

Derivative investment	
Risk analysis and control measures for derivative positions in the reporting period (including but not limited to market risk, liquidity risk, operational risk, legal risk, etc.)	The Bank carried out capital transactions and investments covering derivatives within the overall limit framework of risk preference and market risk established by the Board of Directors. The Bank built a targeted system for risk management and internal control to effectively identify, measure, monitor, report and control the risks associated with derivative investment.
Changes in market price or fair value of invested derivatives during the reporting period, in which analysis of the fair value of derivatives shall disclose the specific measures used and related hypotheses and parameter setting	In the reporting period, changes in the fair value of the derivatives invested by the Bank were within reasonable and controllable range. The Bank adopted reliable valuation methods generally recognized by market players and used market observable parameters whenever possible to determine the fair value of the derivatives.
Description of whether the accounting policies and the specific principles of accounting for the Company's derivatives during the reporting period changed significantly compared with those in the previous reporting period	The Bank developed the accounting policies and accounting measures for derivatives according to the <i>Accounting Standards for Business Enterprises</i> and there was no significant change in relevant policies during the reporting period.

Positions of derivative investment

(In RMB million)

Contract type	Beginning contract amount (nominal amount)	Ending contract amount (nominal amount)	Changes in fair value during the reporting period
Foreign exchange derivatives	2,416,752	2,676,015	2,799
Interest rate derivatives	5,353,908	5,571,113	(1,635)
Precious metals derivatives	46,280	98,558	1,306
Total	7,816,940	8,345,686	2,470

Note : The Bank carried out capital transactions and investments covering derivatives within the overall limit framework of risk preference and market risk established by the Board of Directors. The nominal amount of derivative financial instruments only demonstrated the trading volume, but did not reflect the actual risk exposure. The Bank mainly adopted hedging strategy to the foreign exchange, interest rate and precious metals derivative businesses, so there was little actual risk exposure of foreign exchange rate, interest rate and commodities.

(6) Usage of raised funds

The Bank had no usage of raised funds during the reporting period.

(7) Significant asset and equity sales

The Bank had no significant asset and equity sales during the reporting period.

(8) Analysis on main holding companies and joint stock companies

✓ Applicable ☐ Not applicable

There was no net profit of a single subsidiary of the Bank or investment income of a single joint-stock company that affected the net profit of the Bank by more than 10%. See “3.3.5 General information of Ping An Wealth Management” in this section for details about business development of the Bank’s wholly owned subsidiary Ping An Wealth Management Co., Ltd.

(9) Structured entities controlled by the Company

See “IV. Notes to key items in the financial statements - 53. Structured entities” in “Section X Financial Report” for details about the Group’s structured entities.

3.2.4 Balance of off-balance sheet items which may have significant influences on business performance at the end of the reporting period

See “VI. Commitments and contingent liabilities” in “Section X Financial Report” for the Group’s items, such as “capital expenditure commitments and credit commitments”.

Management Discussion and Analysis

3.2 Analysis of financial statements (Continued)

3.2.5 Analysis on items with changes over 30% in comparative accounting statement

(In RMB million)

Item	Amount for the period	Amount of change	Rate of change	Analysis on reasons of change
Deposits with banks and other financial institutions	132,090	38,493	41.1%	Mainly due to the increase of deposits with banks and other financial institutions at the end of 2024
Precious metals	12,620	2,940	30.4%	Mainly due to the increase in gold leasing and placement from banks and other financial institutions
Derivative financial assets	65,412	24,891	61.4%	Mainly due to the increase in the scale of business and the impact of market fluctuations
Financial assets held under resale agreements	32,719	(78,111)	(70.5%)	Mainly due to the decrease in the scale of bonds held under resale agreements
Financial assets held for trading	629,571	179,278	39.8%	Mainly due to the increase in bond investments held for trading
Other assets	18,962	(31,269)	(62.3%)	Mainly due to the decrease in the settlement receivables
Borrowings from the Central Bank	86,110	(122,673)	(58.8%)	Based on the RMB position at the end of the year, the borrowings from the Central Bank were decreased
Financial liabilities held for trading	137,356	105,742	334.5%	Mainly due to the increase in the scale of bond lending business
Derivative financial liabilities	64,553	22,333	52.9%	Mainly due to the increase in the scale of business and the impact of market fluctuations
Financial assets sold under repurchase agreements	131,181	73,029	125.6%	Mainly due to the increase in the bonds sold under repurchase agreements
Taxes payable	14,172	4,792	51.1%	Mainly due to the increase in corporate income tax payable
Accrued liabilities	5,828	(7,670)	(56.8%)	Mainly due to the decrease of provision for expected credit losses of financial guaranteed contracts
Fee and commission expenses	3,732	(1,880)	(33.5%)	Mainly due to the decrease in fee expenses of credit card business
Investment income	24,604	8,550	53.3%	Mainly due to the increase in income of bond investment
Gains or losses on changes in fair value	3,104	3,458	Negative amount for last year	Mainly due to the increase in gains or losses on changes in fair value of financial instruments held for trading
Exchange gains or losses	880	218	32.9%	Mainly due to the effect of fluctuation in foreign exchange rate
Gains or losses on disposal of assets	8	(136)	(94.4%)	Small base period amount of RMB144 million in 2023
Impairment losses on other assets	489	412	535.1%	Increase in provision for impairment losses on foreclosed assets
Non-operating expenses	505	246	95.0%	Small base period amount of RMB259 million in 2023

3.2.6 Cash flows

In 2024, the Group's net cash flows generated from operating activities amounted to RMB63,336 million, representing a year-on-year decrease of RMB29,125 million, primarily due to the increase in cash outflows from financial assets held for trading and borrowings from the Central Bank, the decrease in cash outflows of loans and advances to customers and the increase in cash inflows of bond lending businesses; the net cash flows generated from investment activities amounted to RMB-31,859 million, a year-on-year decrease of RMB5,717 million, mainly due to the increase in cash outflows for other debt investments; the net cash flows generated from financing activities amounted to RMB-73,933 million, a year-on-year decrease of RMB82,022 million, primarily due to the decrease in cash inflow received from the issuance of interbank certificates of deposits.

Management Discussion and Analysis

3.2 Analysis of financial statements (Continued)

3.2.7 Analysis on asset quality for loans

(1) Five-tier classification of loans and advances to customers

(In RMB million)

Item	31 December 2024		31 December 2023		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Standard loans	3,273,405	97.01%	3,311,741	97.19%	(1.2%)
Special-mention loans	64,960	1.93%	59,732	1.75%	8.8%
Non-performing loans	35,738	1.06%	36,036	1.06%	(0.8%)
Including: Substandard	15,707	0.47%	19,133	0.56%	(17.9%)
Doubtful	13,531	0.40%	10,763	0.32%	25.7%
Loss	6,500	0.19%	6,140	0.18%	5.9%
Total principal of loans and advances to customers	3,374,103	100.00%	3,407,509	100.00%	(1.0%)
Impairment provision for loans and advances to customers	(89,600)		(100,045)		(10.4%)
Including: Impairment provision for loans and advances to customers measured at amortized cost	(88,643)		(97,353)		(8.9%)
Impairment provision for loans and advances to customers measured at fair value and changes included into other comprehensive income	(957)		(2,692)		(64.5%)
Non-performing loan (NPL) ratio	1.06%		1.06%		-
Deviation ratio of loans overdue for more than 90 days (Note 1)	0.63		0.59		+0.04
Deviation ratio of loans overdue for more than 60 days (Note 2)	0.80		0.74		+0.06
Provision coverage ratio	250.71%		277.63%		-26.92 percentage points
Provision coverage ratio for loans overdue for more than 90 days	397.09%		469.25%		-72.16 percentage points
Provision coverage ratio for loans overdue for more than 60 days	315.02%		374.10%		-59.08 percentage points
Provision to loan ratio	2.66%		2.94%		-0.28 percentage point

Notes:

(1) Deviation ratio of loans overdue for more than 90 days = Balance of loans overdue for more than 90 days/Balance of non-performing loans.

(2) Deviation ratio of loans overdue for more than 60 days = Balance of loans overdue for more than 60 days/Balance of non-performing loans.

The Bank actively implemented the *Measures for Risk Classification of Financial Assets of Commercial Banks* (《商業銀行金融資產風險分類辦法》) and continuously enhanced the risk classification management of financial assets. The Bank strictly identified asset risk classification and truly reflected asset quality. At the end of 2024, the NPL ratio of the Bank was 1.06%, maintaining the same level as the end of last year; the ratio of special-mention loans was 1.93%, an increase of 0.18 percentage point as compared with the end of last year, which was mainly due to the impact of the real estate industry and the increased risks in some real estate related businesses. Such businesses are secured by mortgages and the overall risk is controllable. The deviation ratios of loans overdue for more than 60 days and more than 90 days were 0.80 and 0.63, respectively.

(2) Structural distribution and quality of loans and advances to customers as per products

(In RMB million)

Item	31 December 2024			31 December 2023			Increase/decrease in NPL ratio
	Balance	Percentage	NPL ratio	Balance	Percentage	NPL ratio	
Corporate loans	1,606,935	47.6%	0.70%	1,429,790	42.0%	0.63%	+0.07 percentage point
Including: General corporate loans	1,421,206	42.1%	0.79%	1,214,991	35.7%	0.74%	+0.05 percentage point
Discounted bills	185,729	5.5%	-	214,799	6.3%	-	-
Personal loans (Note)	1,767,168	52.4%	1.39%	1,977,719	58.0%	1.37%	+0.02 percentage point
Including: Housing mortgage loans	326,098	9.7%	0.47%	303,568	8.9%	0.30%	+0.17 percentage point
Credit card receivables	434,997	12.9%	2.56%	514,092	15.1%	2.77%	-0.21 percentage point
Consumer loans	474,663	14.1%	1.35%	545,291	16.0%	1.23%	+0.12 percentage point
Operating loans	531,410	15.7%	1.02%	614,768	18.0%	0.83%	+0.19 percentage point
Total principal of loans and advances to customers	3,374,103	100.0%	1.06%	3,407,509	100.0%	1.06%	-

In terms of corporate loans, at the end of 2024, the NPL ratio of the Bank's corporate loans was 0.70%, up by 0.07 percentage point from the end of last year. The corporate credit risk indicators remained at a sound level. The Bank continuously upgraded the risk policy system, developed characteristic policies based on local conditions, improved the adaptability of risk policies and facilitated the integrated operation of branches; it continued to improve the risk monitoring system, reinforced its hierarchical management of early warning, strengthened proactive control in key areas, promoted the implementation of the coordination mechanism for urban real estate financing, and focused on strengthening the control, tackling and resolution of real estate risks; it strengthened the collection and disposal of non-performing assets, facilitating to maintain a stable asset quality.

In terms of personal loans, at the end of 2024, the NPL ratio of the Bank's personal loans was 1.39%, up by 0.02 percentage point from the end of last year. In 2024, the domestic economy is generally positive with a structural difference, while some individual customers remain under pressure to repay loans, and the NPL ratio of personal loans has increased compared with that of the beginning of the year. The Bank continued to upgrade risk model, and improved customer identification capability to achieve more accurate customer segmentation. At the same time, the Bank actively adjusted customer structure and asset structure, implemented differentiated risk management policies, promoted high-quality assets supply and strengthened the disposal of non-performing loans. The NPL ratio of personal loans decreased by 0.04 percentage point compared with that of the end of the third quarter.

3.2 Analysis of financial statements (Continued)

3.2.7 Analysis on asset quality for loans (Continued)

(3) Structural distribution and quality of loans and advances to customers as per industry

(In RMB million)

Item	31 December 2024			31 December 2023			Increase/decrease in NPL ratio
	Balance	Percentage	NPL ratio	Balance	Percentage	NPL ratio	
Agriculture, husbandry and fishery	3,179	0.1%	-	3,575	0.1%	-	-
Mining	24,418	0.7%	-	17,821	0.5%	-	-
Manufacturing	223,654	6.6%	0.92%	200,675	5.9%	0.32%	+0.60 percentage point
Energy	44,745	1.3%	-	37,527	1.1%	-	-
Transportation, post and telecommunications	70,333	2.1%	0.06%	59,744	1.8%	0.08%	-0.02 percentage point
Wholesale and retail	141,044	4.2%	0.83%	151,160	4.4%	1.17%	-0.34 percentage point
Real estate	245,219	7.3%	1.79%	255,322	7.5%	0.86%	+0.93 percentage point
Social services, science and technology, culture and sanitary	343,692	10.2%	0.95%	246,241	7.2%	1.07%	-0.12 percentage point
Construction	65,974	2.0%	0.49%	52,760	1.5%	1.94%	-1.45 percentage points
Personal loans	1,767,168	52.4%	1.39%	1,977,719	58.0%	1.37%	+0.02 percentage point
Others	444,677	13.1%	-	404,965	12.0%	0.16%	-0.16 percentage point
Total principal of loans and advances to customers	3,374,103	100.0%	1.06%	3,407,509	100.0%	1.06%	-

Note : The industry statistics involve loans and discounted bills.

In 2024, the Bank kept up with the major national strategic planning, actively supported the development of the real economy, and focused on key industries, key areas and key customers. The Bank selected the industries with weak periodicity, steady growth and good asset quality, and made more efforts in taking reduction measures on high-risk customers to further optimize asset portfolio allocation. Meanwhile, the Bank continuously strengthened risk management and control over new businesses and strongly enhanced the mitigation and handling of existing risks, and the asset quality was overall stable. Affected by the industry imbalance in the recovery of macro-economy and adverse impact of new non-performing corporate customers, the NPL ratio in the sectors of real estate and manufacturing increased as compared with the end of last year. The Bank has actively implemented various measures and strengthened the collection and disposal, and overall risk is under control.

(4) Quality of loans and advances to customers as per regions

(In RMB million)

Item	31 December 2024			31 December 2023			Increase/decrease in NPL ratio
	Balance	Percentage	NPL ratio	Balance	Percentage	NPL ratio	
Eastern Region	796,244	23.6%	0.77%	782,187	23.0%	0.60%	+0.17 percentage point
Southern Region	688,882	20.4%	1.34%	706,021	20.7%	1.02%	+0.32 percentage point
Western Region	304,678	9.0%	0.64%	335,842	9.9%	0.76%	-0.12 percentage point
Northern Region	525,982	15.6%	0.46%	559,056	16.4%	0.45%	+0.01 percentage point
Headquarters	1,009,888	29.9%	1.58%	991,440	29.0%	1.92%	-0.34 percentage point
Overseas	48,429	1.5%	-	32,963	1.0%	-	-
Total principal of loans and advances to customers	3,374,103	100.0%	1.06%	3,407,509	100.0%	1.06%	-

(5) Restructured and overdue loans

(In RMB million)

Item	31 December 2024		31 December 2023	
	Balance	% of total loans	Balance	% of total loans
Restructured loans	37,664	1.12%	32,030	0.94%
Loans with principal and interest overdue for within 90 days	28,712	0.85%	27,231	0.80%
Loans with principal or interest overdue for more than 90 days	22,564	0.67%	21,320	0.62%
Loans with principal or interest overdue for more than 60 days	28,443	0.84%	26,743	0.78%

At the end of 2024, the Bank's balance of restructured loans was RMB37,664 million, increasing by RMB5,634 million compared with the end of the previous year. This was mainly because the Bank actively provided restructuring support for some businesses by extending existing loans and adjusting repayment schedules in accordance with regulatory policy orientation and substantive risk judgments, considering some businesses involving real estate born slightly increased risk under the impact of the real estate industry. Equipped with mortgage and guarantee, such businesses born controllable risk on the whole.

At the end of 2024, the Bank's balance of loans overdue accounted for 1.52%, an increase of 0.10 percentage point as compared with the end of last year. In respect of overdue loans, the Bank took multiple targeted management and control measures, and developed recovery and restructuring conversion plans based on the actual conditions of customers. The Bank actively communicated with all relevant parties, and actively promoted risk management and resolution. The overall risk was controllable.

3.2 Analysis of financial statements (Continued)

3.2.7 Analysis on asset quality for loans (Continued)

(6) Movements in impairment provision of loans

The Bank started to implement new accounting standards for financial instruments from 1 January 2018 and set up an expected credit loss model to measure the expected losses of assets. In 2024, the Bank’s provision for credit impairment losses on loans and advances to customers amounted to RMB52,924 million.

(In RMB million)	
Item	Amount
Beginning balance	100,045
Provision	52,924
Write-offs	(63,294)
Reversal of written-off loans recovered	17,877
Transfer upon asset disposal	(17,832)
Decrease in loans due to increase in discounted value	(112)
Other changes	(8)
Ending balance	89,600

Non-performing loans fully provided will be written off to the extent that they conform to the write-off conditions and complete relevant procedures; written-off loans will be managed in accordance with the principle of “filing after writing-off and continuous recovery”. For recovery of written-off loans, litigation fees due from borrower advanced from the Bank will be withheld first. For the remaining amount, the principal amount of the loans was deducted before the debit interest was deducted. The recovery of loan principals would be used to increase the provision for loss of loans of the Bank, and the recovered interest and expenses would be used to increase interest income and bad-debt provision in the current period.

(7) Top ten borrowers

(In RMB million)			
Borrowers	31 December 2024		
	Loan balance	% of net capital	% of total loans
Borrower A	8,883	1.56%	0.26%
Borrower B	8,021	1.41%	0.24%
Borrower C	7,995	1.41%	0.24%
Borrower D	7,810	1.38%	0.23%
Borrower E	5,972	1.05%	0.18%
Borrower F	5,426	0.96%	0.16%
Borrower G	5,340	0.94%	0.16%
Borrower H	5,136	0.91%	0.15%
Borrower I	5,109	0.90%	0.15%
Borrower J	4,997	0.88%	0.15%
Total	64,689	11.40%	1.92%

At the end of 2024, the Bank’s loan balance to the top ten borrowers amounted to RMB64,689 million, accounting for 1.92% of the total principal of loans and advances to customers. Among which the Bank’s loan balance to the top five borrowers was RMB38,681 million, accounting for 1.15% of the total principal of loans and advances to customers. Borrower C was a related party of the Bank.

(8) Distribution of loans by type of collateral

For information of “distribution of loans by type of collateral”, please refer to “IV. Notes to key items in the financial statements - 6.3 Loans and advances to customers - Summarized by type of collateral held or other credit enhancements” in “Section X Financial Report” for details.

3.2 Analysis of financial statements (Continued)

3.2.8 Analysis of loan quality

Attaching high importance to liability quality management, and in strict accordance with the *Measures for Liability Quality Management of Commercial Banks* (《商業銀行負債質量管理辦法》), the Bank established a multi-level liability quality management structure of head office, business lines and branches based on its strategic target and the development condition of liability business, in which the Board of Directors assumed the ultimate responsibility for liability quality management, the senior management assumed the management responsibility for liability quality management, and the Audit and Supervision Department was responsible for the internal audit to liability quality management.

In 2024, the Bank continuously enhanced the management on liability source, structure, cost, and so forth. Firstly, the Bank continued to strengthen customer group management, strengthened the general deposit growth base, enhancing the stability of liability sources. Secondly, the Bank adhered to the balanced development of volume and price of deposit business, strengthened the management of internal and external pricing and high-cost deposits, actively adjusted the structure, maturity and currency of deposits, and reasonably controlled costs of interest payment. Thirdly, the Bank paid close attention to policy and market changes, issued interbank certificates of deposit and financial bonds at a proper time, and improved the diversity of liability structure. Fourthly, the Bank continued to optimize the asset and liability management strategy, maintained coordinated development of deposit and loan business, and continuously strengthened liquidity risk management to improve the reasonableness to match liabilities and assets.

In 2024, the Bank's liability quality kept in safe and sound conditions, and all indicators stayed within a reasonable range. The total liabilities amounted to RMB5,274,428 million, representing an increase of 3.1% as compared with the end of last year, including the balance of total deposit principals from customers of RMB3,533,678 million, up by 3.7% as compared with end of last year. At the same time, the Group's liability quality management and regulatory indicators such as net stable funding ratio and liquidity coverage ratio all met the regulatory requirements.

3.3 Discussion and analysis of the main businesses

3.3.1 Retail business

The Bank actively implemented the political and people-oriented nature of financial work, fulfilled the original aspiration and mission of serving the real economy in financial services and serving people's well-being. It adhered to the strategic positioning of the retail business and conformed to changes in the market environment. On the one hand, the Bank deepened strategic transformation for retail business by adhering to the customer-centric principle and focusing on team building, product upgrading, customer management and other aspects. On the other hand, the Bank continued to upgrade the two business segments including loan business as well as deposit and wealth management business, strengthened the foundation of digital and integrated finance platforms, to promote the high-quality and sustainable development of the retail business.

(1) Upgrading two business segments

● Loan business

Key indicators of the loan business

(In RMB million)

Item	31 December 2024	31 December 2023	Change at the end of the year from the end of last year
Balance of personal loans	1,767,168	1,977,719	(10.6%)
Including: Balance of housing mortgage loans	326,098	303,568	7.4%
Balance of credit card receivables	434,997	514,092	(15.4%)
Balance of consumer loans	474,663	545,291	(13.0%)
Balance of operating loans	531,410	614,768	(13.6%)
Number of credit cards in circulation (in 10,000 accounts)	4,692.61	5,388.91	(12.9%)

At the end of 2024, the Bank's balance of personal loans amounted to RMB1,767,168 million, decreased by 10.6% as compared with the end of last year, in which the mortgage loans accounted for 62.8% of personal loans. In response to changes in the external operation environment, the Bank optimized the loan business structure proactively to lay a solid foundation for healthy development of medium and long-term business. First, the Bank continued to optimize the asset portfolio strategy, reduced high-risk assets actively, increased the proportion of high-quality customers in cornerstone businesses such as residential mortgage and title deed-secured loans, and strengthened the launch of key products to drive continuous optimization of customer group structure and asset structure. As a result, high-risk loans decreased significantly. Second, it upgraded the risk management and control strategy, strengthened the risk control of the whole process before, during and after lending, and improved the asset quality of new loan business. Third, it strengthened the construction of teams' capability, enhanced the development of customers acquisition and comprehensive operating capacity, and improved the teams' abilities of risk identification, research and judgment. Fourth, it deepened integrated business services, and relied on comprehensive products and services to enhance customer stickiness by upgrading product solutions, iterating business processes, optimizing service systems and supporting exclusive rights and interests.

3.3 Discussion and analysis of the main businesses (Continued)

3.3.1 Retail business (Continued)

(1) Upgrading two business segments (Continued)

Credit cards

At the end of 2024, the number of credit cards in circulation was 46,926.1 thousand. The total consumption amount using credit cards in 2024 was RMB2,320,510 million, in which, the proportion of online consumption increased by 5.0 percentage points year on year, and the average daily balance of credit cards in circulation and installments increased by 0.7 percentage point as compared with the same period of last year. The Bank continued to optimize credit card business's consumption structure and asset structure to provide strong support for sustainable development. Meanwhile, the Bank adapted to changes in market environment and enhanced the selection of quality customers. As a result, the scale of new customers has declined.

The Bank adhered to a sound business strategy, deepening the management of existing customers and actively promoting the sustainable development of credit card business. First, the Bank enriched its system of products, rights and interests. In terms of products, it launched “Auto Owner Platinum Credit Card” and “Youyue Platinum Card” and other products, upgraded “Ping An American Express Golf Platinum Card” to provide customers with high-quality car, business travel and high-end private experience; in terms of rights and interests, it issued the “Enjoy Platinum Credit Card Plus” rights and interests package, upgraded the “Worry-free Study Abroad PLUS” rights and interests package, and continued to enrich the rights and interests of tea, coffee, video, sports and fitness to build a matrix of credit card rights and interests. Second, the Bank enhanced the refined management of existing customers. In terms of scenario activities, the Bank upgraded the “Everyday 88” activities. At the end of 2024, the Bank carried out localized customer group management in more than 1,500 business districts across the country, and launched the “8.8-yuan purchase” preferential purchase activities for selected goods to provide convenient and affordable shopping experience for customers. In terms of overseas services, the Bank carried out activities such as immediate return for first overseas spending and multi-time points for consumption and the “Explore China with UnionPay” series of activities. It rolled out rights and interests such as favorable UnionPay exchange rate and overseas consumption for domestic credit card coupons, and added such functions as special benefits in Hong Kong and Macao in the overseas zone of Ping An Pocket Bank APP and online tax rebate, to improve the level of cross-border consumption services. In terms of precision marketing, it promoted hierarchical customer management, continuously optimized the model through data enablement and expanded the scope of preferential customer groups, which helped boost consumption and benefit customers.

Auto finance loans

At the end of 2024, the Bank’s balance of auto finance loans amounted to RMB293,795 million, and the newly issued loans for new energy vehicles for the year amounted to RMB63,768 million, representing a year-on-year increase of 73.3%.

The Bank actively responded to national policies, increased consumption support for new energy vehicles and used vehicles, and met customers’ one-stop automotive finance needs by upgrading automotive consumer finance products and service systems. First, the Bank made great efforts in developing the loan business of new energy vehicles, continuously deepened the cooperation with leading new energy brands, and optimized the online loan process to continuously improve the efficiency of car purchases and service experience of customers. Second, the Bank promoted the sound development of used car loan business, strengthened the dynamic management and monitoring of distributors, optimized product strategies and business processes, and gradually increased the proportion of high-quality customer groups of used car loans. Third, the Bank optimized the operation capacity of the online platform, enriched the car owner’s life channel of Ping An Pocket Bank APP centering around the needs of car owners such as car purchase, exchange and use, providing diversified car finance and car life services to constantly improve customer service satisfaction.

● Deposit and wealth management business

Key indicators of the deposit and wealth management business

(In RMB million)

Item	31 December 2024	31 December 2023	Change at the end of the year from the end of last year
Number of retail customers (in 10,000 accounts)	12,553.79	12,543.20	0.1%
Assets under management (AUM) of retail customers	4,194,074	4,031,177	4.0%
Balance of personal deposits	1,287,180	1,207,618	6.6%
Number of wealth management customers (in 10,000 accounts)	145.62	137.75	5.7%
Number of private banking customers (in 10,000 accounts)	9.68	9.02	7.3%
AUM balance of private banking customers	1,975,471	1,915,515	3.1%
Item	2024	2023	Year-on-year change
Average daily balance of personal deposits	1,263,150	1,147,038	10.1%

At the end of 2024, the Bank’s retail customers¹ reached 125,537.9 thousand, representing an increase of 0.1% as compared with the end of the previous year and the assets under management (AUM) of retail customers amounted to RMB4,194,074 million, increased by 4.0% as compared with the end of last year.

Adhering to the customer-centric principle, the Bank established a wealth management service system covering all customer groups. While meeting customer needs for deposits, the Bank continuously enriched product categories including wealth management and funds, and upgraded the operation and services model of “AI + T + Offline” (AI bank + Remote bank + Offline bank), to provide multi-product and multi-contact asset allocation suggestions and accompanying services for customers.

1. The number of retail customers includes that of debit card and credit card customers after deduplication.

3.3 Discussion and analysis of the main businesses (Continued)

3.3.1 Retail business (Continued)

(1) Upgrading two business segments (Continued)

Deposit business

At the end of 2024, the balance of personal deposits amounted to RMB1,287,180 million, up by 6.6% as compared with the end of the previous year; the average daily balance of personal deposits was RMB1,263,150 million in 2024, increased by 10.1% as compared with the same period of last year. The AUM balance from customers of agency and batch business amounted to RMB977,848 million, up by 20.7% as compared with the end of the previous year; the balance of deposits from customers amounted to RMB355,509 million, up by 18.8% as compared with the end of the previous year.

The Bank continued to promote stable growth of retail deposit business. Focusing on investment and wealth management, payroll business, payment and settlement and other core businesses, the Bank expanded low-cost deposits to enable steady growth of scale and continuous structure optimization. First, the Bank upgraded the investment and wealth management scenarios, enriched product categories and provided whole process accompanying services to facilitate low-cost settlement deposit precipitation by strengthening AUM. Second, it improved the service capability of payroll business, expanded public-private business linkage, park services and other customer acquisition scenarios and upgraded the “Ping An Salary” digital management platform for enterprises. It strengthened the integrated management of online and offline customers, driving the growth of low-cost deposits. Third, it promoted the construction of payment accounts, enriched debit card products and expanded credit card use scenarios, upgraded bank card acceptance and merchant businesses, improved the payment operation system, driving capital retention through upgrading scenario services.

Private banking and wealth management

At the end of 2024, the Bank’s wealth management customers reached 1,456.2 thousand, representing an increase of 5.7% as compared with the end of the previous year, in which private banking customers² reached 96.8 thousand, up by 7.3% as compared with the end of the previous year. The AUM balance of private banking customers amounted to RMB1,975,471 million, representing an increase of 3.1% as compared with the end of the previous year.

In 2024, the Bank’s agency of sales of non-monetary publicly offered funds amounted to RMB118,540 million, an increase of 50.6% over the end of last year. At the end of 2024, the balance of customers’ positions of retail wealth management products amounted to RMB770,490 million, an increase of 3.4% compared with the last year end. The balance of trust under the wealth management services amounted to RMB186,587 million, up by 31.9% from last year-end. The number of trust customers under the wealth management services reached 34.5 thousand, an increase of 41.4% over the end of last year.

In 2024, the Bank’s commission income from wealth management recorded RMB4,369 million, including the income of personal insurance agency of RMB843 million, the income of personal wealth management agency of RMB1,183 million, and the income of personal funds agency of RMB2,103 million. Wealth management fee income declined year on year due to fee reductions in the bancassurance channel.

The Bank actively seized the opportunities in the wealth management market, strengthened professional leadership and technological empowerment, promoted the steady development of private banking wealth business, and strived to build “a warm global leader in wealth management host banks”. In 2024, the Bank was awarded the “Best Private Bank” by Global Finance, “Most Innovative Private Bank” by *Euromoney*, and “Best Foreign Currency Exchange Service Award in China” by *The Asian Banker*, etc.

In terms of products, the Bank continued to improve its capabilities in product screening, introduction, and customization, enriched and optimized product categories. At the same time, in line with the market environment, the Bank focused on increasing the share of products of medium and low-volatility strategies to meet customers’ needs for stable investments. As for agency of wealth management products, the Bank continued to develop multi-term and multi-strategy product lines, increased the proportion of non-cash wealth management products, and provided more allocation choices for customers. As for agency of fund products, the Bank focused on fixed income, fixed income+ and other products, and actively laid out index-based products both online and offline. As for agency of insurance products, relying on Ping An Group’s advantages in healthcare and elderlycare, the Bank provided customers with products and services of “insurance + home-based elderlycare” and “insurance + high end elderlycare”. For cross-border business, focusing on customers’ overseas asset allocation needs, the Bank laid out overseas bonds, equity and bond mix and alternative strategic products, and launched cross-regional asset allocation through “Cross-border Wealth Management Connect” to serve customers in the Guangdong-Hong Kong-Macao Greater Bay Area.

In terms of services, the Bank deepened the strategy of tiered customer services, provided differentiated product and service portfolios by deepening integrated finance and strengthening public-private linkage, and promoted the dual improvement of customer value and bank value. For private banking customers, the Bank provided long-term and multi-strategy asset allocation plans and wealth inheritance plans, creating high-end medical and health care, children’s education, charity planning and other leading non-financial benefits. In addition, it launched multi-scenario customer value-added services such as corporate operation, education and study abroad, and sports. In 2024, the Bank delivered more than 117 thousand orders of high-end medical and health care services. At the end of 2024, the Bank served 114 thousand donators through its charity rights and interests, “Ping An Benevolence”. For top private banking customers, focusing on the multi-dimensional needs at levels of individuals, families and enterprises, the Bank upgraded and created the “1+1+N” (one exclusive private banking financial consultant, one top private banking comprehensive consultant from the head office, and N segmentation experts) service model to provide personalized and comprehensive family office services. At the end of 2024, the AUM of Ping An Family Office customers exceeded RMB110 billion. For the key customers of “directors, supervisors and senior management”, the Bank met the integrated finance business needs of customers in an all-round way while meeting personal integrated finance business needs in a multi-dimensional manner.

In terms of teams, by strengthening training for empowerment and upgrading business development tools, the Bank strove to improve the teams’ expertise and capability of internal development. Firstly, the Bank improved the standardized wealth management training system, and promoted a standardized action model for its teams through a three-dimensional training mode of “training, practicing and counseling”. Second, the Bank upgraded intelligent marketing service tools, strengthened online and offline collaboration to empower team management, and effectively enhanced customer service experience. Third, the Bank enhanced the comprehensive operation and service capabilities of the wealth team and continued to optimize customer services to provide all-round asset allocation services that can meet the needs of customers in terms of value increase, maintenance and inheritance.

2 : The standard of private banking customers is the average daily assets in any month of recent three months is more than RMB6 million.

Management Discussion and Analysis

3.3 Discussion and analysis of the main businesses (Continued)

3.3.1 Retail business (Continued)

(2) Strengthening the foundation for two platforms

The Bank continued to iterate the capabilities of digital and integrated finance platforms, expanded customer marketing channels and service scope, and provided a multi-scenario and multi-ecosystem comprehensive operation model to constantly optimize the customer experience.

● Digital platform

At the end of 2024, the registered customers of Ping An Pocket Bank APP reached 174,039.6 thousand, representing an increase of 4.8% as compared with the end of the previous year, among which the number of monthly active users (MAU) was 43,516.3 thousand.

The Bank strove to improve digital comprehensive operation level, and optimized operation efficiency and customer experience. First, the Bank actively developed digital marketing channels, accurately targeted customer groups, covering mainstream social media platforms, launching high-quality vertical content, opened up the route to transforming from customer reaching in public domains to in-depth services in private domains, and fully ungraded the online customer acquisition and management. Second, the Bank deepened digital operation, iterated Ping An Pocket Bank APP in an all-round way, upgraded integrated account services, optimized product system and service process, and enriched online life service scenarios to improve online comprehensive operation level. Third, the Bank optimized digital services, built an aging adapted, barrier free and multilingual version for elderly customers and foreigners, and launched a “HarmonyOS” version adapted to the domestic system to continue to expand service coverage. Fourth, the Bank strengthened digital empowerment to build personal pension zones. Relying on the ecological advantages of “integrated finance + healthcare and elderlycare” of Ping An Group, it introduced insurance services, medical rights and interests, healthy life and other service sectors, providing comprehensive and high-quality aging life preparation and enjoyment services; in addition, the Bank enriched the supply of pension finance products. At the end of 2024, the Bank provided 165 personal pension products in three categories including pension savings, pension WMPs and pension funds.

● Integrated finance platform

Integrated finance made continuous value contribution to retail business in fields such as scales of customers, assets under management (AUM) of retail customers, as well as loan origination. In 2024, the integrated finance contributed to 39.2% of the net increase in wealth management customers, 60.2% of the net increase in retail customer assets (AUM) under management, 12.3% of the amount of auto finance loans, and 7.5% of increase in number of new credit card accounts.

The Bank continued to upgrade its integrated finance model. Relying on the ecological advantages of Ping An Group’s “integrated finance + healthcare and elderlycare”, it focused on building the capacity of community integrated finance services and diversified scenario services, and continuously deepened customer management. First, the Bank upgraded integrated finance community services, designed and launched customized products and rights and interests through customer demand insight to create a systematic customer business model and improve the capability of localized customer service. Second, the Bank enhanced diversified scenario services, focusing on life scenarios such as health care, sports and car purchase, with the help of experiential activities to continuously enhance customer stickiness.

3.3.2 Corporate business

Closely following the national strategic plan and focusing on serving the real economy, the Bank made its efforts in five areas of industry finance, technology finance, supply chain finance, cross-border finance and inclusive finance, and continuously strengthens the financing support for key areas such as advanced manufacturing, green finance, technology finance, inclusive finance, infrastructure and rural revitalization. Adhering to the “customer-centric” principle and working on customer needs, the Bank fostered and strengthened its strategic customer groups through long-term in-depth management to consolidate its corporate business development base and support the development of the real economy.

The Bank’s corporate business focused on “sector refinement, customer refinement and product refinement” to achieve steady business development. At the end of 2024, the balance of corporate loans was RMB1,606,935 million representing an increase of 12.4% as compared with the end of last year; and the balance of corporate deposits was RMB2,246,498 million, up by 2.1% from the end of the previous year.

(1) Sector refinement

Following the national strategic direction, the Bank deeply analyzed the direction of industrial development, deepened the implementation of strategy of major category asset allocation for corporates, and strove to build a business model with industry characteristics and competitive advantages. Based on the characteristics of its customer base and business structure, the Bank continuously adjusted and optimized its industry layout, provided enterprises with full lifecycle financial services including industrialized, differentiated and comprehensive products and services, enhanced asset placement and customer management capabilities in the real economy, facilitating the development of the country’s modern industries. On the one hand, the Bank consolidated the fundamentals of basic industries to realize stable growth in four basic industries of infrastructure, auto ecosystem, public utility, and real estate. In 2024, the Bank’s newly issued loans to the four basic industries amounted to RMB442,456 million, a year-on-year increase of 35.4%; on the other hand, the Bank created the portfolio plan for emerging industries and expanded the new scenarios and modes of three emerging industries of new manufacturing, new energy, and new lifestyle. In 2024, the Bank’s newly issued loans to the three emerging industries amounted to RMB215,988 million, a year-on-year increase of 41.9%.

(2) Customer refinement

The Bank conformed to the trend of comprehensive, ecological and integrated management on corporate customers, adapted to changes in market environment and customer needs, and strengthened the customer-centric management concept. The Bank established a tiered customer management and a gradient development system for customers from strategic customers to small and micro-sized customers to promote the refinement of customers. First, for strategic customers, the Bank managed them using a list system, promoted in-depth industry-specific and professional management, providing integrated financial services for customers. Second, based on regional characteristics, the Bank focused on expanding high-quality customer groups such as the institutional customers, listed companies, high-tech enterprises and cross-border customers to optimize the customer structure. Third, for small and micro-sized customer groups, the Bank acquired customers in batch relying on industry chain and supply chain, business districts and platforms, created the product categories dedicated for small and micro-sized customers and built its unique characteristic model. At the end of 2024, the number of corporate customers was 853.3 thousand, representing an increase of 99.3 thousand or 13.2% as compared to the end of last year.

For strategic customers, the Bank directly connected with strategic group customers by upgrading marketing levels, provided exclusive service solutions for strategic customers, to meet the diversified investment and financing needs of enterprises. At the end of 2024, the Bank had 220 strategic customers at the head office level. The balance of loans provided to strategic customers at the head office level was RMB308,057 million, representing an increase of 20.1% as compared with the end of last year; and the balance of deposits of strategic customers at the head office level was RMB372,617 million, up by 8.5% from the end of the previous year.

For institutional customers, the Bank built a whole chain of ecological services covering “governments – enterprises – individuals” around the three major areas of financial and social security, housing construction and people’s livelihood, and judicial ecology, and carried out bidding for institutional business qualifications. As at the end of 2024, the Bank has obtained

3.3 Discussion and analysis of the main businesses (Continued)

3.3.2 Refining its corporate banking (Continued)

an accumulative total of more than 1,000 business qualifications in finance and taxation, housing funds, maintenance fund and other areas; the balance of institutional customer deposits amounted to RMB411,995 million, up by 8.2% as compared with the end of the previous year.

For tech customers, the Bank actively built a business system featuring “customer base + product + policy + ecosystem”, and increased support for tech companies. At the end of 2024, the number of tech customers of the Bank was 26,573, an increase of 11.8% compared with the end of the previous year, and the balance of loans to tech enterprises was RMB148,851 million, up by 24.6% from the end of last year.

(3) Product refinement

Focusing on core customer groups, the Bank went deep into industry scenarios, applied its “finance +technology” capabilities to strengthen the product portfolio with industrialization, differentiation and integration and optimize the financial service experience, so as to enhance comprehensive customer service capabilities.

Payment and settlement as well as cash management

Focusing on the scenario-based capital management and operation needs of corporate customers, the Bank improved the quality and efficiency of the real economy of financial services through two product systems of payment and settlement as well as cash management. In terms of payment and settlement, focusing on key customer groups such as brand chain and core supply chain enterprises, the Bank continuously optimized product capabilities in collection, payment and account, providing full-scenario payment and settlement solutions for enterprises. First, centering on platform customer groups, the Bank provided integrated payment and settlement services in response to different needs of the platform and B-end merchants and C-end consumers, and achieved ecological-based management on platform customer groups. Second, the Bank explored a new mode of collection and payment business and developed comprehensive solutions such as “collection + account system” and enterprise mobile payment around the whole chain and multiple transaction scenarios of chain brands, business travel, medical treatment and other industry customer groups. In terms of cash management, the Bank continued to build a scenario-based cash management service system, combined the digital treasury management platform and the ability of fund collection, product settlement and classification, and provided all-in-one and differentiated solutions of business, capital and tax around the fund management and operation management needs within enterprise groups and their upstream and downstream enterprises. It provided a full set of treasurer system solutions for large customers, exporting the Bank’s characteristic product portfolio to mid-sized customers, creating a “miniaturized” functional package that can be quickly assembled for small and micro-sized customers. At the end of 2024, the Bank’s number of group customers signed under its digital treasury management platform reached 2,975, representing an increase of 209.3% as compared with the end of the previous year.

Supply chain finance

The Bank looked deep into supply chain scenarios, constantly innovated its business models by applying the “finance + technology” capabilities, and optimized its financial service experience. First, the Bank continued to strengthen its capabilities of “online operation, modeled approval and automated credit approval” for supply chain finance, promoting the upgrading and transformation of supply chain products, improving business processing efficiency, optimizing customer experience, and maintaining differentiated product advantages. Second, the Bank constructed the ecological supply chain finance, focused on key industries, deeply served the scenario of supply chain finance, providing customers with an integrated solution of “financing+ payment and settlement”, maintaining core enterprises and their upstream and downstream enterprises in an ecological manner. Third, the Bank strengthened the digital supply chain finance, combined customer “entity credit”, transaction information “data credit” and transaction target “credit of things” through the “Nebula IoT Platform” and massive multi-dimensional data, continuously promoting the innovation of supply chain business model, providing upstream and downstream micro, small and medium-sized enterprises with convenient financial services, reciprocated customers with its data advantages such as IoT, and built differentiated supply chain finance advantages to facilitate the development of the real economy. In 2024, the Bank’s amount of supply chain finance financing incurred was RMB1,598,312 million, representing a year-on-year increase of 19.9%.

The Bank actively played the role of bills serving the real economy, constantly optimized bill business process and customer experience, and created a first-class bill financial service brand. First, the Bank deeply embedded bill business into the supply chain ecosystem, and focused on national key industries, providing convenient and efficient bill settlement and financing services. Second, it extensively connected with the supply chain and industry chain platforms, met the financing needs of the platform, core enterprises and upstream and downstream enterprises by providing ultimate product process experience, and improved financial institutions’ ability to serve the real economy. Third, the Bank used the two-wheel drive engine of “direct discounting + re-discounting” to improve the transaction capability and the operation efficiency of direct discounting and re-discounting synergy, and built an efficient and comprehensive bill transaction ecosystem to meet the diversified bill financial needs of customers. In 2024, the Bank provided bills financing services for 36,345 enterprises, including bills discounting financing services for 26,330 enterprises; and the amount of bills direct discounting was RMB1,287,118 million, with a year-on-year increase of 23.0%.

Cross-border finance

The Bank focused on the cross-border financial service needs of enterprises, actively supporting the development of the real economy. First, the Bank fully leveraged its advantages in five major cross-border financial account sectors including onshore international, offshore (OSA), free-trade zone (FT), domestic foreign currency/Renminbi account of overseas institutions (NRA) and overseas branches. The Bank further developed cross-border product systems such as “Cross-border Investing/ Financing, Cross-border Trade Finance, Cross-border Payment and Settlement and Cross-border Fund Management”, providing enterprises with one-stop, cross-border integrated financial services at home and abroad and in local and foreign currencies for their investments, mergers and acquisitions (M&A), trades and other business activities, so as to facilitate the global layout of customers. Second, giving full play to its advantage of the Chinese-funded offshore banking license, the Bank provided follow-up offshore financing and settlement services for enterprises to help enterprises achieve “domestic operation of overseas business and domestic management of overseas funds”. Third, the Bank restructured the online service system for the whole process of cross-border business and launched a series of “immediate collection and payment” cross-border remittance services, providing customers with online services with simple operation, extremely high timeliness and excellent functions, and continuously improving customer experience. At the same time, the Bank further met the needs of cross-border payment and settlement and financing services of small and medium-sized foreign trade enterprises by products iteration. In 2024, the Bank’s amount of cross-border trade financing reached RMB250,508 million, a year-on-year increase of 44.0%.

Investment bank

The Bank actively implemented the national strategy, giving full play to Ping An Group’s integrated financial advantages, and focusing on supporting the private economy, technology finance, green finance and other key areas, continuously enhanced professional investment banking capability to provide customers with one-stop and comprehensive solutions of “commercial bank + investment bank + investment” to support the real economy precisely and powerfully. First, relying on the structure advantages of “product + customer + cross-border”, the Bank strengthened the M&A and bank consortium ecosystem. In 2024, the amount of mergers and acquisitions reached RMB51,035 million, with a year-on-year increase of 33.4%; the amount of bank consortium business³ reached RMB183,773 million, with a year-on-year increase of 51.9%. Second, the Bank grasped the opportunity of the booming direct financing market, deepened the integrated operation of “sourcing, execution and underwriting” for bonds, and carried out financial innovation in an orderly fashion. In 2024, the amount of non-financial bond underwriting business amounted to RMB216,623 million. Third, by utilizing the advantages of capital and information integration as well as the expertise of investment bank, the Bank built an ecosystem of “matchmaking+” to meet the differentiated needs of enterprises.

The Bank deepened the management of customer groups and realized the in-depth bonding of “integrated finance+ industrial cooperation” relying on the diversified ecosystem layout of Ping An Group. On the one hand, the Bank extended to the mainstream LP customer groups and invested enterprises with private equity funds as the core, providing all-round fund ecological financial services. On the other hand, the Bank actively implemented regulatory orientation, increased supports for high-quality listed companies, developed whole-chain comprehensive service capabilities of shareholders, listed companies and subsidiaries, to support stable development of the capital market. As at the end of 2024, the Bank has established cooperation intention with more than 200 listed companies on loans of stock repurchase and share increase, and the stock repurchase and share increase business was successfully implemented to accurately serve the new quality productive forces.

3. The amount of bank consortium business includes the total amount of bank consortium contracts with the Bank as the leading bank or joint leading bank, as well as the actual capital contribution of the projects in which Bank participated.

Management Discussion and Analysis

3.3 Discussion and analysis of the main businesses (Continued)

3.3.3 Interbank capital business

In 2024, the Bank's interbank capital business actively responded to changes in policies, markets and environment, continuously improved its investment transaction capabilities and continuously enriched customer services through its two-wheel driven mode of "investment transaction + customer business". In the field of investment transaction, the Bank continuously optimized the investment management mode, strengthened R&D and overall arrangement during the innovation of trading strategies, enriched categories of investment allocation, and obtained sustained and stable investment returns under the premise of guaranteeing the liquidity and security of the asset side. In the field of customer business, the Bank focused on relevant national strategic plans of activating capital market and serving the real economy, optimized financial products and service processes to meet financial service needs of interbank organizations and enterprises, promoting the high-quality development of the financial market.

(1) Investment transaction

With respect to FICC (Fixed Income, Currencies and Commodities) transactions, the Bank paid close attention to the domestic and overseas market situation, continuously enhanced macroscopic analysis, research and judgment, improved the trading strategies and reasonably allocated the position portfolio to maintain steady investment. Among them, in the field of bond investment transactions, global inflation cooled and major overseas economies entered the interest rate cut cycle in 2024. Domestic monetary policy remained loose and the benchmark interest rate of bond market moved downward. The Bank continued to optimize the investment and research system combining macro trend and quantitative analysis, continued to increase the research and development efforts of trading strategies, actively seized structural trading opportunities, and continuously enriched trading varieties. It adjusted trading strategies and position layout in a timely manner, agilely hedged risks, and actively identify the trend of the market to prefer to investment varieties and increase investment returns. In the field of foreign exchange and precious metals trading, the Bank made in-depth research on the changes in monetary policies of central banks, studied and judged the economic cycle and inflation trend of major economies around the world, actively adjusted trading strategies, and flexibly used a variety of hedging tools to diversify the market risks and accurately capture investment opportunities. In 2024, the Bank continued to actively perform its responsibilities as a core dealer in the interbank market, and its market share of the volume of bond transaction reached 4.4%, a year-on-year increase of 1.2 percentage points. In 2024, the Bank won the awards of "Market Influential Institution of the Year" and "Market Innovative Business Institution" selected and issued by China Foreign Exchange Trade System (CFETS).

(2) Customer business

Adhering to its customer-centric principle, the Bank integrated the resources of Ping An Group and itself in terms of products and channels through the honeycomb business model of "multi-scene, multi-account and multi-product", enabling integrated management of interbank customers. Focusing on the national strategic plans of activating capital market and serving the real economy, the Bank exerted great efforts in multiple fields such as market-making services, institutional sales, assets custody and corporate risk aversion, and fulfilled its responsibilities of serving financial markets and entities to promote the high-quality development of the financial market. In 2024, the Bank won the award of "2024 Bank of Excellence in Financial Institution Service" at the 19th 21st Century Financial Conference. As at the end of 2024, the number of interbank value customers of the Bank reached 1,559, up by 14.6% as compared with the end of last year.

Market-making services

By giving full play to its advantages in terms of investment transactions, the Bank continued to expand the coverage of bond categories in market-making, took the lead in carrying out Panda Bonds market-making in the domestic bond market, continued to provide open, orderly and competitive bilateral quotations, and launched panda bond liquidity index to provide issuers and investors with better liquidity observation reference in Panda bond market. In addition, the Bank also supported more overseas central banks, international development institutions and multinational enterprise groups to issue Panda Bonds in China, promoting continued expansion of panda bond market and helping to enhance the attractiveness of China's bond market to global investors. At the same time, the Bank actively responded to and supported major national strategies and continued to increase market-making efforts for sustainable development bonds to enhance secondary market trading

activity and reduce bond liquidity premiums and issuance costs. In 2024, the trading volume of green bonds, small and micro-sized enterprise bonds, rural revitalization bonds and other sustainable development bonds amounted to RMB121,250 million, up by 40.7% as compared with the same period of last year.

The Bank continued to improve the multi-level service system of "manual + electronic" market making, expanded the breadth and depth of market-making services to customers, upgraded the domestic and overseas sales and trading teams and the market-making service matrix, and directly reached customers with market-making quotations and services of all categories through domestic and overseas trading service networks to introduce overseas investors to the domestic bond market and facilitate RMB internationalization. The Bank actively cooperated with the foreign exchange trading center to optimize the "iDeal structured inquiry and offer" function, and guided more market institutions to actively use the iDeal Platform, facilitating the improvement of market efficiency. In 2024, the number of customers with active transaction from domestic and overseas institutions reached 683, and the transaction volume of cash bond sold by domestic and overseas institutions was RMB4.54 trillion, representing a year-on-year increase of 46.0%.

Institutional sales

In terms of bond underwriting, the Bank relied on the advantages of ecological cooperation with other financial institutions to continuously improve the bond sales service capabilities. Its interbank sales team and the investment bank and trading teams advanced the development of the "sourcing + underwriting + market-making" model, building a bridge connecting primary and secondary bond market services, and providing bonds issuance and financing services to the real economy in an efficient manner. In 2024, the bond sales volume through interbank channels reached RMB290,137 million, representing a year-on-year increase of 39.6%.

In terms of agency of products, relying on its "ET-bank" platform and focusing on the diversified service needs of customers within the industry, the Bank continued to iterate the platform trading system, improved the functions of investment and research services, and enriched the professional product service matrix for institutional customers to build its sales brand among its peers. At the end of 2024, the "ET-bank" platform cooperated with 2,725 customers in total, and the asset management products sold through the "ET-bank" platform amounted to RMB266,705 million, an increase of 33.2% from the end of last year.

Assets custody

The Bank closely followed the development opportunities of the capital market, and accelerated the layout of comprehensive resident wealth management products such as public funds, bank wealth management and insurance to continuously optimized the product structure. In addition, it continuously deepened and improved the integrated ecological service system of custody, financing and investment relying on the operation capability of the whole business chain of assets custody to increase the comprehensive service strength for customers and promote continuous and steady growth of custody business. At the end of 2024, the Bank's net custody assets reached RMB9.10 trillion, an increase of 4.6% from the prior year-end. Among them, the size of the Bank's custody of public funds and third-party fund sales under its supervision amounted to RMB2.17 trillion, an increase of 24.0% from the prior year-end. With its outstanding performance in assets custody services, the Bank won the "Outstanding Assets Custody Bank - Tianji Award" selected by *Securities Times* for three consecutive years.

Enterprise risk aversion

The Bank's "Ping An Risk Aversion" business took serving the real economy and developing the concept of risk neutrality as the main line. Relying on the Bank's transaction pricing capabilities and differentiated risk aversion plan design capabilities, the Bank continuously improved the "product + customer group" matrix, and created a comprehensive exchange rate hedging service for enterprises. On the one hand, the Bank optimized products and services, and enabled the linkage between domestic and overseas branches to support corporate customers in managing risks in foreign exchange market and provide guarantee for their global operations. On the other hand, the Bank focused on changes in the overseas market situation, actively held bank-enterprise exchange meetings to explain and analyze the international market developments to enterprises. The Bank actively implemented the relevant national requirements for inclusive financial services, responded to the policy to reduce fees and concessions, launched inclusive products, and lowered the thresholds of risk aversion for micro, small and medium-sized enterprises. In 2024, the Bank's customers for foreign exchange spot and derivatives risk aversion business reached 14,987, representing a year-on-year increase of 16.5%.

3.3 Discussion and analysis of the main businesses (Continued)

3.3.4 Digital finance

The Bank actively practiced digital finance, promoting digital transformation and strengthening the infrastructure construction of scientific and technological capabilities through the “three digital” program, enabling the overall improvement of the quality and efficiency of financial services. In 2024, the Bank invested RMB5,070 million in IT capital expenditure and expenses to continuously promote resource integration and efficiency improvement and supported high-quality business development.

(1) Improve the quality and efficiency of digital financial services

The Bank continuously promoted the “three digital” program, i.e., digital operation, digital management and digital execution, for reduced costs, higher efficiency and upgraded services. In 2024, the Group’s cost/income ratio was 27.66%, representing a year-on-year decrease of 0.24 percentage point.

Digital operation

With customer-centric and data-driven as its core, the Bank’s retail business provided customers with the comprehensive services of “worry free, time-saving and money-saving”. In terms of service experience, the Bank built a characteristic customer service brand “Ping An Bank We-Steward” to provide customers with high-quality and convenient online services; it upgraded Ping An Pocket Bank APP, promoting online integrated operation, completing APP large print version, voice broadcasting and other barrier-free transformations, continuing to optimize customer experience. At the end of 2024, the number of registered users of Ping An Pocket Bank APP was 174,039.6 thousand, an increase of 4.8% over the end of last year. In terms of customer management, the Bank deepened the service mode of “AI + T + Offline”, expanded the scenario coverage of Artificial Intelligence Generated Content (AIGC), opened up the artificial intelligence (AI) customer service, telephony and other service channels to improve marketing service capabilities. It also deepened digital applications such as AI assistant and comprehensive customer reach operation platform to improve the timeliness of remote banking services. At the end of 2024, more than 6.3 million public customers are provided with 24/7 “accompanying” services. Its “new digital business model for retail customers” won the second prize of the PBC Financial Technology Development Award.

The corporate business actively integrated into the modern industrial system, improving operation efficiency of customers and facilitating innovation in financial services. In terms of customer services, the “Digital Pocket” platform integrated corporate financial services to empower micro, small and medium-sized enterprises in digital operations. By the end of 2024, the number of registered business users on the platform had reached 25,097 thousand, up by 32.7% from the end of last year. In terms of operation and management, the use of digital tools enabled the improvement of front-line operation efficiency. In 2024, the volume of corporate online business increased by about 32% year on year. In terms of product innovation, actively responding to national policies, the Bank launched cross-border “Shun Li Hui” products to facilitate the convenient and timely cross-border payment and settlement of customers. In 2024, the automation rate of corporate cross-border remittances increased by 14.7 percentage points year on year.

The interbank capital business leveraged the advantages of electronic trading platforms and deepened cooperation with financial institutions. In terms of transaction, the Bank cooperated with the CFETS to optimize the function of “iDeal structured inquiry and offer” and continuously improved the transaction execution efficiency. In 2024, “iDeal structured inquiry and offer” trading volume reached RMB1,097.3 billion. In terms of sales, the Bank upgraded the trading and investment and research functions of the “ET-bank” platform, enriched the asset management product categories to meet the diversified investment needs of institutional customers. In 2024, the trading volume of asset management products sold on the “ET-bank” platform exceeded RMB740 billion, an increase of more than 15% over the same period last year.

For middle and back office business management, the Bank empowered core management scenarios such as finance, human resources and administration by continuously consolidating the data base. In terms of digital finance, the Bank upgraded the “Cai Zhi Tong” platform to realize online reimbursement process, improving the efficiency of financial functions and reduce the consumption of office papers. In 2024, the automation rate for the whole standard expense process reached approximately 90%, resulting in a carbon emission reduction of over 967 tons. The Bank also continued to deepen the application of digitized electronic invoicing, providing customers with self-service invoicing channels, and improved the invoicing experience. In terms of human resources management, in 2024, the Bank launched more than 270 personnel management indicators and a number of analysis dashboard to enable refined management of teams. In terms of smart administration, online tools such as easy questionnaires and collaborative forms were used to improve collaborative office efficiency, and intelligent management of conference room was achieved through the “Easy Meeting” platform.

Digital management

The Bank continued to strengthen the construction of an ecological, intelligent and professional risk prevention and control system, strictly adhered to the risk bottom line and empowered business management. In terms of risk management, the Bank built a new-generation digital management platform for inclusive business, deepening the application of “fund flow credit information sharing platform”, and actively exploring the development of new products and new credit models; it promoted the construction of digital and intelligent integration of risk management system, and comprehensively improved the digital and intelligent capabilities of credit risk strategy analysis, strategy verification, strategy monitoring and other stages by using big data, machine learning and other technologies. In terms of collection and disposal, relying on the smart special asset management platform, the Bank achieved online commissioned mediation process and beneficial rights transfer.

With the goal of being more efficient and forward-looking, the Bank upgraded its intelligent internal control system and comprehensively promoted joint prevention and control. In terms of compliance guarantee, the Bank built a compliance risk management and control ecosystem of “personnel + institutions + processes + transactions” to improve the timeliness and effectiveness of risk early warning. In terms of intelligent audit, relying on the “Ping An Smart Eye”, the Bank built a scenario-based risk monitoring system, and built a “Hui Xiao Miao” audit model in an innovative manner, enabling professional Q&As, problem diagnosis and report writing, improving the quality and efficiency of audit supervision and discipline inspection and supervision. In 2024, “Hui Xiao Miao” won many awards such as “AI Pioneer Case” of the Ministry of Industry and Information Technology.

Digital execution

The Bank continued to promote the digital transformation of operations, improving operation efficiency and risk control capability. In terms of customer services, at the end of 2024, the Bank used the Virtual Digital Human to increase the operation audit automation rate to 55%, an increase of 10 percentage points over the end of prior year. In terms of business delivery, through intelligent character recognition (ICR), cross-system direct connection and other digital means, the Bank promoted the automation and intensification of operation, and the digital intelligence rate of centralized operation centers increased to 92.5% at the end of 2024. With respect to account risk prevention and control, the Bank created the “Risk Control Brain” for anti-telecommunication fraud purpose to improve the efficiency of account risk management and customer services. At the same time, the Bank applied the big data algorithm to enable anti-money laundering risk identification. The rate of intelligent due diligence reached 64.8% at the end of the year. In terms of digital consumer protection, the Bank relied on the “smart decision-making model” to match solutions, and deepened the application of data and models to improve the efficiency of complaint resolution. At the end of the year, the coverage rate of the model was about 77.5%, and the intelligent rate of consumer protection review was about 88.9%.

3.3 Discussion and analysis of the main businesses (Continued)

3.3.4 Technology-empowered digital transformation (Continued)

(2) Solid foundation for digital finance

The Bank established a solid foundation for the advancement of digital finance by strengthening the construction of scientific and technological capabilities, thereby ensuring a strong support for digital transformation and high-quality business development of the Bank.

Technology capability

The Bank continuously strengthened its digital technology support capabilities to build a stable, efficient, flexible and agile technical system. First, the Bank steadily implemented Cloud Native project, facilitating the transition of IT architecture to a distributed and microservices framework. The Bank improved the refined resource management by applications migration to the cloud and upgrade of technology base. At the end of 2024, over 80% applications of the Bank were uploaded to cloud service container, saving over 40% CPU resources. Second, the Bank upgraded the intelligent R&D system, and improved the agile response ability and demand delivery quality and efficiency by building AI native R&D architecture, automated assembly line integration, low code development, quality control and other technology practices. In 2024, the proportion of AI auxiliary code review of the Bank increased by about 20%, with an average monthly automatic release of more than 3,400 applications, an increase of about 13% over the same period last year.

Data capability

The Bank focused on strengthening data governance and data quality control to improve its data integration and application capabilities. First, the Bank improved the enterprise-level data standard system, and improved data quality through measures such as data classification, intelligent benchmarking and verification and dynamic security management. In 2024, the Bank formulated more than 200 enterprise-level data standards and optimized more than 600 data standards. Second, the Bank enhanced the ability of data mining and analysis to strengthen the data support for business operation. Among them, the Bank built a digital system for product monitoring, achieving close monitoring and closed-loop digital management of “volume, price and risk” of retail products. The Bank upgraded the intelligent navigation system group of financial market and reconstructed the risk control computing engine. In 2024, the financial market data platform processed more than 100 million pieces of market data per day. The calculation time of risk control indicators specific to bond positions was shortened to seconds.

Innovation capability

The Bank actively conducted cutting-edge technology research to explore new technology application scenarios. First, the Bank built a large model capability system and application ecology, provided low-code large model development mode, and supported employees to use and build AI-generated content (AIGC) applications independently, in order for higher efficiency. At the end of 2024, the Bank launched more than 200 large model application scenarios such as Knowledge Data Agent, RiskGPT, CoPartner Code Assistance Platform and Intelligent Office Assistant. Second, the Bank accelerated the iterative upgrading of intelligent interaction technologies such as digital human, audio and video, and multi-modality, enabling the digital operation of Ping An “Xiao Cai Niang” and “An Ke” virtual IP, and improving the efficiency of customer reach and services. It developed SaaS version of intelligent customer services for digital government affairs, providing digital human image design, intelligent Q&As, voice interaction and other functions, supporting efficient, flexible and independent configuration of institutional customers, and improving the digital level of convenience services. Third, the Bank actively explored the application scenarios of new technologies such as blockchain and privacy computing, and built a multi-party mutual trust ecosystem. In 2024, based on block chain technology, the Bank provided data evidence preservation services for customers in online financing and other scenarios for more than 900,000 times.

Security guarantee capability

The Bank continued to promote the construction of new infrastructure to ensure the safe and stable operation of the system. First, the Bank improved the intelligent operation and maintenance as well as disaster recovery system to ensure business continuity. In 2024, the availability rate of the Bank’s key business system was maintained at a high level of more than 99.999%. Second, the Bank improved its network security defense capability and built a solid capital and information security barrier for customers. The Bank’s time efficiency of security risk perception and disposal reached “minute level”, and it monitored 934 counterfeit business websites. Third, the Bank improved the security protection mechanism of the whole life cycle of data, and strengthened the technical capabilities of data encryption, data breach prevention, security risk monitoring and digital safe deposit box. In 2024, the Bank’s coverage of privacy compliance detection of mobile applications reached 100%.

3.3.5 General information of Ping An Wealth Management

Ping An Wealth Management, a wholly-owned subsidiary of the Bank, was officially opened for business in August 2020. The registered capital of Ping An Wealth Management is RMB5,000 million, and its principal business activities include issuance of public and private wealth management products, financial advising and consulting service and other asset management related businesses. At the end of 2024, Ping An Wealth Management recorded total assets of RMB13,128 million and net assets of RMB12,508 million, and it derived a net profit of RMB1,922 million for the whole year. The balance of wealth management products of Ping An Wealth Management amounted to RMB1,214,152 million, an increase of 19.8% from the end of last year.

In 2024, Ping An Wealth Management built channels, investments and products in an orderly fashion while serving economic and social development, adhering to prudent operation, creating professional value and adhering to the bottom line of risk compliance. First, it continued to enhance its channel operations. On the one hand, it made great efforts to explore new partnerships. At the end of 2024, Ping An Wealth Management has established collaborations with over 50 interbank institutions, substantially covering large state-owned banks and joint-stock banks in China. On the other hand, it focused on cultivating key channels, strengthening product supply and focusing on continuous marketing. At the end of 2024, the Bank established cooperative relations with 3 banks exceeding RMB50 billion in amount of cooperation and more than 10 banks exceeding RMB10 billion. Second, the Bank enhanced its investment and research capabilities. It achieved scientific allocation and efficient investment through a platform-based investment model, and improved differentiated investment and research capabilities on fixed income and equity products through continuous improvement of the investment committee mechanism. In 2024, Ping An Wealth Management received awards including “Golden Bull Award”, “Golden Wealth Management Award”, “Golden Shell Award” and “Golden Tie” from *China Securities Journal*, *Shanghai Securities News*, *21st Century Business Herald* and *Wall Street Insights* respectively. Third, Ping An Wealth Management further enriched its product system, developed product solutions featuring “stability” and aiming at absolute return, and basically built a multi-term, multi-asset and full-variety product system. In addition, it actively implemented the requirements with respect to the “five areas” in finance to launch several themed products on technology finance, green finance and digital finance. Fourth, it adhered to the bottom line of risk and compliance, continued to strengthen the construction of risk management system, strictly controlled asset access, optimized concentration allocation, strengthened risk early warning, maintaining overall stable quality of investment assets. Fifth, it promoted technology empowerment to enhance AI capability upgrading. It has won 11 awards in total. Among them, the “AI Digital Employee” project was awarded with “CFCITY Cup Innovation Award”, and the “ESG Investment Trading Platform” was awarded with “Jin Xin Tong Excellence Case”. Sixth, it fulfilled its social responsibilities and adhered to serving entities and benefiting the people. From its inception through the end of 2024, it created more than RMB100 billion of total revenue for customers, provided more than RMB550 billion of financial support to the real economy, and invested more than RMB160 billion in total in green finance and ESG.

3.4 Key issues of concern in operations

3.4.1 NIM

In 2024, NIM of the Group was 1.87%, with a decrease of 51 basis points from last year, mainly due to the decline of market interest rates and active reduction of high-risk retail assets.

In terms of liabilities, the Bank actively optimized liability structure to reduce liability costs. On the one hand, the Bank deepened the reform of deposit interest rate pricing mechanism, actively expanded the source channels of deposits, consolidated the deposit base, enhanced its control of high-cost deposit products, facilitated low-cost deposit precipitation, and continued to optimize deposit structure. The cost of deposits became more reasonable than the previous year. On the other hand, the Bank maintained an agile pace of deposits and interbank liabilities in line with the trends of market interest rate, and adjusted the absorption strategy flexibly to optimize overall liability costs.

In terms of assets, the asset yield continued to go down due to decreased interest rate of new loans resulted from continuous decline of market interest rate, as well as decrease of interest rate of existing housing loans, and the loan repricing effect. On the one hand, the Bank adhered to the policy of surrendering benefits to the real economy, expanded the achievements of liberalization reform, continuously enhanced credit loan support to key sectors such as manufacturing and green finance, and effectively reduced the financing cost for enterprises. On the other hand, the Bank actively adjusted the asset structure, and focused on cultivating and managing high-quality customers to promote high-quality development of assets.

Against the backdrop of asset repricing and supporting for the real economy, the year 2025 will continue to face the pressure of downward NIM. But the trend will slow down. In the future, the Bank will continue to strengthen its asset and liability portfolio management capabilities, conduct refined pricing management and provide effective forward-looking guidance to ease the downward pressure on the NIM. In terms of assets, the Bank will continue to perform effective large-scale assets allocation, encourage credit supply for high-quality customer groups, and strengthen the support for the real economy. In addition, the Bank will strengthen market research and judgment, and allocate interbank assets in a flexible and dynamic manner to improve the efficiency of capital utilization. On the liability side, the Bank will focus on guiding the absorption of low-cost deposits, control high-cost deposits, adjust the strategy of absorbing foreign currency liabilities flexibly, arrange the pace of absorbing deposits and inter-bank liabilities agilely to make every effort to control and lower the overall liability costs.

3.4.2 Asset quality

In 2024, the overall macroeconomic situation remained overall stable, but the foundation for sustained recovery still needs to be consolidated, and the repayment capacity of small- and medium-sized enterprises and individuals continued to be under pressure. To respond to national strategy, the Bank actively served the real economy, enhanced asset quality controls, kept optimizing asset structure and strengthening efforts in disposal of problematic assets. As a result, the Bank maintained overall stable asset quality and strong risk mitigation capability.

In 2024, the Bank continued to strengthen forward-looking research and judgment and agile adjustment of risk policies, actively implemented early warning and resolution of risks arising from legacy assets, and maintained stable asset quality. Furthermore, the Bank proactively adjusted its asset structure of retail loans, reduced the provision for impairment, and maintained strong risk mitigation capability. At the end of 2024, the NPL ratio of the Bank was 1.06%, unchanged from the end of last year; the NPL formation ratio⁴ was 1.80%, with a decrease of 0.09 percentage point from the end of last year; the provision coverage ratio was 250.71%, with a decrease of 26.92 percentage points from the end of last year; and the provision to loan ratio was 2.66%, down by 0.28 percentage point from the end of last year. At the same time, the Bank further improved the quality of non-loan assets, built a solid barrier against risks, continuously improved and optimized the quality and asset structure of non-loan assets. The overall risk of such assets was controllable.

The Bank strengthened the collection and disposal of problematic assets, and further optimized the mechanism for non-performing assets management. In 2024, the Bank's written-off loans amounted to RMB63,294 million; the total of recovered

non-performing assets was RMB32,189 million, which included recovered written-off principals of RMB18,694 million for non-performing assets (including recovered written-off amount of RMB17,877 million for non-performing loans); and 86.6% of recovered amount for non-performing assets was recovered in cash and the rest was recovered in repayment by collateral.

In the future, the Bank will closely track macroeconomic developments, constantly optimize asset structure, intensify risk controls and systematic monitoring in key areas, increase efforts in collection, ensure strong risk mitigations, and firmly protect the base line of asset quality.

3.4.3 Risk management on real estate industry

The Group attached great importance to risk prevention and quality control of credit granting in the real estate industry. It continued to strengthen the control of real estate loans. Adhering to the "project-centric" principle, the Group put equal emphasis on closed project management and loan management, achieving comprehensive monitoring of customers' operations, project progress, asset status and capital flows.

At the end of 2024, the aggregate balance of credit risk-bearing businesses of the Group amounted to RMB273,337 million, including actual and contingent credits and loans, proprietary bond investments, and proprietary non-standard investments relating to real estate sector, with a decrease of RMB10,859 million as compared with the end of last year; the aggregate balance of non-credit risk bearing businesses of the Group amounted to RMB75,879 million, including wealth management capital contribution, entrust loans, trusts and funds management and consignment for cooperative institutions, lead underwriting of debt financing instruments, with a decrease of RMB4,916 million as compared with the end of last year, among which:

(1) Credit risk-bearing business involving real estate sector mainly included the real estate loans to corporates, with the balance of RMB245,219 million, representing a decrease of RMB10,103 million as compared with the end of last year. Among them, the real estate development loans totaled RMB76,629 million, accounting for 2.3% of the Bank's total principal of loans and advances to customers. All real estate development loans have been effectively mortgaged, with an average mortgage rate of 44.6%, and 97.6% of the loans were concentrated in the urban areas of first and second tier cities, the Greater Bay Area and the Yangtze River Delta region. The operating property loans, mergers and acquisitions loans and others totaled RMB168,590 million, mainly including mature property mortgages, with an average mortgage rate of 51.5%, and 92.0% of loans were concentrated in the urban areas of first and second tier cities, the Greater Bay Area and the Yangtze River Delta region. At the end of 2024, the NPL ratio of the Bank's real estate loans to corporates was 1.79%, up by 0.93 percentage point from the end of last year, mainly due to financial strains of certain real estate enterprises affected by the external environment. However, the overall NPL was still at a low level.

(2) Non-credit risk bearing business with the real estate sector were mainly trusts and funds management and consignment for cooperative institutions, with a total of RMB32,683 million, representing a decrease of RMB1,402 million as compared with the end of last year. The product size of underlying assets corresponding to specific projects and assets with high-quality pledge of stock rights reached RMB22,621 million, and 88.2% of which were concentrated in the urban areas of first and second tier cities, the Greater Bay Area and the Yangtze River Delta region. The other businesses mainly included high level private placement bonds products.

⁴ NPL formation ratio = NPL formation amount (return to principal losses on write-off and disposal of non-performing transfers within the reporting period) / (loan balance at the beginning of the year + balance of traditional off-balance sheet credit such as bank undertaking, letter of credit and letter of guarantee at the beginning of the year).

3.4 Key issues of concern in operations (Continued)

3.4.3 Risk management on real estate industry (Continued)

Since 2024, the Chinese government has intensively released various policies to support the real estate sector, including establishing a streamlined real estate financing coordination mechanism, optimizing the housing land supply, initiating the “four cancellations” (removing purchase restrictions, resale restrictions, price controls, and distinctions between ordinary and non-ordinary residential properties), the “four reductions” (lowering the interest rate on housing provident fund loans, reducing the down payment ratio, cutting the interest rates on existing mortgages, and easing the tax burden on selling old homes and purchasing new ones), and the “two increases” (initiating the renovation of 1 million units in downtowns and dilapidated housing through monetary resettlement and other methods, and expanding the credit scale for the “white-listed” housing projects to RMB4 trillion). Such policies are designed to release demands, optimize supply, and improve financing environment for the real estate sector. The Group will continue to implement the CPC Central Committee’s policies and regulatory requirements, gain a deep understanding of the people-oriented and political nature of real estate related work, and meet the reasonable financing needs of real estate enterprises with different ownership systems. The Group will focus on supporting the development and construction of government-subsidized housing, rigidly needed and improved commercial housing, the construction and operation of rental housing and the acquisition of existing commercial housing by qualified local state-owned enterprises as affordable housing, further promote the urban real estate financing coordination mechanism, expand the scope and improve the efficiency of “white-listed” housing projects, include the relevant housing development loan projects into the “white list” by categories in batch, ensuring all eligible projects are included and all necessary loans are provided, to better meet the reasonable financing needs of the projects and support the battle to ensure the delivery of housing, bringing the sector back to a trajectory of steady growth.

3.4.4 Capital planning

At the end of 2024, the Group’s capital adequacy ratio at all levels met the regulatory requirements, of which the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 9.12%, 10.69% and 13.11%, respectively.

In 2024, the Group continued to strengthen the internal supplementation of capital, continuously optimized on-and off-balance sheet asset business structure according to the latest requirements of the *Administrative Measures for the Capital Management of Commercial Banks* (《商業銀行資本管理辦法》), actively reduced inefficient and invalid capital occupation, and improved the efficiency of capital allocation and use, by giving full consideration to the requirements for returns to shareholders. The core tier 1 capital adequacy ratio remained stable.

In the future, the Bank will continue to balance the internal and external capital replenishment as a whole, further consolidate capital strength, continuously improve the refined capital management capability with a focus on capital return, improve the capital use efficiency of all operating institutions with juggled returns to shareholders and capital requirements, to ensure that the capital adequacy ratio at all levels continues to meet the regulatory requirements. In addition, the Bank will maintain a certain safety margin and buffer range to provide solid capital support for its high-quality development.

3.4.5 Retail strategy

In 2024, the Bank unswervingly adhered to the positioning of retail strategy to deepen the strategic transformation for retail business. First, the Bank intensified efforts in building the capability of teams, and improved their professional ability of comprehensive operation through improved digital training system and intelligent marketing tools. Second, the Bank optimized the product systems, enriched whole product categories, developed competitive key products, and established a full-process product monitoring system. Third, the Bank deepened customer operations, enhanced online customer management by actively developing digital marketing channels and deepening the service model of “AI + T + Offline”, and upgraded the comprehensive management system for retail customers.

The Bank focuses on the major business directions including “making structural adjustments and improving quality” to optimize the loan business structure proactively and enhance the quality of newly issued assets, and contribute to higher quality and efficiency of the retail business. On the one hand, the Bank continues to optimize the asset portfolio strategy, reduces high-risk assets actively, expands the proportion of high-quality customers in cornerstone businesses such as residential mortgage loans and title deed-secured loans, and increases the supply of key products. At the end of 2024, the Bank’s balance of personal loans amounted to RMB1,767,168 million, in which the proportion of high-risk loans decreased significantly and that of mortgage loans increased to 62.8%, representing an increase of 4.0 percentage points over the end of 2023. On the other hand, the Bank holistically upgrades the retail risk system, implements differentiated risk management policies, and strengthens the disposal of non-performing loans. At the end of 2024, the NPL ratio of the Bank’s personal loans decreased by 0.04 percentage point from the end of the third quarter. The risk control measures pay off gradually.

Looking ahead, the Bank will firmly carve its pace of becoming a characteristic bank, serve people’s well-being proactively. It will focus on upgrading strategic elements such as teams, products and customers to build differentiated competitive advantages in the era of change, and strengthen the foundation for long-term and sustainable high-quality development of the retail business.

Management Discussion and Analysis

3.5 Business innovation

In 2024, the Bank focused on optimizing and upgrading the innovation mechanism, deepening the application of financial technology and strengthening talent training. Relying on advantages of financial technology and integrated finance of Ping An Group, the Bank continuously consolidated the Bank's financial technology capabilities, improve the quality and efficiency of financial services, and promoted the high-quality sustainable development of business.

Optimizing and upgrading the innovation mechanism. By establishing a working group for innovation promotion, the Bank continuously optimized the cross-service line and cross-functional resource mix, organized a variety of innovative events and activities, and created an innovative atmosphere of full participation and comprehensive coverage. In 2024, the Bank held activities such as "Turing Hackathon Contest" and "Technology PA Talk" to stimulate innovative thinking of all employees, promoted deep integration of technology and business, accelerated transformation of innovative achievements, and advanced digital transformation and digital finance development.

Deepening the application of financial technology. The Bank thoroughly implemented the spirit of the third plenary session of the 20th CPC Central Committee and the Central Financial Work Conference, advanced digital finance, and continued to strengthen the application of financial technology. In terms of the scenario-based application of "AI + Finance", the Bank further explored the integration and application of AI and financial scenarios, continued to consolidate and improve underlying technical capabilities of large language models, agents, biometrics, natural language processing, image and voice recognition, digital human and so on, and continued to promote and explore the integrated innovation of business scenarios, such as the generation of marketing materials and intelligent review, root cause analysis of cases relating to consumer protection, R&D support, audit and review, and intelligent operation process. In 2024, the Bank obtained more than 400 patents and nearly 40 industrial technology awards.

Strengthening talent training. The Bank focused on building a professional and multi-disciplinary team in line with its strategy and capable of dealing with various scenarios. First, the Bank deepened talent echelon training, improved the comprehensive management ability of personnel at all levels, and focused on skills in team management, security management and business empowerment management. Second, the Bank innovated professional training, promoted live streaming training sessions of general technologies, and improved the professional ability of personnel at all levels. Third, the Bank optimized multi-disciplinary training, continued to carry out training on integration of technology and business, encouraged the rotation of technology and business personnel, and cultivated and pooled multi-disciplinary talents.

3.6 Risk management

The Bank established a risk governance structure with sound organizational structure and clear responsibility boundaries, defined the responsibilities of the Board of Directors, the Board of Supervisors, senior management and risk management in comprehensive risk management, and established a multi-level, interconnected and balanced operation mechanism. The comprehensive risk management system of the Bank aims to improve the overall risk management level of the Bank and ensure the healthy and sustainable development of business, and follows the four basic principles of matching, full coverage, independence and effectiveness. First, the Bank formulated risk management objectives with balanced risk and return to match the risk management system with the business development strategy and risk status. Second, the Bank ensured that comprehensive risk management covers all businesses, all risks, all processes, all institutions and all personnel. Third, the Bank's risk management structure remained independent, and the risk function personnel, responsibilities, reporting routes and assessments remained relatively independent, forming a balanced relationship with business lines. Fourth, based on the results of risk management, the Bank effectively assessed internal capital adequacy and carried out stress tests on a regular basis, to ensure that the capital level is in line with risk appetite and risk management status and is able to fully resist all kinds of risks.

During the reporting period, the Bank continued to improve its comprehensive risk management system. First, the Bank strengthened the construction of defense lines, optimized the comprehensive evaluation mechanism of risk management, and further consolidated the risk prevention and control responsibilities of the first defense line. Second, the Bank ensured the comprehensive risk appetite covers all major risk types and all branches and subsidiaries, and improved the monitoring, deviation resolution and adjustment mechanism of various risk appetite. Third, the Bank continuously upgraded various risk management policies and procedures to match risk management capabilities with business development level and risk status. The Bank continued to strengthen risk management of off-balance sheet business and comprehensively implemented the requirements of the *Measures for the Risk Management of Off-balance Sheet Business of Commercial Banks* (《商業銀行表外業務風險管理辦法》) and its measures for the risk management of off-balance sheet business, supporting the steady development of off-balance sheet business and maintaining a good risk situation. Fourth, the Bank strengthened the comprehensive risk management information system and data quality management and control, continued to enhance the construction of a unified risk data mart and indicator library, improved the ability of data to support the measurement, identification and application of risk information, and continued to use big data, artificial intelligence and other technologies to optimize risk management scenarios such as approval, lending and post-lending, so as to further strengthen the digital risk control capabilities of the intelligent risk control system and promote the digital transformation of comprehensive risk management. Fifth, the Bank carried out special risk audit to ensure the implementation of comprehensive risk management requirements.

3.6 Risk management (Continued)

3.6.1 Credit risk

Credit risk refers to the risk that borrowers or counter parties of the Bank cannot fulfill obligations according to the agreement reached in advance. The risk management committee of the Bank's head office is in charge of overall plan on risk management at all levels. The professional departments of the head office including the risk management department, the credit approval department and the retail credit risk management department are responsible for the Bank's credit risk management. The Bank stuck to the principle of risk management of "coordination between risk and development, balance between risk and profit, adaptation between risk and capital", continued to improve the full-process management of credit risk, and effectively enhanced the level of credit risk management.

During the reporting period, the Bank studied and judged the risk situation and proactively took various measures to enhance the capabilities for risk prevention and control, so as to enable stability of asset quality: First, the Bank controlled the incremental business, optimized the Bank's asset structure, tracked changes in industry, customer, regional and product risks in real time, conducted policy and system review, strengthened forward-looking research and judgment and agile adjustment, dynamically adjusted customer access and industry early warning standards, optimized the requirements of institutional risk management, and controlled asset quality from the source. Second, the Bank managed existing businesses, conducted tiered, grouped and differentiated management based on the industry, customer and product, implemented the post-loan management actions, focused on controlling key issues, and intensified the pre-control on the recovery of loan principal and interest. It also strengthened early warning monitoring management, further improved the foresight of early warning, and enhanced the effectiveness of early warning management. Third, it enhanced risk management in focus areas, focusing on early risk management and control of key institutions, key customer groups and major customers, and deepening tiered management of customers and institutions. In the meantime, it strictly implemented the requirements of the package debt policy, prudently mitigated the risks of existing debt, strictly controlled the growth of new debt, grasped the opportunities in the new stage of debt resolution. It implemented policies in different regions, actively promoted the integrated local debt risk resolution and high-quality development. Fourth, the Bank strengthened the collection and disposal of problematic assets, further optimized the management mechanism of non-performing assets, gave full play to the advantages of large-scale and intensive operation, and improved the quality and efficiency of collection and disposal of non-performing assets.

3.6.2 Large risk exposure

According to the *Administrative Measures on Large Risk Exposure of Commercial Banks* (《商業銀行大額風險暴露管理辦法》), large risk exposure refers to the credit exposure of a commercial bank to a single customer or a group of connected customers, which exceeds 2.5% of the Bank's net tier 1 capital (including all kinds of credit risk exposure in the bank account and trading book). The Bank has incorporated the large risk exposure into its comprehensive risk management system and has formulated the *Administrative Measures on Large Risk Exposure of Ping An Bank*, which clearly stipulates the management responsibilities and process management plan for the large risk exposure. The Bank continuously improved customer credit management requirements, system construction and data governance, realized automated statistics, monitoring, early warning and control for large risk exposure of customers, and dynamically controlled customer concentration risk through technological means.

During the reporting period, except for customers exempted from supervision, the proportion of the Bank's risk exposure to net tier 1 capital for interbank single customers, interbank group customers, non-interbank single customers, and non-interbank group customers all met the regulatory requirements.

3.6.3 Market risk

Market risk refers to the risk of losses arising from unfavorable changes in market prices (including interest rates, exchange rates, stock prices and commodity prices). The market risk of the Bank mainly arises from trading books and bank books. Main market risk represents interest rate risk and exchange rate risk.

The Bank has established an effective market risk governance structure and division of management responsibilities. The Board is the ultimate decision-making body of market risk management and assumes the ultimate responsibility of market risk management. The senior management and its committees are responsible for approving the major issues of market risk management to the extent of the scope of authority and regularly listening to the report on the implementation of market risk management. The risk management department leads the management and specific implementation of the Bank's market risk and is independent of the front desk business department. The Bank has set up an improved market risk management system covering the whole process of market risk identification, measurement, monitoring, reporting and control. The Bank regularly examines various systems and management measures for assessing market risks and continuously perfects, improves and optimizes the process according to the business and development status. The Bank has established a relatively complete market risk management process, from the beforehand tradable products authorization management and book division to the risk identification, measurement monitoring and control in the process, and to the afterwards back-testing and stress testing, fully covering the entire process of risk management.

During the reporting period, the Bank took the following measures to address the increasing challenges in market risk management: First, the Bank improved its market risk monitoring and early warning capabilities through business review and agile risk assessment, and significantly improved its business profit and loss withdrawal management capabilities. Second, the Bank strengthened the active management of market risk and promoted the steady and healthy development of its business around the three directions of new product access, intelligent risk control system construction and risk policy optimization. Third, the Bank promoted the implementation of the *Administrative Measures for the Capital Management of Commercial Banks* (《商業銀行資本管理辦法》), updated and improved the market risk management system and market risk capital measurement rules, and continued to meet the regulatory compliance requirements.

3.6 Risk management (Continued)

3.6.4 Liquidity risk

Liquidity risk refers to the risk that commercial banks are unable to obtain sufficient funds at reasonable cost and in a timely manner to pay debts as they fall due, meet other payment obligations and meet other funding requirements for normal business operations. According to the *Administrative Measures for Liquidity Risks of Commercial Banks* (《商業銀行流動性風險管理辦法》), the Bank adheres to a cautious liquidity risk management principle and a prudent management strategy, timely establishes a reasonable and effective liquidity risk management mechanism to identify, measure, monitor and control liquidity risk, and ensures sufficient fund to handle the growth in assets and the payment for due debts, whether the Bank is in normal condition or under pressure.

The Bank has established a sound liquidity risk management and governance architecture. The Board assumes the ultimate responsibility of liquidity risk management. The Supervisory Committee supervises and evaluates the performance of the Board and senior management in liquidity risk management. The senior management is responsible for managing liquidity risk. The Asset and Liability Management Committee is the top management body of liquidity risk management. Under the guidance of the Asset and Liability Management Committee, the Asset and Liability Management Department is responsible for specific management of liquidity risk and forms an implementation system with all business management departments and branches. The Audit and Supervision Department performs internal audit over liquidity risk management.

The Bank attaches great importance to liquidity risk management. It continuously optimizes the liquidity risk management framework and management strategies and has a sound liquidity risk management system in place. The Bank monitors and optimizes the asset and liability structure in time, enhances the management over active liability, promotes steady growth in core liability, strengthens liquidity risk index limit management, and manages the mismatched liquidity risk reasonably. Moreover, the Bank regularly conducts liquidity risk stress tests, assesses future liquidity demand on a prudent basis and maintains sufficient high-quality current assets. The Bank continuously optimizes the emergency management system on liquidity, improves the early warning mechanism for liquidity risk, conducts emergency drills on liquidity risk and strengthens the communication and collaboration between relevant departments to effectively guard against emergency liquidity risk. The Bank also continues strengthening the analysis of macroeconomic situation and market liquidity and improves the forward-looking and initiative liquidity management, to cope with market liquidity risk in time. As at the end of the reporting period, each of the Bank's businesses maintained stable development, with abundant high-quality current asset reserve, safe and prudent liquidity condition, and liquidity risk regulatory indicators meeting the regulatory requirements.

The Bank conducts full identification, accurate measurement, continuous monitoring and effective control of liquidity risk. The Bank applies a number of measures to manage and control its liquidity risk, including cash flow measurement and analysis, liquidity risk limit management, fund source management, high-quality current asset management and daytime liquidity risk management. The Bank sets the liquidity risk index limit based on the regulatory standard for the regulatory index, liquidity risk preference, liquidity risk management strategy, asset and liability structure, financing ability and other factors. Based on the regulatory requirements, the Bank conducts liquidity risk stress tests on a regular basis based on its asset and liability structure, product type and data status, and reports to the Asset and Liability Management Committee, senior management and the Board level by level.

3.6.5 Operational risk

Operational risk occurs when losses arise from the deficiencies of internal procedures, employees and IT systems or the occurrence of external events. It covers legal risk, other than strategic risk and reputation risk. The Bank has established a complete and independent operational risk management framework under which the Board assumes the ultimate responsibility of operational risk management, the supervisory committee assumes the responsibility of supervision and the senior management assumes the responsibility of implementation. The Legal Compliance Department is responsible for establishment and implementation of a bank-wide operational risk management system based on three lines of defense to ensure the consistency and effectiveness of the bank-wide operational risk management.

During the reporting period, the Bank improved the operational risk management system, and enhanced the refinement and intelligence of operational risk management, in response to the new regulatory requirements related to operational risk. First, the Bank continued to optimize the three management tools, i.e., "operational risk self-assessment, key risk indicators (KRI) and operational risk losses database" to strengthen risk early warning and tracking improvement, and improve the effectiveness of risk prevention and control. Second, the Bank strengthened the data-driven operational risk management system, integrated risk monitoring data, upgraded and improved the risk heat map, and continuously improved the intelligence of operational risk management. Third, the Bank comprehensively upgraded the operational risk capital measurement system to continuously meet the regulatory compliance requirements of the Operational Risk Standardized Approach. Fourth, the Bank strengthened business continuity management, improved the business continuity management system and continuously enhanced the overall management of business continuity of the Bank. Fifth, the Bank strengthened

Management Discussion and Analysis

3.6 Risk management (Continued)

3.6.6 Country risk

the operational risk training and publicity and continued to give business support and evaluation to institutions at all levels to cultivate a good culture of the operational risk management.

Country risk refers to the risk that the debtor of a foreign country or region has no capacity or refuses to repay the debts to banking financial institutions; or the banking financial institution in the country or region suffers from business losses or other losses, due to the political, economic, social changes and events of the country or region. The Bank incorporated country risk management into its comprehensive risk management system. Based on the regulatory requirements, the Bank formulated country risk management policies and procedures to specify management responsibilities, management means and approval process, and standardized the management of country risks. According to the result of risk rating, the Bank divides country risks into five classes: low, relatively low, medium, relatively high and high, and manages risks by their classes accordingly based on risk severity. The Bank integrated all business activities that bear overseas entity country risk into unified management under the country risk limit. The Bank checked country risk limit annually according to the result of country risk rating, situation of development of country economy and business needs, and adjusted country risk rating and limit dynamically according to the changes in risks. The Bank has implemented the requirements of the *Measures for Management of Country Risks of Banking Financial Institutions* (《銀行業金融機構國營風險管理辦法》), and continuously improved the country risk management system and the country risk management capability.

During the reporting period, the Bank revised and improved the country risk management system, conducted stress testing and developed contingency plans, and continued to carry out country risk rating and limit monitoring. The Bank's limits were well implemented, with the risk exposure mainly in countries or regions with relatively low risk, and the overall risk was controllable.

3.6.7 Bank account interest rate risk

Bank account interest rate risk refers to the risk of losses of the overall income and economic value of bank accounts as a result of adverse changes in interest rate level, maturity structure and other factors. Based on the requirements of the *Guidelines for the Management of Interest Rate Risk in the Banking Book of Commercial Banks (Revised)* (《商業銀行銀行賬簿利率風險管理指引(修訂)》) and other laws and regulations, the Bank continued to improve the interest rate risk governance structure; optimized the interest rate risk related systems; enriched the interest rate risk measurement framework and improved the refinement of management to ensure that the Bank can effectively identify, measure, monitor and manage and control interest rate risk assumed by various businesses. Following the principle of being reasonable and prudent, the Bank effectively measured bank account interest rate risk by means of gap analysis, duration analysis, scenario simulation, stress testing, etc. Based on the above measurements, the Bank established and implemented bank account interest rate risk limit management system, continued to monitor interest rate risk exposure and limit usage, and regularly reported to the Board of Directors (or the special committees authorized by it) and senior management. With a comprehensive consideration of interest rate risk characteristics and actual business development, the Bank strengthened the analysis, research and judgment of the market trend of interest rates. The Bank adjusted the asset and liability structure in a reasonable way and optimized interest rate risk exposure.

During the reporting period, in the domestic market, Loan Prime Rate (LPR) and deposit interest rate have been lowered multiple times, the interest rate of existing housing loans has been adjusted again, the loan repricing effect has been highlighted, and the volatility level of interest rate risk in the bank account of RMB business increased. In the international market, major foreign currencies were in the cycle of interest rate cuts, the cost of foreign currency liabilities was under effective control, and the difficulty of interest rate risk management on banking books in foreign currency was alleviated to a certain extent. In response to the negative impact of interest rate fluctuations, the Bank continuously paid attention to the changes in economic situation at home and abroad; enhanced the research and judgment of macroeconomic and interest rate trends; and timely guided the structure adjustment of asset and liability. Meanwhile, the Bank implemented active interest rate risk management strategy. The Bank adjusted business portfolio re-pricing term at suitable time by using pricing

instrument such as internal funds transfer pricing (FTP) to effectively control bank account interest rate risk. During the reporting period, all monitoring indicators of the Bank operated within the limit, and the level of bank account interest rate risk was under control on the whole.

3.6.8 Reputation risk

Reputation risk mainly refers to the risk of negative evaluation of the Bank by stakeholders, the public and the media as a result of the Bank's behavior, the behavior of its employees or external events, which may damage the Bank's brand value, adversely affect the Bank's ordinary course of business, or even affect market stability and social stability. Under the guidance of the regulatory authorities, the Bank has taken active action. In accordance with the *Administrative Measures for Reputation Risks of Banking and Insurance Institutions (for Trial Implementation)* (《銀行保險機構聲譽風險管理辦法(試行)》) and other regulatory requirements, guided by the basic principles of being "forward-looking, matching, full-coverage and effective" as well as the implementation principles of "level-to-level management, division of responsibility, real-time monitoring, prevention-oriented, rapid response, classified disposal, being duty-bound for the work, and coordinated response", the Bank incorporated reputation risk management into its corporate governance and comprehensive risk management system, continuously implemented various reputation risk management work, and continued to improve the effectiveness of reputation risk management.

During the reporting period, the Bank further improved its reputation risk management system in terms of governance structure, operating activities, normalization construction, and supervision and management, mainly focused on the seven specific tasks below: First, the Bank strengthened reputation risk screening and public opinion early warning, upgraded the big data public opinion monitoring system, and formulated emergency plans and special monitoring mechanism against "the National People's Congress and the Chinese People's Political Consultative Conference", "3.15 consumer rights protection day", "Double 11 shopping festival" and other important nodes. Second, the Bank established the evaluation mechanism before the process of major complaint letters and visits or class actions against the head office and branches and made plans based on the evaluation results to effectively prevent risks. Third, the Bank properly handled reputation risk events; it adopted a three-dimensional and multi-level strategy for false information, clarified the truth in an appropriate form, and responded the public concerns. Fourth, the Bank comprehensively implemented the guidance of positive public opinion and enhanced its brand image all around with "traditional media" and "new media" in a supplementary way. Fifth, the Bank conducted drills for crisis response and disposal from time to time to strengthen the capacity building of all functional departments and branches to control reputation risks and handle public opinion. Sixth, the Bank strengthened assessment and accountability and included the prevention and disposal of reputation risk events in the assessment scope of each unit through the improvement of the Bank's risk assessment mechanism. Seventh, focusing on its various initiatives to actively fulfill its corporate social responsibilities, the Bank has carried out publicity on themes such as supporting the real economy, accomplishing the tasks in the "five areas" in finance and consumer rights protection to enhance its brand image.

3.6.9 Strategic risk

The Bank adhered to the leadership of Party building, actively implemented the spirit of the 20th CPC National Congress, the Central Financial Work Conference and the Central Economic Work Conference, followed the policy orientation and regulatory requirements, adhered to the strategic principle of "strong retail banking, selective corporate banking, and specialized interbank business". The Bank continue to improve the mechanism for reviewing strategy formulation and implementation. On the premise of adhering to the established strategic principles, the Bank aligned the annual business plan with the strategic objectives, closely integrated the development and changes of the internal and external situation with the help of its keen market insight, and continuously enriched and deepened the connotation of the strategies, so as to ensure that its operation management and business development was always focused on the strategic objective and to actively push forward the comprehensive implementation and efficient execution of the strategic plan across the whole Bank.

The Bank's strategy is in line with the requirements of the Party and the country, the development and changes of macroeconomic landscape and the changes in customer demands. The Bank's overall ability to execute strategy is improving, and its risk control capability is continuously enhancing. Strategic risk is generally controllable.

Management Discussion and Analysis

3.6 Risk management (Continued)

3.6.10 Compliance risk

Compliance risk refers to the possibility of financial institutions or their employees to bear criminal, administrative and civil legal liabilities, suffer property losses, reputation losses, and other negative impacts due to operation and management of financial institutions or performance of duties of employees in violation of compliance norms. The Board determines the compliance management objectives, and takes ultimate responsibility for the effectiveness of compliance management. The senior management implements the compliance management objectives and takes the leadership responsibility for compliance of the businesses in their charge. Departments and branches are responsible for implementing the compliance management objectives bear the primary responsibilities for the compliance management within respective departments and organizations at their own levels. The Legal Compliance Department takes the lead in the compliance management work. The Bank deepens the construction of compliance culture, creates an atmosphere of “not daring to, not able to and not willing to” break the rules based on the concepts of compliance starting from the top to cover all staff to create value, and promotes effective interaction between its compliance department and external regulators.

During the reporting period, focusing on the concept of “sticking to the bottom line and empowering services”, the Bank deepened its compliance management strategy and improved the overall quality and efficiency of compliance management through the following measures. First, the Bank focused on the two special governance measures including regulatory connection governance and compliance risk governance, to upgrade the three mechanisms of regulatory communication, deficiency rectification and preparation for regulatory inspection. It also carried out compliance risk governance for key areas and groups comprehensively. Second, The Bank focused on improving the three major capabilities of business support, risk control and risk disposal, held the bottom line of compliance and supported business development. Third, The Bank consolidated the four major foundations of culture, system, supervision and guidance, and technology, improved the compliance network system, relied on the “Ping An Compliance Journey” to develop the “joint construction of culture” ecology, strengthened the construction of regulations and enhanced supervision and evaluation.

3.6.11 Money laundering risk

Money laundering risk refers to the exposure to money laundering, terrorist financing, financing of proliferation and other criminal activities on the money laundering upstream, in the course of business and operation management. The Bank has established a robust money laundering risk control mechanism, including well-organized money laundering risk management structure, hierarchical anti-money laundering system, comprehensive and effective risk assessment and monitoring mechanism, professional and reliable technical support, long-term anti-money laundering training and propaganda mechanism, for effective identification, assessment, monitoring, control and reporting of the money laundering risk, finally preventing and controlling the risk effectively.

During the reporting period, the Bank constantly improved the anti-money laundering and sanctions compliance management system, further strengthened the risk control of money laundering and sanctions, and implemented anti-money laundering laws, regulations and regulatory requirements. First, the Bank continuously optimized money-laundering risk management policies and procedures and improved the anti-money laundering working mechanism, to enhance the anti-money laundering management capability. Second, the Bank gradually formed a centralized anti-money laundering operation management mode in line with international standards and with the Bank’s characteristics and built a professional anti-money laundering talent team, to improve the quality and efficiency of monitoring and analysis. Third, the Bank strengthened money-laundering risk management in key areas and performance of core obligations, to enhance the capabilities for risk prevention and control. Fourth, the Bank actively carried out anti-money laundering advocacy and training, and improved the anti-money laundering awareness and ability of all employees, to effectively prevent risks of money laundering and terrorism financing. Fifth, the Bank explored the practical applications of new technologies in the field of anti-money laundering. The Bank’s map analysis platform was awarded the “Best Anti-Money Laundering Technology Implementation Award in China” by The *Asian Banker* in 2024.

3.6.12 Legal risk

Legal risk arises when a signed contract may be confirmed invalid according to laws due to violation of laws or administrative regulations; a liability for compensation may be prosecuted according to laws for a lawsuit or an arbitration filed for breach of contract, infringement or other causes; or a criminal or administrative liability may be prosecuted according to laws for business and management activities in violation of laws, regulations or regulatory provisions. The Bank has established an effective legal risk governance structure and determined division of management responsibilities. The Board is the ultimate decision-making body of legal risk management and assumes the ultimate responsibility of legal risk management. The senior management assumes the implementation responsibility of legal risk management and executes the resolutions of the board of directors. The responsible leader for risk management takes the lead in legal risk management and maintains full independence. The Legal Compliance Department of the Head Office is responsible for the implementation and management of legal risk as a whole.

During the reporting period, the Bank continued to enhance legal risk control. First, the Bank continuously improved the format of legal instruments, optimized the standard contract text of important business, and prevented and controlled legal risks of business. Second, adhering to professionalism, the Bank supported comprehensive operation at branches, empowered business development, and defended compliance bottom lines. Third, for key businesses, the Bank conducted legal research and legal risk warning and prompting to support healthy development of business. Fourth, the Bank strengthened the refined and procedural management of litigation and arbitration cases to improve the quality and efficiency of case management, and increased the guidance empowerment for major cases to improve the ability and level of case handling and prevent secondary risks in case handling. Fifth, the Bank inspected the lawyer pool, improved the quality of the lawyer pool resources, and carried out special investigation on lawyer appointment, to improve the standardization of lawyer appointment.

3.6.13 Information technology risk

Information technology risk refers to the operational risk, legal risk, reputation risk and other risks caused by natural factors, human factors, technical loopholes and management defects in the application of information technology in the commercial banks. The Bank has incorporated information technology risk in its comprehensive risk management and established three information technology risk defense lines consisting of the Financial Technology Department and related units, the Information Technology Risk Management Department and the Audit and Supervision Department. The three lines of defense have a clear division of labor, and each department is relatively independent, responsible for its own responsibility and interlinked, to implement information technology risk control from three dimensions - before, during and after the event.

During the reporting period, the Bank refined the information technology risk management system and continued the information technology risk identification, assessment, monitoring, reporting, early warning and tracking. The Bank attached importance to network and data security risk management and control, continued to internalize external regulations, implemented network and data security responsibilities, and strengthened network security monitoring and emergency management, to effectively guarantee the capital and information security of its customers. The Bank paid attention to the risks in the application of new technologies such as cloud computing, AI, big data and blockchain, and strengthened its ability to prevent technology risks. During the reporting period, the Bank’s information system was in good working conditions, the overall information technology risk was under control.

3.7 Prospects

Forecast of operational performance from January to March 2025

Warnings on predicting any potential loss in accumulated net profit from the beginning of the year to the end of the next reporting period or any material change as compared with that in the same period of last year and the reasons

☐ Applicable ☒ Not applicable

3.7.1 Prospects of macro and industry environment

The year 2025 marks the end of the “14th Five-Year Plan” and a critical year for further comprehensive deepening of reforms. The country upholds Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implements the spirit of the 20th National Congress, the second and third plenary sessions of the 20th CPC Central Committee, the Central Financial Work Conference and the Central Economic Work Conference, adheres to the general tone of seeking improvement in a stable way, implements the new concept of development in a complete, accurate and comprehensive way, accelerates the establishment of a new development pattern, and consolidates high-quality development, to further deepen reform in an all-round manner, expand high-level opening up, build a modern industrial system and promote economic recovery.

In 2025, it is expected that the fiscal policy will be more proactive, and the monetary policy will be moderately loose to form a joint force to promote high-quality development. The macro economy will still maintain steady growth, and the economic recovery will be further consolidated and enhanced.

In 2025, the construction of a strong financial country will be accelerated. Deepening the leadership of Party building, strengthening the centralized and unified leadership of the CPC Central Committee over financial work, accomplishing the tasks in the “five areas” in finance, providing high-quality financial services for economic and social development, strengthening comprehensive risk management, and effectively preventing and defusing systematic financial risks will remain the main theme of the banking industry.

3.7.2 Operational plan

In 2025, the Bank will adhere to the leadership of Party building and the political and people-oriented nature of financial work, continue to deepen strategic transformation, improve financial institutions’ ability to serve the real economy, enhance financial risk prevention and control, and actively practice high-quality financial development.

First, the Bank will continuously deepen the leadership of Party building. The Bank will continue to strengthen Party leadership and Party building, fully implement the major decisions and arrangements of the CPC Central Committee and the State Council and all regulatory requirements, deepen the integration of Party leadership into corporate governance, Party building into organizational construction, and Party spirit into cultural development, deepen the integration of Party building with business, and fully implement strict governance of the Party, to comprehensively lead high-quality development of its operation and management with high-quality Party building.

Second, the Bank will continuously improve its capability of serving the real economy in financial services. The Bank will give full play to its own resource endowment and unique advantages in operation and management and actively accomplish the tasks in the “five areas” in finance. The Bank will continue to develop consumer finance business and private banking and wealth management business and actively help expand domestic demand. The Bank will continue to develop market-making business in the financial market and risk aversion business for corporate customers, actively help activate the financial market, and reduce business risks for corporate customers.

Third, the Bank will continuously enhance financial risk prevention and control. The Bank regards asset quality as the “first lifeline” of its development. It will comprehensively strengthen risk prevention and control and systematic monitoring in key areas and prevent and defuse real estate risks; promote the risk mitigation of existing problematic assets and increase the efforts to clear and dispose of non-performing assets; optimize the customer structure and asset structure, enhance policy support, and increase the proportion of high-quality assets; deepen technology empowerment, upgrade the smart

risk control platform system, and improve risk supporting, to comprehensively improve the efficiency and level of full-process risk management. The Bank will improve the system, process and mechanism and upgrade the system platform to comprehensively strengthen interest rate risk management. The Bank will comprehensively strengthen compliance risk management, create a new “grid” compliance governance model, and comprehensively enhance the “three capabilities” of compliance governance, compliance constraint and compliance culture. The Bank will comprehensively strengthen the management of letters and visits and the protection of rights and interests of financial consumers, focus on key areas, implement source governance, and effectively safeguard the legitimate rights and interests of consumers.

3.8 Development and implementation of market value management system and valuation enhancement plan

Whether the Company has established a market value management system

☒ Yes ☐ No

Whether the Company has disclosed the valuation enhancement plan

☒ Yes ☐ No

On 14 March 2025, the *Market Value Management System of Ping An Bank Co., Ltd. and the Valuation Improvement Plan of Ping An Bank Co., Ltd.* were approved at the 36th meeting of the 12th Board of Directors of the Bank. The Bank’s specific valuation enhancement plan is: first, enhance its ability to serve the real economy and practice high-quality development; second, establish a long-term incentive mechanism to promote sustainable and steady development; third, plan the proportion and frequency of cash dividends reasonably to share the outcomes of development with shareholders; fourth, optimize information disclosure continuously in response to market concerns; fifth, enhance the management of investor relations and increase market recognition; sixth, maintain stable equity of controlling shareholders, and boost market confidence. The details are seen in the Valuation Improvement Plan of Ping An Bank Co., Ltd. published on 15 March 2025 on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, *Securities Daily* and CNINFO (<http://www.cninfo.com.cn>).

3.9 Implementation of the action plan of “Improvement in Both Quality and Returns”

Whether the Bank has disclosed the Announcement on the Action Plan of “Improvement in Both Quality and Returns”

☒ Yes ☐ No

The Bank formulated the action plan of “Improvement in Both Quality and Returns” with the following specific measures: First, stay true to the mission, with deeply rooted value and culture, and the concept of “return to investors” is firmly established. Second, remain true to our original aspiration, enhance the awareness of focusing on the main business, and serve the real economy. Third, being innovation-driven, promote technological and digital transformation, and support the development of tech enterprises. Fourth, consolidate the ability of governance, build a “five-in-one” governance structure, and broaden the channels for investors to participate. Fifth, build on the needs of investors, improve information disclosure and strengthen communication with shareholders. Please refer to the *Announcement on the Action Plan of “Improvement in Both Quality and Returns” of Ping An Bank Co., Ltd.* published on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, *Securities Daily* and on the website of CNINFO (<http://www.cninfo.com.cn>) by the Bank on 29 February 2024 for further information.

The Bank firmly established a sense of return to shareholders, adhered to the principle of being investor-oriented and implemented the action plan of “Improvement in Both Quality and Return”. For the specific measures, progress and results of the Bank’s implementation of the action plan, please refer to Section III 3.1 Overall analysis of operations, and 3.3 Discussion and analysis of the main businesses, Section IV 4.4 Information about Annual General Meeting and Extraordinary General Meeting during the reporting period – 4.15 Profit distribution of ordinary shares and capital reserve converted into share capital of the Company, Section V 5.1 Environmental responsibilities, V 5.2 Social responsibilities, and other related sections.

4.1 Basic situation of corporate governance

During the reporting period, the Bank was committed to further completing the corporate governance system and perfecting the corporate governance structure in accordance with the provisions of the *Company Law*, *Securities Law*, *Commercial Bank Law* and other relevant laws and regulations, as well as the regulatory requirements of the China Securities Regulatory Commission and the National Financial Regulation Administration. The Bank has established a number of corporate governance systems, including the Articles of Association, rules of procedures for the Shareholders' General Meeting, the Board of Directors and the Supervisory Committee, working instructions for the Board of Directors and the Supervisory Committee and their special committees, work instructions for independent directors, information disclosure management system, investor relations system, measures for the administration of equity affairs, measures for the administration of shares held by directors, supervisors and senior management and changes in shareholding, registration management system for people with insider information, accountability system of major errors in annual report information disclosure, system of preventing major shareholders and related parties occupying the funds, performance evaluation methods of directors and supervisors, etc.

During the reporting period, the shareholders' general meeting of the Bank has effectively played its functions in accordance with the relevant provisions of the *Company Law and the Articles of Association*. The Board of Directors shall be responsible for the Shareholders' General Meeting, and bear the ultimate responsibility for the operation and management of the Bank, and shall hold the meeting in accordance with the legal procedures and exercise its functions and powers. The Supervisory Committee, with its responsible attitude towards all shareholders, shall maintain close contact and communication with the Board of Directors and the management, and carry out performance evaluation of directors, supervisors and senior management, to effectively perform the supervisory functions and duties. The management of the Bank abides by the principle of good faith, prudently and diligently performs its duties, and carries out management according to the decision of the Board of Directors.

Whether there is a significant difference between the actual situation of corporate governance and laws, administrative regulations and the regulations of the China Securities Regulatory Commission on the governance of listed companies

☐ Yes ☒ No

4.2 Independence of the Company in ensuring its assets, personnel, finance, organization, business, etc., from the controlling shareholder and actual controller

There is no actual controller for the Bank. The Bank is completely separated from its controlling shareholder in terms of assets, personnel, finance, organization, business, etc., and has self-operation capabilities of carrying out independent and complete businesses. In terms of assets, the Bank's assets are complete, and the property relations are clear. The Bank has independent premises for business activities and property rights, trademark registration right, non-patented technology and other intangible assets. In terms of personnel, the Bank is independent of the controlling shareholder in labor, personnel, payroll management and other aspects; members of the operating management do not hold posts in the shareholders' units. In terms of finance, the Bank has established an independent financial management system and accounting system, with independent accounting and independent tax. In terms of organization, the Bank has an organization structure which is completely independent from the controlling shareholder. In terms of business, the Bank has an independent operation and sales system.

During the reporting period, the controlling shareholder of the Bank did not interfere with operation and management of the Bank, and there were no other non-standard situations of corporate governance.

4.3 Competition in the same business

☐ Applicable ☒ Not applicable

During the reporting period, the Bank's controlling shareholder and other entities controlled by it did not engage in the same or similar business as the Bank's.

4.4 Information about Annual General Meeting and Extraordinary General Meeting during the reporting period

4.4.1 Conditions of Annual General Meeting during the reporting period

Session of meeting	Type of meeting	Investor participation rate	Date of meeting	Disclosure date	Resolution of meeting
2023 Annual General Meeting	Annual General Meeting	61.9539%	24 May 2024	25 May 2024	Deliberated and approved the Annual Board of Directors Work Report, Annual Supervisory Committee Work Report, the Annual Report and Summary, Annual Final Financial Report and Financial Budget Report, Annual Profit Distribution Plan, Annual Related-party Transactions and Related-party Transaction Management System Execution Report, Appointment of Accounting Firm for the Year and Plan of Returns to Shareholders (2024-2026)

4.4.2 Preferred shareholders with resumed voting rights request to convene an extraordinary general meeting

☐ Applicable ☒ Not applicable

4.5 Directors, supervisors and senior management

4.5.1 General information

Name	Title	Service status	Gender	Age	Term
Xie Yonglin	Chairman	In-service	Male	56	From December 2016 to change of term
Ji Guangheng	Director, President of the Bank	In-service	Male	56	Director: From November 2023 to change of term President of the Bank: From November 2023 till now
Guo Xiaotao	Director	In-service	Male	53	From September 2024 to change of term
Cai Fangfang	Director	In-service	Female	50	From January 2014 to change of term
Fu Xin	Director	In-service	Female	45	From March 2024 to change of term
Guo Jian	Director	In-service	Male	60	From February 2017 to change of term
Xiang Youzhi	Director, Vice President of the Bank CFO	In-service	Male	60	Director: From January 2020 to change of term Vice President of the Bank: From June 2020 till now CFO: From January 2018 till now
Yang Zhiqun	Director, Vice President of the Bank	In-service	Male	54	Director: From January 2020 to change of term Vice President of the Bank: From April 2019 till now
Yang Jun	Independent Director	In-service	Male	66	From September 2020 to change of term
Ai Chunrong	Independent Director	In-service	Male	62	From September 2020 to change of term
Wu Zhipan	Independent Director	In-service	Male	68	From May 2023 to change of term
Liu Feng	Independent Director	In-service	Male	58	From April 2023 to change of term
Pan Min	Independent Director	In-service	Male	58	From May 2024 to change of term
Ye Wangchun	Chairman of Supervisory Committee Employee Supervisor	In-service	Male	69	From December 2022 to change of term
Che Guobao	Supervisor of Shareholder	In-service	Male	75	From December 2010 to change of term
Wang Chunhan	External Supervisor	In-service	Male	73	From September 2020 to change of term
Han Xiaojing	External Supervisor	In-service	Male	69	From September 2020 to change of term
Sun Yongzhen	Employee Supervisor	In-service	Female	56	From October 2018 to change of term

Name	Title	Service status	Gender	Age	Term
Deng Hong	Employee Supervisor	In-service	Female	50	From November 2022 to change of term
Zhou Qiang	Board Secretary	In-service	Male	52	From June 2014 till now
Chan Sin Yin	Director	Left post	Female	47	From January 2014 to September 2024
Guo Tianyong	Independent Director	Left post	Male	56	From August 2016 to August 2022
Wang Songqi	External Supervisor	Left post	Male	72	From September 2020 to July 2024
Ju Weiping	Vice President of the Bank	Left post	Male	61	From June 2020 to January

4.5 Directors, supervisors and senior management (Continued)

4.5.1 General information (Continued)

Name	Shareholding at the beginning of the period (share)	Shareholding increased in the period (share)	Shareholding decreased in the period (share)	Other increase or decrease (share)	Shareholding at the end of the period (share)	Reason for the increase or decrease of shares
Xie Yonglin	26,700	-	-	-	26,700	-
Ji Guangheng	-	-	-	-	-	-
Guo Xiaotao	-	-	-	-	-	-
Cai Fangfang	-	-	-	-	-	-
Fu Xin	-	-	-	-	-	-
Guo Jian	-	-	-	-	-	-
Xiang Youzhi	26,000	-	-	-	26,000	-
Yang Zhiqun	50,000	-	-	-	50,000	-
Yang Jun	-	-	-	-	-	-
Ai Chunrong	-	-	-	-	-	-
Wu Zhipan	-	-	-	-	-	-
Liu Feng	-	-	-	-	-	-
Pan Min	-	-	-	-	-	-
Ye Wangchun	-	-	-	-	-	-
Che Guobao	-	-	-	-	-	-
Wang Chunhan	-	-	-	-	-	-
Han Xiaojing	-	-	-	-	-	-
Sun Yongzhen	-	-	-	-	-	-
Deng Hong	-	-	-	-	-	-

Name	Shareholding at the beginning of the period (share)	Shareholding increased in the period (share)	Shareholding decreased in the period (share)	Other increase or decrease (share)	Shareholding at the end of the period (share)	Reason for the increase or decrease of shares
Zhou Qiang	-	-	-	-	-	-
Chan Sin Yin	-	-	-	-	-	-
Guo Tianyong	-	-	-	-	-	-
Wang Songqi	-	-	-	-	-	-
Ju Weiping	30,000	-	-	-	30,000	-
Total	132,700	-	-	-	132,700	-

Notes:

(1) On 11 May 2024, the qualification of Mr. Pan Min as Independent Director was approved by the National Financial Regulatory Administration, and Mr. Guo Tianyong as Independent Director resigned.

(2) The persons mentioned in this table do not hold the Bank's stock options or restricted shares.

4.5 Directors, supervisors and senior management (Continued)

4.5.2 Whether there is any resignation of directors and supervisors within their term of office and dismissal of senior management during the reporting period

✓ Yes ☐ No

On 15 January 2024, Mr. Ju Weiping resigned as Vice President of the Bank due to job changes.

On 18 July 2024, Mr. Wang Songqi, External Supervisor, passed away from illness untimely.

On 26 September 2024, Ms. Chan Sin Yin, resigned as Non-executive Director of the Bank due to job changes.

4.5.3 Changes in the directors, supervisors and senior management of the Company

Name	Role	Type	Date	Reason
Ju Weiping	Vice President of the Bank	Left post	15 January 2024	Job
Fu Xin	Non-executive Director	Elected	6 March 2024	Regulatory approval
Pan Min	Independent Director	Elected	11 May 2024	Regulatory approval
Wang Songqi	External Supervisor	Left post	18 July 2024	Death of illness
Chan Sin Yin	Non-executive Director	Left post	26 September 2024	Job
Guo Xiaotao	Non-executive Director	Elected	26 September 2024	Regulatory approval

4.5.4 Professional background, main work experiences and current major responsibility in the Company of incumbent directors, supervisors and senior management

Mr. Xie Yonglin, Non-executive Director and Chairman.

Born in 1968, Mr. Xie holds a master’s degree in science and doctor’s degree in management from Nanjing University. He has been the Chairman of Ping An Bank since December 2016, Deputy Secretary of the CPC Committee of China Ping An since July 2018, Co-CEO of China Ping An since December 2018, and General Manager of China Ping An since December 2019. Since April 2020, he has worked as the Executive Director of China Ping An.

Mr. Xie Yonglin joined China Ping An in October 1994 as a grass-roots salesperson and successively worked as the Deputy General Manager of a Ping An Property & Casualty Insurance branch, Deputy General Manager and General Manager of a Ping An Life Insurance branch, and General Manager of the Marketing Department of Ping An Life Insurance. From June 2005 to March 2006, he was the Deputy Director of China Ping An Reform and Development Center. From March 2006 to November 2013, he was the Operation Director, HR Director and Vice President of Ping An Bank successively. From November 2013 to November 2016, he worked successively as the Special Assistant to Chairman, General Manager & CEO, and Chairman of Ping An Securities. From September 2016 to December 2019, he was the Deputy General Manager of China Ping An.

Mr. Ji Guangheng, Executive Director and President of the Bank.

Born in 1968, Mr. Ji holds a bachelor’s degree in economic geography, master’s degree in human geography and doctor’s degree in regional economics from Peking University. Now he is a senior economist.

Mr. Ji Guangheng joined China Ping An in April 2020. He successively served as the Secretary of the CPC Committee and General Manager of Shanghai Headquarters, Secretary of the CPC Committee and Chairman of Lufax Holding Ltd., and Deputy General Manager of China Ping An. He has served as the Deputy Secretary of the CPC Committee of China Ping An since July 2022. Since June 2023, he has served as the Party secretary of Ping An Bank. Since November 2023, he has served as the Executive Director and President of Ping An Bank.

Before joining China Ping An, Mr. Ji served as the Vice Chairman and Co-President of Baoneng Group; Secretary of the CPC Committee and Chairman of Shanghai Rural Commercial Bank; member of CPC Committee and Vice President of Shanghai Pudong Development Bank, and Secretary of the CPC Committee and President of Beijing Branch; member of CPC Committee and Vice President of Industrial and Commercial Bank of China Beijing Branch, Office Director and Director of Party Affairs of Beijing Branch, Secretary of the CPC Committee and President of Chang’an Branch, Full-time Secretary of the Vice President of and Deputy Director of Market Development Department of Housing Credit Department of the Head Office; Director and Deputy General Manager of Shanghai Yingong Real Estate Development Co., Ltd.

4.5 Directors, supervisors and senior management (Continued)

4.5.4 Professional background, main work experiences and current major responsibility in the company of incumbent directors, supervisors and senior management (Continued)

Mr. Guo Xiaotao, Non-executive Director.

Born in 1971, Mr. Guo is a master of business administration from the University of New South Wales, Australia. Now he serves as the Executive Director, Co-CEO and Deputy General Manager of China Ping An. Since September 2024, he has been the Director of Ping An Bank.

Mr. Guo Xiaotao joined China Ping An in September 2019. From August 2022 to September 2023, he successively served as the Deputy Chief Human Resources Officer (“CHRO”) and the CHRO of China Ping An. Before that, he worked as the Special Assistant to Chairman and the Standing Deputy General Manager of Ping An Property & Casualty Insurance successively. He has served as the Co-CEO of China Ping An since September 2023. He has served as the Deputy General Manager of China Ping An since December 2023, and the Executive Director of China Ping An since September 2024.

Before joining China Ping An, Mr. Guo Xiaotao served as Managing Director, Global Partner and Digital Technology Head, Greater China of the Boston Consulting Group, and Global Co-CEO of Capital Markets at Wills Towers Watson.

Ms. Cai Fangfang, Non-executive Director.

Born in 1974, Ms. Cai is a master of accounting from the University of New South Wales, Australia. She is currently the Executive Director and Deputy General Manager of China Ping An. Since January 2014, she has been the Director of Ping An Bank.

Ms. Cai Fangfang joined China Ping An in July 2007. She worked successively as the Deputy General Manager and General Manager in the Compensation Planning and Management Department of Human Resource Center of China Ping An from October 2009 to February 2012. She was the Deputy CFO and General Manager of the Planning Department of China Ping An from February 2012 to September 2013. She was the Deputy CHRO of China Ping An from September 2013 to March 2015. She has served as the Executive Director of China Ping An since July 2014. She was the CHRO of China Ping An from March 2015 to April 2023. Also, she has been the Deputy General Manager of China Ping An since December 2019.

Before joining China Ping An, Ms. Cai once worked as a consulting director in Watson Wyatt Consultancy (Shanghai) Co., Ltd. and an audit director specialized in financial industry in Britain Standards Institutions Management Systems Certification Co. Ltd.

Ms. Fu Xin, Non-Executive Director.

Born in 1979, Ms. Fu Xin holds a master degree in business administration in Shanghai Jiao Tong University. She is the Executive Director and Deputy General Manager of China Ping An. She has served as the Director of Ping An Bank from March 2024 to present.

Ms. Fu Xin joined China Ping An in October 2017 as the General Manager in the Planning Department of China Ping An, and served as the Deputy CFO of China Ping An from March 2020 to March 2022 and the COO of China Ping An from March 2022 to September 2023, respectively. She has been the Deputy General Manager of China Ping An from August 2023 to present, and the Executive Director of China Ping An from September 2024 to present.

Prior to joining China Ping An, Ms. Fu Xin was a partner of the financial sector at Roland Berger and an executive director at PricewaterhouseCoopers.

Mr. Guo Jian, Non-executive Director.

Born in 1964, Mr. Guo holds his master’s degree in electronic physics and devices from Chengdu Institute of Telecommunications (now the University of Electronic Science and Technology of China). He is now a Full-time Director in China Electronics Information Service Co., Ltd. and Vice Chairman of Shenzhen Jingwah Electronics Co., Ltd. He has worked as a Director of Ping An Bank since February 2017.

Mr. Guo Jian joined China Electronics Investment Shenzhen Company (formerly China Electronics Investment Shenzhen Company Limited) in May 1988, taking up the positions of Assistant to General Manager, Deputy General Manager, General Manager, Director, Chairman of Supervisory Committee and Deputy Secretary of the CPC Committee; he was appointed as the Director of CET, the Deputy Secretary of the CPC Committee and Deputy General Manager of China Electronics Corporation Information Service Co., Ltd., and the General Manager under the E-commerce Business Department of China Electronics Corporation Information Service Co., Ltd. He has served as a Full-time Director in China Electronics Information Service Co., Ltd. since July 2020; and he has served as the Vice Chairman of Shenzhen Jingwah Electronics Co., Ltd. since May 2022.

He is a CPPCC member of Shenzhen, Vice-Chairman of Shenzhen Enterprise Confederation, etc.

Mr. Xiang Youzhi, Executive Director, Vice President of the Bank and CFO.

Born in 1964, Mr. Xiang is a doctor of management from Xiamen University, and is a senior accountant.

From July 1987 to September 1991, Mr. Xiang worked as a teaching assistant in Faculty of Economics and Management of East China Metallurgic Institute (now Anhui University of Technology); from September 1991 to July 1994, he got a master’s degree in accounting from Xiamen University; from August 1994 to August 1995, he worked as a lecturer in Faculty of Economics and Management of East China Metallurgic Institute (now Anhui University of Technology); from September 1995 to August 1998, he pursued a doctorate in management from Xiamen University; from September 1998 to April 2007, he successively served as the Manager of the Accounting Department, Assistant to General Manager, Deputy General Manager, and Deputy General Manager of Planning and Finance Department at the Head Office of China Merchants Bank; from April 2007 to July 2013, he successively worked as the Planning and Finance Director of Ping An Bank (formerly Shenzhen Development Bank), and also General Manager of Planning and Finance Management Department and General Manager of Asset and Liability Management Department of the Bank; from July 2013 to May 2014, he worked as the General Manager of the Planning Department of China Ping An; from May 2014 to August 2017, he was the Finance Director and General Manager of the Finance Department of China Ping An; he has worked in Ping An Bank since August 2017 and served as CFO of Ping An Bank since January 2018, Executive Director of Ping An Bank since January 2020, and Vice President and CFO of Ping An Bank since June 2020.

4.5 Directors, supervisors and senior management (Continued)

4.5.4 Professional background, main work experiences and current major responsibility in the company of incumbent directors, supervisors and senior management (Continued)

Mr. Yang Zhiquan, Executive Director and Vice President of the Bank.

Born in 1970, Mr. Yang holds a doctor’s degree in world economics from Nankai University and is now a senior economist.

From 1991 to October 1996, he served in Guangzhou Jiufu Electric Co., Ltd. and China Nanhai Petroleum United Service General Company; from October 1996 to September 2008, he served in China Minsheng Bank as a teller, Deputy Chief, Chief and Deputy General Manager of Division 1 under the Marketing Department of Guangzhou Branch (directing operations), Vice President of Tianhe Branch (directing operations), President of Tianhe Branch, Senior Assistant to President of the Branch, and Vice President of the Branch successively; from October 2008 to February 2011, he was the leader of the preparatory group of Former Ping An Bank Guangzhou Branch and President of the Branch; from March 2011 to March 2015, he was the President of Ping An Bank (formerly known as Shenzhen Development Bank) Guangzhou Branch; from March 2015 to November 2016, he served as the General Manager of Ping An Securities Co., Ltd.; from November 2016 to December 2023, he served as the Secretary of the CPC Committee of Ping An Bank Shenzhen Branch; from May 2017 to December 2023, he was the President of Ping An Bank Shenzhen Branch; from May 2017 to April 2019, he was an Assistant to the President of Ping An Bank; he has served as the Vice President of Ping An Bank since April 2019, and Executive Director of Ping An Bank since January 2020.

Mr. Yang Jun, Independent Director.

Born in 1958, Mr. Yang is a doctor of laws from Columbia University. He is a practicing lawyer in China and the State of New York, USA. Since September 2020, he has served as an Independent Director of Ping An Bank.

Mr. Yang Jun once worked as a lawyer at Beijing Foreign Economy Law Firm, Marinoth Law Firm in America and American International Group, an Executive Director of Investment Banking Department of Goldman Sachs (Asia) L.L.C., Vice President of Investment Banking Department of Salomon Brothers, Managing Director of H&Q Asia Pacific in China, Managing Director of BOC International Holdings Limited, Vice Chairman of Hainan Bo’ao Investment Holdings Ltd., and an Independent Director of COSCO SHIPPING Holdings Co., Ltd., Offshore Oil Engineering Co., Ltd., China Merchants Bank Co., Ltd., China Hainan Rubber Industry Group Co., Ltd. and Former Ping An Bank. Since March 2003, he has served as a member of the council of China Soong Ching Ling Foundation.

Mr. Ai Chunrong, Independent Director.

Born in 1962, Mr. Ai holds a PhD in Economics from Massachusetts Institute of Technology, USA. He learned from Professor McFadden who won Nobel Memorial Prize in Economic Sciences in 2000. Currently, he is the Vice Dean, a professor of economics in the School of Management and Economics and a headmaster’s chair professor in the Chinese University of Hong Kong, Shenzhen. Since September 2020, he has served as an Independent Director of Ping An Bank.

From 1990 to 1991, Mr. Ai was a post-doctor in the National Bureau of Economic Research in the United States. From 1991 to 1994, he was an assistant professor of economics in the State University of New York at Stony Brook. From 1994 to July 2020, he was an assistant professor, associate professor, professor and chair professor of economics in University of Florida. He was the Dean in the School of Statistics and Management of Shanghai University of Finance and Economics from 2006 to 2013, and Executive Vice Dean in the Institute of Advanced Research of Shanghai University of Finance and Economics from 2007 to 2015. From May 2015 to February 2020, he was the Dean in the Institute of Statistics and Big Data of Renmin University of China. He is now the Vice Dean of Shenzhen Finance Institute. He was selected as a Chang Jiang Chair Professor in 2005, a National Distinguished Expert in 2010, and a Fellow of the Econometric Society in 2021. He has been engaged in such fields as econometrics, applied microeconomics, empirical finance and digital economy.

Mr. Wu Zhipan, Independent Director.

Born in 1956, Mr. Wu holds a doctor’s degree in law and is now a Professor and Doctoral Supervisor in Peking University Law School. Since May 2023, he has served as an Independent Director of Ping An Bank.

Mr. Wu Zhipan joined the work in September 1975, studied in the Law Department of Peking University from 1978 to 1988, and obtained a bachelor’s degree, master’s degree and doctor’s degree in law. Since 1988, he has worked at Peking University. He has successively served as a lecturer, associate professor and professor of the Law Department, deputy director and director of the Law Department, Dean of the Law School, and assistant president, vice president, executive deputy secretary and executive vice president of Peking University. He has also served as the Director of the Financial Law Research Center of Peking University and Dean of Guanghua School of Management.

Professor Wu Zhipan’s research fields include financial law, international economic law and international financial law. He has published some monographs such as *Introduction to Financial Law and International Financial Law*. He concurrently served as the Chairman of the China Economic Law Research Association, Vice Chairman of the China Law Society, Vice Chairman of the China Finance Association and Vice Chairman of the China Law Education Research Association. He served as a consultant to the drafting group of the Law of the People’s Republic of China on the People’s Bank of China and Law of the People’s Republic of China on Commercial Banks, and participated in the drafting of Securities Law. Since 2020, he has worked as a senior advisory expert of the China Securities Regulatory Commission on the construction of the rule of law in the capital market. He concurrently worked as an Independent Director of BlueFocus Intelligent Communications Group Co., Ltd. and China Trust Protection Fund Co., Ltd. He also served as an Independent Director of Air China Limited, China Minsheng Banking Corp., Ltd., China National Petroleum Corporation, Henan Zhongfu Industry Co., Ltd. and Hwabao WP Fund Management Co., Ltd.

Mr. Liu Feng, Independent Director.

Born in 1966, Mr. Liu holds a doctor’s degree in economics (accounting) and now is a Professor of Accounting Department and Director of Accounting Development Center of Xiamen University. Since April 2023, he has served as an Independent Director of Ping An Bank.

Mr. Liu Feng was admitted to the Accounting Department of Xiamen University in 1983. He graduated from Xiamen University in 1987 and stayed on teaching. During that time, he obtained a doctor’s degree in economics (accounting) in October 1994 and was promoted to professor in November 1997. From January 2000 to August 2010, he taught in the Accounting Department of School of Business of Sun Yat-sen University, and concurrently served as the Director of Modern Accounting and Finance Research Center of Sun Yat-sen University. Since September 2010, he has taught in the Accounting Department of Xiamen University. He successively served as Vice Dean of School of Business of Sun Yat-sen University, and Vice Dean of School of Management, Xiamen University. He is currently a Professor of Accounting Department and Director of Accounting Development Center of Xiamen University, and Chief Editor of *Contemporary Accounting Review*.

His long-term research fields include accounting theories, accounting standards and corporate governance. He successively undertook a number of national natural science fund and social science fund projects, and major base projects of the Ministry of Education. He was a member of the Accounting Standards Advisory Committee of the Ministry of Finance. Since 2020, he has been a member of the first Accounting Professional Advisory Committee of Shenzhen Stock Exchange and a member of the IFRS Advisory Council in China. He concurrently worked as an Independent Director of Fujian Aonong Biological Technology Group Incorporation Limited, Xiamen ITG Group Corp., Ltd. and Luckin Coffee (China) Co., Ltd. He has been an Independent Director of Debang Logistics Limited by Share Ltd, COSCO SHIPPING Corporation Limited Company (now renamed COSCO SHIPPING Specialized Carriers Co., Ltd.), Bank of Hangzhou Co., Ltd., Xiamen C&D Inc. and Shanghai Rongtai Health Technology Corporation Limited.

4.5 Directors, supervisors and senior management (Continued)

4.5.4 Professional background, main work experiences and current major responsibility in the company of incumbent directors, supervisors and senior management (Continued)

Mr. Pan Min, Independent Director.

Born in 1966, Mr. Pan Min holds a doctoral degree in economics. He is Professor and Doctoral Supervisor of the Department of Finance, Economics and Management School of Wuhan University, and Director of Financial Development and Policy Research Center of Wuhan University. Since May 2024, Mr. Pan has been Independent Director of Ping An Bank.

Mr. Pan received a bachelor’s degree in economics from Wuhan University in June 1987, a master’s degree in economics from Wuhan University in June 1990 and a doctor’s degree in economics from Kobe University in March 2000. From July 1990 to September 1995, he was Assistant Professor and Instructor of Finance, Management School of Wuhan University. From April 2000 to October 2003, he was Lecturer and Associate Professor of Business School of Wuhan University. Since November 2003, he has been Professor and Doctoral Supervisor of the Department of Finance, Economics and Management School of Wuhan University. During this period, Mr. Pan served as Deputy Director of Finance, Economics and Management School of Wuhan University from June 2005 to June 2013, Associate Dean of Economics and Management School of Wuhan University from July 2013 to December 2017 and Executive Dean from January 2016 to December 2017. From September 2019 to June 2022, he concurrently served as Dean, Professor and Doctoral Supervisor of College of Finance and Statistics of Hunan University.

Mr. Pan is mainly specialized in financial economics, corporate finance and banking governance, monetary theory and policy, etc. He is also a member of the Steering Committee for Guidance in Teaching of Finance Disciplines in Higher Educations Institutions under the Ministry of Education, a member of the National Steering Committee for Postgraduate Education of Finance Degree, a member of council of the China International Finance Society, a member of council of the Chinese Finance Annual Meeting, etc. He has led more than 20 major and general project topics, published more than 70 papers and 3 academic works, winning the Outstanding Research Award of Hubei Province. After serving as Independent Director of Giantec, he is now Independent Director of Hubei Bank.

Mr. Ye Wangchun, Chairman of Supervisory Committee and Employee Supervisor.

Born in 1955, he is a member of the Communist Party of China and a doctor of management science and engineering from Huazhong University of Science and Technology. He serves as the Chairman of Supervisory Committee of Ping An Bank.

From March 1973 to May 1987, Mr. Ye served as a loan officer, Deputy Director of the Office and Vice President of PBOC Hubei Honghu Branch. From May 1984 to November 1999, he served in ICBC as the Director of Hubei Jingzhou Central Sub-branch Office, Vice President, President and Secretary of the CPC Committee of Hubei Jingmen Branch, Director of Planning Department in Hubei Branch, and Vice President and Deputy Secretary of the CPC Committee of Wuhan Branch. From November 1999 to March 2007, he served in Hua Xia Bank as the Office Director of Head Office, President and Secretary of the CPC Committee of Hangzhou Branch, and General Manager of Human Resources and Education Department, Head of Organization Department, General Manager of the Business Department and Secretary of the CPC Committee in Head Office. From March 2007 to July 2012, he successively served as the Vice President and Acting President of the Former Ping An Bank. From July 2008 to June 2012, he served as the Executive Director of the Former Ping An Bank. From August 2012 to November 2015, he successively served as the Vice President and Consultant from Head Office of Ping An Bank. From November 2015 to July 2016, he was the Chairman of Ping An Financial Technology. From August 2016 to November 2022, he successively served as the Chairman & CEO, Chairman and Executive Director of OneConnect Financial Technology Co. Ltd. Since December 2022, he has worked in Ping An Bank.

Mr. Che Guobao, Supervisor of Shareholder.

Born in 1949, Mr. Che holds a bachelor’s degree in construction machinery. Now, he is a shareholder, Legal Representative and Chairman of Shenzhen Yingzhongtai Investment Co., Ltd. He has been a supervisor of shareholder of Ping An Bank (former Shenzhen Development Bank) since December 2010.

Mr. Che served as the Vice Factory Director of Beijing Construction Light Steel Structure Factory from 1981 to 1982, Deputy Director-General and Secretary of the CPC Committee of Shenzhen Shekou District Authority from 1983 to 1984, and Deputy Managing Director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. of Guangdong being responsible for investment promotion, finance, import & export trade and harbour service from 1985 to 1991. He has been the Chairman, Legal Representative and a shareholder of Shenzhen Yingzhongtai Investment Co., Ltd. since 1992.

Mr. Wang Chunhan, External Supervisor.

Born in 1951, Mr. Wang holds a junior college degree and is now a senior economist. He is now an External Supervisor of Bank of Tibet. He has been an External Supervisor of Ping An Bank since September 2020.

From May 1975 to March 1988, Mr. Wang successively worked as an accountant, an officer and the Deputy Secretary of the Party branch at the office in Siwei Road of PBOC Wuhan Branch; the Deputy Secretary (directing operations) and Secretary of the Party branch at the office in Chezhan Road; and a leader at the Party Affairs Consolidation Office of the Branch, the Deputy Director (directing operations) and Director (in the period from September 1983 to July 1985, he was studying in Jiangnan University) of Political Affairs Office of the Branch. He was the Vice President of PBOC Wuhan Branch from April 1988 to December 1997 (in the period from October 1994 to December 1997, he was also a member of the leadership team of Wuhan Municipal Government City Cooperative Bank and the Director of the Construction Preparation Office). He was appointed as the Executive Vice Chairman, Secretary of the CPC Committee and President of Wuhan Commercial Bank from December 1997 to December 2000. He was the Chairman, Secretary of the CPC Committee and President of Wuhan Commercial Bank from December 2000 to December 2006. He was the Chairman and Secretary of the CPC Committee of Hankou Bank from December 2006 to July 2009 (During the period, Wuhan Commercial Bank was renamed as Hankou Bank in June 2008). He was a counselor of the People’s Municipal Government of Wuhan from July 2009 to May 2014. He has been an External Supervisor of Bank of Tibet since December 2020. He was an Independent Director of Qishang Bank, Bank of Tibet and Ping An Bank, respectively.

Mr. Han Xiaojing, External Supervisor.

Born in 1955, Mr. Han got a master’s degree in law. He is a practicing lawyer in China and a founding partner of Commerce & Finance Law Offices in Beijing. He has been an External Supervisor of Ping An Bank since September 2020.

Mr. Han got his bachelor’s degree in law from Zhongnan University of Economics and Law (old name: Hubei Finance and Economics College) in 1982 and his master’s degree in law from China University of Political Science and Law in 1985. He worked as a lecturer from 1985 to 1986 in China University of Political Science and Law. He served as a lawyer at China Legal Affairs Center from 1986 to 1992. Since 1992, he has been a partner of Commerce & Finance Law Offices, mainly engaged in securities, corporate restructuring / merger, banking, project financing, etc. He is now an Independent Non-executive Director of China COSCO Holdings Company Limited, Far East Horizon Ltd., Vital Innovations Holdings Limited and Angelalign Technology Company Limited. He served as an Independent Director of Ping An Bank.

4.5 Directors, supervisors and senior management (Continued)

4.5.4 Professional background, main work experiences and current major responsibility in the company of incumbent directors, supervisors and senior management (Continued)

Ms. Sun Yongzhen, Employee Supervisor.

Born in 1968, she holds a master’s degree in economics from Zhongnan University of Economics and Law and is now a senior economist. Now, she serves as Secretary of Committee for Discipline Inspection of Ping An Bank. She has worked as an Employee Supervisor of Ping An Bank since October 2018.

From July 1993 to October 1996, Ms. Sun successively served as a senior staff member, principal staff member and deputy-director-general-level researcher of Capital Planning Department under PBOC, Shenzhen Special Economic Zone Branch. From October 1996 to February 2005, she successively served as the Deputy General Manager of Capital Planning Department, Deputy General Manager of Financial Institution Department and Deputy General Manager of Financial Interbank Department under Shenzhen Development Bank. From March 2005 to August 2017, she successively served as a researcher of Division I in the Joint Stock Bank Supervision Department, researcher of Policy and Regulation Department, head of the office of supervision, Director of Foreign Bank Supervision Department, and Director of HR Department (Director of Organization Department of the CPC Committee) in CBRC Shenzhen Branch. Since August 2017, she has successively served as the Chief Audit Executive, Deputy Secretary of Committee for Discipline Inspection and Secretary of Committee for Discipline Inspection of Ping An Bank.

Ms. Deng Hong, Employee Supervisor.

Born in 1974, she is now the President of Ping An Bank Changsha Branch. She has been an Employee Supervisor of Ping An Bank since November 2022.

From 1993 to 2001, Ms. Deng worked with Housing Reform Office directly under Hubei Province. From 2001 to 2004, she worked with Hubei Education Examinations Authority. From 2004 to 2009, she served successively as a senior staff member, principal staff member and Director of PBOC Wuhan Branch. From 2009 to June 2024, she has successively served as the head of Marketing Department of Corporate Banking Office under Business Department of Ping An Bank (former Shenzhen Development Bank) Wuhan Branch, head of Division 9 under the Marketing Department, President of Guanggu Sub-branch, Sales Director of Wuhan Branch, General Manager of Ping An Securities Hubei Branch, Secretary of the CPC Committee and Vice President of Ping An Bank Wuhan Branch (directing operations), and President of Ping An Bank Wuhan Branch. Since July 2024, he has served as the President and Secretary of the CPC Committee of Ping An Bank Changsha Branch.

Mr. Zhou Qiang, Board Secretary.

Born in 1972, Mr. Zhou majored in international finance in School of Finance of Nankai University and received a PhD in economics.

From July 2001 to April 2007, Mr. Zhou successively served as the Business Manager of Investment Banking Division of Ping An Securities Co., Ltd., Deputy General Manager and General Manager of Investment Banking Management Department; from April 2007 to October 2011, he served as the Deputy Director of Board Office and Securities Affairs Representative of China Ping An; from October 2011 to May 2014, he successively served as an Assistant to the General Manager and Deputy General Manager of Ping An Securities. Since June 2014, he has served as a Board Secretary of Ping An Bank.

4.5.5 Directors and supervisors’ service status in shareholder units

Name	Serving shareholder unit	Title	Term
Xie Yonglin	Ping An Insurance (Group) Company of China, Ltd.	Executive Director	From April 2020 till now
		General Manager	From December 2019 till now
		Co-CEO	From December 2018 till now
Guo Xiaotao	Ping An Insurance (Group) Company of China, Ltd.	Executive Director	From September 2024 till now
		Co-CEO	From September 2023 till now
		Deputy General Manager	From December 2023 till now
Cai Fangfang	Ping An Life Insurance Company of China, Ltd.	Non-executive Director	From May 2024 till now
		Executive Director	From July 2014 till now
		Deputy General Manager	From December 2019 till now
Fu Xin	Ping An Life Insurance Company of China, Ltd.	Non-executive Director	From December 2013 till now
		Executive Director	From September 2024 till now
		Deputy General Manager	From August 2023 till now
Guo Jian	China Electronics Investment Shenzhen Company	Chairman of Supervisory Committee	From November 2021 till July 2024
Che Guobao	Shenzhen Yingzhongtai Investment Co., Ltd.	Chairman, Legal Representative, Shareholder	From December 1992 till now

4.5 Directors, supervisors and senior management (Continued)

4.5.6 Directors, supervisors and senior management staff’s service status in other entities besides shareholder units

Name	Name of other entities	Title
Xie Yonglin	Ping An Assets Management Co., Ltd.	Non-executive Director
	Lufax Holding Ltd.	Non-executive Director
Guo Xiaotao	Ping An Property & Casualty Insurance Company of China, Ltd.	Non-executive director
	OneConnect Financial Technology Co., Ltd.	Non-executive director
	Ping An Healthcare and Technology Company Limited	Non-executive director
Cai Fangfang	Ping An Property & Casualty Insurance Company of China, Ltd.	Non-executive director
	Ping An Health Insurance Company of China, Ltd.	Non-executive Director
	Ping An Assets Management Co., Ltd.	Non-executive Director
	Shenzhen Ping An Integrated Financial Services Co., Ltd.	Non-executive Director
	Ping An Healthcare and Technology Company Limited	Non-executive Director
Fu Xin	Ping An Assets Management Co., Ltd.	Non-executive Director
	Ping An Healthcare and Technology Company Limited	Non-executive Director
	Lufax Holding Ltd.	Non-executive Director
Guo Jian	OneConnect Financial Technology Co., Ltd.	Non-executive Director
	Shenzhen Municipal Committee of CPPCC	CPPCC member
	Shenzhen Chamber of Commerce for import & export	President
	Shenzhen Enterprise Confederation	Vice President
	China Electronics Corporation Information Service Co., Ltd.	Full-time Director
Yang Zhiqun	Shenzhen Jingwah Electronics Co., Ltd.	Vice Chairman
	Shenzhen Supply Chain Finance Association	President
Yang Jun	China Soong Ching Ling Foundation	Member of council
Ai Chunrong	The School of Management and Economics of the Chinese University of Hong Kong, Shenzhen	Vice Dean, Professor and Doctoral Supervisor
	Shenzhen Finance Institute	Vice Dean
Wu Zhipan	Peking University Law School	Professor and Doctoral Supervisor
	BlueFocus Intelligent Communications Group Co., Ltd.	Independent Director
	China Trust Protection Fund Co., Ltd.	Independent Director

Name	Name of other entities	Title
Liu Feng	Xiamen University	Professor and Doctoral Supervisor of Accounting Department, Director of Accounting Development Center
	Xiamen ITG Group Corp., Ltd.	Independent Director
	Luckin Coffee (China) Co., Ltd.	Independent Director
	Fujian Aonong Biological Technology Group Incorporation Limited	Independent Director
Pan Min	Wuhan University	Professor and Doctoral Supervisor of the Department of Finance
	Hubei Bank Corporation Limited	Independent Director
Wang Chunhan	Bank of Tibet Limited Company	External Supervisor
Han Xiaojing	Commerce & Finance Law Offices	Partner
	Sino-Ocean Group Holding Limited	Independent Non-executive Director
	Far East Horizon Ltd.	Independent Non-executive Director
	Vital Innovations Holdings Limited	Independent Non-executive Director
	Angelalign Technology Company Limited	Independent Non-executive Director

4.5.7 Penalties imposed by securities regulatory authorities in past three years on directors, supervisors and senior management staff in-service or leaving their posts during the reporting period

☐ Applicable ☒ Not applicable

4.6 Compensation for directors, supervisors and senior management staff

Decision-making process, determining bases and actual payment of compensation for directors, supervisors and senior management staff of the Bank: the compensation plan for the Bank’s senior management staff was deliberated and approved by board meeting of the Bank. The compensation plans for the Bank’s directors and supervisors were deliberated and approved by the shareholder’ general meeting of the Bank after being deliberated and approved by the Board of Directors and the Supervisory Committee respectively.

Compensation for directors, supervisors and senior management staff during the reporting period:

(In RMB ten thousands)

Name	Title	Service status	Total pre-tax compensation settled by the Bank during the reporting period	Whether receiving compensation from related parties of the Bank
Xie Yonglin	Chairman	In-service	-	Yes
Ji Guangheng	Director, President of the Bank	In-service	415.87	No
Guo Xiaotao	Director	In-service	-	Yes
Cai Fangfang	Director	In-service	-	Yes
Fu Xin	Director	In-service	-	Yes
Guo Jian	Director	In-service	35.06	Yes
Xiang Youzhi	Director, Vice President of the Bank CFO	In-service	281.55	No
Yang Zhiqun	Director, Vice President of the Bank	In-service	268.41	No
Yang Jun	Independent Director	In-service	48.26	No
Ai Chunrong	Independent Director	In-service	51.42	No
Wu Zhipan	Independent Director	In-service	48.90	No
Liu Feng	Independent Director	In-service	51.56	No
Pan Min	Independent Director	In-service	29.00	No

Name	Title	Service status	Total pre-tax compensation settled by the Bank during the reporting period	Whether receiving compensation from related parties of the Bank
Ye Wangchun	Chairman of Supervisory Committee Employee Supervisor	In-service	80.92	No
Che Guobao	Supervisor of Shareholder	In-service	29.68	Yes
Wang Chunhan	External Supervisor	In-service	33.28	No
Han Xiaojing	External Supervisor	In-service	30.04	No
Sun Yongzhen	Employee Supervisor	In-service	223.61	No
Deng Hong	Employee Supervisor	In-service	215.12	No
Zhou Qiang	Board Secretary	In-service	236.05	No
Chan Sin Yin	Director	Left post	-	Yes
Guo Tianyong	Independent Director	Left post	20.06	No
Wang Songqi	External Supervisor	Left post	18.18	No
Ju Weiping	Vice President of the Bank	Left post	9.97	No

Notes:

(1) Directors Xie Yonglin, Guo Xiaotao, Cai Fangfang and Fu Xin, as well as Chen Xinying who has resigned, serve in and receive compensation from China Ping An, the controlling shareholder of the Bank. See the *2024 Annual Report of Ping An Insurance (Group) Company of China, Ltd.* for information about their compensation. Aforesaid persons did not receive compensation from the Bank.

(2) According to the *Supervisory Guidelines on Sound Compensation in Commercial Banks* (《商業銀行穩健薪酬監管指引》) and relevant regulations of the Bank, part payment of performance compensation for the Bank’s senior management staff will be delayed. The delay period is 3 years. The total pre-tax compensation of the Bank’s senior management staff settled by the Bank includes the performance compensation which is delayed and unpaid. And this part of performance compensation will be paid in a delayed manner by year in next 3 years.

(3) Compensations settled by the Bank during the reporting period for newly appointed staff or those who left post in the current year are calculated by their work time during the reporting period.

(4) The total pre-tax compensation of executive directors, employee supervisors and senior management staff who work for the Bank is to be confirmed and others will be disclosed separately after confirmation.

(5) As a member company of China Ping An, the Bank’s senior management staff and some core personnel can voluntarily participate in the *Long-term Service Plan of Ping An Insurance (Group) Company of China, Ltd. and the Core Personnel Stock Ownership Plan of Ping An Insurance (Group) Company of China, Ltd.* The source of funds is based on the amount of employee benefits payable and the final actual settlement is subject to the conditions specified in these plans.

Equity incentive awarded to the Company’s directors and senior management staff during the reporting period

☐ Applicable ☒ Not applicable

4.7 Remuneration management structure and decision-making procedures

The Board of Directors has Remuneration and Appraisal Committee; the independent directors account for more than half of the members. The members of the Committee have professional knowledge. As per authorization of the Board of Directors, the Remuneration and Appraisal Committee performs its duties in accordance with the *Articles of Association and the Working Rules of the Remuneration and Appraisal Committee under the Board of Directors of Ping An Bank*. It mainly reviews the remuneration management system and policy of the Bank, drafts remuneration plan for directors and senior management staff, proposes suggestions on the remuneration plan to the Board of Directors, and supervises the implementation of the plan.

4.8 Evaluation and incentive mechanism of senior management staff

During the reporting period, the Bank made performance evaluation on senior management staff according to the achievement of the annual business plan from five dimensions including compliant operation, risk management, operational efficiency, development and transformation, as well as social responsibilities. The bonuses of senior management staff were closely linked to the evaluation results. At the same time, the Bank established a mechanism of recourse deduction in performance compensation of senior management and key positions, in order for compensation incentives in line with risk-adjusted performance. This, in turn, promotes steady operation and sustainable development. The Bank will continue to improve the performance evaluation and incentive and restraint mechanisms of senior management staff.

4.9 Implementation of responsibilities of directors during the reporting period

4.9.1 Conditions of the Board of Directors during the reporting period

In 2024, the Board of Directors of the Bank held 15 meetings, approved 73 proposals, listened to or reviewed 75 reports and documents available for inspection.

Session of meeting	Date of meeting	Disclosure date	Resolution of meeting
The 20 th meeting of the 12 th session of the Board of Directors	19 January 2024	23 January 2024	Deliberated and approved the Report on the Consumer Rights Protection, Related Party Transactions with Ping An Life Insurance Company of China, Ltd.
The 21 st meeting of the 12 th session of the Board of Directors	9 February 2024	20 February 2024	Deliberated and approved the Payment Plan of Dividends on Preference Shares, Revision of the <i>Administrative Measures for the Implementation of Internal Capital Adequacy Assessment Procedures</i> and Proposals on Related Party Transactions
The 22 nd meeting of the 12 th session of the Board of Directors	29 February 2024	1 March 2024	Deliberated and approved the Related Party Transactions with Founder Securities Co., Ltd., Ping An International Financial Leasing Co., Ltd. and Shenzhen Wanlitong Network Information Technology Co., Ltd.
The 23 rd meeting of the 12 th session of the Board of Directors	14 March 2024	15 March 2024	Deliberated and approved the Annual Report and its Summary, Profit Distribution Proposal, Final Financial Report and Financial Budget Report, Appointment of Accounting Firm, Internal Control Self-Evaluation Report, Special Audit Report on Business Continuity Management, Sustainable Development Report, Work Report of the Board of Directors, Work Report of Independent Directors, Special Evaluation Opinions on Independent Directors' Independent Self-examination, Evaluation Report on the Performance of Directors, Development Plan (2023-2026), Comprehensive Risk Management Report, 2024 Risk Preference Statement, Report on Related Party Transactions and Implementation of the Management System of Related Party Transactions, Compensation of Certain Senior Management Staff and Recourse Deduction in Performance Compensation
The 24 th meeting of the 12 th session of the Board of Directors	21 March 2024	22 March 2024	Deliberated and approved the Related Party Transactions with China Ping An

4.9 Implementation of responsibilities of directors during the reporting period (Continued)

4.9.1 Conditions of the Board of Directors during the reporting period (Continued)

Session of meeting	Date of meeting	Disclosure date	Resolution of meeting
The 25 th meeting of the 12 th session of the Board of Directors	19 April 2024	20 April 2024	Deliberated and approved the First Quarterly Report, Report on the Management of Consolidated Financial Statements, First Quarterly Pillar III Report and Plan of Returns to Shareholders (2024-2026)
The 26 th meeting of the 12 th session of the Board of Directors	28 April 2024	30 April 2024	Deliberated and approved the Consumer Rights Protection Work Schedule, Capital Adequacy Ratio Report and Capital Adequacy Ratio Management Plan, Internal Capital Adequacy Assessment Report, Management Measures for Internet Loan, Related Party Transactions with Anke Technology Co., Ltd., Ping An Consumer Finance Co., Ltd. and Ping An International Financial Leasing Co., Ltd., Evaluation Report of Major Shareholders and Strong Shareholders, and Proposal on Holding 2023 Annual General Meeting
The 27 th meeting of the 12 th session of the Board of Directors	5 July 2024	6 July 2024	Deliberated and approved the Revision of the Management Measures for Internet Loan and the Related Party Transactions with China Ping An
The 28 th meeting of the 12 th session of the Board of Directors	29 July 2024	30 July 2024	Deliberated and approved the Administrative Measures for Personal Loan Products for Xinyidai White-collar Customer Groups, Administrative Measures for Xinyidai “Kuaidai” Credit Loan Products, Administrative Measures for Smart Home Loan Products, Administrative Measures for “Ping An Zhidai” Loan Products and Administrative Measures for Joint Personal Loan Business
The 29 th meeting of the 12 th session of the Board of Directors	15 August 2024	16 August 2024	Deliberated and approved the Interim Report together with its Summary, Interim Profit Distribution Plan, Interim Pillar III Report, Comprehensive Risk Management Report for the First Half of the Year, Revision of the Annual Risk Preference Statement, and Proposal on Annual Recovery Plan and Disposal Plan
The 30 th meeting of the 12 th session of the Board of Directors	26 September 2024	28 September 2024	Deliberated and approved the Revision of the Management Measures for Comprehensive Risks, Management Measures for Bailingdai Business, Revision of the Measures for Management of Country Risks, Related Party Transactions with Certain Related Parties, Revision of the Internal Audit Charter and Revision of the Working Rules of the Audit Committee of the Board of Directors

Session of meeting	Date of meeting	Disclosure date	Resolution of meeting
The 31 st meeting of the 12 th session of the Board of Directors	18 October 2024	19 October 2024	Deliberated and approved the Third Quarterly Report and Third Quarterly Pillar III Report
The 32 nd meeting of the 12 th session of the Board of Directors	31 October 2024	2 November 2024	Deliberated and approved the Related Party Transactions with Certain Related Parties
The 33 rd meeting of the 12 th session of the Board of Directors	6 December 2024	10 December 2024	Deliberated and approved the Revision of the Outline for the Implementation of Consumer Rights Protection, Revision of the Internal Control Management Measures, etc.
The 34 th meeting of the 12 th session of the Board of Directors	26 December 2024	27 December 2024	Deliberated and approved the Revision of the Management Measures for Consolidated Financial Statements, Revision of the Articles of Association of Internet Loan Management Committee, 2024 Evaluation Guidelines for Organizing Performance Assessment on Internet Loan Indicators, Revision of the Management Measures for Internet Loan, Revision of the Management Measures for Internet Loan Business Cooperation Institutions, Administrative Measures for Sales of Wealth Management Products by the Bank’s Business Line on Behalf of Finance Companies, Implementation Rules for Management of Intermediary Business Income from Agency Sales, Settlement Plan for Bonus of Senior Management Staff and Administrative Measures for Establishment of Internal Management Organizations

4.9 Implementation of responsibilities of directors during the reporting period (Continued)

4.9.2 Participation of directors in the board meetings and shareholders' general meetings

Participation of directors in the board meetings and shareholders' general meetings							
Name of director	Number of participations in the board meetings during the reporting period	On-site attendance	Attendance with written circular	Entrusted attendance	Absence	Failure to participate in the meetings for two successive times in person	Number of participations in shareholders' general meetings
Xie Yonglin	15	5	10	0	0	No	1
Ji Guangheng	15	5	10	0	0	No	1
Guo Xiaotao	4	2	2	0	0	No	0
Cai Fangfang	15	5	10	0	0	No	1
Fu Xin	12	5	7	0	0	No	1
Guo Jian	15	5	10	0	0	No	1
Xiang Youzhi	15	5	10	0	0	No	1
Yang Zhiqun	15	5	10	0	0	No	1
Yang Jun	15	5	10	0	0	No	1
Ai Chunrong	15	5	10	0	0	No	1
Wu Zhipan	15	5	10	0	0	No	1
Liu Feng	15	5	10	0	0	No	1
Pan Min	8	3	5	0	0	No	1
Chan Sin Yin (Left post)	11	2	8	1	0	No	1
Guo Tianyong (Left post)	7	2	5	0	0	No	0

Note : Description of failure to participate in the meetings for successive two times by themselves: None.

4.9.3 Objections raised by the directors on related issues of the Company

☐ Yes ☒ No

4.9.4 Other descriptions of the directors' implementation of responsibilities

Are the suggestions related to the Bank proposed by the directors accepted?

☒ Yes ☐ No

In 2024, the directors of the Bank made a number of comments and suggestions during the meeting and adjournment, which were accepted or responded by the Bank. The independent directors of the Bank attended 7 independent directors' meetings, at which they approved 13 proposals and reviewed 1 report. The independent directors of the Bank actively, effectively and independently performed duties in accordance with the relevant laws, regulations, rules and requirements of the Bank's Articles of Association, made independent judgments and decisions on major issues, and gave objective and impartial opinions on a total of 28 items, thereby safeguarding the overall interests of the Bank, especially protecting the legal rights and interests of minority shareholders from being violated, and making due contributions to the corporate governance optimization and the construction, operation and management of the Board of Directors of the Bank.

4.10 Information about the special committees set under the Board of Directors during the reporting period

The 12th session of the Board of Directors of the Bank set up six special committees: Strategic Development and Consumer Rights Protection Committee of the Board of Directors, Audit Committee, Risk Management Committee, Related Transaction Control Committee, Nomination Committee, and Remuneration and Appraisal Committee. The special committees under the Board of Directors held 42 meetings, approved 91 proposals, and listened to or reviewed 63 reports and documents available for inspection.

Name of the committee	Members	Number of meetings	Date of meeting	Contents
Strategic Development and Consumer Rights Protection Committee	Chairman: Ji Guangheng Committee members: Cai Fangfang, Guo Jian and Ai Chunrong	1	16 January 2024	Deliberated and approved 2023 Annual Report on the Consumer Rights Protection, Work Plan of the Committee for 2024, Development Plan of Ping An Bank (2023-2026), 2024 Consumer Rights Protection Work Schedule, Revision of the Outline for the Implementation of Consumer Rights Protection, Regulations on the Management of Institutional Mechanism for Consumer Rights Protection, and Work Plan of the Committee for 2025. Listened to and reviewed Notification of the National Financial Regulatory Administration on 2023 Annual Consumer Complaints in the Banking Industry, 2023 Special Audit Report on Consumer Rights Protection and 2024 Annual Report on Assessment Results of Consumer Rights Protection.
	Committee members: Cai Fangfang, Guo Jian and Ai Chunrong	2	14 March 25 April	
	Chairman: Ji Guangheng Committee members: Guo Xiaotao, Cai Fangfang, Fu Xin, Guo Jian and Ai	2	3 December 25 December	
Audit Committee	Chairman: Liu Feng Committee members: Cai Fangfang, Ai Chunrong and Wu Zhipan	1	16 January 2024	Deliberated and approved the Work Plan of the Committee for 2024, 2023 Annual Report together with its Summary, Financial Statements and Audit Report, Profit Distribution Proposal, Final Financial Report and Financial Budget Report, Internal Control Self-Evaluation Report, Special Audit Report on Business Continuity Management, Internal Audit Work Report and Work Plan & Budget, Report on the Management of Consolidated Financial Statements, 2024 Interim Report together with its Summary, Quarterly Report, Appointment of Accounting Firm for the year of 2024, Interim Pillar III Report, Quarterly Pillar III Report, Interim Profit Distribution Plan, Work Plan of the Committee for 2025, Revision of the Guidance on Data Governance, Internal Audit Charter, Internal Control Management Measures, Management Measures for Consolidated Financial Statements. Listened to and reviewed Interim Review Report, Quarterly Agreed-upon Procedure Report, Compliance Work Report, Internal Audit Work Report, Self Assessment Report on Data Governance and Risks of Money Laundering and Terrorism Financing, Practitioner Behavior Assessment Report and Anti-money Laundering Work Report.
	Chairman: Liu Feng Committee members: Cai Fangfang, Fu Xin, Ai Chunrong and Wu Zhipan	8	13 March 19 April 25 July 14 August 25 September 17 October 3 December 25 December	
Risk Management Committee	Chairman of the Committee: Cai Fangfang Committee members: Xiang Youzhi, Yang Zhiqun, Yang Jun and Guo Tianyong	4	16 January 2024 26 February 13 March 25 April	Deliberated and approved the Work Plan of the Committee for 2024, 2023 Comprehensive Risk Management Report, Report on the Management of Interest Rate Risk in the Banking Book, Capital Adequacy Ratio Report and Capital Adequacy Ratio Management Plan, Internal Capital Adequacy Assessment Report, 2024 Risk Preference Statement, Comprehensive Risk Management Report for the First Half of 2024, Expected Credit Loss Model Optimization Scheme in the First Half of 2024, Quarterly Expected Credit Loss Model Optimization Scheme, Proposal on Recovery Plan and Disposal Plan, Management Measures for Internet Loan, Administrative Measures for Personal Loan Products for Xinyidai White-collar Customer Groups, Administrative Measures for Xinyidai "Kuaidai" Credit Loan Products, Administrative Measures for Smart Home Loan Products, Administrative Measures for "Ping An Zhidai" Loan Products, Administrative Measures for Joint Personal Loan Business, Management Measures for Bailiingdai Business, 2024 Evaluation Guidelines for Organizing Performance Assessment on Internet Loan Indicators, Administrative Measures for Sales of Wealth Management Products by the Bank's Business Line on Behalf of Finance Companies, Implementation Rules for Management of Intermediary Business Income from Agency Sales, Evaluation Report on the Development of Derivatives Business and Risk Management in 2024, Work Plan of the Committee for 2025, Revision of the Administrative Measures for Stress Test, Management Measures for Operational Risk, Measures for Management of Country Risks, Management Measures for Comprehensive Risks, Administrative Measures on Large Risk Exposure, Articles of Association of Internet Loan Management Committee, Management Measures for Internet Loan Business Cooperation Institutions. Listened to and reviewed 2023 Information Technology Work Report, Liquidity Risk Management Report, Report on Quality of Liabilities Management, Internet Loan Business Assessment Report, Report on the Implementation of the Expected Credit Loss Method, Expected Credit Loss Model Optimization Scheme and Pre-production Verification Report at the end of 2023, and Quarterly Expected Credit Loss Model Optimization Scheme and Pre-production Verification Report
	Chairman of the Committee: Cai Fangfang Committee members: Xiang Youzhi, Yang Zhiqun, Yang Jun and Pan Min	6	27 June 25 July 14 August 25 September 16 October 25 December	

Name of the committee	Members	Number of meetings	Date of meeting	Contents
Related Transaction Control Committee	Chairman of the Committee: Ai Chunrong Committee members: Xiang Youzhi, Liu Feng and Guo Tianyong	6	16 January 2024 8 February 26 February 13 March 19 March 25 April	Deliberated and approved the Work Plan of the Committee for 2024, 2023 Annual Related-party Transactions and Related-party Transaction Management System Execution Report, Annual List of Related Parties, Work Plan of the Committee for 2025, and Related Party Transactions with Ping An Life Insurance Company of China, Ltd., Founder Securities Co., Ltd., Ping An International Financial Leasing Co., Ltd., Shenzhen Wanlitong Network Information Technology Co., Ltd., China Ping An, Anke Technology Co., Ltd., Ping An Consumer Finance Co., Ltd., certain related parties, etc.
	Chairman of the Committee: Ai Chunrong Committee members: Xiang Youzhi, Liu Feng and Pan Min	2	28 June 23 September	
	Chairman of the Committee: Ai Chunrong Committee members: Guo Xiaotao, Xiang Youzhi, Liu Feng and Pan Min	2	28 October 25 December	
Nomination Committee	Chairman of the Committee: Wu Zhipan Committee members: Ji Guangheng, Yang Jun and Guo Tianyong	2	16 January 2024 24 April	Deliberated and approved the Work Plan of the Committee for 2024, Appointment on Mr. Sun Fangtao as Chief Information Officer ("CIO"), and Work Plan of the Committee for 2025
	Chairman of the Committee: Wu Zhipan Committee members: Ji Guangheng, Guo Xiaotao, Yang Jun and Pan Min	1	25 December	
Remuneration and Appraisal Committee	Chairman: Yang Jun Committee members: u Zhipan and Liu Feng	1	16 January 2024	Deliberated and approved the Work Plan of the Committee for 2024, Compensation of Senior Management Staff, Report on Recourse Deduction in Performance Compensation, Compensation of Certain Senior Management Staff, Revision of the Management Measures for Compensation, Proposal on Settlement of Annual Performance Bonus for Senior Management Staff, Work Plan of the Committee for 2025, and Settlement Plan of Bonus for Senior Management Staff. Listened to and reviewed Report on Senior Management's Participation in the Long-term Service Plan
	Chairman: Yang Jun Committee members: Fu Xin, Wu Zhipan and Liu Feng	4	13 March 26 April 27 June 26 December	

Important comments and suggestions proposed by the special committees under the Board: the special committees of the 12th session of Board of Directors of the Bank agreed to the proposals in accordance with regulatory regulations and work rules, and made comments and suggestions on relevant work;

Other implementations of responsibilities: none;

Details of objection: none.

4.11 Information about the Supervisory Committee

Whether the Supervisory Committee found any risks in the Company during the supervision activities during the reporting period

☐ Yes ☒ No

The Supervisory Committee had no objection to the supervision issues during the reporting period.

4.11.1 Composition and working condition of the Supervisory Committee

During the reporting period, the Supervisory Committee, with its responsible attitude towards all shareholders and employees, fulfilled its duties, pursued diligence and responsibility, and conducted compliance operation according to the law in accordance with the *Company Law*, *Securities Law*, various guidelines of regulatory authorities, the Bank's *Articles of Association*, and various rules and regulations of the Supervisory Committee. A relatively comprehensive supervision system encompassing meeting supervision, strategic supervision, tour inspection and investigation supervision, performance evaluation supervision, external audit check supervision and communication and meeting supervision was set up, which positively promoted the robust development of the Bank's business, enhancement of risk control, and improvement of corporate governance structure.

The 11th Supervisory Committee set up 2 special committees: Audit and Oversight Committee and Nomination and Appraisal Committee. In 2024, the Supervisory Committee held 5 meetings of the Supervisory Committee and 5 meetings of special committees of the Supervisory Committee (including 4 meetings of Audit and Oversight Committee, and 1 meeting of Nomination and Appraisal Committee), and expressed opinions on the Bank's financial accounting, responsibility performances of directors, supervisors and senior management, as well as related reports and conclusions. The Chairman of the Supervisory Committee and members of the Supervisory Committee also attended 5 meetings of the Board of Directors throughout the year, 9 meetings of the special committees of the Board of Directors and 1 shareholders' general meeting. The Supervisor representatives directly participated in most of business line meetings, compliance, internal control and case preventing meetings and risk control meetings of the Bank, and effectively exercised the performance supervision of the Board of Directors and the senior management, as well as the supervision of the Bank's financial management, risk management and internal control.

4.11.2 Working situation of external supervisors

During the reporting period, external supervisors of the Bank actively, effectively and independently performed supervisory duties in accordance with the relevant laws, regulations, rules and requirements of the Bank's Articles of Association, gave independent opinions, safeguarded the overall interests of the Bank, and made due contributions to the corporate governance optimization of the Bank and improvement of the supervision mechanism.

Participation of external supervisors in the meetings of the Supervisory Committee:

Name	Number of participations in the meetings of the Supervisory Committee during the reporting period	Attendance in person	Entrusted attendance	Absence	Failure to participate in the meetings for two successive times in person
Wang Chunhan	5	5	0	0	No
Han Xiaojing	5	5	0	0	No
Wang Songqi (Lest post)	2	2	0	0	No

4.12 Particulars about reception of researches, visits and interviews

During the reporting period, the Bank conducted a number of communications about the Bank's operations, financial position and other matters with the institutional investors through the results announcements, the analyst meeting and the acceptance of investor research, and individual investors could make inquiry by phone. The communications mainly involved topics on the Bank's operations and development strategy, periodic reports and interim announcements and their explanations. The Bank and the parties subject to the information disclosure obligation have strictly followed the principle of fair information disclosure with no violation. The Bank's primary receptions of investors during the reporting period are as follows:

Date	Location	Mode	Type of visiting party	Visiting party	Topics discussed and materials provided	Reference
1 February 2024	Shenzhen	Communication by call	Institution(s)	Foreign investor(s)		
15 March 2024	Shenzhen	Results release press	Institution(s)	Domestic and foreign investor(s)		
3 April 2024	Shenzhen	Communication by call	Institution(s)	Foreign investor(s)		
29 May 2024	Shenzhen	Communication by call	Institution(s)	Foreign investor(s)		CNINFO (http://www.cninfo.com.cn)
18 June 2024	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)	The Bank's operations and development strategies, regular reports and interim announcements and their explanations	<i>Record Chart of Investor Relationship Activities of Ping An Bank Co., Ltd.</i>
16 August 2024	Shenzhen	Results release press	Institution(s)	Domestic and foreign investor(s)		
20 August 2024	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		
4 September 2024	HongKong	Onsite visit	Institution(s)	Foreign investor(s)		
7 November 2024	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		
8 November 2024	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		
3 December 2024	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		
4 December 2024	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		

4.13 Information about organizations and employees

4.13.1 Establishment of organizations

The Bank continued to promote the AI-enabled upgrade of its outlets and optimize its branch distribution and physical presence. At the end of 2024, the Bank had 110 branches (including Hong Kong Branch) and a total of 1,149 outlets. Information about the Bank’s organizations (including head office, branches and special-purpose organizations) is as follows:

Name	Address	Number of outlets	Asset size (In RMB million)	Number of employees
Head office	No. 5047, Shennan East Road, Luohu District, Shenzhen	1	2,137,715	7,351
Shenzhen Branch	No. 1099, Shennan Middle Road, Futian District, Shenzhen	97	742,761	4,208
Shanghai Branch	No. 1333, Lujiazui Ring Road, Pudong New Area, Shanghai	68	364,463	2,073
Beijing Branch	No. 158, Fuxingmennei Street, Xicheng District, Beijing	54	348,965	1,852
Guangzhou Branch	No. 1, Huaqiang Road, Zhujiang New Town, Tianhe District, Guangzhou	44	287,659	1,561
Hangzhou Branch	No. 280, Minxin Road, Shangcheng District, Hangzhou	27	191,359	1,217
Shanghai Pilot Free Trade Zone Branch	No. 799, Yanggao South Road, Pudong New Area, Shanghai	1	88,366	158
Nanjing Branch	No. 128, Shanxi Road, Gulou District, Nanjing	29	86,415	871
Wuhan Branch	No. 54, Zhongbei Road, Wuchang District, Wuhan	28	82,131	782
Hong Kong Branch	Connaught Place 8, Central, Hong Kong	1	78,204	117
Foshan Branch	District Five, Foshan News Center, Yuhe Road, Dongping New City, Foshan	28	68,247	719
Xi'an Branch	No. 240, Dongxin Street, Xincheng District, Xi'an	19	65,388	619
Tianjin Branch	No. 347 & 349, Nanjing Road, Nankai District, Tianjin	26	65,205	781
Qingdao Branch	No. 28, Miaoling Road, Laoshan District, Qingdao	17	61,238	647
Chengdu Branch	No. 99, Second Tianfu Street, Hi-tech Zone, Chengdu	26	59,775	765
Dalian Branch	No. 21, Ganglong Road, Zhongshan District, Dalian	21	56,866	635
Zhengzhou Branch	No. 20, Middle Ring Road, Longhu Financial Island, Jinshui District, Zhengzhou	23	55,655	646
Fuzhou Branch	No. 109, Wusi Road, Gulou District, Fuzhou	22	51,382	561
Shenzhen Qianhai Branch	No. 63, Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	1	48,143	67
Changsha Branch	No. 112, Chazishan East Road, Guanshaling Sub-district, Yuelu District, Changsha	17	46,480	478

Name	Address	Number of outlets	Asset size (In RMB million)	Number of employees
Ningbo Branch	No. 139, Haiyan North Road, Yinzhou District, Ningbo	16	45,720	527
Chongqing Branch	No. 778, Jingwei Avenue, Yuzhong District, Chongqing	27	39,982	620
Dongguan Branch	No. 200, Hongfu Road, Nancheng Street, Dongguan	11	39,373	418
Xiamen Branch	No. 82, Zhanhong Road, Siming District, Xiamen	13	38,050	439
Suzhou Branch	No. 9, Wangmao Street, Suzhou Industrial Park, Suzhou	14	35,982	385
Huizhou Branch	No. 8, Maidi East Road, Huicheng District, Huizhou	7	35,095	273
Wenzhou Branch	No. 168, Shifu Road, Nanhui Sub-district, Lucheng District, Wenzhou	19	34,011	461
Jinan Branch	No. 13777, Jingshi Road, Lixia District, Jinan	14	33,103	547
Zhuhai Branch	No. 288, Hongshan Road, Xiangzhou District, Zhuhai	10	32,824	314
Taiyuan Branch	No. 345, Changzhi Road, Xiaodian District, Taiyuan	10	32,447	335
Hefei Branch	No. 999, Dongliu Road West, Shushan District, Hefei	10	31,930	318
Shijiazhuang Branch	No. 78, Xinhua Road, Xinhua District, Shijiazhuang	12	31,114	442
Nanchang Branch	No. 88, Shangdu Road, Honggutan New District, Nanchang	11	25,895	304
Kunming Branch	No. 1101, Dianchi Road, Kunming Dianchi National Tourist Resort, Kunming	16	25,226	554
Wuxi Branch	No. 15, 1st Financial Street, Taihu New City, Binhu District, Wuxi	10	24,975	229
Haikou Branch	No. 22, Jinlong Road, Longhua District, Haikou	10	23,851	329
Guiyang Branch	No. 81, Chengxin North Road, Guanshanhu District, Guiyang	6	20,817	230
Quanzhou Branch	No. 109, Binhai Street, Fengze District, Quanzhou	14	18,609	303
Yiwu Branch	No. 877, Chengbei Road, Yiwu City, Jinhua	9	17,030	157
Changzhou Branch	No. 19, Dongjing 120 Road, Tianning District, Changzhou	9	17,014	206
Nanning Branch	No. 9, Zhongxin Road, Qingxiu District, Nanning	6	16,228	211
Shenyang Branch	No. 34, Taian Road, Heping District, Shenyang	11	14,472	296
Zhongshan Branch	No. 1, Xingzheng Road, East District, Zhongshan	10	13,648	259
Changchun Branch	No. 10606, Renmin Street, Nanguan District, Changchun	3	12,072	152
Weifang Branch	No. 1070, Minsheng East Street, Kuiwen District, Weifang	4	11,745	86

4.13 Information about organizations and employees (Continued)

4.13.1 Establishment of organizations (Continued)

Name	Address	Number of outlets	Asset size (In RMB million)	Number of employees
Yantai Branch	No. 96, Huanshan Road, Zhifu District, Yantai	9	11,421	108
Harbin Branch	No. 193, Zhongshan Road, Nangang District, Harbin	3	10,429	137
Taizhou Branch	No. 181, Baiyunshan South Road, Taizhou Economic Development Zone, Taizhou	7	10,417	100
Urumqi Branch	No. 1119, Huizhan Avenue, Shuimogou District, Urumqi	4	8,896	148
Nantong Branch	No. 38, Yuelong Road, Chongchuan District, Nantong	4	8,789	123
Shaoxing Branch	No. 711-713, Jiefang Avenue, Yuecheng District, Shaoxing	5	8,702	82
Dongying Branch	No. 55, Fuqian Street, Dongying District, Dongying	2	8,367	38
Sanya Branch	No. 128, Xinfeng Road, Jiyang District, Sanya	2	7,977	40
Tangshan Branch	No. 31, Xinhua West Street, Lubei District, Tangshan	5	7,861	89
Huzhou Branch	No. 72, Lianjiaxiang Road, Building 1, Shangzuo, Tianyuanyicheng, Wuxing District, Huzhou	3	7,681	56
Linyi Branch	No. 10, Jinqueshan Road, Lanshan District, Linyi	4	7,176	70
Yinchuan Branch	No. 619, Shanghai East Road, Xingqing District, Yinchuan	3	7,004	125
Hohhot Branch	No. 56, Ruyihe Street, Ruyi Development Zone, Hohhot	5	6,794	161
Lanzhou Branch	No. 4286, Yantan Road, Chengguan District, Lanzhou	4	6,769	127
Taizhou Branch	No. 39, Qingnian South Road, Hailing District, Taizhou	3	6,605	80
Tianjin Pilot Free Trade Zone Branch	No. 168, Xisi Road, Tianjin Pilot Free Trade Zone (Tianjin Airport Economic Area), Tianjin	1	6,298	34
Zhangzhou Branch	No. 68, Nanchang Middle Road, Xiangcheng District, Zhangzhou	5	6,200	57
Leshan Branch	No. 358 & 370, Southern Section of Chunhua Road, Shizhong District, Leshan	4	6,050	45
Guangdong-Macao In-Depth Cooperation Zone in Hengqin Branch	No. 3018, Huandao East Road, Hengqin New Area, Zhuhai	1	5,859	11
Jingzhou Branch	No. 249, Beijing Road, Shashi District, Jingzhou	5	5,471	57
Xuzhou Branch	No. 2, Xi'an North Road, Quanshan District, Xuzhou	2	5,416	76
Guangdong Pilot Free Trade Zone Nansha Branch	No. 106, Fengze East Road, Nansha District, Guangzhou	1	5,375	25

Name	Address	Number of outlets	Asset size (In RMB million)	Number of employees
Yancheng Branch	No. 611, Century Avenue, Chengnan New District, Yancheng	2	5,260	68
Liuzhou Branch	No. 17, Wenchang Road, Yufeng District, Liuzhou	1	4,834	32
Zhenjiang Branch	No. 8, Hejiawan Road, Runzhou District, Zhenjiang	1	4,785	46
Xiangyang Branch	No. 10, Chunyuan West Road, Fancheng District, Xiangyang	4	4,490	57
Fujian Pilot Free Trade Zone Fuzhou Branch	No. 68, Jiangbin East Avenue, Mawei Town, Mawei District, Fuzhou	1	4,475	20
Mianyang Branch	No. 116, Northern Section of Huoju West Street, Hi-tech Zone, Mianyang	2	4,463	38
Luoyang Branch	No. 123, Changxing Street, Luolong District, Luoyang	4	4,396	68
Wuhu Branch	Podium Building, Weixing Times Financial Center at the intersection of Beijing Middle Road and Jiuhua Middle Road, Jinghu District, Wuhu	3	4,182	50
Weihai Branch	No. 75, Qingdao North Road, Huancui District, Weihai	3	4,128	41
Cangzhou Branch	Tianchi International Business Office Building, South-western Corner of Junction of Shanghai Road and Jilin Avenue, Yunhe District, Cangzhou	2	3,591	52
Yichang Branch	No. 179, Yiling Avenue, Wujiagang District, Yichang	3	3,446	36
Ganzhou Branch	No. 18 Xinganzhou Avenue, Zhanggong District, Ganzhou	3	3,430	54
Yangzhou Branch	No. 447, Jiangyang Middle Road, Economic Development Zone, Yangzhou	3	3,346	60
Langfang Branch	No. 83, Aimin East Road, Guangyang District, Langfang	3	3,324	53
Jiujiang Branch	No. 293, Lushan South Road, Xunyang District, Jiujiang	1	2,989	31
Putian Branch	No. 521, Meiyuan East Road, Zhenhai Sub-district, Licheng District, Putian	3	2,896	39
Jining Branch	No. 14, Gongqingtuan Road, Rencheng District, Jining	2	2,896	35
Zibo Branch	No. 1, Zhongrun Avenue, High-tech District, Zibo	3	2,555	55
Chongqing Pilot Free Trade Zone Branch	No. 1, Caifu Avenue, Yubei District, Chongqing	1	2,526	8
Fuyang Branch	No. 666, Yinghuai Avenue, Yingzhou District, Fuyang	2	2,523	36
Shantou Branch	No. 95, Changping Road, Longhu District, Shantou	3	2,351	58
Nanyang Branch	No. 122, Zhongzhou Road, Wolong District, Nanyang	2	2,193	35

4.13 Information about organizations and employees (Continued)

4.13.1 Establishment of organizations (Continued)

Name	Address	Number of outlets	Asset size (In RMB million)	Number of employees
Baotou Branch	No. 4-1, Gangtie Street, Qingshan District, Baotou	2	2,160	29
Kaifeng Branch	No. 169, Jinming Avenue, Longting District, Kaifeng	2	2,128	29
Hengyang Branch	No. 21, Jiefang Avenue, Zhengxiang District, Hengyang	2	2,069	35
Tai'an Branch	No. 286-1, Dongyue Street, Taishan District, Tai'an	2	2,013	42
Rizhao Branch	No. 89, Taian Road, Donggang District, Rizhao	2	1,920	27
Baoding Branch	No. 588, Chaoyang North Avenue, Jingxiu District, Baoding	2	1,919	54
Yueyang Branch	No. 9, Jin'e Middle Road, Yueyanglou District, Yueyang	2	1,729	34
Jinzhong Branch	No. 233, Xinjian North Road, Yuci District, Jinzhong	2	1,719	29
Zunyi Branch	No. 183, Tian'an Mansion, Xiamen Road, Huichuan District, Zunyi	2	1,688	38
Fujian Pilot Free Trade Zone Xiamen Branch	No. 99, Xiangyu Road, Huli District, Xiamen	1	1,664	9
Handan Branch	No. 455, Renmin East Road, Congtai District, Handan	1	1,502	38
Zhanjiang Branch	No. 71, Middle Renmin Avenue, Zhanjiang Economic and Technological Development Zone, Zhanjiang	2	1,483	44
Xianyang Branch	No. 11, Renmin East Road, Weicheng District, Xianyang	1	1,450	23
Deyang Branch	No. 308, First Section of Changjiang West Road, Jingyang District, Deyang	2	1,448	29
Changde Branch	No. 448, Longgang Road, Wuling District, Changde	1	1,391	24
Honghe Branch	No. 101, Building 3, Jin'an Pincheng, Junction of Chaoyang Road and Xuehai Road, Mengzi, Honghe Hani and Yi Autonomous Prefecture	2	1,288	27
Xinxiang Branch	No. 680, Jinsui Avenue (East), Hongqi District, Xinxiang	1	1,288	29
Anshan Branch	27A, Shengli South Road, Tiedong District, Anshan	1	902	29
Jiangmen Branch	No. 79, Fazhan Avenue, Pengjiang District, Jiangmen	2	824	34
Huanggang Branch	No. 17, Zhonghuan Road, Huangzhou District, Huanggang	1	285	18
Qingdao Free Trade Zone Branch	No. 75, Honghe Road, Huangdao District, Qingdao	1	228	5

Name	Address	Number of outlets	Asset size (In RMB million)	Number of employees
Beijing Municipal Administrative Center Sub-branch	Building 33, Linheli, Tongzhou District, Beijing	3	-	67
Treasury Operation Center	No. 1333, Lujiazui Ring Road, Pudong New Area, Shanghai	1	484,889	158
Automobile Consumption Financial Center	No. 4036, Jintian Road, Fuzhong Community, Futian District, Shenzhen	67	286,513	914
Credit Card Center	No. 1, Liyumen Street, Qianwan First Road, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen	78	420,969	1,588
Total		1,149	/	40,617

Notes:

- (1) The number of organizations was counted according to the business licenses.
- (2) The netting amount for branch current payments was not deducted from the "Asset size" above.

4.13.2 Information about employees

At the end of 2024, the total number of in-service employees of the Group was 41,011 (including employees on secondment) including 40,617 in-service employees of the Bank and 394 in-service employees of Ping An Wealth Management, and the number of retired ex-employees who shall be paid pensions was 79. Professional composition: 32,305 business personnel, 6,389 professional and technical personnel, 2,317 management support personnel. Education distribution: 92.11% of the personnel hold bachelor's degrees or higher degrees, and 99.56% of the personnel have college degrees or higher degrees.

(1) Employee compensation policy

To support the Bank's medium and long-term strategic development goals, and to give full play to compensation resources' guiding effects on strategic transformation requirements and stimulation of business vitality, by improving compensation incentive mechanism and reasonably designing compensation structure and level, the Bank has developed a compensation policy focusing on "reasonable structure in alignment with the market, implementing gross amount-based management and tolerating individual differences and deferred risks".

On the basis of good corporate governance requirements, the Bank has brought risk factors into incentive mechanism for assessment and appraisal. The Bank has set multidimensional indexes to comprehensively evaluate the performance of each business unit. A linkage mechanism of compensation resources with assessment results has also been established. At the same time, the Bank has set up a mechanism linking employee bonuses with individual performance and organization performance to fully arouse the enthusiasm of organizations and employees.

To better prevent risks, improper incentives or over incentives, the Bank has developed the mechanisms related to delay and recourse deduction in performance compensation, which is applicable to a wide range of employees including but not limited to senior management staff and those having significant influence on risks. The period of the delay payment of performance compensation matches with the period of risk exposure and is not shorter than 3 years. Exceptional risk exposures, the seriousness of violations against rules and disciplines, etc., will be used to decide whether the payment will be made when due and how much the payment proportion will be.

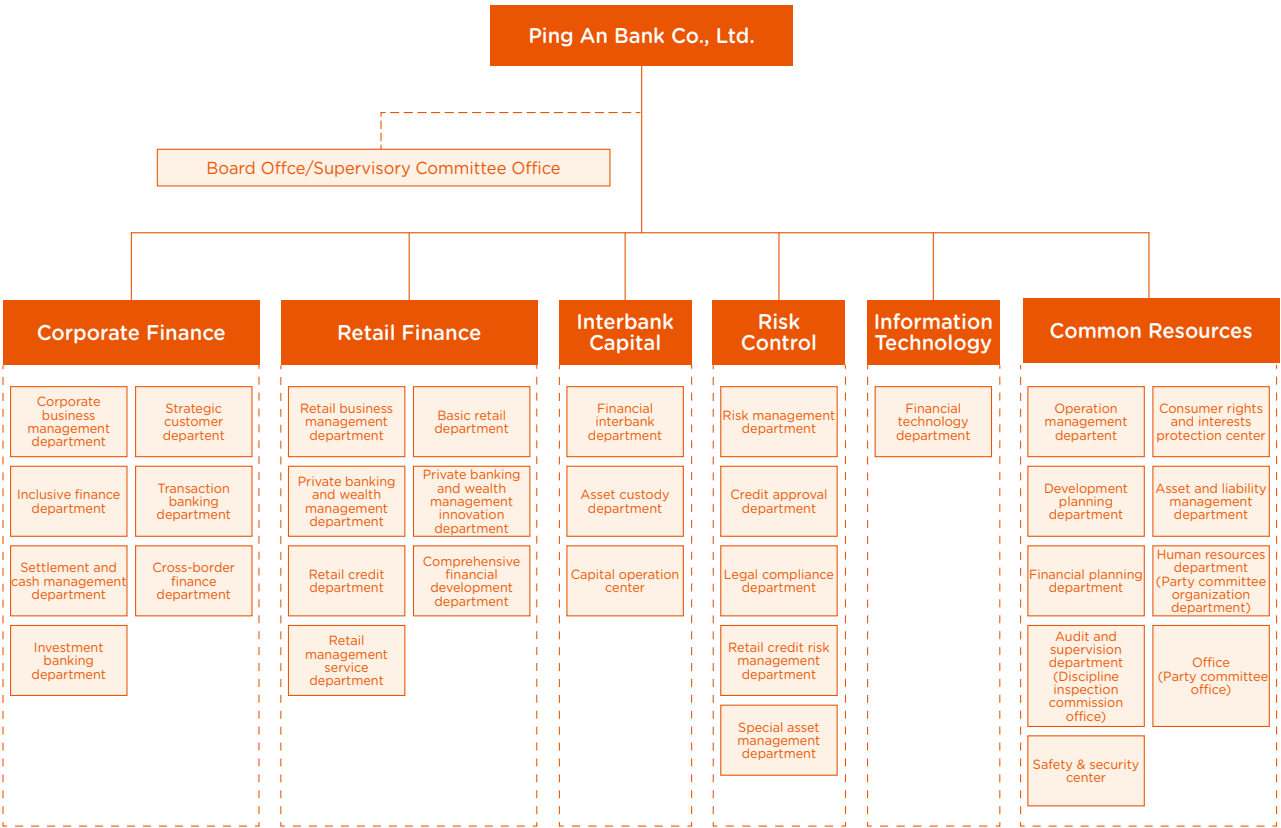
4.13 Information about organizations and employees (Continued)

4.13.1 Establishment of organizations (Continued)

(2) Employee cultivation and development

In 2024, the Bank conducted nearly 8,000 online and offline training sessions to enhance employees’ professional competence and comprehensive quality in all aspects, in response to the requirements for strategic and business development as well as talent cultivation. First, the Bank built a talent supply chain to continuously promote the development of newcomers and cadres at all levels. It enabled the coordination between the head office and branches on designing special cultivation programs for key groups including newcomers in branches, presidents of tier 2 branches and sub-branches and on-campus recruits, to strengthen the construction of talent echelon. Second, the Bank improved professional competence, connected learning resources for each business segment and built a special zone for high-quality resources of comprehensive operation, with a view to promote online management of job qualifications and stronger capacities of key business positions. Third, the Bank fostered the comprehensive quality of all staff, continuously built the online learning platform, and promoted compliance and integrity, consumer protection, information security and other required knowledge and skills.

4.14 Department setting at the end of the reporting period



4.15 Profit distribution of ordinary shares and capital reserve converted into share capital of the Company

4.15.1 Formulation, implementation or adjustment of profit distribution policy, particularly cash dividend policy during the reporting period

The Bank deliberated and approved the *Plan of Returns to Shareholders of Ping An Bank Co., Ltd. (2024-2026)* at the 2023 Annual General Meeting held on 24 May 2024. From 2024 to 2026, the profit distributed in cash every year is between 10% and 35% of the distributable profit achieved in the current year. In addition to annual profit distribution, interim cash dividends can also be made by the Bank. Unless otherwise decided by the General Meeting, the Board of Directors are authorized to approve the interim cash dividend plan in accordance with the conditions of cash dividends, upper limit of proportion and amount determined in this Plan.

The 2024 profit distribution proposal is as follows:

In 2024, the audited net profit of the Bank was RMB42,586 million, and the profit available for distribution was RMB239,164 million. The net profit attributable to shareholders of the Bank presented in the Bank's audited consolidated financial statements was RMB44,508 million. The net profit attributable to ordinary shareholders of the Bank in the consolidated financial statements, less dividends on "PYY01" preference shares (RMB874 million) and interests on non-fixed term capital bonds (RMB1,975 million) paid in 2024, was RMB41,659 million. According to the above profit situation and relevant national regulations, the Bank has distributed the profit for 2024 as below:

1. The statutory surplus reserve balance of the Bank has exceeded 50% of the share capital, and the statutory surplus reserve will not be withdrawn for the time being.
2. The general reserve will be withdrawn based on the difference of 1.5% of the balance of risk assets at the end of the period, amounting to RMB65 million.

After the above profit distribution, the Bank's general reserve was RMB65,298 million, and the balance of undistributed profit was RMB239,099 million as of 31 December 2024.

3. Taking into account factors such as shareholders' returns on investment, the regulatory authorities' requirements on capital adequacy ratio and the sustainable development of the Bank's businesses, in addition to the above statutory profit distribution, the Bank proposes to distribute cash dividends of RMB6.08 (tax inclusive) for every 10 shares in 2024, based on the total share capital of 19,405,918,198 shares of the Bank as at 31 December 2024, with a total cash dividend of RMB11,799 million, accounting for 28.32% of net profit attributable to ordinary shareholders of the Bank in the consolidated financial statements, and 26.51% of net profit attributable to shareholders of the Bank in the consolidated financial statements. Specifically, the Bank has distributed cash dividends of RMB2.46 (tax inclusive) for every 10 shares, with a total cash dividend of RMB4,774 million, for the interim period of 2024. And it proposes to distribute cash dividends of RMB3.62 (tax inclusive) for every 10 shares, with a total cash dividend of RMB7,025 million, at the end of 2024.

If the total share capital of the Bank changes before the shareholding registration date under the profit distribution plan, the distribution ratio shall be adjusted accordingly based on unchanged total distribution.

The 2024 profit distribution proposal of the Bank was in compliance with the *Articles of Association of Ping An Bank Co., Ltd. and the Plan of Returns to Shareholders of Ping An Bank Co., Ltd. (2024-2026)*.

The above proposal shall be reviewed and approved at the 2024 Annual General Meeting.

The profit distribution plan of the Bank for 2023 was based on the total share capital of 19,405,918,198 shares of the Bank as at 31 December 2023, and cash dividends of RMB7.19 (tax inclusive) were distributed for every 10 shares. There was no proposal to issue bonus shares or to convert reserve funds into share capital. The Bank issued the *Announcement on the Implementation of 2023 Annual Interest Distribution of Ping An Bank Co., Ltd.* on 6 June 2024. The date of record of the profit distribution was 13 June 2024 and the ex-dividend date was 14 June 2024. The profit distribution plan of the Bank for 2023 was implemented during the reporting period.

The 2024 interim profit distribution plan of the Bank was based on the total share capital of 19,405,918,198 shares of the Bank as at 30 June 2024, and cash dividends of RMB2.46 (tax inclusive) were distributed for every 10 shares. There was no proposal to issue bonus shares or to convert reserve funds into share capital. The Bank issued the *Announcement on the Implementation of 2024 Interim Interest Distribution of Ping An Bank Co., Ltd.* on 26 September 2024. The date of record of the profit distribution was 9 October 2024 and the ex-dividend date was 10 October 2024. The 2024 interim profit distribution plan of the Bank was implemented during the reporting period.

Special description of cash dividend policy	
Whether it complies with the provisions of the Articles of Association or the requirements of resolutions of the Shareholders' General Meeting:	Yes
Whether the dividend standards and proportions are definite and clear:	Yes
Whether the relevant decision-making processes and mechanisms are complete:	Yes
Whether the independent directors perform their duties and play their due role:	Yes
If no cash dividends were made, disclose the specific reasons and the next steps it plans to take to increase investor returns:	Not applicable
Whether the minority shareholders have the opportunity to fully express their opinions and demands and whether their legitimate rights and interests are adequately protected:	Yes
Whether the conditions and procedures for adjusting and changing the cash dividend policy are compliant and transparent:	Yes

4.15.2 Table of cash dividends on ordinary shares in recent three years

(In RMB million)

Dividend-receiving year	Amount of cash dividends (tax inclusive)	Net profit attributable to shareholders of the Bank in the dividend-receiving year	Proportion accounting for net profit attributable to shareholders of the Bank	Amount of cash dividends paid in other ways	Proportion of cash dividends paid in other ways
2024	11,799	44,508	27%	Not applicable	Not applicable
2023	13,953	46,455	30%	Not applicable	Not applicable
2022	5,531	45,516	12%	Not applicable	Not applicable

4.15.3 During the reporting period, the Bank has profits and the parent company has positive undistributed profit, however, the proposal for cash dividend distribution is not made

☐ Applicable ☒ Not applicable

4.15 Profit distribution of ordinary shares and capital reserve converted into share capital of the company (Continued)

4.15.4 Proposal of profit distribution and capital reserve converted into share capital at the end of the reporting period

✓ Applicable ☐ Not applicable

Number of bonus shares per 10 ordinary shares (share)	-
Number of dividends per 10 ordinary shares (RMB) (tax inclusive)	3.62
Number of shares converted into share capital per 10 ordinary shares (share)	-
Base of share capital in distribution proposal (share)	19,405,918,198
Total cash dividends (RMB) (tax inclusive)	7,024,942,388
Amount of cash dividends distributed in other forms (such as share repurchases) (RMB yuan)	-
Total cash dividends (including other forms) ((RMB yuan)	7,024,942,388
Distributable profit (RMB)	239,165,139,862
Proportion of total cash dividends to total profit distribution	100%

Conditions of the cash dividends

If the Bank has developed to a mature stage and there are major capital expenditure arrangements, when distributing profit, the proportion of cash dividends to the profit distribution shall be at least 40%.

Description of details on proposal of profit distribution or capital reserve converted into share capital

2024 annual profit distribution proposal of Ping An Bank Co., Ltd.: the Bank proposes to distribute cash dividends of RMB6.08 (tax inclusive) for every 10 shares in 2024, based on the total share capital of 19,405,918,198 shares of the Bank as at 31 December 2024. The Bank has distributed cash dividends of RMB2.46 (tax inclusive) for every 10 shares for the interim period of 2024, and it proposes to distribute cash dividends of RMB3.62 (tax inclusive) for every 10 shares at the end of 2024. There was no proposal to issue bonus shares or to convert capital reserve into share capital. The proposal shall be reviewed and approved by the Bank at the 2024 Annual General Meeting.

4.16 During the reporting period, there were no equity incentive plan, employee stock ownership plan or other incentive measures for employees and their implementation for the Bank

4.17 Construction and implementation of internal control system during the reporting period

4.17.1 Construction and implementation of internal control

In 2024, the Bank continued to optimize its internal control management system and improve the level of internal control management. First, the Legal Compliance Department, as the functional department of internal control management of the Bank, took the lead in the overall planning of the internal control management system of the Bank, optimized and improved the internal control management policies, frameworks, tools, processes, operation norms, etc., deepened the construction of the long-term control mechanism, gave full play to the role of laying solid foundation for the internal control system, and continued to improve the capability to prevent and address significant risks. Second, the Bank established and improved the internal control management mechanism with balanced supervision and restriction and clear separation of duties and responsibilities, enhanced the authorization control, risk monitoring, business inspection, internal control report and correction mechanism, and strengthened the core capacity of internal control. Third, the Bank promoted the construction of informatization, strengthened internal control management and upgraded and improved the departmental control and inspection system by applying technological means to enhance the refined and intelligent management tools. Fourth, the Bank improved the effectiveness of internal control, organized and promoted the self-assessment of internal control, and inspected the implementation of internal control. Fifth, the Bank strengthened the effectiveness of internal control management, followed up and monitored the internal control management status to enhance the ability to operate in accordance with the laws and regulations and resist risks. Sixth, the Bank promoted the construction of internal control management culture and cultivated a favorable culture of internal control within the Bank.

4.17.2 Details about significant deficiencies in internal control identified during the reporting period

☐ Yes ☒ No

4.18 Management control over subsidiaries

Company name	Integration plan	Integration progress	Problems encountered	Measures taken	Progress of resolution	Subsequent resolution plans
Ping An Wealth Management Co., Ltd.	N/A	N/A	N/A	N/A	N/A	N/A

4.19 Internal control self-evaluation report or internal control audit report

4.19.1 Internal control self-evaluation report

Disclosure date of internal control self-evaluation report	15 March 2025
Disclosure index of internal control self-evaluation report	CNINFO http://www.cninfo.com.cn
Proportion of total assets included in the evaluation scope in those of the Company's consolidated financial statements	100%
Proportion of operating income included in the evaluation scope in that of the Company's consolidated financial statements	100%

Identification standard for deficiencies		
Type	Financial report	Non-financial report
Qualitative standard		Material deficiency: 1. It has a serious impact on the realization of the Bank's overall control objectives; 2. It may have or has caused a significant amount of financial loss; 3. It is in violation of the relevant laws and regulations or regulatory requirements and the circumstances are very serious, thus causing severe punishment from the regulatory authorities or other very serious legal consequences; 4. It may lead to serious business or service problems, affecting a number of key products or causing failure in the provision of services to key customers; 5. It has a wide range of negative impacts, thus causing widespread public concern at home and abroad, and having serious negative impacts on the Bank's reputation and stock price.
	Material deficiency: It may have or has caused a significant amount of misstatement of financial report;	Significant deficiency: 1. It has a certain impact on the realization of the Bank's overall control objectives; 2. It may have or has caused a larger amount of financial loss; 3. It is in violation of the relevant laws and regulations as well as regulatory requirements and the circumstances are serious, thus causing more serious punishment from the regulatory authorities or other more serious legal consequences; 4. It may lead to business or service problems, causing a significant decline in the quality of one or several key products or the services provided to key customers; 5. The negative impact spreads in and out of the industry, thus causing public concern, and bringing a greater negative impact on the Bank's reputation in some areas.
	Significant deficiency: It may have or has caused a larger amount of misstatement of financial report;	
	General deficiency: It may have or has caused a smaller amount of misstatement of financial report.	General deficiency: 1. It has a slight impact or basically no impact on the realization of the Bank's overall control objectives; 2. It may have or has caused a smaller amount of financial loss; 3. It is in violation of the relevant laws and regulations or regulatory requirements, and the circumstances are minor, thus causing lighter punishment from the regulatory authorities or other minor legal consequences; 4. It may lead to business or service problems, affecting one or several key products/key customer groups; the impact can be immediately controlled; 5. The negative impact is limited to a certain range, the degree of public concern is lower, and it brings a smaller negative impact on the Bank's reputation.

Type	Financial report	Non-financial report
Quantitative standard	Material deficiency: The proportion of the misstatement amount in the financial statements to the total assets at the end of the year is greater than or equal to 0.25%, or to the total annual profit is greater than or equals to 5%;	Material deficiency: The proportion of the financial loss to the annual operating income is greater than or equals to 1%;
	Significant deficiency: The proportion of the misstatement amount in the financial statements to the total assets at the end of the year falls within the range of [0.0125%, 0.25%), or to the total annual profit falls within the range of [0.25%, 5%);	Significant deficiency: The proportion of the financial loss to the annual operating income falls within the range of [0.05%, 1%);
	General deficiency: The proportion of the misstatement amount in the financial statements to the total assets at the end of the year is lower than 0.0125%, or to the total annual profit is lower than 0.25%.	General deficiency: The proportion of the financial loss to the annual operating income is lower than 0.05%.
Number of material deficiencies in financial reporting (Nr.)		0
Number of material deficiencies in non-financial reporting (Nr.)		0
Number of significant deficiencies in financial reporting (Nr.)		0
Number of significant deficiencies in non-financial reporting (Nr.)		0

4.19.2 Internal control audit report

☒ Applicable ☐ Not applicable

Review comments in the internal control audit report	
We believe that Ping An Bank has maintained effective internal control over financial reports in all material aspects in accordance with the <i>Basic Norms of Enterprise Internal Control</i> (《企業內部控制基本規範》) and relevant regulations on 31 December 2024.	
Disclosure of internal control audit report	Disclosure
Disclosure date of internal control audit report	15 March 2025
Disclosure index of internal control audit report	CNINFO http://www.cninfo.com.cn
Opinion type of internal control audit report	Unqualified
Whether there are material deficiencies in non-financial reporting	No

Whether the accounting firm issues an internal control audit report with modified opinion

☐ Yes ☒ No

Whether the internal control audit report issued by the accounting firm shares the same opinion with the self-evaluation report of the Board of Directors

☒ Yes ☐ No

4.20 Rectification of problems in self-inspection of special actions on governance of listed companies

☐ Yes ☒ No

Environmental and Social Responsibilities

The Bank integrated the idea of sustainable development into its operation and management to create value for its shareholders, customers, employees, partners, communities and the environment. The Bank has built green banking, value banking, humanistic banking, caring banking and brand banking to promote economic development, social progress and environmental improvement with responsible finance and help realize people's welfare. The Board of Directors, as the ultimate decision-making and responsible body of environmental, social and governance (ESG) affairs of the Bank, attaches close attention to ESG work and continuously improves the governance structure of ESG. In 2024, MSCI upgraded the Bank's ESG rating to A.

See the *2024 Sustainable Development Report of Ping An Bank Co., Ltd.* published by the Bank on the CNINFO (<http://www.cninfo.com.cn>) on 15 March 2025 for further information.

5.1 Environmental responsibilities

5.1.1 Environmental protection related works

Whether the Bank and its subsidiaries belong to the key pollutant discharging units announced by the environmental protection department

☐ Yes ☒ No

Administrative penalties for environmental problems during the reporting period

Name of companies or subsidiaries	Reason	Violation	Result	Impact on the production and operation of listed companies	Rectification measures
Not applicable	Not applicable	None	Not applicable	Not applicable	Not applicable

There is no other environmental information to be disclosed.

5.1.2 Green finance

The Bank firmly acted upon the requirements of green development proposed at the 20th CPC National Congress, earnestly implemented the national strategy to achieve carbon neutrality, deeply laid out the industrialization development of green finance, supported the green and low-carbon circular economy, actively developed green financial products and services for “agriculture, rural areas and rural residents” and small and micro-sized enterprises, constructed a new customer management model based on green finance strategies, and continuously invested in green loans. At the end of 2024, the Bank's balance of green loans was RMB157,762 million, up by 13.0% from the end of last year.

First, the Bank refined the green financial policy support system to improve the Environmental, Social and Governance (ESG) performance. The Bank continuously improved the green finance standard and system. In terms of policy guidance, the Bank formulated risk policies of green industries such as clean energy, energy conservation and environmental protection, cleaner production, ecological environment, green upgrading of infrastructure and green services, and enabled credit resources to flow into green and low-carbon industries and enterprises. In terms of risk management, the Bank continuously improved the management approach on ESG risks and integrated environmental and climate risks into comprehensive risk management; it established an ESG risk assessment classification system, empowered credit rating and credit approval to improve the Bank's ability to cope with environmental and climate risks. In terms of resource support, the Bank implemented carbon emission reduction supporting tools from the People's Bank of China, and accurately supported the issuance of green loans.

Second, the Bank improved the professional service capabilities in green finance to meet the green financing needs of strategic customers. When consolidating green credit, the Bank continued to enhance its strategic cooperation with enterprises based on the green and low-carbon transformation needs of strategic customers, and deepened its services in the industrial chain, supply chain and ecosystem of customers. In 2024, the Bank granted a loan of RMB2.9 billion to a core urban rail transit investment, construction and operation enterprise in the Guangdong-Hong Kong-Macao Greater Bay Area for technical reconstruction projects to facilitate green transportation construction and green travel practice; granted a green loan of RMB1.24 billion to a large steel group to support the green transformation of high-carbon emission enterprises; granted a green loan of RMB3.1 billion to an automobile manufacturing enterprise to promote the development of the new energy auto industry; as the leading bank, launched a sustainability linked overseas bank consortium loan of USD484 million to a new energy enterprise (the Bank had a share of USD100 million) to build a new channel for cross-border green financing of enterprises.

Third, the Bank established a working mechanism for green finance innovation to create a diversified product and service system. The Bank promoted the innovation of green financial processes, products and services, launched innovative financing varieties such as sustainability linked loans and carbon emission rights pledge financing, and implemented distributed new energy power stations and other green inclusive scenario-based service models, to support the green and high-quality development of the real economy.

In the green bank evaluation entrusted by the NFRA to the China Banking Association in 2024, the Bank was rated as “Advanced Unit in Green Bank Evaluation”. In addition, the Bank won the 2024 Green Finance Topology Award issued by CLS and the Best Practice Award for Training of Talents with Green Finance Knowledge issued by the Shenzhen Green Finance Association, and was selected as a model of ESG practice in the banking industry in 2024 by China Financial Media and a case of comprehensive green transformation of low-carbon economic and social development in the Greater Bay Area by *China Energy News*.

Environmental and Social Responsibilities

5.1 Environmental responsibilities (Continued)

5.1.3 Green operation

Adhering to the principle of “low-carbon and environmental protection starts with me”, the Bank has integrated green operation into all its business lines, continuously promoted paperless, electronic and intelligent business, promoted green office, built green outlets and carried out regular green public welfare publicity, and created a “Green Bank” brand image of “green, low-carbon and environmentally friendly”.

In terms of green office, the Bank advocated the concept of green office, comprehensively promoted energy conservation and emission reduction, and improved energy and resource utilization. First, the Bank facilitated online office to improve the efficiency and save paper consumption effectively. Second, the Bank’s hall equipment status monitoring access enabled online transmission of equipment fault information. Third, the Bank promoted upgrading and transformation of its data center and achieved the efficient, low-carbon, recycling and green use of the data center.

In terms of green branches, the Bank has been actively engaged in the pilot construction of green and low-carbon branches. With a focus on scenario-based Internet of Things (IoT) and intelligent sensing, the Bank aimed to achieve electricity safety monitoring, automatic intelligent IoT control, and intelligent screen display. This initiative is designed to build safe, efficient, and energy-saving low-carbon branches that are environmentally friendly.

In terms of green procurement, the Bank has integrated the concept of green and low-carbon into the whole procurement life cycle, and advocated environmental protection, resource conservation and circular low-carbon in all aspects of procurement activities. The Bank built an e-procurement system, and through the use of electronic bidding documents and online bid opening and evaluation by off-site institutions, the Bank significantly reduced the use of paper, and effectively saved transportation and travel expenses and reduced carbon footprint. The Bank continued to improve the standards and processes for supplier access, selection and evaluation, and strictly reviewed suppliers’ environmental protection plans, product quality certification and environmental protection certificates. The Bank also inspected and evaluated suppliers’ implementation of environmental protection requirements in product design, production, construction and services, and advocated suppliers to use green raw materials and provide green products and services.

5.2 Social responsibilities

5.2.1 Serving the real economy

The Bank actively implemented various regulatory requirements by strengthening organizational leadership, increasing resource support, accelerating business layout, vigorously making practical efforts in the “five areas” in finance, continuously increasing support for the real economy, and promoting the high-quality development of inclusive finance, manufacturing industry and sci-tech enterprises. At the end of 2024, the Bank’s total on-balance-sheet and off-balance-sheet credit facilities amounted to RMB4,942,051 million.

Improving the inclusive financial service capability to implement “true inclusive service and true micro/small enterprises”. First, the Bank enhanced its inclusive product portfolio by introducing “credit loan”, “guaranteed loan”, “mortgage loan”, “sci-tech innovation loan”, “scenario loan” and other products to address the financial requirements of micro, small and medium-sized enterprises. Second, the Bank built a “credit+” service mode to provide comprehensive services such as settlement, payroll business, etc. Third, the Bank actively responded to the call of regulators to reduce fees and concessions, and further reduced the service costs of small and micro-sized enterprises by sending interest coupons, reducing and exempting settlement fees, etc. Fourth, the Bank strategically developed a scenario-based business model centered around the “circle, chain, and platform” framework, while effectively managing medium-sized enterprises, small-sized enterprises and micro-enterprises. At the end of 2024, the Bank has 782,000 small and micro-sized enterprise customers with inclusive loans, each

with a credit line not more than RMB10 million excluding bill financing (hereinafter referred to as inclusive small and micro-sized enterprises), and totalling RMB495,706 million. In 2024, the cumulative amount of loans to inclusive small and micro-sized enterprises was RMB220,973 million; the weighted average interest rate of new loans decreased by 0.51 percentage point year-on-year; and the NPL ratio was controlled within a reasonable range.

Deepening finance innovation and technology empowerment for upgrading the service model of manufacturing enterprises. First, the Bank supported the upstream and downstream financing of core manufacturing enterprises, such as granting credit to its downstream dealers based on the channel control of core enterprises in home appliance manufacturing and stable transaction relationships; based on the payment ability and transaction credit of the electronic manufacturing core enterprises, the Bank provided factoring financing and bill financing to its upstream suppliers. Second, the Bank continuously introduced external data and mined existing data to carry out model development, review and iteration of model strategies based on the upstream and downstream supply chains of the real economy, improved the efficiency of approval and lending, and optimized customer experience through digital and automated methods. At the end of 2024, the Bank’s balance of medium and long-term loans to manufacturing increased by 19.4% from the end of last year.

Developing the financial management system for technology finance and providing diversified financial services for tech enterprises. First, the Bank built a “1+12+N” head office and branch organizational system, established the Head Office TechFin Center, and set up branch TechFin centers at 12 branches in Shenzhen, Beijing, Shanghai, Nanjing, Hangzhou, etc., and certified N sci-tech characteristic sub-branches and professional teams. Second, the Bank improved the whole lifecycle service system of sci-tech enterprises, launched exclusive products such as “sci-tech innovation loan” and “innovation investment loan”, and provided relay and diversified financial services for sci-tech enterprises. Third, the Bank actively explored the development of regional characteristics, based on local industrial characteristics, provided differentiated regional characteristic scenario-based schemes and models for sci-tech enterprises in different regions and industries. Fourth, the Bank continued to build an ecosystem that leverages Ping An Group’s integrated finance advantages to offer sci-tech enterprises comprehensive services encompassing both “financial + non-financial” solutions by partnering with government agencies, industry associations and investment institutions. At the end of 2024, the number of tech customers of the Bank was 26,573, an increase of 11.8% over the end of last year; the balance of loans to tech enterprises was RMB148,851 million, an increase of 24.6% over the end of last year.

Environmental and Social Responsibilities

5.2 Social responsibilities (Continued)

5.2.2 Pension finance

To actively implement the spirit of the Central Financial Work Conference, the Bank improved the system of diversified pension finance products and built systematic pension service solutions, with a view to comprehensively improving consumers’ sense of gain and satisfaction.

Accelerating business layout and supporting “access to elderly care”. The Bank accelerated personal pension business. It continued to build personal pension zone on Ping An Pocket Bank APP, and added insurance services, medical rights and interests, healthy life and other service segments to the healthcare and elderlycare ecosystem of Ping An Group, to provide customers with one-stop pension finance services including account opening, cash deposit and product allocation.

Enriching financial products to support “Secure Life for the Elderly”. The Bank developed a diversified product matrix, where it preferred robust, long-term and inclusive pension products, in response to the needs of diversified pension wealth management. The Bank also strengthened the management of product appropriateness, and enhanced risk assessment and control for the elderly to purchase pension finance products. At the end of 2024, the Bank provided 165 personal pension products covering pension savings, pension WMPs and pension funds.

Optimizing elderly-friendly services to contribute to “enjoyment for the elderly”. The Bank optimized the online service experience. It launched aging-friendly version of Ping An Pocket Bank APP, and improved intelligent pension services by streamlining the interactive interfaces, enhancing operation prompts, etc.

5.2.3 Rural revitalization

The Bank earnestly acted upon the spirit of the CPC, continued to implement the national strategy of rural revitalization, made efforts in financial services for rural revitalization and financial support, and supported the high-quality development of the real economy. In 2024, the Bank invested funds of RMB45,884 million for supporting rural revitalization, with a total investment of RMB152,247 million; it issued 63,100 rural revitalization debit cards, with a total of 256,400 debits cards, and 36,700 “new citizen cards”, with a total of 92,000 cards. At the end of 2024, the balance of agriculture-related loans of the Bank was RMB141,946 million, an increase of RMB10,266 million or 7.8% as compared with the end of last year.

Improving service quality and efficiency to continuously support rural revitalization. The Bank innovated rural revitalization financial services, enriched the channel of funds for rural revitalization to support the development of rural economy. First, the Bank issued its first special financial bond for “agriculture, rural areas and rural residents” and raised RMB5 billion to steadily promote the support for agriculture-related fields and open up a new channel for financial services to support rural revitalization. Second, the Bank invested in local government bonds for rural revitalization in Guangdong, Guangxi, Hubei and other regions, supported infrastructure construction, improvement of rural environment, etc. Third, the Bank responded to the requirements of national rural revitalization and new urbanization to provide financial services for rural migrant workers through the “new citizen card”.

Practicing people-oriented finance and supporting the “high-quality development of 100 counties, 1,000 towns and 10,000 villages” project in Guangdong Province. First, the Bank dived into local industrial clusters through credit supply and fee reduction and profit concessions and initiated “aquaculture loan”, “toy loan”, “dried tangerine or orange peel loan” and other characteristic businesses. Second, the Bank constructed and operated inclusive financial service stations to extend bank services to industrial parks, communities, counties, towns and villages. In 2024, the Bank set up seven service stations in total, which were located in Dongguan, Shantou, Foshan, etc. Third, the Bank established the “Ping An Intelligent Fishing Base” and provided financial services as well as water quality monitoring, oxygen pumps and other equipment to fishery enterprises and farmers to increase overall economic benefits of aquaculture.

Strengthening corporate-private business linkage and promoting rural economic development. The Bank upgraded the service system of “equity + public welfare” for rural revitalization, utilized corporate-private business linkage, smoothed the channels of customer value-added services, public welfare and charity, and helped farmers increase income and assisted rural development. In 2024, based on the themes of the Red Classics, cultural landscape and green hills and clear waters, the Bank set up several rural cultural tour routes, and organized a cultural tour group named “Visiting Beautiful Villages with Ping An” for customers to participate in activities in Ulanqab, Inner Mongolia Autonomous Region, Xiajiang village, Zhejiang Province, Mile, Yunnan Province and other regions to help with development of local tourism with rural characteristics.

Improving talent cultivating mechanism and helping revitalize rural talents. The Bank continued to cultivate entrepreneurs in rural areas and held training courses for entrepreneurs in rural areas engaged in rural revitalization in cooperation with universities, agricultural and rural management cadre academies, China Foundation for Rural Development and other institutions; based on themes such as development of local rural revitalization talents and digitalized rural revitalization, the Bank cultivated talents for upgrading of county and rural industries in Inner Mongolia, Gansu, Sichuan and other places.

Environmental and Social Responsibilities

5.2 Social responsibilities (Continued)

5.2.4 Protection of consumer rights and interests

The Bank adhered to the people-centered value orientation, continued to enhance the protection of consumer rights and interests (hereinafter referred to as consumer protection), improved the consumer protection management system from the aspects of policy and mechanism and process and system, and carried out all consumer protection tasks in a down-to-earth manner, to improve financial institutions' ability to serve the people and the real economy.

Carrying out consumer protection education and publicity to help improve financial literacy. The Bank improved the working mechanism of consumer protection education and publicity and organized normalized, innovative and centralized education and publicity activities, including “senior executive’s talk on consumer protection”, “county travel for consumer protection”, release conference of comic books on financial knowledge and promotion of consumer protection themed short plays. In 2024, the Bank organized 19,000 online and offline education and publicity activities, reaching 370 million consumers. The activity “Ping An Bank Caravan, Consumer Protection Publicity in Villages” was selected as an excellent case of financial consumer protection in China’s banking and insurance industry by *Consumption Daily*.

Continuously improving service quality and guaranteeing the rights of special customer groups. In terms of serving the elderly customer group, the Bank provided large font mode, voice broadcasting and other age-appropriate services in Ping An Pocket Bank APP and at remote counters, set up a special line for the elderly in customer service calls, and equipped service facilities such as reading glasses, care windows and care seats at outlets. In terms of serving the disabled, the Bank provided services in sign language through remote video, and had accessible channels and other facilities at outlets. At the same time, the Bank continuously improved the level of foreign financial services. In 2024, the Bank assisted merchants in accepting about 200,000 foreign card services and opened about 540,000 bank accounts for foreign visitors to China.

Accurately cracking down on financial fraud and building a solid anti-fraud security line. The Bank strengthened the application of data analysis while fighting against telecommunications network fraud, improved the precise governance capability of “capital chain” involved in fraud, and comprehensively upgraded the debit card limit management system, to enhance the convenience and security of account payment.

Strengthening diversified resolution of disputes and improving mediation efficiency. The Bank refined the diversified resolution mechanism of financial disputes, actively cooperated with mediation institutions, and provided consumers with multi-channel and multi-level solutions. At the end of 2024, the Bank established 29 mediation stations in cooperation with provincial and municipal financial dispute mediation institutions and delivered a total of 194 part-time mediators. A number of branches won honorary titles such as “Advanced Unit for Mediation”.

Deepening the application of financial technology and enabling precise management of consumer protection. The Bank upgraded the complaint management system, consumer protection management system and consumer protection data analysis system, and improved the refined management of consumer protection through technological means. In 2024, the Bank used the “smart decision model” to match accurate solutions for different types of complaints, which improved the efficiency to solve complaints, and deepened the application of data and models, which improved the efficiency of early prevention for consumer protection.

Strengthening governance of problems from the source and improving the complaint management mechanism. The Bank strengthened the capability building of consumer protection personnel, improved the complaint resolution information system, and made public the information on complaint channels in its business outlets, the official website, Ping An Pocket Bank APP, etc., to ensure smooth complaint channels and properly handle customer complaints. The Bank further explored the causes of complaints, drew inferences from one instance and traced to the source for rectification in view of the areas where problems occurred frequently, so as to reduce the occurrence of complaints from the source. In 2024, the Bank accepted 201,905 complaints in total, including complaints transferred from regulatory authorities, complaints from customer service line 95511, complaints from the credit card center and complaints from other channels within the Bank. Business categories involved in complaints included 53.1% of credit card business complaints, 18.9% of loan business complaints, 12.3% of debit card business complaints, 7.3% of debt collection business complaints, 2.3% of bank agency business complaints, 1.9% of personal financial information business complaints, 1.2% of payment and settlement business complaints, and 3.0% of other business complaints. The specific distribution of complaints by region is shown in the table below:

Region	Number of complaints	Region	Number of complaints	Region	Number of complaints
Beijing	2,269	Fujian	1,214	Yunnan	754
Tianjin	882	Jiangxi	547	Tibet	0
Hebei	1,306	Shandong	2,036	Shaanxi	959
Shanxi	539	Henan	2,111	Gansu	152
Inner Mongolia	269	Hubei	2,355	Qinghai	0
Liaoning	968	Hunan	1,143	Ningxia	83
Jilin	211	Guangdong	5,495	Xinjiang	197
Heilongjiang	370	Guangxi	535	Dalian	522
Shanghai	2,178	Hainan	347	Ningbo	363
Jiangsu	2,699	Chongqing	1,192	Xiamen	485
Zhejiang	1,891	Sichuan	1,372	Qingdao	1,024
Anhui	682	Guizhou	427	Shenzhen	4,063

Note : The above table does not include the data of Head Office level and the credit card center, and the data of Dalian, Ningbo, Xiamen, Qingdao and Shenzhen are listed separately.

Significant Matters

6.1 Commitments

6.1.1 Commitments that have been fulfilled during the reporting period and have not yet been fulfilled as at the end of the reporting period by parties including actual controllers, shareholders, related parties, purchasers and the Company

☒ Applicable ☐ Not applicable

Commitment causes	Commitment type	Commitment party	Contents of commitment	Time of commitment	Duration of commitment	Performance
Commitment made during the asset reorganization	Commitment on competition in the same business, related party transaction and independence	Ping An Insurance (Group) Company of China, Ltd.	China Ping An subscribes 1,638,336,654 shares issued by the Bank in a non-public offering (the Major Asset Reorganization) with 90.75% of its original shares of Ping An Bank and the cash of RMB2,690,052,300. 1. After the completion of the Major Asset Reorganization, during the period when Ping An is a controlling shareholder of Shenzhen Development Bank, if Ping An and other enterprises controlled by Ping An intend to engage in or substantially get the same business or commercial opportunities as those of Shenzhen Development Bank in the future, and the assets and business formed by such business or commercial opportunities may constitute a potential competition in the same business with Shenzhen Development Bank, Ping An and other enterprises controlled by Ping An will not engage in the same or similar business as that of Shenzhen Development Bank to avoid a direct or indirect competition with the business operation of Shenzhen Development Bank. 2. After the completion of the Major Asset Reorganization, for matters that occur between Ping An and other enterprises controlled by Ping An and Shenzhen Development Bank and constitute a related party transaction of Shenzhen Development Bank, by following the principle of openness, fairness and impartiality of market transactions, Ping An and other enterprises controlled by Ping An will perform transactions with Shenzhen Development Bank at a fair and reasonable market price, and fulfill the decision-making processes in accordance with the provisions of relevant laws, regulations and normative documents and fulfill the obligation of information disclosure according to the law. Ping An guarantees that Ping An and other enterprises controlled by Ping An will not obtain any improper benefits or make Shenzhen Development Bank undertake any unfair obligation through the transactions with Shenzhen Development Bank. 3. After the completion of the Major Asset Reorganization, during the period of Ping An as a controlling shareholder of Shenzhen Development Bank, Ping An will maintain the independence of Shenzhen Development Bank and ensure that the personnel, assets, finance, organization and business of Shenzhen Development Bank are independent of those of Ping An and other enterprises controlled by Ping An.	29 July 2011	Long-term	Performance in progress
Other commitments made for medium and small shareholders of the company	Other commitments	The Bank	The company has not made a performance commitment for the preference share issue. The company will take effective measures to improve the use efficiency of funds raised to further enhance the profitability of the company, thereby minimizing the impact of the preference share issue on the return to ordinary shareholders and fully protecting the legitimate rights and interests of shareholders of the company, especially the minority shareholders.	14 March 2016	Long-term	Performance in progress
Whether the commitments are performed timely						Yes
Specific reasons of failing to complete the performance and next plan (if any)						Not applicable

6.1.2 If the profit forecast can be carried out for the Company’s assets or projects and the reporting period is within the period of profit forecast, the Company shall explain whether the assets or projects can realize the original profit forecast and the reasons

☐ Applicable ☒ Not applicable

6.2 Occupation of funds of the listed company for non-operating purposes by controlling shareholders and its related parties

☐ Applicable ☒ Not applicable

During the reporting period, there was no occupation of funds of the listed company for non-operating purpose by controlling shareholders and its related parties at the Bank.

6.3 Description of the Board of Directors on the latest “modified audit report”

☐ Applicable ☒ Not applicable

6.4 Description of the Board of Directors, Supervisory Committee and independent directors (if any) on the “non-standard audit report” issued by the accounting firm during the reporting period

☐ Applicable ☒ Not applicable

6.5 Description of changes in accounting policies and accounting estimates or correction of major accounting errors as compared to the financial reports for the previous year

☐ Applicable ☒ Not applicable

6.6 Reason for changes in the scope of the consolidated financial statements as compared to the financial report for last year

☐ Applicable ☒ Not applicable

6.7 Employment and dismissal of accounting firms

Currently appointed accounting firm

The Bank held the 2023 Annual General Meeting on 24 May 2024, which deliberated and approved the *PAB Proposal for the Appointment of Accounting Firm for 2024*. The Bank continued to engage Ernst & Young Hua Ming LLP as its auditor for the year of 2024 to provide audit and relevant services.

Name of domestic accounting firm	Ernst & Young Hua Ming LLP
Remuneration of domestic accounting firm (including subsidiaries)	RMB8.94 million
Duration of audit service provided by domestic accounting firm	4 years
Names of CPAs of domestic accounting firm	Chang Hua, Wang Yangyan
Duration of audit service provided by CPAs of domestic accounting firm	4 years
Name of foreign accounting firm (if any)	Not applicable
Remuneration of foreign accounting firm (if any)	Not applicable
Duration of audit service provided by foreign accounting firm (if any)	Not applicable
Name of CPAs of foreign accounting firm (if any)	Not applicable
Duration of audit service provided by CPAs of foreign accounting firm	Not applicable

Whether the employment of the accounting firm has been changed at the current period

☐ Yes ☒ No

Employment of accounting firm, financial consultant and sponsor for internal control audit

Name of accounting firm for internal control audit	Ernst & Young Hua Ming LLP
Remuneration of accounting firm for internal control audit (including subsidiaries)	RMB1.5 million
Name of financial consultant	Not applicable
Remuneration of financial consultant	Not applicable
Name of sponsor	Not applicable
Remuneration of sponsor	Not applicable

6.8 Delisting after disclosure of the annual report

☐ Applicable ☒ Not applicable

6.9 Matters related to bankruptcy reorganization

☐ Applicable ☒ Not applicable

During the reporting period, there were no bankruptcy reorganization related matters within the Bank.

6.10 Major litigation and arbitration matters

In 2024, there was no litigation and arbitration matter that had significant impact on the operation of the Bank. At the end of 2024, there were 418 pending litigations in which the Bank acted as the defendant, involving an amount of RMB3,307 million.

6.11 Punishment and rectification

During the reporting period, the Bank was not under case filing and investigation according to laws for any suspected crime. The Bank and its controlling shareholders, directors, supervisors and senior management were not subject to any criminal punishment, were not under investigation or subject to any administrative punishment by the CSRC due to any suspected violation of laws and regulations, and were not subject to any administrative punishment by any other competent authority which had significant influence over the Bank's operations. The Bank's controlling shareholders, directors, supervisors and senior management were not subject to any enforceable measure in accordance with laws for any suspected crime, or any detention measure by the disciplinary inspection and supervision authority, which affected their performance of duties, for any suspected serious violation of disciplines, laws or duty-related crime. The Bank's directors, supervisors and senior management were not subject to any enforceable measure by any other competent authority due to any suspected violation of laws and regulations, which affected their performance of duties.

6.12 Integrity conditions of the Company and its controlling shareholder

During the reporting period, there was no case where the obligations determined by the legal documents in force by the court were not fulfilled and a large amount of debt was due and unpaid for the Bank and its controlling shareholder.

6.13 Matters on major related party transactions

1. See "IX. Related party relationships and transactions" in "Section X Financial Report" for details about "transactions between the Bank and China Ping An and its related parties", "transactions between the Bank and other major shareholders and their related parties", "main transactions between the Bank and key management personnel" and "main transactions between the Bank and affiliated legal persons of the unit of key management personnel and its associates".

2. Websites for disclosure of interim report on major related party transactions

During the reporting period, the Board of Directors deliberated and approved 12 Proposals on Related Party Transactions with China Ping An, Ping An International Financial Leasing Co., Ltd., Ping An Real Estate Limited, Ping An Consumer Finance Co., Ltd., Anke Technology Co., Ltd., Ping An Annuity Insurance Co., Ltd., Ping An Property & Casualty Insurance Company of China, Ltd., Ping An Life Insurance Company of China, Ltd., Ping An Inclusive Financing Guarantee Co., Ltd., OneConnect Financial Technology Co., Ltd., Founder Securities Co., Ltd., Shenzhen Wanlitong Network Information Technology Co., Ltd., Shandong Gold Mining Co., Ltd. and Shenzhen Ping An Integrated Financial Services Co., Ltd. Please refer to the *Announcement of Ping An Bank Co., Ltd. on Related Party Transactions* and other related notices published on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, *Securities Daily* and on the website of CNINFO (<http://www.cninfo.com.cn>) on 23 January 2024, 20 February 2024, 1 March 2024, 22 March 2024, 30 April 2024, 6 July 2024, 28 September 2024 and 2 November 2024 for further information.

6.14 Major contracts and their performance

1. Major entrustment, underwriting or lease: There was no major entrustment, underwriting or lease during the reporting period.
2. Major guarantee: Apart from the guarantee business within its operating scope approved by the NFRA, the Bank had no other major guarantee.
3. Other major contracts and their performance: The Bank had no major contract dispute during the reporting period.

6.15 Major entrusted wealth management

During the reporting period, the Bank had no entrusted wealth management business outside the normal scope of business. See notes in "Section X Financial Report" for details about the entrusted wealth management business.

6.16 Other significant events

On 5 February 2024, the Bank successfully issued financial bonds with a total amount of RMB20 billion in the National Interbank Bond Market. The bonds issued in the current period, including financial bonds for loans to small and micro-sized enterprises and special financial bonds for "agriculture, rural areas and rural residents", in the amount of RMB15 billion and RMB5 billion respectively, have a maturity of three years, with a fixed coupon rate of 2.46%. The funds raised in connection with such financial bonds for loans to small and micro-sized enterprises and special financial bonds for "agriculture, rural areas and rural residents" issued in the current period will be earmarked for special loans to small and micro-sized enterprises and agriculture-related loans upon approval by regulatory authorities and in accordance with applicable laws.

On 5 November 2024, the Bank issued non-fixed term capital bonds with a total amount of RMB20 billion in the National Interbank Bond Market. The bonds were recorded and filed on 5 November 2024 and issued on 7 November 2024. The amount of bonds issued in the current period was RMB20 billion, and the coupon rate is 2.45% for the first 5 years, which shall be adjusted every 5 years. The issuer has conditional redemption rights on each interest payment date in the fifth year and thereafter. The funds raised from this bond issue will be used to supplement the Bank's other tier 1 capital in accordance with applicable laws and regulatory approvals.

6.17 Significant events of the subsidiary of the Company

☐ Applicable ☒ Not applicable

There were no significant events that should be disclosed by Ping An Wealth Management Co., Ltd., the Bank's subsidiary.

Changes in Shares and Shareholders

7.1 Changes in shares

7.1.1 Changes in shares

(Unit: Share)

Type of shares	Before change		Change					After change	
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Transfer from reserve	Others	Subtotal	Number of shares	Percentage (%)
I. Restricted shares	371,248	Around 0	-	-	-	(24,900)	(24,900)	346,348	Around 0
1. Shareholding of the state	-	-	-	-	-	-	-	-	-
2. Shareholding of state-owned legal entity	-	-	-	-	-	-	-	-	-
3. Shareholding of other domestic investors	371,248	Around 0	-	-	-	(24,900)	(24,900)	346,348	Around 0
Including: Shareholding of domestic legal entity	156,145	Around 0	-	-	-	-	-	156,145	Around 0
Shareholding of domestic natural person	215,103	Around 0	-	-	-	(24,900)	(24,900)	190,203	Around 0
4. Shareholding of foreign investors	-	-	-	-	-	-	-	-	-
Including: Shareholding of overseas legal entity	-	-	-	-	-	-	-	-	-
Shareholding of foreign natural person	-	-	-	-	-	-	-	-	-
II. Unrestricted shares	19,405,546,950	Around 100	-	-	-	24,900	24,900	19,405,571,850	Around 100
1. RMB ordinary shares	19,405,546,950	Around 100	-	-	-	24,900	24,900	19,405,571,850	Around 100
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
III. Total	19,405,918,198	100	-	-	-	-	-	19,405,918,198	100

Reason for the change in shares

☒ Applicable ☐ Not applicable

During the reporting period, the change of restricted shares of senior executives resulted in a decrease of 24,900 shares held by domestic natural persons of the Bank, resulting in a decrease of 24,900 shares of the Bank.

Approval for the change in shares

☐ Applicable ☒ Not applicable

Transfer registration related to shares change

☐ Applicable ☒ Not applicable

Progress for share repurchase

☐ Applicable ☒ Not applicable

Progress for reducing repurchased shares by means of centralized bidding

☐ Applicable ☒ Not applicable

Effect of shares change on the financial indicators such as basic and diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company in the latest fiscal year and period

☐ Applicable ☒ Not applicable

Other disclosure deemed necessary by the Company or required by the securities regulators

☐ Applicable ☒ Not applicable

Changes in Shares and Shareholders

7.1 Changes in shares (Continued)

7.1.2 Statement of changes in restricted shares

(Unit: Share)

Name of shareholder	Number of restricted shares at the beginning of the period	Number of shares release from sales restriction in the current period	Number of increased restricted shares in the current period	Number of restricted shares at the end of the period	Reason for sales restriction	Unlocking date
Shenzhen Tefa Communication Development Co., Ltd.	113,089	-	-	113,089	Share reform	-
Shenzhen Tourism Association	30,504	-	-	30,504	Share reform	-
Shenzhen Futian District Agriculture Development Service Company Yannan Agricultural Machine Agency	12,552	-	-	12,552	Share reform	-
Total	156,145	-	-	156,145	-	-

Notes:

- (1) The lock-up period of the restricted shares held by Shenzhen Tefa Communication Development Co., Ltd., Shenzhen Tourism Association and Shenzhen Futian District Agriculture Development Service Company Yannan Agricultural Machine Agency expired on 20 June 2008, but the relevant shareholders have not yet delegated the Company to apply for handling unlocking procedures.
- (2) The figures in the table above do not include 190,203 executive lock-up shares held by directors and senior management personnel.

7.2 The issuance and listing of securities

Conditions on securities issuance (excluding preference shares) during the reporting period

☐ Applicable ☒ Not applicable

Description of total number of shares of the Company, changes in shareholder structure and changes in the Company's asset and liability structure

☐ Applicable ☒ Not applicable

Shares of existing internal staff

☐ Applicable ☒ Not applicable

Changes in Shares and Shareholders

7.3 Shareholders and actual controller

7.3.1 Number of shareholders and shareholding conditions

(Unit: Share)

		Total number of ordinary shareholders as at the end of the month before the disclosure date of the annual report		Total number of preference shareholders with restored voting rights as at the end of the reporting period (if any)		Total number of preference shareholders with restored voting rights as at the end of the month before the disclosure date of the annual report (if any)	
Total number of ordinary shareholders as at the end of the reporting period	486,258		479,969	-		-	

Shareholdings of the top 10 shareholders

Name of shareholder	Nature of shareholder	Number of shares held at the end of the reporting period	Shareholding (%)	Changes during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledged or frozen	
							Status of shares	Number of shares
Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund	Domestic legal entity	9,618,540,236	49.56	-	-	9,618,540,236	-	-
Ping An Life Insurance Company of China, Ltd. - proprietary fund	Domestic legal entity	1,186,100,488	6.11	-	-	1,186,100,488	-	-
Hong Kong Securities Clearing Company Limited	Overseas legal entity	746,881,723	3.85	6,966,137	-	746,881,723	-	-
Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product	Domestic legal entity	440,478,714	2.27	-	-	440,478,714	-	-
China Securities Finance Corporation Limited	Domestic legal entity	429,232,688	2.21	-	-	429,232,688	-	-
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 ETF	Domestic legal entity	167,517,503	0.86	95,809,065	-	167,517,503	-	-
China Construction Bank Corporation - E Fund Seeded CSI 300 ETF	Domestic legal entity	115,550,844	0.60	88,401,698	-	115,550,844	-	-
Industrial and Commercial Bank of China Limited - Hua Xia CSI 300 ETF	Domestic legal entity	76,811,077	0.40	56,978,600	-	76,811,077	-	-
Bank of China Limited - Harvest CSI 300 ETF	Domestic legal entity	72,772,262	0.38	50,647,693	-	72,772,262	-	-
China Electronics Investment Shenzhen Company	Domestic legal entity	62,523,366	0.32	-	-	62,523,366	-	-
Details of strategic investors or general legal persons becoming top 10 shareholders for issuing new shares (if any)				None				
Explanations of the related party relationship or acting-in-concert relationship among the above shareholders		1. Ping An Life Insurance Company of China, Ltd. is a controlled subsidiary and person acting in concert of Ping An Insurance (Group) Company of China, Ltd. "Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund", "Ping An Life Insurance Company of China, Ltd. - proprietary fund" and "Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product" are related. 2. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.						
Explanation of the entrusting/entrusted voting rights and abstaining from voting rights involving the above shareholders				None				
Special explanation of the existence of special repurchase accounts in top 10 shareholders				None				

Shareholdings of the top 10 shareholders not subject to restrictions

Name of shareholder	Number of unrestricted shares held	Type of shares	
		Type of shares	Number of shares
Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund	9,618,540,236	RMB ordinary shares	9,618,540,236
Ping An Life Insurance Company of China, Ltd. - proprietary fund	1,186,100,488	RMB ordinary shares	1,186,100,488
Hong Kong Securities Clearing Company Limited	746,881,723	RMB ordinary shares	746,881,723
Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product	440,478,714	RMB ordinary shares	440,478,714
China Securities Finance Corporation Limited	429,232,688	RMB ordinary shares	429,232,688
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 ETF	167,517,503	RMB ordinary shares	167,517,503
China Construction Bank Corporation - E Fund Seeded CSI 300 ETF	115,550,844	RMB ordinary shares	115,550,844
Industrial and Commercial Bank of China Limited - Hua Xia CSI 300 ETF	76,811,077	RMB ordinary shares	76,811,077
Bank of China Limited - Harvest CSI 300 ETF	72,772,262	RMB ordinary shares	72,772,262
China Electronics Investment Shenzhen Company	62,523,366	RMB ordinary shares	62,523,366
Description of the related party relationship or acting-in-concert arrangement among the top 10 shareholders of unrestricted shares, and between the top 10 shareholders of unrestricted shares and the top 10 shareholders	1. Ping An Life Insurance Company of China, Ltd. is a controlled subsidiary and person acting in concert of Ping An Insurance (Group) Company of China, Ltd. "Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund", "Ping An Life Insurance Company of China, Ltd. - proprietary fund" and "Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product" are related. 2. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.		
Description of the top 10 shareholders who engage in securities margin trading business	None		

Whether any of the top 10 shareholders or top 10 shareholders of unrestricted shares conducted agreed repurchase transactions during the reporting period

☐ Yes ☒ No

Participation of the top 10 shareholders in the refinancing of shares

☒ Applicable ☐ Not applicable

Changes in Shares and Shareholders

7.3 Shareholders and actual controller (Continued)

7.3.1 Number of shareholders and shareholding conditions (Continued)

Participation of the top 10 shareholders in the refinancing of shares

(Unit: Share)

Name of shareholder (full name)	Shareholding in ordinary account and credit account at the beginning of the period		Shares lent through refinancing and not yet returned at the beginning of the period		Shareholding in ordinary account and credit account at the end of the period		Shares lent through refinancing and not yet returned at the end of the period	
	Total quantity	% of total equity	Total quantity	% of total equity	Total quantity	% of total equity	Total quantity	% of total equity
Industrial and Commercial Bank of China Limited - Huatai Berry Shanghai- Shenzhen 300 ETF	71,708,438	0.37	921,100	0.00	167,517,503	0.86	0	0.00
China Construction Bank Corporation - E Fund Seeded CSI 300 ETF	27,149,146	0.14	42,600	0.00	115,550,844	0.60	0	0.00
Industrial and Commercial Bank of China Limited - Hua Xia CSI 300 ETF	19,832,477	0.10	1,173,100	0.01	76,811,077	0.40	0	0.00
Bank of China Limited - Harvest CSI 300 ETF	22,124,569	0.11	869,100	0.00	72,772,262	0.38	0	0.00

Changes in the top 10 shareholders and the top 10 shareholders of unrestricted shares arising from lending through refinancing/returning as compared with the prior period

☐ Applicable ☒ Not applicable

7.3.2 Particulars of the controlling shareholder of the Bank

Name of controlling shareholder	Legal representative	Establishment date	Organization	Main business
Ping An Insurance (Group) Company of China, Ltd.	Ma Mingzhe	21 March 1988	Unified social credit code: 91440300100012316L	Investment in insurance enterprises; supervision and management of various domestic and international businesses of investment holding enterprises; management of insurance funds; conducting of domestic and international insurance businesses with the approval; conducting of other businesses approved by the NFRA and the relevant state departments.
Equity of other domestic and foreign listed companies controlled and equity participation by the controlling shareholder during the reporting period	The controlling shareholder of the Bank, Ping An Insurance (Group) Company of China, Ltd., was listed on the Main Board of the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively. As of the reporting date, China Ping An has not yet disclosed its 2024 Annual Report. See the <i>2024 Annual Report of Ping An Insurance (Group) Company of China, Ltd.</i> for details when it becomes available.			

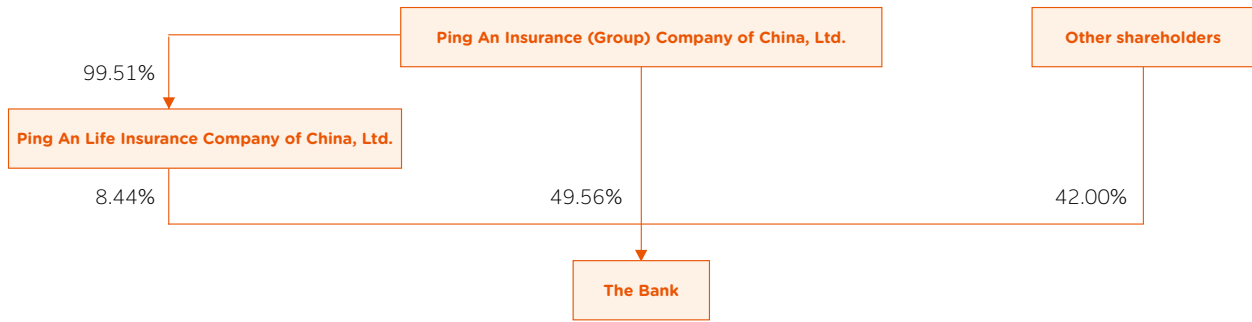
Changes in Shares and Shareholders

7.3 Shareholders and actual controller (Continued)

7.3.3 Change in the controlling shareholder of the Bank during the reporting period

The controlling shareholder of the Bank is Ping An Insurance (Group) Company of China, Ltd. There was no change in the controlling shareholder of the Bank during the reporting period. As at the end of the reporting period, Ping An Group and its controlled subsidiary Ping An Life Insurance, as the controlling shareholders of the Bank, held 58% of the shares of the Bank in total, of which Ping An Group held 49.56% of the shares of the Bank, and Ping An Life Insurance held 8.44%. Ping An Group dispatched directors to the Bank. Ping An Group was established on 21 March 1988. Its registered address is 47F, 48F, 109F, 110F, 111F and 112F, Ping An Financial Center, No. 5033, Yitian Road, Futian District, Shenzhen. The registered capital is RMB18,210,234,607. The legal representative is Ma Mingzhe. The scope of business includes investment in insurance enterprises; supervision and management of various domestic and international businesses of investment holding enterprises; management of insurance funds; conducting of domestic and international insurance businesses with the approval; conducting of other businesses approved by the NFRA and the relevant state departments. With a relatively loose shareholding structure, Ping An Group has neither controlling shareholder, nor any actual controller or ultimate beneficiary. There are no equity interests of the Bank pledged by Ping An Group and its controlled subsidiary Ping An Life Insurance Company of China, Ltd.

A diagram showing the relationship between the Bank and its controlling shareholder is as follows:



As at 31 December 2024, shareholders who directly or indirectly held more than 5% equities of China Ping An were Charoen Pokphand Group Co., Ltd. and Shenzhen Investment Holdings Co., Ltd. As of the reporting date, China Ping An has not yet disclosed its 2024 Annual Report. See the *2024 Annual Report of Ping An Insurance (Group) Company of China, Ltd.* for details when it becomes available.

7.3.4 Actual controller

With a relatively loose shareholding structure, Ping An Group, the Bank's controlling shareholder, has neither controlling shareholder, nor any actual controller or ultimate beneficiary. There is no actual controller for the Bank.

7.3.5 The cumulative number of shares that the Company's controlling shareholder or the largest shareholder and its acting-in-concert parties have pledged accounted for 80% of the number of shares of companies held by them

☐ Applicable ☒ Not applicable

7.3.6 Other corporate shareholders with more than 10% shares held

☐ Applicable ☒ Not applicable

7.3.7 Restrictions on shareholding reduction by controlling shareholder, actual controller, restructuring parties and other commitment entities

☐ Applicable ☒ Not applicable

Changes in Shares and Shareholders

7.3 Shareholders and actual controller (Continued)

7.3.8 Other major shareholders prescribed by the *Interim Measures for Equity Interests Management of Commercial Banks* (《商業銀行股權管理暫行辦法》)

(1) China Electronics Investment Shenzhen Company. As at the end of the reporting period, China Electronics Investment Shenzhen Company held 62,523,366 shares of the equity interest of the Bank and dispatched directors to the Bank. China Electronics Investment Shenzhen Company was founded on 19 May 1982. The registered address is No. 2070 and No. 2072, Shennan Middle Road, Futian District, Shenzhen. The registered capital is RMB3,341.25 million. The legal representative is Zhang Ruixin. The scope of business includes import and export of proprietary and outsourced goods and technology (Operating upon the document Wai Jing Mao Zheng Shen Han Zi [97] No. 1980). Economic cooperation business with foreign enterprises (Operating upon the document Wai Jing Mao He Han [2001] No. 500). Sales of textiles, groceries, industry production materials (excluding gold, silver, auto mobile and hazardous chemical), petroleum products (excluding refined oil), hardware, AC electrical materials, chemical products (excluding hazardous chemical), construction materials and art crafts (excluding gold accessories), and domestic sales of goods under import and export operation; labor service, information consulting, packaging service, property management and sales and rental service of self-owned properties; domestic freight forwarders; international freight forwarders; business license for road transport; wholesale and retail of auto mobile, auto parts and engineering equipment; investment in and establishment of industries (specific projects are subject to additional approval); and start-up investment. Integrated circuit design; integrated circuit manufacturing; sales of integrated circuits; integrated circuit chip design and services; manufacturing of integrated circuit chips and products; sales of integrated circuit chips and products; semiconductor discrete device manufacturing; sales of semiconductor discrete devices; sales of special electronic materials; research and development of special electronic materials; sales of special electronic equipment; supply chain management services. China Electronics International Information Service Co., Ltd. is the controlling shareholder of China Electronics Investment Shenzhen Company. China Electronics Corporation is the actual controlling party and ultimate beneficiary of China Electronics Investment Shenzhen Company. China Electronics Investment Shenzhen Company didn't pledge any equity interest of the Bank.

(2) Shenzhen Yingzhongtai Investment Co., Ltd. As at the end of the reporting period, Shenzhen Yingzhongtai Investment Co., Ltd. held 10,200 shares of the equity interest of the Bank and dispatched a supervisor to the Bank. Shenzhen Yingzhongtai Investment Co., Ltd. was founded on 29 December 2001. The registered address is Room 102 (Office), B46 Longxiang Villa, Longxiang North Road, Fuyong Sub-district, Baoan District, Shenzhen. The legal representative is Che Guobao. The registered capital is RMB10 million. The scope of business includes investment and establishment of industries (specific projects are subject to additional approval); domestic commerce, goods supply and marketing (excluding franchised goods, voice control products and monopolized goods). Mr. Che Guobao is the controlling shareholder and the actual controller of Shenzhen Yingzhongtai Investment Co., Ltd. Mr. Che Guobao and Mr. Che Guoquan are the ultimate beneficiaries of Shenzhen Yingzhongtai Investment Co., Ltd. Shenzhen Yingzhongtai Investment Co., Ltd. does not pledge any equity interest of the Bank.

7.4 Specific implementation of share repurchases during the reporting period

Progress for share repurchase

☐ Applicable ☒ Not applicable

Progress in the implementation of the reduction of repurchased shares by means of centralized bidding transactions

☐ Applicable ☒ Not applicable

Preference Shares

8.1 Issuance and listing of preference shares in the recent three years at the end of the reporting period

Mode of issue	Date of issue	Issue price (RMB/share)	Dividend yield	Issuing number (share)	Listing date	Trading number approved for listing (share)	Termination date of listing	Query index of use progress of funds raised	Query index of changes of funds raised
Non-public offering	7 March 2016	100	4.37%	200,000,000	25 March 2016	200,000,000	-	For details, please refer to the <i>Special Report on the Deposit and Actual Use of Fund Raised of Ping An Bank Co., Ltd. in 2016</i> published by the Bank on the CNINFO (http://www.cninfo.com.cn) on 17 March 2017.	-

Preference Shares

8.2 Number and shareholdings of preference shareholders of the Bank

(Unit: Share)

Total number of preference shareholders at the end of the reporting period	33	Total number of preference shareholders at the end of the month before the release of the annual report	34
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Shareholding of shareholders holding more than 5% preference shares or the top 10 preference shareholders

Name of shareholder	Nature of shareholder	Shareholding (%)	Number of shares held at the end of the reporting period	Changes during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledged or frozen	
							Status of shares	Number of shares
Ping An Life Insurance Company of China, Ltd. - dividend - dividends for individual insurance	Domestic legal entity	29.00	58,000,000	-	-	58,000,000	-	-
Ping An Life Insurance Company of China, Ltd. - universal - individual universal insurance	Domestic legal entity	19.34	38,670,000	-	-	38,670,000	-	-
Ping An Property & Casualty Insurance Company of China, Ltd. - traditional - ordinary insurance product	Domestic legal entity	9.67	19,330,000	-	-	19,330,000	-	-
Bank of Communications Schroder Asset Management - Bank of Communications - Bank of Communications Schroder Asset Management Zhuoyuan No. 1 Collective Asset Management Plan	Domestic legal entity	7.69	15,370,000	(1,535,000)	-	15,370,000	-	-
CITIC Securities - Postal Savings Bank of China - CITIC Securities Star No. 28 Collective Asset Management Plan	Domestic legal entity	5.48	10,950,000	-	-	10,950,000	-	-
Bank of China Limited Shanghai Branch	Domestic legal entity	4.22	8,430,000	(200,000)	-	8,430,000	-	-
Jiangsu International Trust Co., Ltd. - Jiangsu Trust - Hexiang Tianli No. 1 Collective Capital Trust Plan	Domestic legal entity	3.66	7,325,000	-	-	7,325,000	-	-
Everbright Securities Asset Management ("EBSAM") - China Everbright Bank - EBSAM Xinyou Collective Asset Management Plan	Domestic legal entity	3.05	6,105,000	-	-	6,105,000	-	-
Sun Life Everbright Asset Management ("SLEBAM") - China Everbright Bank - SLEBAM Juyou No. 1 Equity asset management products	Domestic legal entity	2.40	4,800,000	-	-	4,800,000	-	-
China Fund - Bank of China - China Fund - BOC Youxiang No. 32 Collective Asset Management Plan	Domestic legal entity	2.23	4,465,000	4,465,000	-	4,465,000	-	-
Description of different requirements on other terms of preference shares held other than dividend distribution and residual property distribution	Not applicable							
Explanations of the related party relationship or person acting-in-concert among top 10 preference shareholders and between top 10 preference shareholders and top 10 ordinary shareholders	1. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. are controlled subsidiaries and persons acting in concert of the Ping An Insurance (Group) Company of China, Ltd.. "Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund", "Ping An Life Insurance Company of China, Ltd. - proprietary fund", "Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product", "Ping An Life Insurance Company of China, Ltd. - dividend - dividends for individual insurance", "Ping An Life Insurance Company of China, Ltd. - universal - individual universal insurance" and "Ping An Property & Casualty Insurance Company of China, Ltd. - traditional - ordinary insurance product" are related. 2. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.							

8.3 Profit distribution of preference shares of the Company

✓ Applicable ☐ Not applicable

(In RMB million)

Time of distribution	Dividend yield	Amount of distribution (tax inclusive)	Conformity with distribution requirements and procedures	Method of dividend payment	Accumulation of dividend	Participation in surplus profit distribution
7 March 2024	4.37%	874	Yes	Paid in cash per annum	No	No

Preference share distribution in recent three years

(In RMB million)

Distribution year	Amount of distribution (tax inclusive)	Net profit attributable to shareholders of the Bank in the distribution year	Proportion accounting for net profit attributable to shareholders of the Bank	Description of amount included in the next accounting year due to the insufficiency of distributable profits or participating in surplus profit distribution
2024	874	44,508	1.96%	Not applicable
2023	874	46,455	1.88%	Not applicable
2022	874	45,516	1.92%	Not applicable

Whether profit distribution policies of preference shares are adjusted or changed

☐ Yes ☒ No

During the reporting period, the Company had profits and the parent company had positive undistributed profits, however, there was no profit distribution for preference shares

☐ Applicable ☒ Not applicable

Other descriptions regarding preference shares distribution

☐ Applicable ☒ Not applicable

Preference Shares

8.4 Repurchase or conversion of preference shares

☐ Applicable ☒ Not applicable

There was no repurchase or conversion of preference shares during the reporting period.

8.5 Recovery of voting rights of preference shares during the reporting period

Recovery and exercise of voting rights of preference shares

☐ Applicable ☒ Not applicable

There was no recovery of voting rights of preference shares during the reporting period.

Shareholders and actual controllers involved in the recovery of voting rights of preference shares

☐ Applicable ☒ Not applicable

8.6 Accounting policies and reasons adopted for preference shares

☒ Applicable ☐ Not applicable

See “12. Equity instruments” under “III. Significant accounting policies and estimates” in “Section X Financial Report” for accounting policies and reasons adopted for preference shares.

Corporate Bonds

☐ Applicable ☒ Not applicable

Financial Report

- 1. Audit Report.
 - 2. Financial Statements.
 - 3. Notes to the Financial Statements.
 - 4. Supplementary Information to the Financial Statements.
- (Please see appendixes)

The Board of Directors of Ping An Bank Co., Ltd.
15 March 2025

PING AN BANK CO., LTD.
Audited Financial Statements
For the year ended 31 December 2024

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AUDITOR’S REPORT

Ernst & Young Hua Ming (2025) Shen Zi No. 70036697_H01
PING AN BANK CO., LTD.

To the shareholders of Ping An Bank Co., Ltd.:

I.Opinion

We have audited the financial statements of Ping An Bank Co., Ltd., which comprise the consolidated and bank balance sheets as at 31 December 2024, the consolidated and bank income statements, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and bank's financial position as at 31 December 2024, and the consolidated and bank's financial performance and cash flows for the year then ended in accordance with *Accounting Standards for Business Enterprises* ("ASBEs").

II.Basis for Opinion

We conducted our audit in accordance with *China Standards on Auditing* ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Ping An Bank Co., Ltd. in accordance with the *Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants* ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III.Key Audit Matters

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

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

III.Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the matter:
<i>Expected credit losses (ECL) of loans and advances to customers, investment on debts and credit commitments</i>	
In ECL measurement, Ping An Bank Co., Ltd. applied multiple models and assumptions, such as: 1. Significant increase in credit risk: selecting criteria for significant increase in credit risk is highly dependent on judgments and could exert significant impacts on ECL of loans and investment on debts with long lifetime. 2. Models and parameters: the model used in the measurement of ECL is highly complex in nature. It needs many input parameters and the parameters evaluation involves more judgments and assumptions; 3. Forward-looking information: predict the macroeconomics, and considering how ECL will be impacted under the weight of different economic scenarios; 4. Individual impairment assessment: many factors should be considered in determining whether loans or investment on debts have credit impairment. Individual impairment evaluation depends on the estimation of future cash flows. Since the impairment assessment of loans and advances to customers, investment on debts and credit commitments in the ECL model involves significant judgment and assumptions, and in view of the significance of the amount (as at 31 December 2024, total loans and advances to customers (including accrued interest) amounted to RMB3,382,696 million, and impairment provision for loans and advances to customers amounted to RMB89,600 million. Investment on debts (including accrued interest) amounted to RMB800,034 million, and impairment provision for investment on debts amounted to RMB14,959 million. Credit commitment balances amounted to RMB2,038,009 million, and related provisions amounted to RMB5,753 million), we consider the estimation a key audit matter.	We understood, assessed and tested the design and operating effectiveness of key internal control (including data quality and information system) related to the ECL of loans and advances to customers, investment on debts and credit commitments. We adopted a risk-based sampling approach, chose samples to implement review procedures to loans and advances to customers and investment on debts. Based on post-loan or post-investment investigation report, the debtor’s financial information, collateral valuation reports and other available information, we analyzed the debtor’s repayment ability and assessed Ping An Bank Co., Ltd.’s rating results to loans and advances to customers and investment on debts. With the help of internal specialist, we assessed and tested the key parameters, the management’s significant judgments and related assumptions used in the ECL model. 1.ECL model: ● Considering the macroeconomic fluctuations, we assessed the reasonableness of the methodology of ECL model and related parameters, including default probability, default loss rate, risk exposure, significant increase in credit risk, etc. ● We evaluated the forward-looking information used by the management in determining the ECL, including the forecasts of macroeconomic variables and assumptions and weight of multiple economic scenarios. ● We assessed models and related assumptions used in individual impairment assessment, and analyzed the amount, timing and likelihood of estimated future cash flows, especially the recoverable amount of collaterals.

Key Audit Matters	How our audit addressed the matter:
<i>ECL of loans and advances to customers, investment on debts and credit commitments</i>	
For related disclosures, please refer to Note III 8.4, Note III 34(ii), Note IV 6, Note IV 8, Note IV 29, Note VI 2 and Note VIII 1.2 to the financial statements.	2.Design and operating effectiveness of key controls: ● We evaluated and tested the data and processes used to confirm the provision for ECL, including loans and advances to customers, investment on debts and credit commitment business data, internal credit rating data, macroeconomic data, etc., as well as the impairment related system calculation logic, data input, system interface, etc. ● We evaluated and tested key controls for the ECL model, including model change approvals, ongoing monitoring of model performance, model validation, and parameter calibration. Furthermore, we evaluated and tested the design and operating effectiveness of internal controls related to disclosures of Ping An Bank Co., Ltd.’s credit risk exposures and ECL.
<i>Consolidation assessment of structured entities</i>	
In conducting businesses such as financial investments, asset management and credit asset transfer, Ping An Bank Co., Ltd. had interests in various structured entities, including wealth management products, funds, asset management plans, trust plans and asset-backed securities. Ping An Bank Co., Ltd. determines whether or not to consolidate these structured entities based on the assessment of whether the Bank has control taking into consideration power arising from rights, variable returns, and link between power and returns. The assessment of the existence of Ping An Bank Co., Ltd.’s control over structured entities involves significant judgment on factors such as the purpose of setting up structured entities, its ability to direct the relevant activities, direct and indirect beneficial interests and returns, performance fee, remuneration and exposure to loss from providing credit enhancement or liquidity support. A comprehensive analysis of these factors and the conclusion of whether any controls exist involves the management’s significant judgments and estimates. Due to the significance of the control and the complexity of judgment exercised by the management, it is considered a key audit matter. For related disclosures, please refer to Note III 5, Note III 34(iv), and Note IV 53 to the financial statements.	We understood, assessed and tested the effectiveness of design and implementation of internal key controls related to evaluating the consolidation of structured entities. These internal controls mainly included approval of transaction structures and contract terms, and review and approval of consolidation assessment and results. In addition, we checked supporting documents of structured entities managed or invested by Ping An Bank Co., Ltd. on a sampling basis, including related contracts, internal documents and information obtained as an investor or disclosed to investors, and assessed whether Ping An Bank Co., Ltd. had control over the structured entities by conducting the following audit procedures: 1. We acquired an understanding of the purpose of setting up the structured entities and the participation of Ping An Bank Co., Ltd. in the structured entities, and assessed the management’s judgment regarding whether Ping An Bank Co., Ltd. had power over the structured entities; 2. We checked the structure design of risks and rewards by the structured entities, including any assets owned in the structured entities by Ping An Bank Co., Ltd. or guarantee for its income, arrangement for providing liquidity support, payment of expenses and allocation of income, etc., to assess the magnitude and variability of the variable returns from the structured entities owned by Ping An Bank Co., Ltd. as judged by the management; 3. We determined Ping An Bank Co., Ltd.’s role in the aforesaid activities as an agent or a principal in charge based on whether the Bank was able to influence the amount of return by exercising its rights over the structured entities, including analyzing Ping An Bank Co., Ltd.’s decision scope, rewards gained, other interests, and other participators’ rights.

IV. Other Information

The management of Ping An Bank Co., Ltd. is responsible for other information. Other information comprises all of the information included in annual report of Ping An Bank other than the financial statements and our auditor's report thereon.

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

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

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

V. Responsibilities of the management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability of Ping An Bank Co., Ltd. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Ping An Bank Co., Ltd.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting. And, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Ping An Bank Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Ping An Bank Co., Ltd. to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Ping An Bank Co., Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP	Chinese Certified Public Accountant: Chang Hua (Engagement Partner)
	Chinese Certified Public Accountant: Wang Yangyan
Beijing, the People's Republic of China	14 March 2025

Consolidated Balance Sheet

31 December 2024
(All amounts in RMB million unless otherwise stated)

		The Group	
	Note IV	31 December 2024	31 December 2023
Assets			
Cash and balances with the Central Bank	1	268,973	274,663
Deposits with banks and other financial institutions	2	132,090	93,597
Precious metals		12,620	9,680
Placements to banks and other financial institutions	3	267,252	220,707
Derivative financial assets	4	65,412	40,521
Financial assets held under resale agreements	5	32,719	110,830
Loans and advances to customers	6	3,294,053	3,320,110
Financial investments:			
Financial assets held for trading	7	629,571	450,293
Investment on debts	8	785,075	772,467
Other investment on debts	9	176,655	161,931
Other equity instrument investment	10	5,773	6,214
Investment properties	12	298	335
Fixed assets	13	8,634	9,814
Right-of-use assets	14	5,048	5,776
Intangible assets	15	6,238	6,622
Goodwill	16	7,568	7,568
Deferred income tax assets	17	52,329	45,757
Other assets	18	18,962	50,231
Total assets		5,769,270	5,587,116

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

		The Group	
	Note IV	31 December 2024	31 December 2023
Liabilities			
Borrowings from the Central Bank	20	86,110	208,783
Deposits from banks and other financial institutions	21	447,877	467,791
Placements from banks and other financial institutions	22	55,641	49,059
Financial liabilities held for trading	23	137,356	31,614
Derivative financial liabilities	4	64,553	42,220
Financial assets sold under repurchase agreements	24	131,181	58,152
Deposits from customers	25	3,592,313	3,458,287
Employee benefits payable	26	16,163	17,189
Taxes payable	27	14,172	9,380
Debt securities issued	28	695,200	728,328
Lease liabilities	14	5,410	6,210
Accrued liabilities	29	5,828	13,498
Other liabilities	30	22,624	24,277
Total liabilities		5,274,428	5,114,788
Shareholders' equity			
Share capital	31	19,406	19,406
Other equity instruments	32	69,948	69,944
Including: Preference shares		19,953	19,953
Perpetual bonds		49,995	49,991
Capital reserve	33	80,713	80,761
Other comprehensive income	47	2,127	2,264
Surplus reserve	34	10,781	10,781
General reserve	35	68,262	67,917
Undistributed profit	36	243,605	221,255
Total shareholders' equity		494,842	472,328
Total liabilities and shareholders' equity		5,769,270	5,587,116

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

The financial statements have been signed by:
Legal Representative: Xie Yonglin President: Ji Guangheng Vice President and CFO: Xiang Youzhi Head of accounting department: Yu Chen

Bank Balance Sheet

31 December 2024
(All amounts in RMB million unless otherwise stated)

	Note IV	The Bank	
		31 December 2024	31 December 2023
Assets			
Cash and balances with the Central Bank	1	268,973	274,663
Deposits with banks and other financial institutions	2	130,851	93,330
Precious metals		12,620	9,680
Placements to banks and other financial institutions	3	267,252	220,707
Derivative financial assets	4	65,412	40,521
Financial assets held under resale agreements	5	32,719	110,180
Loans and advances to customers	6	3,294,053	3,320,110
Financial investments:			
Financial assets held for trading	7	588,204	426,939
Investment on debts	8	784,795	771,836
Other investment on debts	9	172,583	159,081
Other equity instrument investment	10	5,773	6,214
Long-term equity investments	11	5,000	5,000
Investment properties	12	298	335
Fixed assets	13	8,602	9,786
Right-of-use assets	14	5,048	5,776
Intangible assets	15	6,238	6,622
Goodwill	16	7,568	7,568
Deferred income tax assets	17	52,231	45,680
Other assets	18	18,773	50,039
Total assets		5,726,993	5,564,067

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

		The Bank	
	Note IV	31 December 2024	31 December 2023
Liabilities			
Borrowings from the Central Bank	20	86,110	208,783
Deposits from banks and other financial institutions	21	447,904	467,839
Placements from banks and other financial institutions	22	55,641	49,059
Financial liabilities held for trading	23	137,356	31,614
Derivative financial liabilities	4	64,553	42,220
Financial assets sold under repurchase agreements	24	96,806	40,051
Deposits from customers	25	3,592,314	3,458,287
Employee benefits payable	26	15,742	16,833
Taxes payable	27	14,050	8,985
Debt securities issued	28	695,200	728,328
Lease liabilities	14	5,410	6,210
Accrued liabilities	29	5,828	13,498
Other liabilities	30	22,745	25,579
Total liabilities		5,239,659	5,097,286
Shareholders' equity			
Share capital	31	19,406	19,406
Other equity instruments	32	69,948	69,944
Including: Preference shares		19,953	19,953
Perpetual bonds		49,995	49,991
Capital reserve	33	80,718	80,763
Other comprehensive income	47	2,084	2,263
Surplus reserve	34	10,781	10,781
General reserve	35	65,298	65,233
Undistributed profit	36	239,099	218,391
Total shareholders' equity		487,334	466,781
Total liabilities and shareholders' equity		5,726,993	5,564,067

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

Consolidated Income Statement

For the year ended 31 December 2024

(All amounts in RMB million unless otherwise stated)

		The Group	
	Note IV	2024	2023
I. Operating income			
Interest income	37	198,381	227,617
Interest expenses	37	(104,954)	(109,626)
Net interest income	37	93,427	117,991
Fee and commission income	38	27,844	35,042
Fee and commission expenses	38	(3,732)	(5,612)
Net fee and commission income	38	24,112	29,430
Investment income	39	24,604	16,054
Including: Gains from derecognition of financial assets measured at amortized cost		759	1
Gains or losses on changes in fair value	40	3,104	(354)
Exchange gains or losses	41	880	662
Other operating income	42	382	538
Gains or losses on disposal of assets		8	144
Other income		178	234
Total operating income		146,695	164,699
II. Operating expenses			
Taxes and surcharges	43	(1,479)	(1,718)
Business and administrative expenses	44	(40,582)	(45,959)
Total operating expenses		(42,061)	(47,677)
III. Operating profit before impairment losses		104,634	117,022
Impairment losses on credit	45	(48,939)	(59,017)
Impairment losses on other assets		(489)	(77)
IV. Operating profit		55,206	57,928
Add: Non-operating income		37	49
Less: Non-operating expenses		(505)	(259)

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

		The Group	
	Note IV	2024	2023
V. Profit before tax			
Less: Income tax expenses	46	(10,230)	(11,263)
VI. Net profit		44,508	46,455
(I)Net profit from continuing operations		44,508	46,455
(II)Net profit from discontinued operations		-	-
VII. Net value of other comprehensive income after tax	47		
(I)Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investment		403	(181)
(II)Other comprehensive income that may be reclassified to profit or loss			
1. Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income		694	682
2. Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income		(1,508)	(879)
3. Exchange differences on translation of foreign currency financial statements		37	6
Sub-total		(777)	(191)
Total other comprehensive income		(374)	(372)
VIII. Total comprehensive income		44,134	46,083
IX. Earnings per share			
Basic earnings per share (EPS) (RMB/share)	48	2.15	2.25
Diluted earnings per share (RMB/share)	48	2.15	2.25

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

Bank Income Statement

For the year ended 31 December 2024
(All amounts in RMB million unless otherwise stated)

		The Bank	
	Note IV	2024	2023
I. Operating income			
Interest income	37	198,274	227,511
Interest expenses	37	(104,955)	(109,633)
Net interest income	37	93,319	117,878
Fee and commission income	38	26,169	33,914
Fee and commission expenses	38	(4,799)	(7,436)
Net fee and commission income	38	21,370	26,478
Investment income	39	24,218	15,959
Including: Gains from derecognition of financial assets measured at amortized cost		759	1
Gains or losses on changes in fair value	40	3,185	(317)
Exchange gains or losses	41	880	662
Other operating income	42	382	538
Gains or losses on disposal of assets		8	144
Other income		144	224
Total operating income		143,506	161,566
II. Operating expenses			
Taxes and surcharges	43	(1,461)	(1,699)
Business and administrative expenses	44	(39,784)	(45,214)
Total operating expenses		(41,245)	(46,913)
III. Operating profit before impairment losses		102,261	114,653
Impairment losses on credit	45	(48,944)	(59,013)
Impairment losses on other assets		(489)	(77)
IV. Operating profit		52,828	55,563
Add: Non-operating income		37	49
Less: Non-operating expenses		(498)	(259)

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

		The Bank	
	Note IV	2024	2023
V. Profit before tax		52,367	55,353
Less: Income tax expenses	46	(9,781)	(10,783)
VI. Net profit		42,586	44,570
(I)Net profit from continuing operations		42,586	44,570
(II)Net profit from discontinued operations		-	-
VII. Net value of other comprehensive income after tax	47		
(I)Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investment		403	(181)
(II)Other comprehensive income that may be reclassified to profit or loss			
1. Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income		652	677
2. Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income		(1,508)	(879)
3. Exchange differences on translation of foreign currency financial statements		37	6
Sub-total		(819)	(196)
Total other comprehensive income		(416)	(377)
VIII. Total comprehensive income		42,170	44,193

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

Consolidated And Bank Statements Of Changes In Shareholders' Equity

For the year ended 31 December 2024
(All amounts in RMB million unless otherwise stated)

2024	The Group								
	Note IV	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Total shareholders' equity
I. Balance at 1 January 2024		19,406	69,944	80,761	2,264	10,781	67,917	221,255	472,328
II. Changes in the current year									
(I) Net profit		-	-	-	-	-	-	44,508	44,508
(II) Other comprehensive income	47	-	-	-	(374)	-	-	-	(374)
Total comprehensive income		-	-	-	(374)	-	-	44,508	44,134
(III) Capital invested by shareholders									
1. Capital invested by other equity instruments holders	32	-	20,000	(2)	-	-	-	-	19,998
2. Capital reduced by other equity instruments holders	32	-	(19,996)	(4)	-	-	-	-	(20,000)
(IV) Profit distribution									
1. Appropriation to surplus reserve	34	-	-	-	-	-	-	-	-
2. Appropriation to general reserve	35	-	-	-	-	-	345	(345)	-
3. Cash dividends on ordinary shares	36	-	-	-	-	-	-	(18,727)	(18,727)
4. Dividends on preference shares	36	-	-	-	-	-	-	(874)	(874)
5. Interest on perpetual bonds	36	-	-	-	-	-	-	(1,975)	(1,975)
(V) Transfer within shareholders' equity									
1. Other comprehensive income transferred to retained earnings	47	-	-	-	237	-	-	(237)	-
(VI) Others									
1. Long-term service plan	33	-	-	(42)	-	-	-	-	(42)
III. Balance at 31 December 2024		19,406	69,948	80,713	2,127	10,781	68,262	243,605	494,842

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

2024	The Bank								
	Note IV	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Total shareholders' equity
I. Balance at 1 January 2024		19,406	69,944	80,763	2,263	10,781	65,233	218,391	466,781
II. Changes in the current year									
(I) Net profit		-	-	-	-	-	-	42,586	42,586
(II) Other comprehensive income	47	-	-	-	(416)	-	-	-	(416)
Total comprehensive income		-	-	-	(416)	-	-	42,586	42,170
(III) Capital invested by shareholders									
1. Capital invested by other equity instruments holders	32	-	20,000	(2)	-	-	-	-	19,998
2. Capital reduced by other equity instruments holders	32	-	(19,996)	(4)	-	-	-	-	(20,000)
(IV) Profit distribution									
1. Appropriation to surplus reserve	34	-	-	-	-	-	-	-	-
2. Appropriation to general reserve	35	-	-	-	-	-	65	(65)	-
3. Cash dividends on ordinary shares	36	-	-	-	-	-	-	(18,727)	(18,727)
4. Dividends on preference shares	36	-	-	-	-	-	-	(874)	(874)
5. Interest on perpetual bonds	36	-	-	-	-	-	-	(1,975)	(1,975)
(V) Transfer within shareholders' equity									
1. Other comprehensive income transferred to retained earnings	47	-	-	-	237	-	-	(237)	-
(VI) Others									
1. Long-term service plan	33	-	-	(39)	-	-	-	-	(39)
III. Balance at 31 December 2024		19,406	69,948	80,718	2,084	10,781	65,298	239,099	487,334

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

Consolidated And Bank Statements Of Changes In Shareholders' Equity(Continued)

For the year ended 31 December 2024
(All amounts in RMB million unless otherwise stated)

2023	The Group									
	Note IV	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Total shareholders' equity	
I. Balance at 1 January 2023		19,406	69,944	80,816	2,660	10,781	64,768	186,305	434,680	
II. Changes in the current year										
(I) Net profit		-	-	-	-	-	-	46,455	46,455	
(II) Other comprehensive income	47	-	-	-	(372)	-	-	-	(372)	
Total comprehensive income		-	-	-	(372)	-	-	46,455	46,083	
(III) Profit distribution										
1. Appropriation to surplus reserve	34	-	-	-	-	-	-	-	-	
2. Appropriation to general reserve	35	-	-	-	-	-	3,149	(3,149)	-	
3. Cash dividends on ordinary shares	36	-	-	-	-	-	-	(5,531)	(5,531)	
4. Dividends on preference shares	36	-	-	-	-	-	-	(874)	(874)	
5. Interest on perpetual bonds	36	-	-	-	-	-	-	(1,975)	(1,975)	
(IV) Transfer within shareholders' equity										
1. Other comprehensive income transferred to retained earnings	47	-	-	-	(24)	-	-	24	-	
(IV) Others										
1. Long-term service plan	33	-	-	(55)	-	-	-	-	(55)	
III. Balance at 31 December 2023		19,406	69,944	80,761	2,264	10,781	67,917	221,255	472,328	

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

2023	The Bank								
	Note IV	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Total shareholders' equity
I. Balance at 1 January 2023		19,406	69,944	80,816	2,664	10,781	62,384	185,026	431,021
II. Changes in the current year									
(I) Net profit		-	-	-	-	-	-	44,570	44,570
(II) Other comprehensive income	47	-	-	-	(377)	-	-	-	(377)
Total comprehensive income		-	-	-	(377)	-	-	44,570	44,193
(III) Profit distribution									
1. Appropriation to surplus reserve	34	-	-	-	-	-	-	-	-
2. Appropriation to general reserve	35	-	-	-	-	-	2,849	(2,849)	-
3. Cash dividends on ordinary shares	36	-	-	-	-	-	-	(5,531)	(5,531)
4. Dividends on preference shares	36	-	-	-	-	-	-	(874)	(874)
5. Interest on perpetual bonds	36	-	-	-	-	-	-	(1,975)	(1,975)
(IV) Transfer within shareholders' equity									
1. Other comprehensive income transferred to retained earnings	47	-	-	-	(24)	-	-	24	-
(IV) Others									
1. Long-term service plan	33	-	-	(53)	-	-	-	-	(53)
III. Balance at 31 December 2023		19,406	69,944	80,763	2,263	10,781	65,233	218,391	466,781

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

Consolidated Cash Flow Statement

For the year ended 31 December 2024
(All amounts in RMB million unless otherwise stated)

		The Group	
	Note IV	2024	2023
I. Cash flows from operating activities			
Net decrease in amounts due from the Central Bank and deposits with banks and other financial institutions		10,686	4,198
Net increase in borrowings from the Central Bank		-	16,665
Net increase in customer deposits and deposits from banks and other financial institutions		94,486	142,603
Net increase in placements from banks and other financial institutions		6,602	-
Net increase in financial assets sold under repurchase agreements		72,924	44,673
Net decrease in financial assets held under resale agreements		4,024	-
Cash received from interest, fee and commission income		218,979	251,564
Net decrease in financial assets held for trading		-	44,363
Cash received relating to other operating activities	50	123,106	24,969
Sub-total of cash inflows		530,807	529,035
Net decrease in borrowings from the Central Bank		(121,484)	-
Net increase in loans and advances to customers		(56,129)	(163,664)
Net increase in placements to banks and other financial institutions		(62,516)	(62,701)
Net decrease in placements from banks and other financial institutions		-	(8,123)
Net increase in financial assets held under resale agreements		-	(1,470)
Net increase in financial assets held for trading		(79,103)	-
Cash payments for interest, fee and commission expenses		(84,014)	(81,298)
Cash paid to and on behalf of employees		(20,152)	(22,346)
Payments of taxes and surcharges		(23,827)	(32,000)
Cash paid relating to other operating activities	51	(20,246)	(64,972)
Sub-total of cash outflows		(467,471)	(436,574)
Net cash flows from operating activities		63,336	92,461

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

		The Group	
	Note IV	2024	2023
II. Cash flows from investing activities			
Cash received from investments upon disposal/maturity		609,720	402,105
Cash received from returns on investments		36,812	38,401
Cash received from disposal of fixed assets, intangible assets and other long-term assets		345	219
Sub-total of cash inflows		646,877	440,725
Cash payments for investments		(676,348)	(463,771)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,388)	(3,096)
Sub-total of cash outflows		(678,736)	(466,867)
Net cash flows used in investing activities		(31,859)	(26,142)
III. Cash flows from financing activities			
Cash received from debt securities and other equity instruments issued		733,997	933,416
Sub-total of cash inflows		733,997	933,416
Cash payments for principal of debt securities		(778,465)	(908,807)
Cash payments for interest on debt securities		(5,231)	(5,393)
Cash payments for dividend and profit distribution		(21,576)	(8,380)
Cash payments for lease liabilities		(2,611)	(2,747)
Cash paid relating to other financing activities		(47)	-
Sub-total of cash outflows		(807,930)	(925,327)
Net cash flows (used in)/from financing activities		(73,933)	8,089
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,183	1,485
V. Net (decrease)/increase in cash and cash equivalents		(41,273)	75,893
Add: Cash and cash equivalents at the beginning of the year		298,219	222,326
VI. Cash and cash equivalents at the end of the year	49	256,946	298,219

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

Consolidated Cash Flow Statement (Continued)

For the year ended 31 December 2024
(All amounts in RMB million unless otherwise stated)

Supplementary information	Note IV	The Group	
		2024	2023
1. Reconciliation of net profit to cash flows from operating activities			
Net profit		44,508	46,455
Adjustments:			
Impairment losses on credit	45	48,939	59,017
Impairment losses on other assets		489	77
Interest income arising from financial assets that have been impaired		(112)	(83)
Depreciation of investment properties		15	18
Depreciation of fixed assets	44	1,591	1,879
Depreciation of right-of-use assets	44	2,247	2,491
Amortization of intangible assets	44	814	789
Amortization of long-term prepaid expenses		609	746
Net gains or losses from disposal of fixed assets and other long-term assets		32	(7)
Gains or losses on changes in fair value of financial instruments		(3,385)	(4,051)
Gains or losses on changes in fair value of foreign exchange derivative financial instruments		(2,799)	(6,678)
Interest income and profits from investment		(36,707)	(37,302)
Increase in deferred income tax assets	46	(6,507)	(1,536)
Interest expenses on lease liabilities		186	200
Interest expenses on debt securities issued	37	16,568	17,038
Increase in operating receivables		(202,985)	(177,434)
Increase in operating payables		199,898	190,778
(Reversal)/Provision for expected litigation losses		(65)	64
Net cash flows from operating activities		63,336	92,461
2. Net (decrease)/increase in cash and cash equivalents			
Cash at the end of the year	49	3,421	3,687
Less: Cash at the beginning of the year		(3,687)	(4,162)
Add: Cash equivalents at the end of the year	49	253,525	294,532
Less: Cash equivalents at the beginning of the year		(294,532)	(218,164)
Net (decrease)/increase in cash and cash equivalents		(41,273)	75,893

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

Bank Cash Flow Statement

For the year ended 31 December 2024
(All amounts in RMB million unless otherwise stated)

		The Bank	
	Note IV	2024	2023
I. Cash flows from operating activities			
Net decrease in amounts due from the Central Bank and deposits with banks and other financial institutions		10,686	4,198
Net increase in borrowings from the Central Bank		-	16,665
Net increase in customer deposits and deposits from banks and other financial institutions		94,466	142,321
Net increase in placements from banks and other financial institutions		6,602	-
Net increase in financial assets sold under repurchase agreements		56,650	26,572
Net decrease in financial assets held under resale agreements		4,024	-
Cash received from interest, fee and commission income		217,113	250,268
Net decrease in financial assets held for trading		-	46,465
Cash received relating to other operating activities	50	123,071	24,960
Sub-total of cash inflows		512,612	511,449
Net decrease in borrowings from the Central Bank		(121,484)	-
Net increase in loans and advances to customers		(56,129)	(163,664)
Net increase in placements to banks and other financial institutions		(62,516)	(62,701)
Net decrease in placements from banks and other financial institutions		-	(8,123)
Net increase in financial assets held under resale agreements		-	(1,470)
Net increase in financial assets held for trading		(77,175)	-
Cash payments for interest, fee and commission expenses		(86,284)	(83,757)
Cash paid to and on behalf of employees		(19,737)	(21,975)
Payments of taxes and surcharges		(22,907)	(31,156)
Cash paid relating to other operating activities	51	(19,890)	(64,643)
Sub-total of cash outflows		(466,122)	(437,489)
Net cash flows from operating activities		46,490	73,960

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

Bank Cash Flow Statement (Continued)

For the year ended 31 December 2024
(All amounts in RMB million unless otherwise stated)

		The Bank	
	Note IV	2024	2023
II. Cash flows from investing activities			
Cash received from investments upon disposal/maturity		600,836	402,090
Cash received from returns on investments		36,232	38,069
Cash received from disposal of fixed assets, intangible assets and other long-term assets		345	219
Sub-total of cash inflows		637,413	440,378
Cash payments for investments		(650,378)	(445,142)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,371)	(3,085)
Sub-total of cash outflows		(652,749)	(448,227)
Net cash flows used in investing activities		(15,336)	(7,849)
III. Cash flows from financing activities			
Cash received from debt securities and other equity instruments issued		733,997	933,416
Sub-total of cash inflows		733,997	933,416
Cash payments for principal of debt securities		(778,465)	(908,807)
Cash payments for interest on debt securities		(5,231)	(5,393)
Cash payments for dividend and profit distribution		(21,576)	(8,380)
Cash payments for lease liabilities		(2,611)	(2,747)
Cash paid relating to other financing activities		(45)	-
Sub-total of cash outflows		(807,928)	(925,327)
Net cash flows (used in)/from financing activities		(73,931)	8,089
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,183	1,485
V. Net (decrease)/increase in cash and cash equivalents		(41,594)	75,685
Add: Cash and cash equivalents at the beginning of the year		297,301	221,616
VI. Cash and cash equivalents at the end of the year	49	255,707	297,301

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

Supplementary information	Note IV	The Bank	
		2024	2023
1. Reconciliation of net profit to cash flows from operating activities			
Net profit		42,586	44,570
Adjustments:			
Impairment losses on credit	45	48,944	59,013
Impairment losses on other assets		489	77
Interest income arising from financial assets that have been impaired		(112)	(83)
Depreciation of investment properties		15	18
Depreciation of fixed assets	44	1,579	1,869
Depreciation of right-of-use assets	44	2,247	2,486
Amortization of intangible assets	44	814	789
Amortization of long-term prepaid expenses		609	746
Net gains or losses from disposal of fixed assets and other long-term assets		32	(7)
Gains or losses on changes in fair value of financial instruments		(3,466)	(4,087)
Gains or losses on changes in fair value of foreign exchange derivative financial instruments		(2,799)	(6,678)
Interest income and profits from investment		(36,127)	(36,969)
Increase in deferred income tax assets	46	(6,472)	(1,522)
Interest expenses on lease liabilities		186	200
Interest expenses on debt securities issued	37	16,568	17,038
Increase in operating receivables		(201,168)	(173,846)
Increase in operating payables		182,630	170,282
(Reversal)/Provision for expected litigation losses		(65)	64
Net cash flows from operating activities		46,490	73,960
2. Net (decrease)/increase in cash and cash equivalents			
Cash at the end of the year	49	3,421	3,687
Less: Cash at the beginning of the year		(3,687)	(4,162)
Add: Cash equivalents at the end of the year	49	252,286	293,614
Less: Cash equivalents at the beginning of the year		(293,614)	(217,454)
Net (decrease)/increase in cash and cash equivalents		(41,594)	75,685

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

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

I. General information of the Bank

Ping An Bank Co., Ltd. (formerly known as Shenzhen Development Bank Co., Ltd.) (hereinafter referred to as the Bank) was established in Shenzhen Special Economic Zone in the People's Republic of China (the PRC) as a result of the restructuring of six rural credit cooperatives into a joint stock commercial bank with limited liability. The Bank was established on 22 December 1987 after the initial public offering of its RMB ordinary shares on 10 May 1987. The Bank was listed on the Shenzhen Stock Exchange on 3 April 1991 and the stock code is 000001. As at 31 December 2024, the share capital of the Bank amounted to RMB19,406 million, with a face value of RMB1 per share.

Board resolutions on *Proposal of SDB on the Scheme of Merger of the Controlling Subsidiary Ping An Bank Co., Ltd. through Absorption and Proposal of SDB on Signing the Absorption Merger Agreement with Ping An Bank Co., Ltd.* signed between the Bank and the former Ping An Bank Company Limited (hereinafter referred to as Former Ping An Bank) were approved during the first extraordinary general meeting held on 9 February 2012. The absorption and merger plan had been approved by the National Financial Regulatory Administration (NFRA, formerly named as China Banking and Insurance Regulatory Commission) in accordance with *China Banking Regulatory Commission's Approval of Absorption of Ping An Bank Co., Ltd. by Shenzhen Development Bank Co., Ltd.* (Yin Jian Fu [2012] No. 192).

On 12 June 2012, the Shenzhen Market Supervision and Management Bureau approved Former Ping An Bank's deregistration application. In July 2012, as approved by the NFRA in accordance with *China Banking Regulatory Commission's Approval for the Renaming of Shenzhen Development Bank* (Yin Jian Fu [2012] No. 397), the Chinese name of the Bank, “深圳发展银行股份有限公司”, was changed to “平安银行股份有限公司”. The English name of “Shenzhen Development Bank Co., Ltd.” was changed to “Ping An Bank Co., Ltd.”.

On 16 December 2019, the Bank opened a branch in Hong Kong Special Administrative Region, China (“Hong Kong”). On 31 December 2024, the Bank had branches in Mainland China and Hong Kong. The Bank's Head Office and domestic branches are collectively referred to as “domestic institutions” and its overseas branches are collectively referred to as “overseas institutions”.

The registered office of the Bank is located at No. 5047, Shennan Road East, Luohu District, Shenzhen, Guangdong Province, the PRC. Headquartered in Shenzhen, the Bank operates its business in Mainland China. The institution number of the Bank on No. 00386413 financial license issued by the NFRA is B0014H144030001. The business license of the Bank was issued by Shenzhen Market Supervision and Management Bureau with uniform social credit code 91440300192185379H.

On 19 August 2020, the Bank received the *Approval from CBIRC on the Opening of Ping An Wealth Management Co., Ltd.* (Yin Bao Jian Fu [2020] No. 513), which approved the opening of Ping An Wealth Management Co., Ltd., a wholly-owned subsidiary of the Bank. According to the approval of the NFRA, the registered capital of Ping An Wealth Management Co., Ltd. is RMB5,000 million. It is principally engaged in the businesses related to asset management such as the issuance of public financing products, the issuance of private financing products, financial advisory and consulting.

The Bank is principally engaged in authorized commercial banking activities. The ultimate holding company of the Bank and its subsidiaries (collectively referred to as the Group) is Ping An Insurance (Group) Company of China, Ltd.

The financial statements were approved and authorized for issue by the Board on 14 March 2025.

II. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, various specific accounting standards, interpretations of Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as ASBEs) issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as the Ministry of Finance) on 15 February 2006 and in subsequent periods and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Rules on Financial Reporting (revised in 2023)* issued by the China Securities Regulatory Commission (hereinafter referred to as the CSRC).

The financial statements have been prepared on a going concern basis.

III. Significant accounting policies and estimates

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements present truly and completely consolidated and bank financial positions of and the Group as at 31 December 2024, and consolidated and bank financial performance and the cash flows for the year then ended and relevant information in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

The accounting year of the Group is a calendar year, i. e. , from 1 January to 31 December.

3. Functional currency

The functional currency of the Group's domestic branches is RMB and the functional currency of the Group's overseas branches is determined based on the currency of the primary economic environment in which they operate. The currency adopted for preparation of the financial statements by the Group is RMB. All amounts in financial statements are presented in RMB million unless otherwise stated.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

III. Significant accounting policies and estimates (Continued)

4. Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination involving entities under common control, the entity that, at the combination date, obtains control of another combining entity is the absorbing entity, while that other combining entity is the entity being absorbed. The combination date is the date on which the absorbing entity effectively obtains control on the entity being absorbed.

The assets and liabilities that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their carrying amounts in the financial statements of the entity being absorbed at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued) by the absorbing entity shall be adjusted to share premium under capital reserves. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. In a business combination not involving entities under common control, the entity that, on the acquisition date, obtains control of another combining entity is the acquirer, while that other combining entity is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in a business combination not involving entities under common control at their fair values on the acquisition date.

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. The acquirer shall recognize the positive difference between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as goodwill and recognize the negative difference in profit or loss of the current period. Costs incurred by the acquirer directly attributable to the combination should also be included in cost of business combination.

5. Consolidated financial statements

The consolidated financial statements have been prepared on the basis of where control is achieved, including the Group and all its subsidiaries (including the structured entities).

Subsidiaries are the entities controlled by the Group. Control means having power over an investee, enjoying variable returns through involvement in relevant activities of the investee, and being able to impact the amount of such variable returns by using the power over the investee.

A structured entity refers to an entity of which, when controller of an entity is determined, the voting rights or similar rights do not compose a decisive factor affecting the design of entity structure (e.g., the voting rights are only related to administrative affairs), and relevant activities of the entity are carried out in accordance with contracts or corresponding arrangements.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

All significant intra-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements. A subsidiary's shareholders' equity, net gains or losses and comprehensive income for the period not attributable to the Bank are recognized as non-controlling interests, profits and losses attributable to minority interests and total comprehensive income attributable to minority interests, and are presented separately in the consolidated financial statements under shareholders' equity, net profit and total comprehensive income respectively. Where a subsidiary's loss for the current period attributed to the non-controlling shareholders exceed their share of owners' equity of the subsidiary at the beginning of the period, the excess shall be allocated to non-controlling interests. Unrealized gains or losses resulting from the sales of assets by the Bank to its subsidiaries are fully eliminated against net profit attributable to owners of the Bank. Unrealized gains or losses resulting from the sales of assets by a subsidiary to the Bank are eliminated and allocated between net profit attributable to owners of the Bank and non-controlling interests by the allocation ratio of the Bank with respect to the subsidiary. Unrealized gains or losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the Bank and non-controlling interests by the allocation ratio of the Bank with respect to the subsidiary.

If a transaction is accounted for by the Bank or its subsidiary in a way different from the Group, it is adjusted to conform to the way of the Group.

6. Foreign currency translation

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are on initial recognition translated to RMB at the exchange rates quoted by the People's Bank of China ("the spot exchange rates") prevailing on the day in which the transactions take place. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognized in "Exchange gains or losses" or "Other comprehensive income" in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions; non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognized in "Exchange gains or losses" or "Other comprehensive income" in the income statement.

Assets and liabilities from overseas institutions in the balance sheet are translated using the spot exchange rate at the balance sheet date, and equity items other than undistributed profit are translated at the spot exchange rates at the dates of transactions. Revenue and expense items in income statement from overseas institutions are translated using the spot exchange rates prevailing on the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income. Cash flows arising from transactions in a foreign currency are translated using the spot exchange rates at the dates on which the transactions take place. The effect of exchange rate changes on cash is separately presented in the statement of cash flows.

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

III. Significant accounting policies and estimates (Continued)

7. Precious metals

The Group's precious metals mainly include gold. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realizable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in profit or loss for the period.

8. Financial assets and liabilities

8.1 Initial recognition and measurement of financial instruments

Financial assets or liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, financial assets and liabilities are measured at fair value by the Group. For financial assets or financial liabilities not designated at fair value and changes included into the profits and losses for the period, transaction costs (such as commission and fee) that are directly attributable to the acquisition or issuance of financial assets or liabilities are added or deducted. Transaction costs for financial assets and liabilities designated at fair value and changes included into the profits and losses for the period are recognized as expenses through profit or loss. After initial recognition, for financial assets measured at amortized cost and investments in debt instruments designated at fair value and changes included into other comprehensive income, their expected credit losses are immediately recognized in profit or loss.

When the fair value of the financial assets and liabilities at initial recognition is different from their transaction costs, the Group confirms the difference in the following ways:

- (i) If the fair value is determined based on the quoted price in active markets (i.e., Level 1 inputs) for identical assets or liabilities or based on valuation techniques using only observable market data, the difference is recognized in profit or loss.
- (ii) In other cases, the Group defers the difference. The Group recognises the deferred difference as a gain or loss in the corresponding accounting period based on the extent to which a factor changes in the corresponding accounting period. Such factors shall be limited to the factors that market participants will consider when pricing the financial instrument, including time, etc.

8.2 Classification and subsequent measurement of financial assets

Classification

The Group classifies its financial assets into the following categories:

- (i) Financial assets at fair value through profit or loss (FVTPL)
- (ii) Financial assets at fair value through other comprehensive income (FVTOCI)
- (iii) Financial assets measured at amortized cost

Financial assets are classified based on the business model governing those financial assets and the characteristics of the corresponding contractual cash flows.

The business model reflects how the Group manages its financial assets to generate cash flows. In other words, it reflects whether the Group's goal is only collecting contractual cash flows of the assets, or both collecting contractual cash flows and trading the financial assets. If neither of the above is applicable (e.g., holding the financial assets for trading), the financial asset group falls into the category of "others" for business model and is classified as financial assets designated at fair value and changes included into the profits and losses for the period.

If the business model is collecting contractual cash flows, or includes both collecting contractual cash flows and trading the financial assets, the Group will assess whether the cash flows of financial instruments are solely payments of principal and interest. In the assessment, the Group considers whether the contractual cash flows are consistent with basic lending arrangements, that is, the interest only includes the time value of currency, credit risk, other basic lending risks and considerations for profit rates in compliance with the basic lending arrangements. If contract terms lead to risks or volatility exposures inconsistent with basic lending arrangements, the relevant financial assets should be classified as financial assets designated at fair value and changes included into the profits and losses for the period.

For financial assets containing embedded derivatives, the Group should analyze them as a whole when confirming if the contractual cash flows are solely payments of principal and interest.

Subsequent measurement

Debt instruments

Debt instruments refer to those instruments complying with the definition of financial liabilities analyzed from the view of the issuers, such as loans, government bonds and corporate bonds.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group classifies debt instruments using the following three measurement methods:

Measured at amortized cost: Assets that are held for receiving contractual cash flows and whose cash flows are solely payments of principal and interest are classified into financial assets measured at amortized cost. The interest income of such financial assets is recognized by the Group based on the effective interest method. The Group's debt instruments measured at amortized cost mainly comprise balances with the Central Bank, deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions that are measured at amortized cost, financial assets held under resale agreements, loans and advances to customers that are measured at amortized cost, investment on debts and other receivables.

The amortized cost of a financial asset shall be measured at the initial recognition amount after making the following adjustments: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; (iii) minus the cumulative loss provision (only applicable to financial assets). The Group calculates the interest income of the asset using the effective interest method and presents it as "interest income".

The effective interest rate is the interest rate at which the estimated future cash flows of a financial asset or financial liability in the expected lifetime is discounted to the book balance of the financial asset (i.e., the amortized cost before deduction of loss provision) or the amortized cost of the financial liability. When calculating the effective interest rate, the expected credit losses are not taken into account, while the transaction costs, premiums or discounts, and fees paid or received that are an integral part of the effective interest rate are included.

Designated at fair value and changes included into other comprehensive income: Assets that are held for receiving contractual cash flows and for sale and whose cash flows are solely payments of principal and interest are classified into financial assets designated at fair value and changes included into other comprehensive income. Such assets are subsequently designated at fair value with impairment losses or gains relating to the amortized cost of the financial asset, interest calculated using the effective interest method, exchange gains or losses recognized in profit or loss for the current period. Besides, other changes in the carrying amount are included in other comprehensive income. Where a financial asset is derecognized, the accumulated gains or losses that are previously recognized in other comprehensive income are transferred from equity to profit or loss. Interest income from these financial assets is calculated at effective interest rate and recognized in profit or loss. The Group's debt instruments designated at fair value and changes included into other comprehensive income mainly comprise placements with and loans to banks and other financial institutions designated at fair value and changes included into other comprehensive income, loans and advances to customers designated at fair value and changes included into other comprehensive income and other investment on debts.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

III. Significant accounting policies and estimates (Continued)

8. Financial assets and liabilities (Continued)

8.2 Classification and subsequent measurement of financial assets (Continued)

Subsequent measurement (Continued)

Debt instruments (Continued)

The fair value of a financial asset is the price obtained from selling an asset or paid for transferring a liability in an orderly transaction among market participants on measurement date. An orderly transaction refers to a transaction in which related assets or liabilities are traded in customary market activities in a period before the measurement date. Compulsory transactions such as liquidation are not orderly transactions.

Designated at fair value and changes included into the profits and losses for the period: Financial assets not measured at amortized cost or not designated at fair value and changes included into other comprehensive income are classified as financial assets designated at fair value and changes included into the profits and losses for the period. Such assets are subsequently designated at fair value and changes included into the profits and losses for the period.

Financial assets designated at fair value and changes included into the profits and losses for the period held by the Group include financial assets held for trading and financial assets recognized as financial assets designated at fair value and changes included into the profits and losses for the period for they are not qualified as financial assets measured at amortized cost or financial assets designated at fair value and changes included into other comprehensive income. These financial assets are included in “Financial assets held for trading” in the balance sheet. Interest on financial investments included in financial assets held for trading calculated based on coupon rate is recognized in “investment income”.

Equity instruments

Equity instruments refer to the instruments that meet the definition of equity from the perspective of the issuer, that is, an instrument that does not contain contractual obligation to make a payment but is entitled to the net assets and residual income of the issuer, such as a common stock.

All equity instrument investments held by the Group are subsequently measured at fair value. The Group can elect to classify irrevocably its equity instrument investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (except the dividend income that is clearly recovered as part of the investment cost) is included in the current profit and loss, and the subsequent changes in the fair value are included in other comprehensive income, without the need for provision of impairment. Upon derecognition of the financial assets, cumulative gains or losses previously recognized in other comprehensive income are transferred and reclassified into retained earnings for the period.

8.3 Classification and measurement of financial liabilities

Financial liabilities held for trading

Financial liabilities held for trading refer to financial liabilities designated at fair value and changes included into the profits and losses for the period.

Such financial liabilities are measured at fair value and their gains or losses are recognized in profit or loss for the period. For financial liabilities designated at fair value and changes included into the profits and losses for the period, gains or losses should be recognized as follows:

(i) For changes in fair value of the financial liabilities that arise from changes in the Group's own credit risk, the relevant amount should be recognized in other comprehensive income;

(ii) Other changes in the fair value of the financial liabilities are recognized in profit or loss.

Where a financial liability designated at fair value and changes included into the profits and losses is derecognized, the accumulated gains or losses that are previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings.

A financial liability may be designated, on initial recognition, as at fair value included into profit or loss only when one of the following conditions is satisfied:

(i) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise rise from measuring the assets or liabilities or recognizing the gains or losses on them on a different basis.

(ii) As stated in formal written document with respect to risk management or investment strategy, the portfolio of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, and the information is reported on that basis to the Group's key management personnel.

(iii) A hybrid instrument embedded with one or more derivatives, unless the embedded derivative does not significantly modify the cash flows of the hybrid instrument, or it is clear that a separation of the hybrid instrument from the embedded derivative is obviously inappropriate.

The designation can not be revoked once made.

Convertible corporate bonds

Convertible corporate bonds include the liability component and the equity component. Liability component represents the obligation to pay the fixed principal and interest and is classified as a liability with fair value calculated using the market interest rate of a similar liability that does not have an equity conversion option, and subsequently measured at amortized cost using the effective interest method. Equity component represents the embedded option to convert liability into ordinary share, which is recognized in the owners' equity based on the difference between the total income arising from issuance of the convertible corporate bond and its liability component. Direct transaction costs are allocated in proportion of the liability component and equity component to the proceeds of issuance.

On conversion of the corporate 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 book balance of the related components of the converted corporate bonds and the amount transferred to “Share capital” is recognized in “Capital reserve - Share premium”.

Other financial liabilities

After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

III. Significant accounting policies and estimates (Continued)

8. Financial assets and liabilities (Continued)

8.4 Impairment of financial instruments

For debt instrument assets measured at amortised cost and at fair value through other comprehensive income, as well as loan commitments and financial guarantee contracts, the Group assesses expected credit losses based on forward-looking information. The Group recognizes relevant impairment provision at each reporting date. The measurement of expected credit losses reflects the following factors:

- (i) Unbiased probability weighted amount determined based on the assessment of a series of possible results;
- (ii) Time value of money; and
- (iii) Reasonable and supportable information that is related to past events, current situation and forecasting on future economic conditions and is available without undue cost or effort at the reporting date.

Provisions for credit losses on loan commitments and financial guarantee contracts are presented in provisions. However, for an instrument that includes both loans and unused commitments, and the expected credit losses of loans cannot be distinguished from that of unused commitments by the Group, the loss provision for both loans and unused commitments should be presented in the loss provision for loans. However, if the total loss provision surpasses the book balance of the loans, the loss provision should be presented in the provisions.

For measurement method of expected credit losses, refer to Note VIII 1.2.

8.5 Modification of loan contracts

The Group will renegotiate or modify customer loan contracts due to certain special circumstances at times, which will in turn lead to changes in contract cash flows. In such cases, the Group will assess if there is a substantial change in the revised contractual terms.

If there is a substantial change in the revised contractual terms, the Group will derecognize the original financial asset and recognize a new financial asset at fair value. Meanwhile, a new effective interest rate is recalculated for the new asset. In this case, when applying impairment requirements to the modified financial asset, including when determining whether there is a significant increase in credit risk, the aforesaid modification date of contract will be regarded as the initial recognition date. For the above newly recognized financial asset, the Group is required to assess whether the asset is credit impaired at initial recognition, especially when the modification of contract occurs when the borrower fails to fulfill the initially agreed payment arrangement. Any change in carrying amount is recognized as gains or losses arising from derecognition, and is included into profit or loss for the period.

If there is no substantial change in the revised contractual terms, the modification of contract will not lead to de-recognition of the financial asset. The Group will recalculate the book balance of the financial asset in accordance with the revised contractual cash flows, and include gains or losses arising from the modification into profit or loss for the period. When recalculating the book balance, the original effective interest rate (or the credit-adjusted effective interest rate for purchased or originated credit-impaired financial asset) is adopted to discount the revised cash flows.

8.6 Derecognition other than modification of loan contracts

A financial asset or a part of a financial asset is derecognized when the contractual rights to receive the cash flows from the financial asset have expired or been transferred, and (i) all the substantial risks and rewards of ownership of the financial asset have been transferred, or (ii) the Group has neither transferred nor retained substantially all risks and rewards of the ownership of the financial asset and retained no control over the financial asset.

In certain transactions, the Group retains the contractual rights to receive the cash flows, but bears the contractual obligation to transfer the received cash flows to the final payee, and has transferred all the substantial risks and rewards of ownership of the financial asset. In such case, the Group can derecognize the financial asset if the following conditions for transfer arrangement are met:

- (i) The obligation to pay the received cash flows to the final payee only exists when equivalent cash flows are received from the financial asset;
- (ii) Sale or mortgage of the financial asset is prohibited; and
- (iii) The Group has obligation to transfer all cash flows received from the financial asset to the final payee as early as possible.

When the contractual rights to receive the cash flows from the financial asset have been transferred, and the Group has neither transferred nor retained substantially all risks and rewards of the ownership of the financial asset and retained control over the financial asset, the transferred asset shall be accounted for using the continuing involvement method, and is recognized based on the extent to which the asset is involved. Relevant liabilities are recognized accordingly to reflect the rights or obligations the Group has retained.

Based on the standard repurchase agreement and collaterals (shares or bonds) provided under securities margin trading, the Group will exercise the repurchase right at a predetermined price, and retain all the substantial risks and rewards of ownership of the collaterals, the requirements for derecognition therefore are not met.

9. 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 are initially recognized at fair value and subsequently measured at the higher of the following amounts:

- (i) Impairment provision calculated using the method in Note III 8.4;
- (ii) Initially recognized amount net of revenue recognized under *Accounting Standard for Business Enterprises No.14 - Revenue*.

Loan commitments provided by the Group are measured at impairment provision calculated using the method in Note III 8.4.

The Group does not commit to granting loans at a price lower than the market interest rate nor settling loan commitments on a net basis by making cash payment or issuing other financial instruments.

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

III. Significant accounting policies and estimates (Continued)

10. Derivative financial instruments and hedging accounting

A derivative financial instrument is a financial instrument, the value of which is derived from an index associated with another “underlying” financial instrument or the value of other variables. Typically, an “underlying” financial instrument is a share, commodity, bond price, an index value or an exchange and interest rate. The Group uses derivative financial instruments such as foreign exchange category, interest rate category, precious metals and other derivative financial instruments.

Derivative financial instruments are initially recognized at fair value on the date on which the Group becomes a contractual party of a derivative contract and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivative financial instruments, such as debt for equity swap in convertible corporate bonds and interest rate based interest payments embedded in structured deposits, are embedded into hybrid contracts. In the case of a hybrid contract whose host contract is a financial asset, it is classified and measured as a whole. In the case of a hybrid contract whose host contract is not a financial asset, the embedded derivatives are separated as independent derivatives if the following criteria are met:

- (i) The economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract;
- (ii) The instruments that have the same terms but exist independently meet the definition of derivatives; and
- (iii) The hybrid instruments are not measured at fair value and changes included into the profits and losses for the period.

The Group can either measure the separated embedded derivatives as at fair value and changes included into the profits and losses for the period or measure the hybrid contract whose host contract is not related to financial assets as at fair value and changes included into the profits and losses for the period.

For the purpose of hedge accounting, the Group's hedges are classified as:

- (i) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for currency risk);
- (ii) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a currency risk in an unrecognized firm commitment;

At the beginning of a hedge relationship, the Group formally designates and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The documentation includes the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the hedge effectiveness. Hedge effectiveness is the degree to which changes in the fair value or cash flows of hedging instruments can offset the fair value or cash flow of hedged items caused by hedged risk. Such hedges are assessed on an ongoing basis to determine that they actually have been highly effective throughout the accounting periods for which they were designated.

If the hedging instrument expires or is sold, terminated or exercised without rollover or replacement (as part of the hedging strategy) or when the hedging relationship is not consistent with the risk management objective as the risk management objective has changed or when the hedge no longer meets other criteria of the hedge accounting, the Group will discontinue the hedge accounting.

If a hedging relationship ceases to meet the hedge effectiveness requirements due to the hedge ratio but the risk management objective of designating the hedging relationship remains unchanged, the hedging relationship is rebalanced by the Group.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The gains or losses arising from the hedging instrument are recognized in profit or loss for the current period. The gain or loss on the hedged item resulting from hedged exposures is recognized in profit or loss and the carrying amount of the hedged item not measured at fair value is adjusted at the same time.

For fair value hedges relating to debt instruments measured at amortized cost, the adjustment to the carrying amount of the hedged items is amortized through profit or loss over the remaining term of the hedge using the effective interest method. Amortization using the effective interest method may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is a debt instrument measured at fair value through other comprehensive income, the accumulation of recognized hedged gains or losses shall be amortized in the same manner and recognized in profit or loss, while no adjustment is made to the book value of financial assets. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

Cash flow hedges

For a derivative financial instrument designated as and meets the criteria as a cash flow hedging instrument, the portion of the fair value changes on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The gain or loss on the ineffective portion of the hedging instrument is recognized as profit or loss.

The cumulative gain or loss recognized in equity is transferred to profit or loss in the period when the hedged item affects profit or loss, and recognized as income or expense of the hedged item.

When a hedging instrument expires or is sold, or the hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss recognized in equity continues to remain in equity until the hedged item affects profit or loss when it is recognized in profit or loss. When the forecast transaction is no longer expected to occur (for example, the hedged assets previously recognized have been sold), the cumulative gain or loss recognized in other comprehensive income shall be immediately reclassified into profit or loss.

11. Offsetting of financial instruments

Financial assets and liabilities are presented separately in the balance sheet and cannot be offset. However, the net amount after offset shall be presented in balance sheet if the following conditions are met:

- (i) The enterprise has the statutory right to offset the recognized amount, and the statutory right is executable;
- (ii) The enterprise plans a netting settlement, or meanwhile to sell the financial asset and pay off the financial liability.

When transferring the financial assets that not satisfying derecognition conditions, the transferor shall not offset the transferred financial assets and related liabilities.

Notes to the Financial Statements

For the year ended 31 December 2024
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III. Significant accounting policies and estimates (Continued)

12. Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

A financial instrument shall be classified as equity instrument if the following conditions are met: (1) the financial instrument does not include delivery of cash or other financial assets to other parties or contractual obligations of exchanging financial assets or financial liabilities with other parties in potential adverse conditions; and (2) if the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative financial instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Other equity instruments issued by the Group are recognized at the actual issue price, and the transaction expenses directly attributable to equity transactions are deducted from the capital reserve.

Dividend distribution for other equity instruments in the duration is accounted for as profit distribution.

13. Long-term equity investments

Long-term equity investments comprise the Bank's long-term equity investments in its subsidiaries.

Subsidiaries are the investees over which the Bank is able to exercise control. Investments in subsidiaries are measured using the cost method in the company's financial statements, and adjusted by using the equity method when preparing the consolidated financial statements.

Determination of investment cost

For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the share of the carrying amount of owners' equity of the absorbed party in the consolidated financial statements of the ultimate controlling party at the combination date; for long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost is the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

Subsequent measurement and recognition of profit or loss

Under the cost method, the long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognized as investment income in profit or loss for the current period.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net gains or losses of the investee for the period as investment income or loss for the period. The Group's share of net losses of the investee is recognized to the extent that the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. However, if the Group has obligations for additional losses and the criteria for recognition of provisions are satisfied, the Group continues to recognize the loss amount it expects to undertake. The Group's share of changes in the investee's owners' equity other than those arising from its net gains or losses, other comprehensive income and profit distribution is recognized in capital reserve with a corresponding adjustment to the carrying amount of the long-term equity investment. The carrying amount of the long-term equity investment is reduced by the Group's share of the profit distributions from or cash dividends declared by the investee. The Group's portion in the unrealized profits or losses arising from transactions between the Group and the investee is calculated by the proportion of the Group's equity interests in the investee and eliminated, before the Group recognizes its investment gains or losses. With respect to the portion of losses from internal transactions between the Group and its investee that is attributable to asset impairment losses, its corresponding unrealized losses are not eliminated.

Basis for determining existence of control, joint control or significant influence over investees

Control is the power over an investee to obtain variable returns from its involvement with the investee, and the ability to use this power to influence the amount of the returns.

Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the Group and those sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts. Once an impairment loss of long-term equity investments is recognized, it shall not be reversed in a subsequent period.

14. Investment properties

Investment properties are properties that are held for rent or capital appreciation, or both, and can be measured and sold separately. The investment properties of this Group mainly consist of buildings that can be sold separately and have been leased out, along with the corresponding land use rights. Investment properties are recognized only when the related economic benefits are likely to flow into the Group and the costs can be reliably measured.

The investment properties are initially measured at cost and subsequently measured using the cost model. Depreciation of investment property is calculated using the straight-line method.

	Useful life	Estimated net residual value ratio	Annual depreciation rate
Buildings	15 to 35 years	1%-5%	2.7%-6.6%

Notes to the Financial Statements

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III. Significant accounting policies and estimates (Continued)

15. Fixed assets and accumulated depreciation

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for fixed assets that meet the conditions are included in the cost of the fixed assets and the carrying amount of the parts that are replaced is derecognized. Otherwise, subsequent expenditures are recognized in the income statement in the period in which they are incurred.

The Group's fixed assets are initially measured at actual cost at the time of acquisition. All fixed assets are stated at cost less any accumulated depreciation and any impairment provision. The cost of an asset comprises the purchase price, related taxes, and any directly attributable expenditure of bringing the asset to working condition for its intended use, such as delivery and handling costs, installation costs and professional fees.

Depreciation is calculated using the straight-line method. The Group reasonably determines the useful lives and estimated net residual values of the fixed assets according to the natures and use patterns of the fixed assets as follows:

	Useful life	Estimated net residual value ratio	Annual depreciation rate
Buildings			
Including: Properties	15-35 years	1%-5%	2.7%-6.6%
Including: Owner-occupied property improvements	5 or 10 years	-	20.0% or 10.0%
Transportation vehicles	5-8 years	3%-5%	11.9%-19.4%
Office and electronic equipment	3-10 years	0%-5%	9.5%-33.3%

The useful life and estimated net residual value of fixed assets and the depreciation method applied are reviewed at each balance sheet date, and adjusted prospectively, if appropriate.

16. Construction in progress

The costs of construction in progress are determined based on the actual costs incurred, including various necessary construction costs and other related expenses during the construction period. Construction in progress is not depreciated.

Construction in progress is reclassified to the appropriate category of fixed assets, or long-term prepaid expenses when completed and ready for use. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

17. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance owned or controlled by the Group.

An intangible asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. As for any intangible asset acquired in a combination, if its fair value can be measured reliably, it shall be separately recognized as an intangible asset and shall be measured at its fair value. The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

An intangible asset with definite useful life is amortized over its useful life on the straight-line basis.

	Useful life	Annual depreciation rate
Software and others	3-40 years	2.5%-33.0%
Core deposits	20 years	5.0%

The useful life and amortization method of intangible assets with finite useful lives are reviewed at each balance sheet date. If the expected useful life of the asset or the amortization method differs significantly from previous assessments, the amortization period or amortization method is changed accordingly as a change in accounting estimate.

The useful life of intangible assets with indefinite useful lives is reassessed at each balance sheet date. If there is evidence that the useful life of the asset becomes definite, the accounting policies for intangible assets with definite useful life described above are then applied.

Expenditure incurred for an internal research and development project is recorded as expenditure on the research phase and development phase by the Group, respectively. Expenditure on the research phase is recognized in profit or loss for the period in which it occurs. Expenditure on the development phase is capitalized only when the following conditions are satisfied:

- (i) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) The Group intends to complete the intangible asset and use or sell it;
- (iii) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (iv) There are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (v) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Expenditure on the development phase which does not meet all of the above conditions is recognized in profit or loss in the period in which it is incurred.

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

III. Significant accounting policies and estimates (Continued)

18. Long-term prepaid expenses

Long term prepaid expenses are those prepaid expenses with an amortization period of more than one year (excluding one year), mainly including leasehold improvements.

Long term prepaid expenses are amortized evenly according to the shorter one of their beneficial periods and legal periods of validity.

When long term prepaid expenses no longer provide future economic benefits, the unamortized amount is recognized in profit or loss for the period.

19. Foreclosed assets

Foreclosed assets are initially recognized at fair value. At the balance sheet date, the foreclosed assets are measured at the lower of their carrying amount and the recoverable amount. When the recoverable amount is lower than the carrying amount, a provision for impairment of foreclosed assets is made and recognized in "Impairment losses on other assets" in the income statement.

20. Impairment of assets

For assets excluding financial assets and debt-expiated assets, the Group assesses impairment of assets as follows:

At each balance sheet date, the Group assesses whether there is any indication that assets may be impaired. If there is any indication that an asset may be impaired, the Group will estimate the recoverable amount and conduct impairment test for the asset. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication of impairment.

The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset.

Where the measurement result of the recoverable amount indicates that an asset's recoverable amount is lower than its carrying amount, the carrying amount of the asset shall be recorded down to the recoverable amount, and the reduced amount shall be recognized in profit or loss for the current period. Simultaneously, a provision for asset impairment shall be made accordingly.

For impairment test of goodwill, the carrying amount of goodwill acquired in a business combination shall be reasonably allocated since the acquisition date to related asset unit or to related combination if it cannot be allocated to the asset unit. When making an impairment test on the goodwill related asset portfolio or combination of asset portfolios, if there is an indication that the portfolio or combination may be impaired, the impairment test is firstly conducted for the asset portfolio or combination of asset portfolios unrelated to goodwill, with its recoverable amount calculated and the impairment loss recognized.

Then the Group shall make an impairment test for the goodwill related asset portfolio or combination of asset portfolios by comparing the carrying amount with the recoverable amount. If the recoverable amount is lower than its carrying amount, the impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset portfolio or combination of asset portfolios, and then deducted from the carrying amount of other assets within the asset portfolio or combinations of asset portfolios in proportion to the carrying amount of assets other than goodwill.

Once an impairment loss is recognized, it shall not be reversed in a subsequent period.

21. Recognition of income and expense

Income is the total inflow of economic benefits arising from the ordinary activities of an enterprise that would result in an increase in owners' equity and that are unrelated to the capital invested by owners. Expense is the total outflow of economic benefits arising from the ordinary activities of the enterprise that would result in a decrease in owners' equity and that are unrelated to the distribution of profits to owners.

Interest income and interest expense

Interest income is calculated at the book balance of a financial asset multiplied by the effective interest rate, except for the following cases:

- (i) For an originated or purchased credit-impaired financial asset, the interest income is calculated at the amortized cost of the asset multiplied by the credit-adjusted original effective interest rate.
- (ii) For a financial asset that is not an originated or purchased credit-impaired financial asset, but subsequently suffers from credit impairment (or "Stage 3"), the interest income is calculated at the amortized cost (i.e., net of the provision for impairment losses) multiplied by the effective interest rate.

The effective interest rate is the interest rate at which the estimated future cash inflow or outflow of a financial asset or financial liability in the expected lifetime is discounted to the book balance of the financial asset (i.e., the amortized cost before deducting the provision for impairment losses) or the amortized cost of the financial liability. The calculation of effective interest rate takes into account all contractual terms of the financial instrument and includes all fees and transaction costs that are an integral part of the effective interest rate.

Fee and commission income

The Group earns fee and commission income from a diverse range of services provided to its customers. Fee income can be divided into the following two categories:

- (i) Fee income earned from services that are provided over a certain period of time
Fees earned for the provision of services are be measured on accrual basis over that period of time. These fees include commission income and asset management, custody and other management and advisory fees.
- (ii) Fee income from providing specific transaction services
Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

The award credits granted by the Group to the bank card holders under customer loyalty programs are recognized at fair value as contract liabilities. When the award credits are redeemed or expired, the amount originally recognized as contract liabilities that is related to redeemed or expired credits is recognized in profit or loss for the period.

Dividend income

Dividends are recognized when the right to receive the dividends is established.

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III. Significant accounting policies and estimates (Continued)

22. Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy, etc.

Government grants are recognized when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognized in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognized in profit or loss for the period, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognized in profit or loss for the period, or deducted against related costs, expenses or losses directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

23 .Income tax

Income tax includes current income tax and deferred income tax. Except for goodwill arising from a business combination and to the extent that the tax arises from a transaction or event which is recognized directly in other comprehensive income, all the income tax should be expensed or credited to profit or loss for the period as appropriate.

Current income tax

Current income tax is the amount of income taxes payable in respect of the taxable profit for a period. Taxable profit is the profit for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

The current income tax liabilities or assets for the current period or previous periods are measured at the amount expected to be paid or recoverable according to the requirements of tax law.

Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences between the carrying amount of an asset or liability on balance sheet date and the tax base, and the difference between the tax base and the carrying amount of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- (i) Where the taxable temporary differences arise from the initial recognition of goodwill, or 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 accounting profit nor taxable profit or deductible loss, and the initial recognition of such asset and liability does not result in equal amounts of taxable temporary differences and deductible temporary differences;
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

For deductible temporary differences and unused deductible losses and tax credits that can be carried forward to subsequent years, the Group recognizes the corresponding deferred income tax asset to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the deductible losses and tax credits can be utilized. However, no deferred income tax asset arising 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 income or deductible loss, is recognized.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

At the balance sheet date, the Group reviews the carrying amount of a deferred income tax asset. The carrying amount of a deferred income tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available in future periods to allow the benefit of the deferred income tax asset to be utilized. At the balance sheet date, unrecognized deferred income tax assets are reassessed and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow part or full of the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are offset and presented as net amount if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income tax relates to the same taxable entity and the same taxation authority.

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III. Significant accounting policies and estimates (Continued)

24. Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits and early retirement benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences. The short-term employee benefit liabilities are recognized in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. In the reporting period, defined contribution plans include basic pensions insurance, enterprise pension fund, unemployment insurance, etc.

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentages prescribed by the relevant local authorities. When employees retire, the local labor and social security institutions are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period.

Early retirement benefits

For certain local employees, the Group accounts for the early retirement benefits in accordance with the treatment of termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognized as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognized in profit or loss for the period in which they occur. There are no capital injections into the early retirement benefits. The cost of benefits is determined by using the projected unit credit actuarial valuation method.

25. Cash equivalents

Cash equivalents are short term, highly liquid monetary assets held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the cash flow statement, cash equivalents comprise investments that have a short maturity of generally within three months since acquired, the unrestricted balance with the Central Bank, and deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions and financial assets held under resale agreements that have a short original maturity of generally within three months.

26. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party in making financial and operating decisions, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control or joint control from the same party.

27. Fiduciary activities

Where the Group acts in a fiduciary capacity such as nominee, trustee or agent, assets arising there on together with the related undertakings to return such assets to customers are excluded from the financial statements.

Entrusted loans granted by the Group on behalf of third-party lenders are recorded as off-balance sheet items. The Group acts as an agent and grants such entrusted loans to borrowers under the direction of the third-party lenders who fund these loans. The Group has been contracted by the third-party lenders to manage the administration and collection of these loans on their behalf. The third-party lenders determine both the underwriting criteria for and the terms of all entrusted loans including their purposes, amounts, interest rates, and repayment schedules. The Group charges a commission related to the management of the entrusted loans. The commission income is recognized averagely over the period in which the service is provided. The risk of loan loss is borne by the third-party lenders.

28. Leases

Lease refers to the contract that the lessor obtains consideration through transferring asset use right to the lessee for a certain period of time.

As lessee

Right-of-use assets are recognized at the commencement date of the lease term and lease liabilities are recognized based on the present value of the outstanding lease payments. Lease payments include fixed payments and amounts payable under reasonable determination of the exercise of the option to purchase or termination of the option to lease. The variable rental determined based on a certain percentage of sales is not included in lease payments but recognized into the profits and losses for the period when incurred.

Right-of-use assets of the Group comprise buildings under leases. Right-of-use assets are initially measured at cost. The cost includes the initially measured amount of lease liabilities, lease payments made at or before the commencement date and initial direct costs, net of the received lease incentives. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over its remaining useful life; otherwise, the leased asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amounts of right-of-use assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts.

For short-term lease with a lease term within 12 months and low-value asset lease with a lower value when a single leased asset is new, the right-of-use assets and lease liabilities are not recognized by the Group, and the relevant rental expenses are included into the profits and losses for the current period or the cost of relevant assets on a straight-line basis over each period during the lease term.

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

III. Significant accounting policies and estimates (Continued)

28. Leases (Continued)

As lessee (Continued)

The Group shall account for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group shall redetermine the lease term at the effective date of the lease modification, and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amounts of the right-of-use assets.

As lessor

Rental income from an operating lease is recognized in profit or loss for the current period on a straight-line basis over the lease term.

29. Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (i) the component is able to earn revenues and incur expenses from its ordinary activities; (ii) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (iii) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

30. Contingent liabilities

A contingent liability is a possible obligation that arises from past transactions or events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events. It can also be a present obligation arising from past transactions or events but is not recognized because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

31. Accrued liabilities

An obligation related to a contingency is recognized as provisions when all of the following conditions are satisfied, except for contingent consideration and contingent liabilities assumed in the business combination:

- (i) The obligation is a present obligation of the Group;
- (ii) It is probable that an outflow of economic benefits from the Group will be required to fulfil the obligation;
- (iii) The amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The Group reviews the carrying amount of a provision at each balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

With regard to loss provision for the Group's loan commitments and financial guarantee contracts, the expected credit losses are assessed taking into account the forward-looking information. For the measurement of loss provision for this regarding, please refer to Note III 8.4 and Note VIII 1.2.

32. Trade date accounting

All regular way purchases and sale of financial assets are recognized on the trade date, that is, the date on which the Group commits to purchasing or selling the asset. A regular way purchase or sale of financial assets is the purchase or sale of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the marketplace.

33. Dividends

Dividends that are declared or approved for distribution after the balance sheet date are not recognized as liability of the balance sheet date, but disclosed as an event after the balance sheet date. Dividend payable is recognized as liability for the period when the dividend is approved.

34. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the balance sheet date. The result of the uncertainties of these assumptions and estimates may cause a significant adjustment to the carrying amount of the assets or liabilities affected in the future.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

III. Significant accounting policies and estimates (Continued)

34.Significant accounting judgments and estimates (Continued)

(i) Classification of financial assets

Significant judgments involved in the Group's classification of financial assets include business model and analysis on contractual cash flow characteristics.

The Group determines the business model for financial asset management on the grouping basis, and factors to be considered include the methods of evaluation on financial asset performance and reporting of financial asset performance to key management personnel, risks affecting financial asset performance and management methods for such risks, the ways in which related business management personnel are remunerated, etc.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgments made by the Group include: the possibility of changes in timing or amount of the principal during the duration due to reasons such as repayment in advance; whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits; whether the repayment in advance reflects the principal outstanding and corresponding interest and reasonable compensation paid for early termination of the contract.

(ii) Credit risk management

For financial assets measured at amortized cost and designated at fair value and changes included into other comprehensive income, as well as credit commitments, the Group measures the impairment provision using the expected credit loss model that involves the establishment and regular review of key definitions, parameters and assumptions, such as estimates on future macroeconomic conditions and borrowers' credit behavior (e.g., possibility and corresponding losses of customer default). The measurement of expected credit losses requires a lot of the management's significant judgments and assumptions. Specific information is set out in Note VIII 1.2.

(iii) Income tax

Determining income tax provision requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. In addition, deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. This requires significant estimates on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

(iv) Judgment of control over structured entities

Where the Group acts as asset manager of structure entities, the Group makes judgment on whether it is the principal or an agent for the structure entities. In the case that the asset manager serves as the agent, it exercises decision-making power mainly on behalf of other parties (other investors in the structured entity) and thus has no control over the structured entity. In the case that the asset manager is considered to exercise decision-making power mainly on behalf of itself, it serves as the trustee and has control over the structured entity. During the evaluation, the Group considers many factors and re-evaluate regularly to assess whether it takes the role as the principal or agent, such as: the scope of asset manager's decision-making power, rights held by other parties, salary levels as management service provider, and any other arrangements (such as direct investment) which could affect the exposure to variable returns from its involvement.

For the unconsolidated structured entities that the Group has rights in or provides liquidity support to, disclosures are shown in Note IV 53.

(v) Fair value of financial instruments

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where practicable, the valuation techniques should make maximum use of market inputs. However, where market inputs are not available, the management needs to make estimates on areas such as credit risk (both the Group's and the counterparty's), volatility and correlation. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(vi) Impairment of goodwill

The Group performs impairment tests on goodwill annually and also when there is an indication of potential impairment. For the purpose of an impairment test, the goodwill is allocated to its corresponding cash-generating unit or a group of cash-generating units, whose recoverable amount is the higher of fair value less costs to sell and the present value of the expected future cash flows, and an appropriate discount rate is selected to calculate the present value of future cash flows.

(vii) Core deposits

The Group reviews the reasonableness of core deposits' remaining useful life on each balance sheet date. The review involves making necessary adjustments on relevant parameters and assumptions based on the actual development of relevant fact patterns, so as to amortize the core deposits over an appropriate remaining useful life.

35. Taxation

The main categories and rates of taxes applicable to the Group are set out as follows:

Category of tax	Basis of tax computation	Tax rate
Corporate income tax (Note)	Taxable income	25%
Value-added tax (VAT)	VAT payable	3%, 5%, 6%, 9%, 13%
City maintenance and construction tax	Amount of VAT paid	5%, 7%

Note :Pursuant to the Circular on Corporate Income Tax Policy Concerning Deductions for Equipment and Appliances (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 37), during the period from 1 January 2024 to 31 December 2027, newly purchased fixed assets except buildings with a unit price of no more than RMB5 million can be fully deducted against taxable income in a one-off manner as costs and expenses in the current period, instead of being depreciated over the years.

36. Determination of materiality criteria and basis of selection

The Group assesses the materiality of financial information from the perspectives of nature and amount of an item, depending on specific environment where it operates. When determining the materiality of nature of the item, the Group mainly considers whether the item is a daily activity in nature and whether it significantly affects the Group's financial position, financial performance and cash flows; When determining the materiality of amount of the item, the Group considers the proportion of the amount in that of a directly related item such as total assets, total liabilities, total owner's equity, total operating income, total operating costs, net profit and total comprehensive income, or the proportion of such amount in that of a separate item in the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements

1. Cash and balances with the Central Bank

	The Group and the Bank	
	31 December 2024	31 December 2023
Cash on hand	3,421	3,687
Statutory reserves with the Central Bank - RMB	201,048	225,211
Statutory reserves with the Central Bank - foreign currencies	1,773	2,019
Unrestricted balance with the Central Bank	61,055	43,432
Other deposits with the Central Bank - fiscal deposits	1,574	202
Sub-total	268,871	274,551
Add: Accrued interest	102	112
Total	268,973	274,663

Based on the related RMB and foreign currency deposits, the Group placed respective statutory reserves with the People's Bank of China in accordance with the requirements from the People's Bank of China. These reserve deposits were not available for use in the Group's daily operations. These reserve deposits were not available for use in the Group's daily operations. As at 31 December 2024, the RMB deposit reserve ratio was 6.0% (31 December 2023: 7.0%), and the foreign currency deposit reserve ratio was 4.0% (31 December 2023: 4.0%).

Fiscal deposits represent the amounts received from government-related bodies that are required to be deposited with the People's Bank of China according to the relevant regulations.

2. Deposits with banks and other financial institutions

Summarized by locations and types of banks and other financial institutions

	The Group	
	31 December 2024	31 December 2023
Domestic banks and other financial institutions	107,040	72,565
Other domestic financial institutions	6,618	3,388
Overseas banks and other financial institutions	18,173	17,827
Other overseas financial institutions	252	-
Sub-total	132,083	93,780
Add: Accrued interest	353	405
Less: Impairment provision (Note IV 19)	(346)	(588)
Total	132,090	93,597

	The Bank	
	31 December 2024	31 December 2023
Domestic banks and other financial institutions	105,801	72,297
Other domestic financial institutions	6,618	3,388
Overseas banks and other financial institutions	18,173	17,827
Other overseas financial institutions	252	-
Sub-total	130,844	93,512
Add: Accrued interest	352	405
Less: Impairment provision (Note IV 19)	(345)	(587)
Total	130,851	93,330

3. Placements to banks and other financial institutions

Summarized by locations and types of banks and other financial institutions

	The Group and the Bank	
	31 December 2024	31 December 2023
<u>Placements to banks and other financial institutions measured at amortized cost</u>		
Domestic banks and other financial institutions	2,637	3,746
Other domestic financial institutions	214,013	151,944
Overseas banks and other financial institutions	50,019	64,569
Sub-total	266,669	220,259
Add: Accrued interest	1,739	1,380
Less: Impairment provision (Note IV 19)	(1,156)	(932)
Total	267,252	220,707

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

4. Derivative financial instruments

At the balance sheet date, the derivative financial instruments held by the Group and the Bank are as follows:

	The Group and the Bank						
	Notional amounts summarized by maturity					Fair value	
	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total	Assets	Liabilities
31 December 2024							
Non-hedging instruments							
Foreign exchange derivatives:							
Foreign exchange forward and swap contracts and options	1,319,400	1,163,432	193,183	-	2,676,015	38,540	(37,032)
Interest rate derivatives:							
Interest rate swap and other interest rate derivatives	1,420,354	2,057,017	2,045,145	45,408	5,567,924	25,440	(26,143)
Precious metals derivatives	76,712	21,846	-	-	98,558	1,391	(1,377)
Hedging instruments (Note IV 4a)							
Interest rate derivatives	489	720	1,980	-	3,189	41	(1)
Total	2,816,955	3,243,015	2,240,308	45,408	8,345,686	65,412	(64,553)

	The Group and the Bank						
	Notional amounts summarized by maturity					Fair value	
	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total	Assets	Liabilities
31 December 2023							
Non-hedging instruments							
Foreign exchange derivatives:							
Foreign exchange forward and swap contracts and options	1,133,453	1,044,170	239,129	-	2,416,752	26,234	(27,568)
Interest rate derivatives:							
Interest rate swap and other interest rate derivatives	1,340,934	2,127,857	1,862,823	19,195	5,350,809	13,541	(12,650)
Precious metals derivatives	31,952	14,328	-	-	46,280	702	(1,999)
Hedging instruments (Note IV 4a)							
Interest rate derivatives	-	-	3,099	-	3,099	44	(3)
Total	2,506,339	3,186,355	2,105,051	19,195	7,816,940	40,521	(42,220)

The nominal amount of a derivative only provides a basis for comparing the fair values of the on-balance sheet assets or liabilities, and does not represent the future cash flows involved or the current fair values. Therefore, it cannot reflect the credit risk or market risk that the Group is exposed to.

(a) Fair value hedges

The Group and the Bank use interest rate swaps to hedge changes in fair value arising from changes in interest rates, and interest rate risk is generally the most significant component affecting changes in fair value. The hedged items are fixed-rate bonds invested by the Group and the Bank, which are included in Note IV 9 “Other investment on debts”.

For the year ended 31 December 2024 and 2023, the net gains and losses on changes in the fair value of the hedging instruments, the net gains and losses on the hedged items resulting from hedged exposures, as well as the gains and losses arising from the ineffective portion of the hedging instruments recognized in gains or losses on changes in fair value are insignificant.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

5. Financial assets held under resale agreements

(a)Summarized by type of banks and other financial institutions

	The Group	
	31 December 2024	31 December 2023
Banks and other financial institutions	20,078	35,435
Other financial institutions	12,662	75,474
Sub-total	32,740	110,909
Add: Accrued interest	4	30
Less: Impairment provision (Note IV 19)	(25)	(109)
Total	32,719	110,830

	The Bank	
	31 December 2024	31 December 2023
Banks and other financial institutions	20,078	35,335
Other financial institutions	12,662	74,924
Sub-total	32,740	110,259
Add: Accrued interest	4	29
Less: Impairment provision (Note IV 19)	(25)	(108)
Total	32,719	110,180

(b)Summarized by collateral type

	The Group	
	31 December 2024	31 December 2023
Bonds	24,862	102,122
Bills	7,878	8,787
Sub-total	32,740	110,909
Add: Accrued interest	4	30
Less: Impairment provision (Note IV 19)	(25)	(109)
Total	32,719	110,830

	The Bank	
	31 December 2024	31 December 2023
Bonds	24,862	101,472
Bills	7,878	8,787
Sub-total	32,740	110,259
Add: Accrued interest	4	29
Less: Impairment provision (Note IV 19)	(25)	(108)
Total	32,719	110,180

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers

6.1 Summarized by corporate and individual

	The Group and the Bank	
	31 December 2024	31 December 2023
<u>Loans and advances to customers measured at amortized cost</u>		
Loans and advances to corporates:		
Loans	1,147,206	975,860
Loans and advances to individuals:		
Mortgage loans	326,098	303,568
Credit card receivables	434,997	514,092
Consumer loans	474,663	545,291
Operating loans	531,410	614,768
Sub-total	1,767,168	1,977,719
Total loans and advances to customers measured at amortized cost	2,914,374	2,953,579
Add: Accrued interest	8,593	9,954
Less: Loans impairment provision (Note IV 6.6)	(88,643)	(97,353)
Total loans and advances to customers measured at amortized cost	2,834,324	2,866,180
<u>Loans and advances to customers designated at fair value and changes included into other comprehensive income</u>		
Loans and advances to corporates:		
Loans	274,000	239,131
Discounted bills	185,729	214,799
Total loans and advances to customers designated at fair value and changes included into other comprehensive income	459,729	453,930
Carrying amount of loans and advances to customers	3,294,053	3,320,110

For the year ended 31 December 2024, the Group and the Bank disposed of and derecognized loans of RMB760 million by transferring to third parties (2023: RMB4,289 million). The Group and the Bank derecognized loans of RMB19,432 million (2023: RMB9,423 million) by credit asset securitization and transfer of right to earnings.

As at 31 December 2024, the impairment provision of the Group and the Bank for loans and advances to customers designated at fair value and changes included into other comprehensive income amounted to RMB957 million (31 December 2023: RMB2,692 million). Refer to Note IV 6.6.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers (Continued)

6.2 Summarized by industry

	The Group and the Bank	
	31 December 2024	31 December 2023
Agriculture, husbandry and fisheries	3,179	3,575
Mining	24,418	17,821
Manufacturing	223,654	200,675
Energy	44,745	37,527
Transportation, post and telecommunications	70,333	59,744
Wholesale and retail	141,044	151,160
Real estate	245,219	255,322
Social service, technology, culture and sanitary industries	343,692	246,241
Construction	65,974	52,760
Personal loans	1,767,168	1,977,719
Others	444,677	404,965
Total loans and advances to customers	3,374,103	3,407,509
Add: Accrued interest	8,593	9,954
Less: Loans impairment provision (Note IV 6.6)	(88,643)	(97,353)
Carrying amount of loans and advances to customers	3,294,053	3,320,110

6.3 Summarized by type of collateral held or other credit enhancements

	The Group and the Bank	
	31 December 2024	31 December 2023
Unsecured loans	1,303,521	1,315,582
Guaranteed loans	287,436	226,971
Loans secured by collateral	1,597,417	1,650,157
Including: Loans secured by collateral	1,253,212	1,313,001
Pledged loans	344,205	337,156
Sub-total	3,188,374	3,192,710
Discounted bills	185,729	214,799
Total loans and advances to customers	3,374,103	3,407,509
Add: Accrued interest	8,593	9,954
Less: Loans impairment provision (Note IV 6.6)	(88,643)	(97,353)
Carrying amount of loans and advances to customers	3,294,053	3,320,110

6.4 Summarized by overdue loans (excluding accrued interest)

	The Group and the Bank				
	31 December 2024				
	Overdue for 1 day to 90 days (inclusive 90 days)	Overdue for 90 days to 1 year (inclusive 1 year)	Overdue for 1 year to 3 years (inclusive 3 years)	Overdue for more than 3 years	Total
Unsecured loans	16,076	8,256	379	54	24,765
Guaranteed loans	681	497	444	3	1,625
Loans secured by collateral	21,813	11,462	885	584	34,744
Including: Loans secured by collateral	18,446	9,223	568	584	28,821
Pledged loans	3,367	2,239	317	-	5,923
Total	38,570	20,215	1,708	641	61,134

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers (Continued)

6.4 Summarized by overdue loans (excluding accrued interest) (Continued)

	The Group and the Bank				
	31 December 2023				
	Overdue for 1 day to 90 days (inclusive 90 days)	Overdue for 90 days to 1 year (inclusive 1 year)	Overdue for 1 year to 3 years (inclusive 3 years)	Overdue for more than 3 years	Total
Unsecured loans	22,378	12,372	404	127	35,281
Guaranteed loans	1,115	1,056	19	4	2,194
Loans secured by collateral	15,088	5,823	1,481	34	22,426
Including: Loans secured by collateral	13,584	4,714	1,223	34	19,555
Pledged loans	1,504	1,109	258	-	2,871
Total	38,581	19,251	1,904	165	59,901

Overdue loans refer to the loans with either principal or interest being overdue for one day or more. For the overdue loans presented above, if loans and advances to customers are repayable by installments and part of such installments is overdue, the total amount of loans is deemed overdue.

For loans repaid on an installment basis, only the amount which is not repaid upon maturity (not the total amount of loans) is deemed overdue. As at 31 December 2024, there were RMB51,276 million loans that had been deemed overdue according to this criterion (31 December 2023: RMB48,551 million).

6.5 Summarized by geographical region

	The Group and the Bank	
	31 December 2024	31 December 2023
Eastern Region	796,244	782,187
Southern Region	688,882	706,021
Western Region	304,678	335,842
Northern Region	525,982	559,056
Headquarters	1,009,888	991,440
Overseas	48,429	32,963
Total loans and advances to customers	3,374,103	3,407,509
Add: Accrued interest	8,593	9,954
Less: Loans impairment provision (Note IV 6.6)	(88,643)	(97,353)
Carrying amount of loans and advances to customers	3,294,053	3,320,110

Details of the above geographical regions:

"Eastern Region":	Shanghai Branch, Hangzhou Branch, Yangzhou Branch, Yiwu Branch, Taizhou Branch, Shaoxing Branch, Huzhou Branch, Ningbo Branch, Wenzhou Branch, Nanjing Branch, Wuxi Branch, Changzhou Branch, Suzhou Branch, Nantong Branch, Taizhou Branch, Fuzhou Branch, Zhangzhou Branch, Fujian Pilot Free Trade Zone Fuzhou Branch, Xiamen Branch, Fujian Pilot Free Trade Zone Xiamen Branch, Quanzhou Branch, Shanghai Pilot Free Trade Zone Branch, Hefei Branch, Wuhu Branch, Xuzhou Branch, Nanchang Branch, Yancheng Branch, Putian Branch, Zhenjiang Branch, Fuyang Branch, Ganzhou Branch, Jiujiang Branch;
"Southern Region":	Shenzhen Branch, Shenzhen Qianhai Branch, Guangzhou Branch, Guangdong Pilot Free Trade Zone Nansha Branch, Zhuhai Branch, Hengqin Guangdong-Macao In-depth Cooperation Zone Branch, Foshan Branch, Dongguan Branch, Huizhou Branch, Zhongshan Branch, Haikou Branch, Changsha Branch, Hengyang Branch, Yueyang Branch, Nanning Branch, Sanya Branch, Changde Branch, Liuzhou Branch, Shantou Branch, Zhanjiang Branch, Jiangmen Branch;
"Western Region":	Chongqing Branch, Chengdu Branch, Deyang Branch, Leshan Branch, Mianyang Branch, Kunming Branch, Honghe Branch, Wuhan Branch, Jingzhou Branch, Xiangyang Branch, Yichang Branch, Xi'an Branch, Xianyang Branch, Guiyang Branch, Chongqing Pilot Free Trade Zone Branch, Zunyi Branch, Huanggang Branch;
"Northern Region":	Beijing Branch, Dalian Branch, Tianjin Branch, Tianjin Pilot Free Trade Zone Branch, Jinan Branch, Linyi Branch, Weifang Branch, Dongying Branch, Qingdao Branch, Yantai Branch, Rizhao Branch, Zhengzhou Branch, Luoyang Branch, Shenyang Branch, Shijiazhuang Branch, Taiyuan Branch, Tangshan Branch, Zibo Branch, Jining Branch, Jinzhong Branch, Langfang Branch, Nanyang Branch, Weihai Branch, Hohhot Branch, Kaifeng Branch, Taian Branch, Baoding Branch, Urumchi Branch, Anshan Branch, Lanzhou Branch, Cangzhou Branch, Harbin Branch, Qingdao Free Trade Zone Branch, Yinchuan Branch, Xinxiang Branch, Handan Branch, Baotou Branch, Changchun Branch, Beijing City Sub-central Branch;
"Headquarters":	The departments of Head Office including credit card center and auto consumer finance center, etc.;
"Overseas":	Hong Kong Branch.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers (Continued)

6.6 Movements in impairment provision for loans

	The Group and the Bank	
	2024	2023
<u>Loans and advances to customers measured at amortized cost</u>		
Balance at the beginning of the year	97,353	97,919
Provision in the current year	54,743	62,973
Write-off and disposal in the current year (Note)	(81,086)	(80,727)
Recovery of loans and advances to customers in the current year written off previously	17,753	17,779
Decrease of loans and advances to customers due to rise in discount value	(112)	(83)
Other changes in the current year	(8)	(508)
Sub-total (Note IV 19)	88,643	97,353
<u>Loans and advances to customers designated at fair value and changes included into other comprehensive income</u>		
Balance at the beginning of the year	2,692	3,277
Write-back in the current year	(1,819)	(140)
Write-off and disposal in the current year (Note)	(40)	(445)
Recovery of loans and advances to customers in the current year written off previously	124	-
Sub-total (Note IV 19)	957	2,692
Total	89,600	100,045

Note : For the year ended 31 December 2024, the outstanding contract amount corresponding to the assets written off during the year was RMB63,294 million (2023: RMB68,585 million). The Group and the Bank still seek to fully recover the legally-owned creditor's rights.

7. Financial assets held for trading

	The Group	
	31 December 2024	31 December 2023
Bonds		
Governments	164,336	123,279
Policy banks	55,880	64,440
Banks and other financial institutions	88,479	25,738
Corporates	35,921	22,745
Funds	186,186	165,174
Asset management plans	92,451	32,773
Trust plans	3,729	10,344
Asset-backed securities	1,719	2,141
Wealth management products	-	1,000
Equity investments and others	870	2,659
Total	629,571	450,293

	The Bank	
	31 December 2024	31 December 2023
Bonds		
Governments	162,110	121,431
Policy banks	55,767	64,348
Banks and other financial institutions	88,479	25,738
Corporates	35,921	22,745
Funds	181,533	162,861
Asset management plans	58,076	18,678
Trust plans	3,729	6,338
Asset-backed securities	1,719	2,141
Equity investments and others	870	2,659
Total	588,204	426,939

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

8. Investment on debts

	The Group	
	31 December 2024	31 December 2023
Bonds		
Governments	645,630	634,046
Policy banks	6,547	8,559
Banks and other financial institutions	19,587	5,393
Corporates	32,391	39,561
Debt financing plans	8,120	12,787
Asset management plans	8,300	16,627
Trust plans	70,178	57,076
Asset-backed securities and others	2,123	2,663
Sub-total	792,876	776,712
Add: Accrued interest	7,158	7,595
Less: Impairment provision (Note IV 19)	(14,959)	(11,840)
Total	785,075	772,467

	The Bank	
	31 December 2024	31 December 2023
Bonds		
Governments	645,630	633,715
Policy banks	6,547	8,559
Banks and other financial institutions	19,388	5,196
Corporates	32,311	39,463
Debt financing plans	8,120	12,787
Asset management plans	8,300	16,627
Trust plans	70,178	57,076
Asset-backed securities and others	2,123	2,663
Sub-total	792,597	776,086
Add: Accrued interest	7,157	7,586
Less: Impairment provision (Note IV 19)	(14,959)	(11,836)
Total	784,795	771,836

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

9. Other investment on debts

	The Group	
	31 December 2024	31 December 2023
Bonds		
Governments	32,201	45,192
Central Bank	1,339	2,501
Policy banks	11,893	3,131
Banks and other financial institutions	81,054	47,808
Corporates	19,561	12,886
Asset-backed securities	28,539	40,150
Asset management plans	589	1,586
Trust plans	214	7,260
Sub-total	175,390	160,514
Add: Accrued interest	1,265	1,417
Total	176,655	161,931

	The Bank	
	31 December 2024	31 December 2023
Bonds		
Governments	29,969	42,371
Central Bank	1,339	2,501
Policy banks	10,106	3,131
Banks and other financial institutions	81,054	47,808
Corporates	19,561	12,886
Asset-backed securities	28,539	40,150
Asset management plans	589	1,586
Trust plans	214	7,260
Sub-total	171,371	157,693
Add: Accrued interest	1,212	1,388
Total	172,583	159,081

	The Group			
	31 December 2024			
	Amortized cost	Fair value	Changes in fair value charged to other comprehensive income	Total impairment provision (Note IV 19)
Debt instruments	175,190	176,655	1,465	(566)

	The Bank			
	31 December 2024			
	Amortized cost	Fair value	Changes in fair value charged to other comprehensive income	Total impairment provision (Note IV 19)
Debt instruments	171,176	172,583	1,407	(566)

	The Group			
	31 December 2023			
	Amortised cost	Fair value	Changes in fair value charged to other comprehensive income	Total impairment provision (Note IV 19)
Debt instruments	161,384	161,931	547	(842)

	The Bank			
	31 December 2023			
	Amortised cost	Fair value	Changes in fair value charged to other comprehensive income	Total impairment provision (Note IV 19)
Debt instruments	158,536	159,081	545	(842)

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

10. Other equity instrument investment

	The Group and the Bank		
	31 December 2024		
	Cost	Fair value	Changes in fair value charged to other comprehensive income
Equity instruments	5,996	5,773	(223)

	The Group and the Bank		
	31 December 2023		
	Cost	Fair value	Changes in fair value charged to other comprehensive income
Equity instruments	7,291	6,214	(1,077)

For the year ended 31 December 2024, the Group and the Bank disposed of certain equity instruments designated at fair value and changes included into other comprehensive income with fair value of RMB1,284 million at the disposal date (2023: RMB772 million). The disposed accumulated losses and resulting transfer from other comprehensive income to retained earnings amounted to RMB237 million (2023: accumulated gains of RMB24 million).

11. Long-term equity investments

	The Bank	
	31 December 2024	31 December 2023
Subsidiaries	5,000	5,000
Less: Provision for impairment of long-term equity investments	-	-
Total	5,000	5,000

(a) Main subsidiaries of the Group

Name of subsidiaries	Place of major business	Place of registration	Nature of business	Shareholding		Method of acquisition
				Direct	Indirect	
Ping An Wealth Management Co., Ltd. Shenzhen, PRC	Shenzhen, PRC	Shenzhen, PRC	Asset management	100%	-	Established

On 19 August 2020, the Bank received the Approval from CBIRC on the Opening of Ping An Wealth Management Co., Ltd. (Yin Bao Jian Fu [2020] No. 513). The NFRA approved the opening of Ping An Wealth Management Co., Ltd., a wholly-owned subsidiary of the Bank, with a registered capital of RMB5,000 million.

12. Investment properties

	The Group and the Bank	
	2024	2023
Original cost:		
Balance at the beginning of the year	518	712
Transfer to fixed assets (Note IV 13)	(130)	(233)
Transfer from fixed assets (Note IV 13)	76	39
Balance at the end of the year	464	518
Accumulated depreciation:		
Balance at the beginning of the year	183	235
Provision in the current year	15	18
Transfer to fixed assets (Note IV 13)	(54)	(83)
Transfer from fixed assets (Note IV 13)	22	13
Balance at the end of the year	166	183
Carrying amount		
Balance at the end of the year	298	335
Balance at the beginning of the year	335	477

As at 31 December 2024 and 31 December 2023, there were not any investment properties for which the corresponding registration certificates had not been obtained.

For the year ended 2024 and for the year ended 2023, the gross rental income earned from the investment properties and the accrued direct operating expenses were both insignificant.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

13. Fixed assets

	The Group			
	Buildings	Transportation vehicles	Office and electronic equipment	Total
Original cost:				
01 January 2024	10,947	82	9,779	20,808
Increase in the current year	32	-	572	604
Transfer from investment properties (Note IV 12)	130	-	-	130
Transfer to investment properties (Note IV 12)	(76)	-	-	(76)
Transfer from construction in progress (Note IV 18d)	142	-	-	142
Decrease in the current year	(73)	(11)	(1,183)	(1,267)
31 December 2024	11,102	71	9,168	20,341
Accumulated depreciation:				
01 January 2024	3,921	74	6,998	10,993
Increase in the current year (Note IV 44)	450	2	1,139	1,591
Transfer from investment properties (Note IV 12)	54	-	-	54
Transfer to investment properties (Note IV 12)	(22)	-	-	(22)
Decrease in the current year	(66)	(10)	(833)	(909)
31 December 2024	4,337	66	7,304	11,707
Impairment provision:				
01 January 2024	1	-	-	1
Decrease in the current year	(1)	-	-	(1)
31 December 2024 (Note IV 19)	-	-	-	-
Carrying amount				
31 December 2024	6,765	5	1,864	8,634
01 January 2024	7,025	8	2,781	9,814

	The Bank			
	Buildings	Transportation vehicles	Office and electronic equipment	Total
Original cost:				
01 January 2024	10,947	82	9,714	20,743
Increase in the current year	32	-	556	588
Transfer from investment properties (Note IV 12)	130	-	-	130
Transfer to investment properties (Note IV 12)	(76)	-	-	(76)
Transfer from construction in progress (Note IV 18d)	142	-	-	142
Decrease in the current year	(73)	(11)	(1,182)	(1,266)
31 December 2024	11,102	71	9,088	20,261
Accumulated depreciation:				
01 January 2024	3,921	74	6,961	10,956
Increase in the current year (Note IV 44)	450	2	1,127	1,579
Transfer from investment properties (Note IV 12)	54	-	-	54
Transfer to investment properties (Note IV 12)	(22)	-	-	(22)
Decrease in the current year	(66)	(10)	(832)	(908)
31 December 2024	4,337	66	7,256	11,659
Impairment provision:				
01 January 2024	1	-	-	1
Decrease in the current year	(1)	-	-	(1)
31 December 2024 (Note IV 19)	-	-	-	-
Carrying amount				
31 December 2024	6,765	5	1,832	8,602
01 January 2024	7,025	8	2,753	9,786

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

13 .Fixed assets (Continued)

	The Group			
	Buildings	Transportation vehicles	Office and electronic equipment	Total
Original cost:				
01 January 2023	10,822	87	9,798	20,707
Increase in the current year	14	-	570	584
Transfer from investment properties (Note IV 12)	233	-	-	233
Transfer to investment properties (Note IV 12)	(39)	-	-	(39)
Transfer from construction in progress (Note IV 18d)	31	-	-	31
Decrease in the current year	(114)	(5)	(589)	(708)
31 December 2023	10,947	82	9,779	20,808
Accumulated depreciation:				
01 January 2023	3,520	76	6,027	9,623
Increase in the current year (Note IV 44)	445	3	1,431	1,879
Transfer from investment properties (Note IV 12)	83	-	-	83
Transfer to investment properties (Note IV 12)	(13)	-	-	(13)
Decrease in the current year	(114)	(5)	(460)	(579)
31 December 2023	3,921	74	6,998	10,993
Impairment provision:				
01 January 2023	1	-	-	1
31 December 2023 (Note IV 19)	1	-	-	1
Carrying amount				
31 December 2023	7,025	8	2,781	9,814
01 January 2023	7,301	11	3,771	11,083

	The Bank			
	Buildings	Transportation vehicles	Office and electronic equipment	Total
Original cost:				
01 January 2023	10,822	87	9,742	20,651
Increase in the current year	14	-	561	575
Transfer from investment properties (Note IV 12)	233	-	-	233
Transfer to investment properties (Note IV 12)	(39)	-	-	(39)
Transfer from construction in progress (Note IV 18d)	31	-	-	31
Decrease in the current year	(114)	(5)	(589)	(708)
31 December 2023	10,947	82	9,714	20,743
Accumulated depreciation:				
01 January 2023	3,520	76	6,000	9,596
Increase in the current year (Note IV 44)	445	3	1,421	1,869
Transfer from investment properties (Note IV 12)	83	-	-	83
Transfer to investment properties (Note IV 12)	(13)	-	-	(13)
Decrease in the current year	(114)	(5)	(460)	(579)
31 December 2023	3,921	74	6,961	10,956
Impairment provision:				
01 January 2023	1	-	-	1
31 December 2023 (Note IV 19)	1	-	-	1
Carrying amount				
31 December 2023	7,025	8	2,753	9,786
01 January 2023	7,301	11	3,742	11,054

As at 31 December 2024, the buildings with original cost of RMB74 million (31 December 2023: RMB74 million) and net book value of RMB12 million (31 December 2023: RMB14 million) were in use by the Group and the Bank without having the registration certificates of property.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

14. Lease contracts

(a) Recognized in the balance sheet

	The Group	
	2024	2023
Original cost of right-of-use assets:		
Balance at the beginning of the year	12,642	13,090
Increase in the current year	1,635	1,881
Decrease in the current year	(2,363)	(2,329)
Balance at the end of the year	11,914	12,642
Accumulated depreciation of right-of-use assets:		
Balance at the beginning of the year	6,866	6,560
Increase in the current year (Note IV 44)	2,247	2,491
Decrease in the current year	(2,247)	(2,185)
Balance at the end of the year	6,866	6,866
Impairment provision:		
Balance at the beginning of the year	-	-
Balance at the end of the year	-	-
Carrying amount of right-of-use assets		
Balance at the end of the year	5,048	5,776
Balance at the beginning of the year	5,776	6,530

	The Group	
	31 December 2024	31 December 2023
Lease liabilities	5,410	6,210

	The Bank	
	2024	2023
Original cost of right-of-use assets:		
Balance at the beginning of the year	12,642	13,026
Increase in the current year	1,635	1,881
Decrease in the current year	(2,363)	(2,265)
Balance at the end of the year	11,914	12,642
Accumulated depreciation of right-of-use assets:		
Balance at the beginning of the year	6,866	6,500
Increase in the current year (Note IV 44)	2,247	2,486
Decrease in the current year	(2,247)	(2,120)
Balance at the end of the year	6,866	6,866
Impairment provision:		
Balance at the beginning of the year	-	-
Balance at the end of the year	-	-
Carrying amount of right-of-use assets		
Balance at the end of the year	5,048	5,776
Balance at the beginning of the year	5,776	6,526

(b) As at 31 December 2024, lease payments related to lease contracts signed but unexecuted by the Group and the Bank amounted to RMB3 million (31 December 2023: RMB53 million);

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

15. Intangible assets

	The Group and the Bank			
	Core deposit (Note)	Land use rights	Software and others	Total
Cost/valuation				
01 January 2024	5,757	4,011	6,751	16,519
Additions in the current year	-	-	191	191
Transfer from development expenditure	-	-	239	239
Decrease in the current year	-	-	(1)	(1)
31 December 2024	5,757	4,011	7,180	16,948
Amortization				
01 January 2024	3,595	265	6,037	9,897
Amortization in the current year (Note IV 44)	287	112	415	814
Decrease in the current year	-	-	(1)	(1)
31 December 2024	3,882	377	6,451	10,710
Carrying amount				
31 December 2024	1,875	3,634	729	6,238
01 January 2024	2,162	3,746	714	6,622

	The Group and the Bank			
	Core deposit (Note)	Land use rights	Software and others	Total
Cost/valuation				
01 January 2023	5,757	4,011	6,220	15,988
Additions in the current year	-	-	281	281
Transfer from development expenditure	-	-	324	324
Decrease in the current year	-	-	(74)	(74)
31 December 2023	5,757	4,011	6,751	16,519
Amortization				
01 January 2023	3,308	154	5,647	9,109
Amortization in the current year (Note IV 44)	287	111	391	789
Decrease in the current year	-	-	(1)	(1)
31 December 2023	3,595	265	6,037	9,897
Carrying amount				
31 December 2023	2,162	3,746	714	6,622
01 January 2023	2,449	3,857	573	6,879

Note : Core deposits were accounts that a financial institution expected to maintain for an extended period of time due to ongoing business relationships. The intangible asset value associated with core deposits reflected the present value of additional cash flows from the use of the deposits as an alternative source of funding at a lower cost in future periods.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

16. Goodwill

	The Group and the Bank				
	2024				
	1 January 2024	Increase in the current year	Decrease in the current year	31 December 2024	Impairment provision
Former Ping An Bank	7,568	-	-	7,568	-

	The Group and the Bank				
	2023				
	1 January 2023	Increase in the current year	Decrease in the current year	31 December 2023	Impairment provision
Former Ping An Bank	7,568	-	-	7,568	-

Former Ping An Bank was acquired by the Group in July 2011 and the goodwill acquired from this business combination amounted to RMB7,568 million. The goodwill acquired from the business combination was allocated to the eastern district, southern district, western district, northern district and credit card center cash-generating units for impairment test so as to compare the recoverable amount with the carrying amount of the cash-generating units. Those cash-generating units were consistent with the cash-generating units recognized at the acquisition date and during the impairment test of goodwill in prior years.

The recoverable amounts of the cash-generating units were determined based on the present value of the expected future cash flows of the cash-generating units. The expected future cash flows were determined based on the expected cash flows from the 5 years' budget plan as approved by the management. The cash flows beyond the 5 years' period were extrapolated based on the long-term average growth rates within the operating geographic locations and industries of the cash-generating units. The discount rate for future cash flow is 11.03% (31 December 2023: 11.73%), which is pre-tax and reflects specific risks relating to the relevant asset groups.

According to the results of impairment tests, as at 31 December 2024, there was no indication that goodwill may be impaired (31 December 2023: not impaired).

17. Deferred income tax assets

The Group's temporary differences of deferred income tax assets and liabilities before offsetting are shown below:

	The Group			
	31 December 2024		31 December 2023	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
<u>Deferred income tax assets</u>				
Provision for impairment of assets	202,204	50,551	175,764	43,941
Salaries and bonuses	10,752	2,688	11,160	2,790
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	268	67	184	46
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	-	-	568	142
Lease liabilities	5,410	1,353	6,210	1,553
Others	6,484	1,621	6,628	1,657
Sub-total	225,118	56,280	200,514	50,129
<u>Deferred income tax liabilities</u>				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(1,988)	(497)	(2,296)	(574)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(6,120)	(1,530)	(7,208)	(1,802)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	(1,184)	(296)	-	-
Right-of-use assets	(5,048)	(1,262)	(5,776)	(1,444)
Others	(1,464)	(366)	(2,208)	(552)
Sub-total	(15,804)	(3,951)	(17,488)	(4,372)
Net book value	209,314	52,329	183,026	45,757

Notes to the Financial Statements

For the year ended 31 December 2024
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IV. Notes to key items in the financial statements (Continued)

17. Deferred income tax assets (Continued)

The Bank's temporary differences of deferred income tax assets and liabilities before offsetting are shown below:

	The Bank			
	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
<u>Deferred income tax assets</u>				
Provision for impairment of assets	202,200	50,550	175,756	43,939
Salaries and bonuses	10,564	2,641	11,024	2,756
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	-	-	568	142
Lease liabilities	5,410	1,353	6,210	1,553
Others	6,464	1,616	6,620	1,655
Sub-total	224,638	56,160	200,178	50,045
<u>Deferred income tax liabilities</u>				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(1,988)	(497)	(2,296)	(574)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(6,120)	(1,530)	(7,208)	(1,802)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	(1,128)	(282)	-	-
Right-of-use assets	(5,048)	(1,262)	(5,776)	(1,444)
Others	(1,432)	(358)	(2,180)	(545)
Sub-total	(15,716)	(3,929)	(17,460)	(4,365)
Net book value	208,922	52,231	182,718	45,680

	The Group			
	2024			
	1 January 2024	Recognized in profit or loss (Note IV 46)	Recognized in other comprehensive income (Note IV 47)	31 December 2024
<u>Deferred income tax assets</u>				
Provision for impairment of assets	43,941	6,107	503	50,551
Salaries and bonuses	2,790	(102)	-	2,688
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	46	21	-	67
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	142	-	(142)	-
Lease liabilities	1,553	(200)	-	1,353
Others	1,657	(36)	-	1,621
Sub-total	50,129	5,790	361	56,280
<u>Deferred income tax liabilities</u>				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(574)	77	-	(497)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(1,802)	272	-	(1,530)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	-	-	(296)	(296)
Right-of-use assets	(1,444)	182	-	(1,262)
Others	(552)	186	-	(366)
Sub-total	(4,372)	717	(296)	(3,951)
Net book value	45,757	6,507	65	52,329

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

17. Deferred income tax assets (Continued)

	The Bank			
	2024			
	1 January 2024	Recognized in profit or loss (Note IV 46)	Recognized in other comprehensive income (Note IV 47)	31 December 2024
<u>Deferred income tax assets</u>				
Provision for impairment of assets	43,939	6,108	503	50,550
Salaries and bonuses	2,756	(115)	-	2,641
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	142	-	(142)	-
Lease liabilities	1,553	(200)	-	1,353
Others	1,655	(39)	-	1,616
Sub-total	50,045	5,754	361	56,160
<u>Deferred income tax liabilities</u>				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(574)	77	-	(497)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(1,802)	272	-	(1,530)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	-	-	(282)	(282)
Right-of-use assets	(1,444)	182	-	(1,262)
Others	(545)	187	-	(358)
Sub-total	(4,365)	718	(282)	(3,929)
Net book value	45,680	6,472	79	52,231

	The Group			
	2023			
	1 January 2023	Recognized in profit or loss (Note IV 46)	Recognized in other comprehensive income (Note IV 47)	31 December 2023
<u>Deferred income tax assets</u>				
Provision for impairment of assets	43,746	(98)	293	43,941
Salaries and bonuses	1,966	824	-	2,790
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	37	9	-	46
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	293	-	(151)	142
Lease liabilities	1,731	(178)	-	1,553
Others	373	1,284	-	1,657
Sub-total	48,146	1,841	142	50,129
<u>Deferred income tax liabilities</u>				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(652)	78	-	(574)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(1,063)	(739)	-	(1,802)
Right-of-use assets	(1,633)	189	-	(1,444)
Others	(719)	167	-	(552)
Sub-total	(4,067)	(305)	-	(4,372)
Net book value	44,079	1,536	142	45,757

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

17. Deferred income tax assets (Continued)

	The Bank			
	2023			
	1 January 2023	Recognized in profit or loss (Note IV 46)	Recognized in other comprehensive income (Note IV 47)	31 December 2023
<u>Deferred income tax assets</u>				
Provision for impairment of assets	43,746	(99)	292	43,939
Salaries and bonuses	1,934	822	-	2,756
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	291	-	(149)	142
Lease liabilities	1,731	(178)	-	1,553
Others	372	1,283	-	1,655
Sub-total	48,074	1,828	143	50,045
<u>Deferred income tax liabilities</u>				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(652)	78	-	(574)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(1,063)	(739)	-	(1,802)
Right-of-use assets	(1,632)	188	-	(1,444)
Others	(712)	167	-	(545)
Sub-total	(4,059)	(306)	-	(4,365)
Net book value	44,015	1,522	143	45,680

18. Other assets

(a) Summarized by nature

	The Group	
	31 December 2024	31 December 2023
Prepayments and guarantee deposits (Note IV 18b)	1,124	1,332
Deposit of litigation fees	811	785
Fees receivable	2,745	3,669
Foreclosed assets (Note IV 18c)	5,095	1,793
Construction in progress (Note IV18d)	2,529	1,846
Long-term prepaid expenses (Note IV 18e)	1,195	1,379
Settlement receivables	6,370	39,036
Development expenditure	136	128
Interest receivable	831	1,025
Others	2,729	3,137
Total other assets	23,565	54,130
Less: Impairment provision		
Foreclosed assets (Note IV 18c)	(1,947)	(1,587)
Others	(2,656)	(2,312)
Total impairment provision	(4,603)	(3,899)
Net value of other assets	18,962	50,231

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

18. Other assets (Continued)

(a) Summarized by nature (Continued)

	The Bank	
	31 December 2024	31 December 2023
Prepayments and guarantee deposits (Note IV 18b)	1,106	1,317
Deposit of litigation fees	811	785
Fees receivable	2,576	3,496
Foreclosed assets (Note IV 18c)	5,095	1,793
Construction in progress (Note IV18d)	2,529	1,846
Long-term prepaid expenses (Note IV 18e)	1,195	1,379
Settlement receivables	6,370	39,036
Development expenditure	136	128
Interest receivable	831	1,025
Others	2,726	3,133
Total other assets	23,375	53,938
Less: Impairment provision		
Foreclosed assets (Note IV 18c)	(1,947)	(1,587)
Others	(2,655)	(2,312)
Total impairment provision	(4,602)	(3,899)
Net value of other assets	18,773	50,039

(b) Prepayments and guarantee deposits

Summarized by aging

	The Group			
	31 December 2024		31 December 2023	
	Amount	Percentage	Amount	Percentage
Less than 1 year	570	50.71%	420	31.53%
1 to 2 years	148	13.17%	415	31.16%
2 to 3 years	64	5.69%	126	9.46%
Over 3 years	342	30.43%	371	27.85%
Total	1,124	100.00%	1,332	100.00%

	The Bank			
	31 December 2024		31 December 2023	
	Amount	Percentage	Amount	Percentage
Less than 1 year	566	51.17%	414	31.44%
1 to 2 years	142	12.84%	412	31.28%
2 to 3 years	61	5.52%	126	9.57%
Over 3 years	337	30.47%	365	27.71%
Total	1,106	100.00%	1,317	100.00%

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

18.Other assets (Continued)

(c) Foreclosed assets

	The Group and the Bank	
	31 December 2024	31 December 2023
Land and buildings	5,093	1,791
Others	2	2
Sub-total	5,095	1,793
Less: Provision for impairment of foreclosed assets (Note IV 19)	(1,947)	(1,587)
Net value of foreclosed assets	3,148	206

For the year ended 31 December 2024, the Group and the Bank took possession of collateral held as a security with a carrying amount of RMB3,449 million (2023: RMB1 million). For the year ended 31 December 2024, the Group and the Bank disposed debt assets of RMB147 million (2023: RMB267 million). The Group and the Bank planned to dispose of the repossessed assets through auctions, bidding or transfers in the subsequent years.

(d) Construction in progress

	The Group and the Bank	
	2024	2023
Balance at the beginning of the year	1,846	789
Increase in the current year	1,066	1,531
Transfer to fixed assets (Note IV 13)	(142)	(31)
Transfer to long-term prepaid expenses (Note IV 18e)	(241)	(443)
Balance at the end of the year	2,529	1,846

Major construction in progress of the Group and the Bank is listed as follows:

	The Group and the Bank					
	2024					
	Budget	Balance at 1 January 2024	Increase in the current year	Decrease in the current year	Balance at 31 December 2024	Percentage of engineering investment to budget
Project of Zhongbei Road, Wuhan	1,609	843	379	-	1,222	75.95%
Construction of Ping An Credit Card Global Technology Building	1,900	765	351	-	1,116	58.74%

(e) Long-term prepaid expenses

	The Group and the Bank	
	2024	2023
Balance at the beginning of the year	1,379	1,429
Increase in the current year	204	264
Transfer from construction in progress (Note IV 18d)	241	443
Amortization in the current year	(609)	(746)
Other decreases in the current year	(20)	(11)
Balance at the end of the year	1,195	1,379

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

19. Provision for impairment of assets

	The Group								
	2024								
	Note IV	1 January 2024	Provision/ (Reversal) in the current year	Write-off in the current year	Recovery of assets written off previously in the current year	Transfer upon asset disposal in the current year	Changes in value of loans due to discount	Other changes	31 December 2024
Impairment provision for deposits with banks and other financial institutions	2	588	(242)	-	-	-	-	-	346
Impairment provision for placements to banks and other financial institutions measured at amortized cost	3	932	221	-	-	-	-	3	1,156
Impairment provision for financial assets held under resale agreements	5	109	(84)	-	-	-	-	-	25
Impairment provision for loans and advances to customers measured at amortized cost	6	97,353	54,743	(63,254)	17,753	(17,832)	(112)	(8)	88,643
Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income	6	2,692	(1,819)	(40)	124	-	-	-	957
Impairment provision for investment on debts	8	11,840	3,672	(759)	712	(530)	-	24	14,959
Impairment provision for other investment on debts	9	842	(353)	-	53	-	-	24	566
Impairment provision for fixed assets	13	1	-	-	-	-	-	(1)	-
Impairment provision for foreclosed assets	18c	1,587	489	-	-	(129)	-	-	1,947
Impairment provision for others		2,674	269	(224)	52	(1)	-	1	2,771
Total		118,618	56,896	(64,277)	18,694	(18,492)	(112)	43	111,370

	The Bank								
	2024								
	Note IV	1 January 2024	Provision/ (Reversal) in the current year	Write-off in the current year	Recovery of assets written off previously in the current year	Transfer upon asset disposal in the current year	Changes in value of loans due to discount	Other changes	31 December 2024
Impairment provision for deposits with banks and other financial institutions	2	587	(242)	-	-	-	-	-	345
Impairment provision for placements to banks and other financial institutions measured at amortized cost	3	932	221	-	-	-	-	3	1,156
Impairment provision for financial assets held under resale agreements	5	108	(83)	-	-	-	-	-	25
Impairment provision for loans and advances to customers measured at amortized cost	6	97,353	54,743	(63,254)	17,753	(17,832)	(112)	(8)	88,643
Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income	6	2,692	(1,819)	(40)	124	-	-	-	957
Impairment provision for investment on debts	8	11,836	3,676	(759)	712	(530)	-	24	14,959
Impairment provision for other investment on debts	9	842	(353)	-	53	-	-	24	566
Impairment provision for fixed assets	13	1	-	-	-	-	-	(1)	-
Impairment provision for foreclosed assets	18c	1,587	489	-	-	(129)	-	-	1,947
Impairment provision for others		2,674	269	(224)	52	(1)	-	1	2,771
Total		118,612	56,901	(64,277)	18,694	(18,492)	(112)	43	111,369

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

19. Provision for impairment of assets (Continued)

	The Group								
	2023								
	Note IV	1 January 2023	Provision/(Reversal) in the current year	Write-off in the current year	Recovery of assets written off previously in the current year	Transfer upon asset disposal in the current year	Changes in value of loans due to discount	Other changes	31 December 2023
Impairment provision for deposits with banks and other financial institutions	2	2,093	(1,512)	-	-	-	-	7	588
Impairment provision for placements to banks and other financial institutions measured at amortized cost	3	2,328	(1,394)	-	-	-	-	(2)	932
Impairment provision for placements to banks and other financial institutions designated at fair value and changes included into other comprehensive income	3	91	(91)	-	-	-	-	-	-
Impairment provision for financial assets held under resale agreements	5	5	104	-	-	-	-	-	109
Impairment provision for loans and advances to customers measured at amortized cost	6	97,919	62,973	(68,140)	17,779	(12,587)	(83)	(508)	97,353
Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income	6	3,277	(140)	(445)	-	-	-	-	2,692
Impairment provision for investment on debts	8	16,387	(5,538)	(157)	1,346	(256)	-	58	11,840
Impairment provision for other investment on debts	9	1,339	(498)	-	1	-	-	-	842
Impairment provision for fixed assets	13	1	-	-	-	-	-	-	1
Impairment provision for foreclosed assets	18c	1,699	77	-	-	(189)	-	-	1,587
Impairment provision for others		1,532	1,297	(171)	16	-	-	-	2,674
Total		126,671	55,278	(68,913)	19,142	(13,032)	(83)	(445)	118,618

	The Bank								
	2023								
	Note IV	1 January 2023	Provision/(Reversal) in the current year	Write-off in the current year	Recovery of assets written off previously in the current year	Transfer upon asset disposal in the current year	Changes in value of loans due to discount	Other changes	31 December 2023
Impairment provision for deposits with banks and other financial institutions	2	2,093	(1,513)	-	-	-	-	7	587
Impairment provision for placements to banks and other financial institutions measured at amortized cost	3	2,328	(1,394)	-	-	-	-	(2)	932
Impairment provision for placements to banks and other financial institutions designated at fair value and changes included into other comprehensive income	3	91	(91)	-	-	-	-	-	-
Impairment provision for financial assets held under resale agreements	5	5	103	-	-	-	-	-	108
Impairment provision for loans and advances to customers measured at amortized cost	6	97,919	62,973	(68,140)	17,779	(12,587)	(83)	(508)	97,353
Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income	6	3,277	(140)	(445)	-	-	-	-	2,692
Impairment provision for investment on debts	8	16,385	(5,540)	(157)	1,346	(256)	-	58	11,836
Impairment provision for other investment on debts	9	1,339	(498)	-	1	-	-	-	842
Impairment provision for fixed assets	13	1	-	-	-	-	-	-	1
Impairment provision for foreclosed assets	18c	1,699	77	-	-	(189)	-	-	1,587
Impairment provision for others		1,532	1,297	(171)	16	-	-	-	2,674
Total		126,669	55,274	(68,913)	19,142	(13,032)	(83)	(445)	118,612

Notes to the Financial Statements

For the year ended 31 December 2024
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IV. Notes to key items in the financial statements (Continued)

20. Borrowings from the Central Bank

	The Group and the Bank	
	31 December 2024	31 December 2023
Medium-term borrowing facility	32,720	124,800
Selling repurchase bills to the Central Bank	6,606	26
Selling repurchase bonds to the Central Bank	40,000	74,970
Others	6,039	6,992
Sub-total	85,365	206,788
Add: Accrued interest	745	1,995
Total	86,110	208,783

21. Deposits from banks and other financial institutions

	The Group	
	31 December 2024	31 December 2023
Domestic banks and other financial institutions	80,162	103,142
Other domestic financial institutions	365,264	360,016
Overseas banks and other financial institutions	599	276
Other overseas financial institutions	61	87
Sub-total	446,086	463,521
Add: Accrued interest	1,791	4,270
Total	447,877	467,791

	The Bank	
	31 December 2024	31 December 2023
Domestic banks and other financial institutions	80,162	103,142
Other domestic financial institutions	365,291	360,064
Overseas banks and other financial institutions	599	276
Other overseas financial institutions	61	87
Sub-total	446,113	463,569
Add: Accrued interest	1,791	4,270
Total	447,904	467,839

22. Placements from banks and other financial institutions

	The Group and the Bank	
	31 December 2024	31 December 2023
<u>Placements from banks and other financial institutions</u> measured at amortized cost		
Domestic banks and other financial institutions	32,027	38,100
Overseas banks and other financial institutions	15,120	8,033
Add: Accrued interest	163	134
Sub-total	47,310	46,267
<u>Placements from banks and other financial institutions</u> designated at fair value and changes included into thee profits and losses for the period		
Domestic banks and other financial institutions	4,319	-
Other domestic financial institutions	617	144
Overseas banks and other financial institutions	3,395	2,648
Sub-total	8,331	2,792
Total	55,641	49,059

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

23. Financial liabilities held for trading

	The Group and the Bank	
	31 December 2024	31 December 2023
Payables of bond lending	134,524	29,649
Financial liabilities arising from precious metals	2,832	1,965
Total	137,356	31,614

24. Financial assets sold under repurchase agreements

(a) Summarized by type of banks and other financial institutions

	The Group	
	31 December 2024	31 December 2023
Banks and other financial institutions	120,120	58,151
Other financial institutions	11,048	-
Sub-total	131,168	58,151
Add: Accrued interest	13	1
Total	131,181	58,152

	The Bank	
	31 December 2024	31 December 2023
Banks and other financial institutions	96,793	40,050
Add: Accrued interest	13	1
Total	96,806	40,051

(b) Summarized by collateral type

	The Group	
	31 December 2024	31 December 2023
Bonds	131,168	49,299
Bills	-	8,852
Sub-total	131,168	58,151
Add: Accrued interest	13	1
Total	131,181	58,152

	The Bank	
	31 December 2024	31 December 2023
Bonds	96,793	31,198
Bills	-	8,852
Sub-total	96,793	40,050
Add: Accrued interest	13	1
Total	96,806	40,051

Financial assets transferred as collateral under repurchase agreements are not derecognized.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

25. Deposits from customers

	The Group	
	31 December 2024	31 December 2023
Demand deposits		
Corporate customers	833,144	902,975
Individual customers	358,073	290,336
Sub-total	1,191,217	1,193,311
Time deposits		
Corporate customers	1,413,354	1,296,702
Individual customers	929,107	917,282
Sub-total	2,342,461	2,213,984
Add: Accrued interest	58,635	50,992
Total	3,592,313	3,458,287

	The Bank	
	31 December 2024	31 December 2023
Demand deposits		
Corporate customers	833,145	902,975
Individual customers	358,073	290,336
Sub-total	1,191,218	1,193,311
Time deposits		
Corporate customers	1,413,354	1,296,702
Individual customers	929,107	917,282
Sub-total	2,342,461	2,213,984
Add: Accrued interest	58,635	50,992
Total	3,592,314	3,458,287

26. Employee benefits payable

	The Group	
	31 December 2024	31 December 2023
Short-term employee benefits payable (a)	16,089	17,111
Defined contribution plans and defined benefit plans payable (b)	73	77
Termination benefits payable	1	1
Total	16,163	17,189

	The Bank	
	31 December 2024	31 December 2023
Short-term employee benefits payable (a)	15,669	16,755
Defined contribution plans and defined benefit plans payable (b)	72	77
Termination benefits payable	1	1
Total	15,742	16,833

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

26. Employee benefits payable (Continued)

(a) Short-term employee benefits payable

	The Group			
	2024			
	1 January 2024	Increase in the current year	Payment in the current year	31 December 2024
Salaries, bonuses, allowances and subsidies	16,449	13,565	(14,581)	15,433
Staff welfare and other social insurance	588	1,699	(1,701)	586
Housing funds	-	1,285	(1,285)	-
Labor union and training expenses	74	375	(379)	70
Total	17,111	16,924	(17,946)	16,089

	The Bank			
	2024			
	1 January 2024	Increase in the current year	Payment in the current year	31 December 2024
Salaries, bonuses, allowances and subsidies	16,096	13,153	(14,234)	15,015
Staff welfare and other social insurance	586	1,682	(1,683)	585
Housing funds	-	1,268	(1,268)	-
Labor union and training expenses	73	366	(370)	69
Total	16,755	16,469	(17,555)	15,669

	The Group			
	2023			
	1 January 2023	Increase in the current year	Payment in the current year	31 December 2023
Salaries, bonuses, allowances and subsidies	17,926	15,536	(17,013)	16,449
Staff welfare and other social insurance	476	1,774	(1,662)	588
Housing funds	-	1,269	(1,269)	-
Labor union and training expenses	82	458	(466)	74
Total	18,484	19,037	(20,410)	17,111

	The Bank			
	2023			
	1 January 2023	Increase in the current year	Payment in the current year	31 December 2023
Salaries, bonuses, allowances and subsidies	17,628	15,173	(16,705)	16,096
Staff welfare and other social insurance	474	1,755	(1,643)	586
Housing funds	-	1,254	(1,254)	-
Labor union and training expenses	82	450	(459)	73
Total	18,184	18,632	(20,061)	16,755

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

26. Employee benefits payable (Continued)

(b) Defined contribution plans and defined benefit plans payable

	The Group			
	2024			
	1 January 2024	Increase in the current year	Payment in the current year	31 December 2024
Defined contribution plans	39	1,931	(1,935)	35
Defined benefit plans	38	4	(4)	38
Total	77	1,935	(1,939)	73

	The Bank			
	2024			
	1 January 2024	Increase in the current year	Payment in the current year	31 December 2024
Defined contribution plans	39	1,907	(1,912)	34
Defined benefit plans	38	4	(4)	38
Total	77	1,911	(1,916)	72

	The Group			
	2023			
	1 January 2023	Increase in the current year	Payment in the current year	31 December 2023
Defined contribution plans	47	1,819	(1,827)	39
Defined benefit plans	39	2	(3)	38
Total	86	1,821	(1,830)	77

	The Bank			
	2023			
	1 January 2023	Increase in the current year	Payment in the current year	31 December 2023
Defined contribution plans	47	1,802	(1,810)	39
Defined benefit plans	39	2	(3)	38
Total	86	1,804	(1,813)	77

27. Taxes payable

	The Group	
	31 December 2024	31 December 2023
Corporate income tax payable	11,332	5,861
VAT payable	2,343	2,919
Additional taxes and surcharges payable	326	385
Others	171	215
Total	14,172	9,380

	The Bank	
	31 December 2024	31 December 2023
Corporate income tax payable	11,245	5,563
VAT payable	2,314	2,834
Additional taxes and surcharges payable	322	375
Others	169	213
Total	14,050	8,985

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

28. Debt securities issued

	The Group and the Bank	
	31 December 2024	31 December 2023
Debt securities issued		
Financial bonds (Note 1)	99,996	99,995
Tier 2 capital bonds (Note 2)	59,995	59,984
Sub-total	159,991	159,979
Deposit receipts and certificates of deposit issued by banks and other financial institutions (Note 3)	533,451	565,833
Add: Accrued interest	1,758	2,516
Total	695,200	728,328

As at 30 June 2024 and 31 December 2023, the Group and the Bank did not have any defaults of principal, interest or other breaches with respect to debt securities issued.

Note 1: As approved by the PBOC and the NFRA, the Bank issued financial bonds amounting to RMB20 billion, RMB20 billion, RMB5 billion, RMB5 billion, RMB20 billion, RMB30 billion, RMB15 billion and RMB 5 billion respectively in the inter-bank market on 28 January 2021, 17 October 2022, 28 October 2022, 28 October 2022, 8 November 2022, 10 April 2023, 5 February 2024 and 5 February 2024. The debt instruments have 3 years to maturity, with fixed coupon rates of 3.45%, 2.45%, 2.45%, 2.45%, 2.77%, 2.46% and 2.46% respectively. In February 2024, the 2021 financial bonds above were redeemed upon maturity. As at 31 December 2024, the book balance of the Bank's financial bonds were RMB20,000 million, RMB5,000 million, RMB19,999 million, RMB29,999 million, RMB14,999 million and RMB4,999 million, respectively.

Note 2: As approved by the PBOC and the NFRA, the Bank issued Tier 2 capital bonds amounting to RMB30 billion, RMB30 billion, RMB27 billion and RMB3 billion respectively in the inter-bank market on 25 April 2019, 9 November 2021, 9 July 2024 and 9 July 2024. These subordinated bonds have 10 years,10 years,10 years and 15 years respectively to maturity with fixed coupon rates. The Bank has the option to redeem these bonds at the end of the fifth year, fifth year, fifth year and tenth year respectively on certain conditions and the corresponding coupon rates are 4.55%, 3.69%, 2.32%, and 2.50% respectively. In April 2024, the Bank exercised its right to redeem the Tier 2 capital bonds issued in 2019 and the bonds were redeemed in full. As at 31 December 2024, the book balance of the Bank's Tier 2 capital bonds was RMB29,997 million, RMB26,998 and RMB3,000 million respectively.

When the triggering event occurs, the Bank has the right to irrevocably fully write down the principals of bonds and other Tier 1 capital instruments issued in the current period, without the consent from bondholders, from the day following the triggering event. Any unpaid accumulated interest payable will no longer be paid. Once the principals of bonds are written down, the bonds are permanently canceled, no longer be restored in any condition. The triggering event is the earlier of following: (i) if the principals are not written down, the issuer will be prohibited from operating by the NFRA; (ii) with no capital injection or equivalent support from the public sector, the issuer will be prohibited from operating by the NFRA.

Note 3:As at 31 December 2024, the original term of deposit receipts and certificates of deposit issued by banks and other financial institutions but unmatured was from 3 months to 1 year, and the annual interest rate was from 1.60% to 5.04%(31 December 2023: the original term was from 3 months to 1 year, and the annual interest rate was from 2.22% to 5.32%).

29. Accrued liabilities

	The Group and the Bank	
	31 December 2024	31 December 2023
Provision for expected credit losses of credit commitments	5,753	13,347
Expected litigation losses	75	151
Total	5,828	13,498

30. Other liabilities

	The Group	
	31 December 2024	31 December 2023
Settlement & clearing and pending payables	8,635	10,393
Accrued and payable expenses	7,124	6,454
Inactive deposit account balances	20	25
Dividends payable (Note)	12	12
Amounts payable for custody	849	601
Contract liabilities	2,574	1,905
Quality warranties and deposits	141	158
Others	3,269	4,729
Total	22,624	24,277

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

30. Other liabilities (Continued)

	The Bank	
	31 December 2024	31 December 2023
Settlement & clearing and pending payables	8,635	10,393
Accrued and payable expenses	7,245	7,756
Inactive deposit account balances	20	25
Dividends payable (Note)	12	12
Amounts payable for custody	849	601
Contract liabilities	2,574	1,905
Quality warranties and deposits	141	158
Others	3,269	4,729
Total	22,745	25,579

Note : As at 31 December 2024 and 31 December 2023, the dividends payable of RMB12 million above had been overdue for more than 1 year as the related shareholders had not collected the dividends.

31. Share capital

As at 31 December 2024, the number of the Group and the Bank's ordinary shares registered and fully paid was RMB19,406 million, with a par value of RMB1 per share. The nature and the structure of the share capital are as follows:

	The Group and the Bank				
	1 January 2024	Percentage	Movements in the year	31 December 2024	Percentage
Share capital of ordinary shares	19,406	100.00%	-	19,406	100.00%

32. Other equity instruments

	The Group and the Bank	
	31 December 2024	31 December 2023
Preference shares (Note 1)	19,953	19,953
Perpetual bonds (Note 2)	49,995	49,991
Total	69,948	69,944

Note 1:

Outstanding financial instruments	Dividend rate	Issue price (In RMB)	Number of shares issued (Million)	Amount of shares issued (In RMB million)	Maturity date or renewal	Conversion
Preference shares	4.37%	100	200	20,000	No maturity date	No conversion

On 7 March 2016, the Bank issued 200 million preference shares at par. In the duration, in the case that relevant requirements are satisfied, the Bank has the option to redeem the whole or part of the preference shares on annual dividend payment date after expiry of 5 years after the approval of the NFRA. The redemption right for the preference shares is owned by the Bank after the approval of the NFRA. The nominal dividend rate of the preference shares is 4.37%, and the dividend is paid by cash at fixed rate annually.

As authorized by the shareholders' annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. No profit will be distributed to ordinary shareholders unless the Bank decides to completely distribute the current dividends on preference shares. The preference shares are non-cumulative preference shares and the Bank has the option to cancel a portion or all of the dividend distribution. Preference shareholders shall not participate in the distribution of residual profits with ordinary shareholders. As approved by the NFRA, the existing preference shares issued by the Bank will be completely or partially converted to ordinary shares of the Bank when the following triggering events of mandatory conversion happen:

(1)Where the triggering events of other Tier 1 capital instruments happen, namely when the core Tier 1 capital adequacy ratio falls to 5.125% (or lower), the preference shares will be completely or partially converted to A shares at once as agreed in the contract to restore the Bank's core Tier 1 capital adequacy ratio above the triggering point.

(2)Where the triggering events of Tier 2 capital instruments happen, the preference shares will be mandatorily converted to A shares. If the triggering conditions for mandatory conversion are all met, the existing preference shares will be completely or partially converted to A shares at agreed conversion price after approval of the regulator. Since the issuing scheme for preference shares is approved by the Board of Directors, where such conditions as bonus shares (excluding the option of cash dividend distribution), transfer to paid-in capital, issuance of new shares (excluding transfer to paid-in capital from issuance of financial instruments (e.g., preference shares, convertible bonds, etc.) with the terms of being convertible to ordinary shares) and allotment of shares happen, the Bank will make accumulative adjustments for mandatory conversion price successively following the sequential order of the above conditions without consideration of cash dividends on ordinary shares.

The preference shares issued by the Bank are classified as equity instruments and presented in shareholders' equity in balance sheet. Based on relevant provisions of the NFRA, the preference shares meet all the criteria of qualified other Tier 1 capital instruments.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

32. Other equity instruments (Continued)

Note 2: As approved by the PBOC and the NFRA, the Bank proposed to issue non-fixed term capital bonds totaling RMB50 billion with write-down features by installment in the national inter-bank market. On 19 December 2019, the Bank issued non-fixed term capital bonds with write-down features amounting to RMB20 billion in the national inter-bank market, and the issuance was completed on 26 December 2019. The par value per unit of the bonds was RMB100 and the coupon rate is 4.10% for the first 5 years, which shall be adjusted every 5 years. Bank has redeemed the whole perpetual bonds on 26 December 2024 after the approval of the NFRA. On 21 February 2020, the Bank issued non-fixed term capital bonds with write-down features amounting to RMB30 billion in the national inter-bank market, and the issuance was completed on 25 February 2020. The par value per unit of the bonds was RMB100 and the coupon rate is 3.85% for the first 5 years, which shall be adjusted every 5 years. On 5 November 2024 the Bank issued non-fixed term capital bonds with write-down features amounting to RMB20 billion in the national inter-bank market, and the issuance was completed on 7 November 2024. The par value per unit of the bonds was RMB100 and the coupon rate is 2.45% for the first 5 years, which shall be adjusted every 5 years.

Lifetime of the bonds is consistent with that of the Bank to continue as a going concern. The Bank has the option to redeem the whole or part of such bonds on annual interest payment date 5 years after the issuance date, provided that prerequisite for redemption is met and such redemption is approved by the NFRA. When the operation prohibited triggering event occurs, the Bank has the right to partially or fully write down the principals of the above existing bonds issued, which is not subject to the consent from bondholders. The above bonds are written down by the proportion of remaining par value to total remaining par value of other Tier 1 capital instruments subject to the same triggering event. The operation prohibited triggering event is the earlier of following: (i) if the principals are not written down, the issuer will be prohibited from operating by the NFRA; (ii) with no capital injection or equivalent support from the public sector, the issuer will be prohibited from operating by relevant department. The written down part is irreversible. The principals of the bonds rank after depositors, general creditors and subordinated debts of higher ranks than bonds issued in the current period, but before shares held by shareholders when liquidated. Bonds and other Tier 1 capital instruments with the same liquidation ranks are liquidated in sequence.

Payment of interest on the above bonds is non-cumulative and the Bank has the right to cancel a portion or all of the interest distribution, which will not constitute a breach of contract. The Bank can dominate the bond interest canceled for timely repayment of other debts. No interests shall be distributed to ordinary shareholders before the Bank decides to distribute interests in full amount to bondholders again.

After deduction of issuance expenses, the net amount of funds raised by above bonds will all be used to replenish other Tier 1 capital and to improve capital adequacy ratio.

Changes in outstanding perpetual bonds:

	1 January 2024		Movements in the year		31 December 2024	
	Number of bonds	Carrying amount	Number of bonds	Carrying amount	Number of bonds	Carrying amount
	Million	In RMB millions	Million	In RMB millions	Million	In RMB millions
Perpetual bonds	500	49,991	-	4	500	49,995

Equity attributable to holders of equity instruments is summarized as follows:

	The Group	
	31 December 2024	31 December 2023
Equity attributable to holders of ordinary shares	424,894	402,384
Equity attributable to holders of other equity	69,948	69,944
Total	494,842	472,328

	The Bank	
	31 December 2024	31 December 2023
Equity attributable to holders of ordinary shares	417,386	396,837
Equity attributable to holders of other equity	69,948	69,944
Total	487,334	466,781

33. Capital reserve

	The Group	
	31 December 2024	31 December 2023
Share premium	80,816	80,816
Long-term service plan and others (Note)	(103)	(55)
Total	80,713	80,761

	The Bank	
	31 December 2024	31 December 2023
Share premium	80,816	80,816
Long-term service plan and others (Note)	(98)	(53)
Total	80,718	80,763

Note : The Group and the senior management and some core personnel of the Bank may voluntarily participates in the long-term service plan (hereinafter referred to as long-term service plan) adopted by Ping An Insurance (Group) Company of China, Ltd. (hereafter referred to as China Ping An), its parent company. The vesting of benefits under the plan can only be applied for when a long-term service plan participant retires from the Group and the Bank, and finally granted upon confirmation. Under the long-term service plan, the Group purchases shares of China Ping An, the parent company, through the market. For the year ended 31 December 2024, the Group has paid RMB47 million of share purchase costs attributable to the long-term service plan (for the year ended 31 December 2023: RMB59 million). For the year ended 31 December 2024, the Bank's payments for share purchase costs payable under the long-term service plan amounted to RMB45 million (for the year ended 31 December 2023: RMB56 million).

For the year ended 31 December 2024 and 31 December 2023, the Group's and the Bank's share-based payments for the long-term service plan and total amount of employee services in exchange for share-based payments are insignificant.

Notes to the Financial Statements

For the year ended 31 December 2024
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IV. Notes to key items in the financial statements (Continued)

34. Surplus reserve

In accordance with the Company Law, the Bank is required to appropriate 10% of its profit after tax to its statutory surplus reserve until the reserve balance exceeds 50% of its registered capital. Subject to the approval of the shareholders in general meetings, the statutory surplus reserve may be used to offset accumulated losses or be converted to the Bank's paid-in capital. When converting the statutory surplus reserve to paid-in capital, new shares can be distributed to shareholders according to the original share proportion, provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital. The Bank may also appropriate its profit after tax to the discretionary surplus reserve upon approval of the shareholders in general meetings. As at 31 December 2024 and 31 December 2023, the amount of the surplus reserve represented the statutory surplus reserve.

35. General reserve

According to the relevant regulations of the Ministry of Finance, the Bank's general reserve balance shall be 1.5% of the ending balance of gross risk assets. The general reserve also includes the general reserve drawn by the Bank's subsidiaries in accordance with the applicable regulations within their industry or region.

36. Undistributed profit

According to a resolution at the meeting of the Board of Directors dated 14 March 2025, the Bank will appropriate RMB65 million to the general reserve based on net profit of 2024 audited by domestic certified public accountant. No appropriation was made to the statutory surplus reserve temporarily as the balance of statutory surplus reserve exceeds 50% of the registered capital. The above distribution is pending for the approval by the general meeting of shareholders.

The Bank passed its profit distribution resolution for the year of 2023 at the 2023 annual general meeting held on 24 May 2024. According to the profit distribution plan, the Bank appropriated cash dividend of RMB13,953 million for 2023. In addition, the general meeting of shareholders reviewed and adopted the 2024-2026 Annual Shareholder Return Plan, which authorizes the Board of Directors to approve the interim cash dividend plan according to the cash dividend conditions, upper proportion limit, upper amount limit, etc. determined in the above plan.

On 15 August 2024, the Board of Directors of the Bank deliberated and adopted the 2024 interim profit distribution plan, under which the Bank would distribute cash dividends of RMB4,774 million.

According to a resolution at the Board of Directors dated 9 February 2024, the Bank distributed RMB4.37 (inclusive of tax) per preference share as dividends based on the amount of issued preference shares of 200 million (with a face value of RMB100 per share), and calculated with a nominal dividend rate of 4.37%. The calculation period for the dividends on preference shares was from 7 March 2023 to 6 March 2024. The dividends date was 7 March 2024. The total amount of the dividends distributed was RMB874 million (inclusive of tax). The Bank distributed dividends directly to preference shareholders.

As at 25 February 2024, the Bank paid the interest on perpetual bonds amounting to RMB1,155 million at 3.85%, the bond interest rate for the calculation period as determined by the terms of the first tranche of non-fixed term capital bonds in 2020. As at 26 December 2024, the Bank issued the interest on perpetual bonds amounting to RMB820 million at 4.10%, the bond interest rate for the calculation period as determined by the terms of the first tranche of non-fixed term capital bonds in 2019.

37. Net interest income

	The Group	
	2024	2023
Interest income:		
Balances with the Central Bank	3,438	3,844
Deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, financial assets held under resale agreements	10,206	8,776
Loans and advances to customers	154,199	183,849
Financial investments	30,538	31,148
Sub-total	198,381	227,617
Interest expenses:		
Borrowings from the Central Bank	2,778	4,101
Deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements	13,287	12,945
Deposits from customers	72,321	75,542
Debt securities issued	16,568	17,038
Sub-total	104,954	109,626
Net interest income	93,427	117,991

Notes to the Financial Statements

For the year ended 31 December 2024
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IV. Notes to key items in the financial statements (Continued)

37. Net interest income (Continued)

	The Bank	
	2024	2023
Interest income:		
Balances with the Central Bank	3,438	3,844
Deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, financial assets held under resale agreements	10,186	8,754
Loans and advances to customers	154,199	183,849
Financial investments	30,451	31,064
Sub-total	198,274	227,511
Interest expenses:		
Borrowings from the Central Bank	2,778	4,101
Deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements	13,288	12,952
Deposits from customers	72,321	75,542
Debt securities issued	16,568	17,038
Sub-total	104,955	109,633
Net interest income	93,319	117,878

38. Net fee and commission income

	The Group	
	2024	2023
Fee and commission income:		
Settlement fee income	3,022	3,294
Agency and trusteeship business fee income	5,434	7,697
Bank card fee income	13,174	16,128
Asset custody fee income	1,456	1,745
Others	4,758	6,178
Sub-total	27,844	35,042
Fee and commission expenses	3,732	5,612
Net fee and commission income	24,112	29,430

	The Bank	
	2024	2023
Fee and commission income:		
Settlement fee income	3,022	3,294
Agency and trusteeship business fee income	5,440	7,699
Bank card fee income	13,174	16,128
Asset custody fee income	1,456	1,745
Others	3,077	5,048
Sub-total	26,169	33,914
Fee and commission expenses	4,799	7,436
Net fee and commission income	21,370	26,478

Notes to the Financial Statements

For the year ended 31 December 2024
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IV. Notes to key items in the financial statements (Continued)

39. Investment income

	The Group	
	2024	2023
Net gains on derivative financial instruments (excluding foreign exchange derivative financial instruments)	1,798	1,321
Spread gains on loans and advances to customers designated at fair value and changes included into other comprehensive income	3,393	2,403
Spread gains on loans and advances to customers measured at amortized cost	-	1
Interest income, spread gains and dividend income from financial instruments held for trading	16,907	11,953
Spread gains or losses on other investment on debts	1,694	297
Spread gains or losses on investment on debts	759	-
Other net gains or losses	53	79
Total	24,604	16,054

	The Bank	
	2024	2023
Net gains on derivative financial instruments (excluding foreign exchange derivative financial instruments)	1,798	1,321
Spread gains on loans and advances to customers designated at fair value and changes included into other comprehensive income	3,393	2,403
Spread gains on loans and advances to customers measured at amortized cost	-	1
Interest income, spread gains and dividend income from financial instruments held for trading	16,532	11,859
Spread gains or losses on other investment on debts	1,683	296
Spread gains or losses on investment on debts	759	-
Other net gains or losses	53	79
Total	24,218	15,959

40. Gains or losses on changes in fair value

	The Group	
	2024	2023
Financial instruments held for trading	4,759	(15)
Derivative financial instruments (excluding foreign exchange derivative financial instruments)	(1,635)	(342)
Others	(20)	3
Total	3,104	(354)

	The Bank	
	2024	2023
Financial instruments held for trading	4,840	22
Derivative financial instruments (excluding foreign exchange derivative financial instruments)	(1,635)	(342)
Others	(20)	3
Total	3,185	(317)

41. Exchange gains or losses

	The Group and the Bank	
	2024	2023
Gains or losses from changes in fair value of foreign exchange derivative financial instruments	2,799	6,678
Other foreign exchange gains or losses	(1,919)	(6,016)
Total	880	662

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IV. Notes to key items in the financial statements (Continued)

42. Other operating income

	The Group and the Bank	
	2024	2023
Rental income	69	80
Others	313	458
Total	382	538

43. Taxes and surcharges

	The Group	
	2024	2023
City maintenance and construction tax	743	869
Educational surcharge	532	622
Others	204	227
Total	1,479	1,718

	The Bank	
	2024	2023
City maintenance and construction tax	733	858
Educational surcharge	524	614
Others	204	227
Total	1,461	1,699

44. Business and administrative expenses

	The Group	
	2024	2023
Staff expenses		
Salaries, bonuses, allowances and subsidies	13,568	15,540
Social insurance and staff welfare	3,898	3,642
Housing funds	1,285	1,269
Labor union and training expenses	375	458
Sub-total	19,126	20,909
Depreciation of fixed assets (Note IV 13)	1,591	1,879
Amortization of expenses of improvements to fixed assets held under operating leases	583	693
Amortization of intangible assets (Note IV 15)	814	789
Depreciation expenses of right-of-use assets (Note IV 14)	2,247	2,491
Rental expenses	602	633
Sub-total	5,837	6,485
General business management expenses	15,619	18,565
Total	40,582	45,959

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

44. Business and administrative expenses(Continued)

	The Bank	
	2024	2023
Staff expenses		
Salaries, bonuses, allowances and subsidies	13,156	15,176
Social insurance and staff welfare	3,856	3,605
Housing funds	1,268	1,254
Labor union and training expenses	366	450
Sub-total	18,646	20,485
Depreciation of fixed assets (Note IV 13)	1,579	1,869
Amortization of expenses of improvements to fixed assets held under operating leases	583	693
Amortization of intangible assets (Note IV 15)	814	789
Depreciation expenses of right-of-use assets (Note IV 14)	2,247	2,486
Rental expenses	547	592
Sub-total	5,770	6,429
General business management expenses	15,368	18,300
Total	39,784	45,214

45. Impairment losses on credit

	The Group	
	2024	2023
Impairment losses accrued/(reversed) in the current year:		
Deposits with banks and other financial institutions	(242)	(1,512)
Placements to banks and other financial institutions	221	(1,485)
Financial assets held under resale agreements	(84)	104
Loans and advances to customers	52,924	62,833
Investment on debts	3,672	(5,538)
Other investment on debts	(353)	(498)
Other assets	398	1,423
Expected credit losses of credit commitments	(7,597)	3,690
Total	48,939	59,017

	The Bank	
	2024	2023
Impairment losses accrued/(reversed) in the current year:		
Deposits with banks and other financial institutions	(242)	(1,513)
Placements to banks and other financial institutions	221	(1,485)
Financial assets held under resale agreements	(83)	103
Loans and advances to customers	52,924	62,833
Investment on debts	3,676	(5,540)
Other investment on debts	(353)	(498)
Other assets	398	1,423
Expected credit losses of credit commitments	(7,597)	3,690
Total	48,944	59,013

Notes to the Financial Statements

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IV. Notes to key items in the financial statements (Continued)

46. Income tax expenses

	The Group	
	2024	2023
Current tax	16,737	12,799
Deferred tax (Note IV 17)	(6,507)	(1,536)
Total	10,230	11,263

	The Bank	
	2024	2023
Current tax	16,253	12,305
Deferred tax (Note IV 17)	(6,472)	(1,522)
Total	9,781	10,783

The reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the Group and the Bank's effective income tax rate is as follows:

	The Group	
	2024	2023
Profit before tax	54,738	57,718
Income tax at the statutory tax rate of 25%	13,685	14,430
Tax-exempt income	(7,194)	(7,062)
Non-deductible expenses and other adjustments	3,739	3,895
Income tax expenses	10,230	11,263

	The Bank	
	2024	2023
Profit before tax	52,367	55,353
Income tax at the statutory tax rate of 25%	13,092	13,838
Tax-exempt income	(7,040)	(6,968)
Non-deductible expenses and other adjustments	3,729	3,913
Income tax expenses	9,781	10,783

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

47. Other comprehensive income

	The Group							
	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement for the year ended 31 December 2024			
	31 December 2023	Other comprehensive income after tax	Reclassification of previous other comprehensive income to retained earnings in the current year	31 December 2024	Amount incurred before tax in the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income after tax
I. Items that may not be reclassified into profit or loss in subsequent periods								
Changes in fair value of other equity instrument investment	(807)	403	237	(167)	617	-	(214)	403
II. Items that will be reclassified into profit or loss in subsequent periods when specific condition is met								
Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	418	694	-	1,112	2,961	(2,043)	(224)	694
Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	2,649	(1,508)	-	1,141	1,180	(3,191)	503	(1,508)
Exchange differences on translation of foreign currency financial statements	4	37	-	41	37	-	-	37
Total	2,264	(374)	237	2,127	4,795	(5,234)	65	(374)

	The Bank							
	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement for the year ended 31 December 2024			
	31 December 2023	Other comprehensive income after tax	Reclassification of previous other comprehensive income to retained earnings in the current year	31 December 2024	Amount incurred before tax in the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income after tax
I. Items that may not be reclassified into profit or loss in subsequent periods								
Changes in fair value of other equity instrument investment	(807)	403	237	(167)	617	-	(214)	403
II. Items that will be reclassified into profit or loss in subsequent periods when specific condition is met								
Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	417	652	-	1,069	2,904	(2,042)	(210)	652
Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	2,649	(1,508)	-	1,141	1,180	(3,191)	503	(1,508)
Exchange differences on translation of foreign currency financial statements	4	37	-	41	37	-	-	37
Total	2,263	(416)	237	2,084	4,738	(5,233)	79	(416)

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

47. Other comprehensive income (Continued)

	The Group							
	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement for the year ended 31 December 2023			
	31 December 2022	Other comprehensive income after tax	Reclassification of previous other comprehensive income to retained earnings in the current year	31 December 2023	Amount incurred before tax in the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income after tax
I. Items that may not be reclassified into profit or loss in subsequent periods								
Changes in fair value of other equity instrument investment	(602)	(181)	(24)	(807)	(249)	-	68	(181)
II. Items that will be reclassified into profit or loss in subsequent periods when specific condition is met								
Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	(264)	682	-	418	897	4	(219)	682
Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	3,528	(879)	-	2,649	3,672	(4,844)	293	(879)
Exchange differences on translation of foreign currency financial statements	(2)	6	-	4	6	-	-	6
Total	2,660	(372)	(24)	2,264	4,326	(4,840)	142	(372)

	The Bank							
	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement for the year ended 31 December 2023			
	31 December 2022	Other comprehensive income after tax	Reclassification of previous other comprehensive income to retained earnings in the current year	31 December 2023	Amount incurred before tax in the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income after tax
I. Items that may not be reclassified into profit or loss in subsequent periods								
Changes in fair value of other equity instrument investment	(602)	(181)	(24)	(807)	(249)	-	68	(181)
II. Items that will be reclassified into profit or loss in subsequent periods when specific condition is met								
Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	(260)	677	-	417	895	-	(218)	677
Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	3,528	(879)	-	2,649	3,672	(4,844)	293	(879)
Exchange differences on translation of foreign currency financial statements	(2)	6	-	4	6	-	-	6
Total	2,664	(377)	(24)	2,263	4,324	(4,844)	143	(377)

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

48. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders of the Bank by the weighted average number of ordinary shares issued by the Bank during the year. Diluted earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders of the Bank after adjustment based on potential dilutive ordinary shares by the adjusted weighted average number of ordinary shares issued by the Bank during the year. The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. As at 31 December 2024, the triggering events of conversion did not occur and therefore the conversion feature of preference shares has no effect on calculation of the basic and diluted earnings per share for the year ended 31 December 2024.

(a) Basic earnings per share are calculated as follows:

	2024	2023
Net profit for the current year attributable to shareholders of the Bank	44,508	46,455
Less: Dividends on preference shares declared by the Bank	(874)	(874)
Interest on perpetual bonds of the Bank	(1,975)	(1,975)
Net profit for the current year attributable to ordinary shareholders of the Bank	41,659	43,606
Weighted average number of outstanding ordinary shares (million)	19,406	19,406
Basic earnings per share (EPS) (RMB/share)	2.15	2.25

(b) Diluted earnings per share are calculated as follows:

	2024	2023
Net profit for the current year attributable to shareholders of the Bank	44,508	46,455
Less: Dividends on preference shares declared by the Bank	(874)	(874)
Interest on perpetual bonds of the Bank	(1,975)	(1,975)
Net profit for the current year attributable to ordinary shareholders of the Bank	41,659	43,606
Weighted average number of outstanding ordinary shares (million)	19,406	19,406
Weighted average number of outstanding ordinary shares of the period for calculating diluted earnings per share (million)	19,406	19,406
Diluted earnings per share (RMB/share)	2.15	2.25

49. Cash and cash equivalents

	The Group	
	31 December 2024	31 December 2023
Cash	3,421	3,687
Cash equivalents:		
Within three months before the original maturity date		
Deposits with banks and other financial institutions	88,521	62,569
Placements to banks and other financial institutions	64,267	80,373
Financial assets held under resale agreements	32,162	106,552
Unrestricted balance with the Central Bank	61,055	43,432
Bond investments (with maturity of less than three months since acquired)	7,520	1,606
Sub-total	253,525	294,532
Total	256,946	298,219

	The Bank	
	31 December 2024	31 December 2023
Cash	3,421	3,687
Cash equivalents:		
Within three months before the original maturity date		
Deposits with banks and other financial institutions	87,282	62,302
Placements to banks and other financial institutions	64,267	80,373
Financial assets held under resale agreements	32,162	105,901
Unrestricted balance with the Central Bank	61,055	43,432
Bond investments (with maturity of less than three months since acquired)	7,520	1,606
Sub-total	252,286	293,614
Total	255,707	297,301

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

50. Cash received relating to other operating activities

	The Group	
	2024	2023
Precious metals business	-	2,865
Collection of amounts already written off	14,480	17,795
Cash receipts from disposal of foreclosed assets	43	214
Gains on trading of bills	2,052	1,789
Bond lending	98,442	-
Others	8,089	2,306
Total	123,106	24,969

	The Bank	
	2024	2023
Precious metals business	-	2,865
Collection of amounts already written off	14,480	17,795
Cash receipts from disposal of foreclosed assets	43	214
Gains on trading of bills	2,052	1,789
Bond lending	98,442	-
Others	8,054	2,297
Total	123,071	24,960

51. Cash paid relating to other operating activities

	The Group	
	2024	2023
Derivative financial instruments	1,091	4,846
Precious metals business	2,014	-
Bond lending	-	33,371
Administrative expenses such as marketing and public relation expenses, rental expenses and others	17,141	26,755
Total	20,246	64,972

	The Bank	
	2024	2023
Derivative financial instruments	1,091	4,846
Precious metals business	2,014	-
Bond lending	-	33,371
Administrative expenses such as marketing and public relation expenses, rental expenses and others	16,785	26,426
Total	19,890	64,643

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

52. Changes in liabilities from financing activities

	The Group and the Bank			Total
	Debt securities issued	Lease liabilities	Dividends payable	
1 January 2024	728,328	6,210	12	734,550
Cash changes:	(49,696)	(2,611)	(21,576)	(73,883)
Non-cash changes:				
Lease liabilities added	-	1,625	-	1,625
Accrued Interest	16,568	186	-	16,754
Profit distribution/Declaration of dividends	-	-	21,576	21,576
31 December 2024	695,200	5,410	12	700,622

	The Group and the Bank			Total
	Debt securities issued	Lease liabilities	Dividends payable	
1 January 2023	692,075	6,922	12	699,009
Cash changes:	19,216	(2,747)	(8,380)	8,089
Non-cash changes:				
Lease liabilities added	-	1,835	-	1,835
Accrued Interest	17,037	200	-	17,237
Profit distribution/Declaration of dividends	-	-	8,380	8,380
31 December 2023	728,328	6,210	12	734,550

53. Structured entities

(a) Unconsolidated structured entities managed by the Group

(1) Wealth management products

The unconsolidated structured entities managed by the Group are primarily wealth management products (hereafter referred to as the “WMPs”) issued and managed by the Group as an agency. On the basis of analyzing the potential target group of customers, the Group designs and sells the investment plan to the specific target customer group. The Group distributes the funds to related financial markets or products and distributes the investment income to the investors in accordance with contracts. As the manager of WMPs, the Group charges fees and commissions such as selling charges, fixed management fee, fluctuant management fee, etc. The Group considers that the variable return from the structured entities is not significant.

As at 31 December 2024, the total size of unconsolidated WMPs issued and managed by the Group amounted to RMB1,214,152 million (31 December 2023: RMB1,013,060 million).

As the manager of WMPs, the Group proactively manages the due date of assets and liabilities, and also the position and the proportion of the current assets in order to maximize the interest of investors. Temporary placements to WMPs are a commonly used way to manage liquidity risk. The placements are not specified in the contracts. The transaction price is set by referencing the market interest rate. As at 31 December 2024 and 31 December 2023, the balance of placements mentioned above was both nil.

(2) Asset-backed securitizations and transfer of right to earnings business

The other type of unconsolidated structured entity initiated and managed by the Group is the Special Purpose Trust (hereafter referred to as the “SPT”) established by the third party in order to facilitate the asset-backed securitizations and transfer of right to earnings business. Under SPT, the credit assets are transferred or the right to earnings of underlying assets are received from the Group to issue asset-backed securities or establish trust beneficiary right shares for financing based on the cash flows generated from credit assets. As at 31 December 2024, the unconsolidated SPTs managed by the Group amounted to RMB18,644 million (31 December 2023: RMB21,639 million). Performing as the loan service provider, the Group manages the loans in associate with the SPTs and charges fee and commissions.

The Group also holds part of all levels of the asset-backed securities in SPTs. The Group’s variable return from the structured entities is not significant. As at 31 December 2024, the book balance of the unconsolidated SPTs held by the Group amounted to RMB1,765 million (31 December 2023: RMB1,796 million). The carrying amount of these asset-backed securities approximates their fair value.

As at 31 December 2024, the Group did not give financial support to any of these unconsolidated SPTs (31 December 2023: Nil).

For certain asset-backed securitizations business, the Group may hold part of subordinated tranches which may give rise to the Group’s continuing involvement in the transferred assets. The assets are recognized on the balance sheet to the extent of the Group’s continuing involvement, and the rest part shall be derecognized. The extent of the Group’s continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. As at 31 December 2024, the Group continued to recognize assets totaling to RMB1,447 million (31 December 2023: RMB1,487 million).

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

53. Structured entities (Continued)

(b) Unconsolidated structured entities invested by the Group

For the year ended 31 December 2024, the Group, for better investment return, has invested in such structured entities as funds, trust plans, asset management plans and earning rights, asset-backed securities issued and managed by independent third parties. Trust plans and asset management plans the Group invests are issued and managed by non-bank financial institutions. Underlying assets in such plan mainly comprise corporate or financial institution loans, notes, deposit receipts and asset-backed securities. As at 31 December 2024, the Group did not provide any liquidity support to those unconsolidated structured entities (31 December 2023: Nil).

As at 31 December 2024 and 31 December 2023, the carrying amount (including accrued interest) of and the Group's maximum exposure to these other unconsolidated structured entities was summarized in the table below:

	The Group		
	31 December 2024		
	Carrying amount	Maximum exposure to loss	Total size of structured entities
Financial assets held for trading			
Funds	186,186	186,186	Note
Trust plans	1,728	1,728	Note
Asset-backed securities and others	1,719	1,719	16,684
Sub-total	189,633	189,633	
Investment on debts			
Trust plans	70,401	70,401	Note
Asset management plans	8,753	8,753	Note
Asset-backed securities and others	2,141	2,141	18,249
Sub-total	81,295	81,295	
Other investment on debts			
Trust plans	225	225	Note
Asset management plans	593	593	Note
Asset-backed securities	28,682	28,682	228,069
Sub-total	29,500	29,500	
Total	300,428	300,428	

	The Group		
	31 December 2023		
	Carrying amount	Maximum exposure to loss	Total size of structured entities
Financial assets held for trading			
Funds	165,174	165,174	Note
Wealth management products	1,000	1,000	Note
Trust plans	1,319	1,319	Note
Asset management plans	140	140	Note
Asset-backed securities and others	2,141	2,141	15,393
Sub-total	169,774	169,774	
Investment on debts			
Trust plans	57,255	57,255	Note
Asset management plans	17,138	17,138	Note
Asset-backed securities and others	2,690	2,690	23,327
Sub-total	77,083	77,083	
Other investment on debts			
Trust plans	7,281	7,281	Note
Asset management plans	1,590	1,590	Note
Asset-backed securities	40,365	40,365	320,529
Sub-total	49,236	49,236	
Total	296,093	296,093	

The Group earns interest income, service fee income and investment income for investing in or providing services to structured entities.

Note : The information of total size of the unconsolidated structured entities listed above is not readily available from the public.

(c) Consolidated structured entities invested by the Group

For the year ended 31 December 2024 and 31 December 2023, the Group has invested in such structured entities as asset management plans and trust plans.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IV. Notes to key items in the financial statements (Continued)

54. Transfer of financial assets

(a) Transfer of credit assets

For the loans Group disposed of by transferring to third parties for the year ended 31 December 2024 and 31 December 2023, please refer to Note IV 6.1. The Group considers that the risks and rewards associated with the ownership of such loans have been substantially transferred, and the total amount of such loans has been derecognized .

(b) Credit asset-backed securitizations and transfer of right to earnings

The Group enters into credit asset transfers during which it transfers credit assets or right to earnings of underlying assets to special purpose entities which in turn issue asset-backed securities or transfer trust beneficiary right shares 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 derecognize 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 secularized or those with right to earnings transferred and qualified for derecognition, the Group derecognizes the transferred credit assets in their entirety. For the loans Group disposed of and transferred by credit asset securitization and transfer of right to earning for the year ended 31 December 2024 and 31 December 2023, please refer to Note IV 6.1.

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 recognized in the statement of financial position to the extent of the Group's continuing involvement and the rest is derecognized. For the value of assets that the Group has continuing involvement for the year ended 31 December 2024 and 31 December 2023, please refer to Note IV 53 (a) (2).

(c) Repurchase agreement

A repurchase agreement is a transaction in which the Group sells a financial asset and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities are therefore not derecognized from the financial statements. In addition, the Group recognizes the consideration received as a financial liability and presents it as the amount of financial assets repurchased. For the amount of financial assets that the Group sold under repurchase agreements for the year ended 31 December 2024 and 31 December 2023, please refer to Note IV 24.

V. Operating segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and implements management on such basis. The Group mainly manages the operation by way of geographical segments and business segments. Geographically, the Group separately operates five reporting segments, Eastern Region, Southern Region, Western Region, Northern Region and Headquarters. And in business lines, the Group separately manages the production and operation of three reporting segments, wholesale banking business, retail banking business and other businesses. The operating segment information is shown in detail as follows:

Geographical operating segments

The geographical operating segments are identified as follows:

"Eastern Region":	Shanghai Branch, Hangzhou Branch, Yangzhou Branch, Yiwu Branch, Taizhou Branch, Shaoxing Branch, Huzhou Branch, Ningbo Branch, Wenzhou Branch, Nanjing Branch, Wuxi Branch, Changzhou Branch, Suzhou Branch, Nantong Branch, Taizhou Branch, Fuzhou Branch, Zhangzhou Branch, Fujian Pilot Free Trade Zone Fuzhou Branch, Xiamen Branch, Fujian Pilot Free Trade Zone Xiamen Branch, Quanzhou Branch, Shanghai Pilot Free Trade Zone Branch, Hefei Branch, Wuhu Branch, Xuzhou Branch, Nanchang Branch, Yancheng Branch, Putian Branch, Zhenjiang Branch, Fuyang Branch, Ganzhou Branch, Jiujiang Branch;
"Southern Region":	Shenzhen Branch, Shenzhen Qianhai Branch, Guangzhou Branch, Guangdong Pilot Free Trade Zone Nansha Branch, Zhuhai Branch, Hengqin Guangdong-Macao In-depth Cooperation Zone Branch, Foshan Branch, Dongguan Branch, Huizhou Branch, Zhongshan Branch, Haikou Branch, Changsha Branch, Hengyang Branch, Yueyang Branch, Nanning Branch, Sanya Branch, Changde Branch, Liuzhou Branch, Shantou Branch, Zhanjiang Branch, Jiangmen Branch;
"Western Region":	Chongqing Branch, Chengdu Branch, Deyang Branch, Leshan Branch, Mianyang Branch, Kunming Branch, Honghe Branch, Wuhan Branch, Jingzhou Branch, Xiangyang Branch, Yichang Branch, Xi'an Branch, Xianyang Branch, Guiyang Branch, Chongqing Pilot Free Trade Zone Branch, Zunyi Branch, Huanggang Branch;
"Northern Region":	Beijing Branch, Dalian Branch, Tianjin Branch, Tianjin Pilot Free Trade Zone Branch, Jinan Branch, Linyi Branch, Weifang Branch, Dongying Branch, Qingdao Branch, Yantai Branch, Rizhao Branch, Zhengzhou Branch, Luoyang Branch, Shenyang Branch, Shijiazhuang Branch, Taiyuan Branch, Tangshan Branch, Zibo Branch, Jining Branch, Jinzhong Branch, Langfang Branch, Nanyang Branch, Weihai Branch, Hohhot Branch, Kaifeng Branch, Taian Branch, Baoding Branch, Urumchi Branch, Anshan Branch, Lanzhou Branch, Cangzhou Branch, Harbin Branch, Qingdao Free Trade Zone Branch, Yinchuan Branch, Xinxiang Branch, Handan Branch, Baotou Branch, Changchun Branch, Beijing City Sub-center Branch;
"Headquarters":	The departments of Head Office including credit card center, capital operation department, financial institution department, auto consumer finance center, etc., and Ping An Wealth Management;
"Overseas":	Hong Kong Branch.

Notes to the Financial Statements

For the year ended 31 December 2024
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V. Operating segment information (Continued)

Geographical operating segments (Continued)

The management monitors the operating results of the above geographical operating segments for the purpose of making decisions about resources allocations and performance assessment. When monitoring operating results of the geographical operating segments, the management mainly considers operating income, operating expenses and operating profit.

	2024						
	Eastern Region	Southern Region	Western Region	Northern Region	Headquarters	Overseas	Total
Net interest income (1)	17,571	18,338	5,705	11,717	39,755	341	93,427
Net non-interest income (2)	3,283	4,217	1,037	2,947	41,263	521	53,268
Operating income	20,854	22,555	6,742	14,664	81,018	862	146,695
Operating expenses (3)	(7,521)	(6,865)	(2,651)	(5,830)	(18,860)	(334)	(42,061)
Including: Depreciation, amortization and rental expenses	(978)	(985)	(459)	(938)	(2,422)	(55)	(5,837)
Operating profit before impairment losses	13,333	15,690	4,091	8,834	62,158	528	104,634
Impairment losses on credit and other assets	(7,006)	(10,819)	(1,898)	(2,838)	(26,647)	(220)	(49,428)
Net non-operating expenses	32	(68)	(24)	(36)	(372)	-	(468)
Segment profits	6,359	4,803	2,169	5,960	35,139	308	54,738
Income tax expenses							(10,230)
Net profit							44,508

	31 December 2024							
	Eastern Region	Southern Region	Western Region	Northern Region	Headquarters	Overseas	Offsetting	Total
Total assets	1,160,023	1,387,734	325,721	842,401	3,373,961	78,171	(1,398,741)	5,769,270
Total liabilities	1,151,823	1,383,690	324,441	837,313	2,898,144	77,758	(1,398,741)	5,274,428

- (1)Included external net interest income/expense and internal net interest income/expense;
(2)Included net fee and commission income, investment income, gains or losses on changes in fair value, exchange gains or losses, other operating income, gains or losses from disposal of assets and other income;
(3)Included taxes and surcharges, and business and administrative expenses.

	2023						
	Eastern Region	Southern Region	Western Region	Northern Region	Headquarters	Overseas	Total
Net interest income (1)	22,878	23,317	8,053	15,863	47,665	215	117,991
Net non-interest income (2)	2,233	4,912	1,286	2,990	35,014	273	46,708
Operating income	25,111	28,229	9,339	18,853	82,679	488	164,699
Operating expenses (3)	(7,988)	(7,789)	(2,963)	(6,628)	(21,983)	(326)	(47,677)
Including: Depreciation, amortization and rental expenses	(1,086)	(1,109)	(514)	(1,023)	(2,700)	(53)	(6,485)
Operating profit before impairment losses	17,123	20,440	6,376	12,225	60,696	162	117,022
Impairment losses on credit and other assets	(8,433)	(5,350)	(3,496)	(6,316)	(35,733)	234	(59,094)
Net non-operating expenses	(92)	(6)	(2)	(36)	(74)	-	(210)
Segment profits	8,598	15,084	2,878	5,873	24,889	396	57,718
Income tax expenses							(11,263)
Net profit							46,455

	31 December 2023							
	Eastern Region	Southern Region	Western Region	Northern Region	Headquarters	Overseas	Offsetting	Total
Total assets	1,112,157	1,359,863	352,469	807,636	3,166,438	56,769	(1,268,216)	5,587,116
Total liabilities	1,104,372	1,345,646	350,583	802,786	2,723,056	56,561	(1,268,216)	5,114,788

- (1) Included external net interest income/expense and internal net interest income/expense;
(2) Included net fee and commission income, investment income, gains or losses on changes in fair value, exchange gains or losses, other operating income, gains or losses from disposal of assets and other income;
(3) Included taxes and surcharges, and business and administrative expenses.

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V. Operating segment information (Continued)

Business lines operating segments

In concern of the management structure and policies, the business decisions, reporting and performance assessment should be in accordance with two main business lines - wholesale banking business and retail banking business and other business segments. The segments are set out as follows:

Wholesale banking business

The wholesale banking business segment covers the provision of financial products and services to corporate customers, government organizations, banks and other financial institutions, as well as some small enterprises. The products and services include corporate loans, corporate deposits, trade financing, various corporate intermediary businesses, various inter-bank capital businesses and businesses related to Ping An Wealth Management.

Retail banking business

The retail banking business segment covers the provision of financial products and services to individual customers and some small enterprises, including personal loans, personal deposits, bank cards and various personal intermediary businesses.

Others

The others business line refers to the bond and money market investment in need of liquidity management. It refers to the collective management of equity investment as well as assets, liabilities, income, expenses etc., that are not directly attributable to a segment.

Measurement of segment assets, liabilities, income and profit is based on the Group's accounting policies. Income tax is managed at the corporate level and would not be allocated to each operating segment. Segment income is mainly from interest income, and therefore interest income is presented in net amount. Net interest income, instead of total interest income and total interest expenses, is used by the management.

Inter-segment transactions are mainly money transference. The terms of the transaction are set by period and by referencing the capital cost in the market, and are reflected in the performance of each segment. "Internal net interest income/expense" refers to the net interest income and expense from transfer pricing between operating segments, which will be presented in operation business of each segment after offsetting. In addition, "external net interest income/expense" refers to the interest income received from the third party or interest expenses paid to the third party. The total amount of "external net interest income/expense" from every operating segment should be equal to the net interest income in the Group's income statement.

Segment revenue, profit, assets and liabilities include those items that can be directly allocated to a segment, and those that can be allocated pro rata.

The Group thoroughly conducts internal funds transfer pricing, using term matching and re-pricing method to calculate the income and expense of an individual account (contract), in order to enhance gearing, reasonable pricing, and comprehensive evaluation of the Group's performance.

	2024			
	Wholesale banking business	Retail banking business	Others	Total
Net interest income (1)	28,401	55,032	9,994	93,427
Net non-interest income (2)	35,440	16,223	1,605	53,268
Operating income	63,841	71,255	11,599	146,695
Operating expenses (3)	(19,040)	(22,036)	(985)	(42,061)
Including: Depreciation, amortization and rental expenses	(2,105)	(3,569)	(163)	(5,837)
Operating profit before impairment losses	44,801	49,219	10,614	104,634
Impairment losses on credit and other assets	(1,194)	(48,729)	495	(49,428)
Net non-operating expenses	(21)	(134)	(313)	(468)
Segment profits	43,586	356	10,796	54,738
Income tax expenses				(10,230)
Net profit				44,508

31 December 2024				
Total assets	2,874,621	1,693,154	1,201,495	5,769,270
Total liabilities	3,507,806	1,320,246	446,376	5,274,428

- (1) Included external net interest income/expense and internal net interest income/expense;
(2) Included net fee and commission income, investment income, gains or losses on changes in fair value, exchange gains or losses, other operating income, gains or losses from disposal of assets and other income;
(3) Included taxes and surcharges, and business and administrative expenses.

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(All amounts are presented in RMB million unless otherwise stated)

V. Operating segment information (Continued)

Business lines operating segments (Continued)

	2023			Total
	Wholesale banking business	Retail banking business	Others	
Net interest income (1)	28,830	76,329	12,832	117,991
Net non-interest income (2)	24,751	19,832	2,125	46,708
Operating income	53,581	96,161	14,957	164,699
Operating expenses (3)	(16,885)	(30,114)	(678)	(47,677)
Including: Depreciation, amortization and rental expenses	(2,142)	(4,158)	(185)	(6,485)
Operating profit before impairment losses	36,696	66,047	14,279	117,022
Impairment losses on credit and other assets	63	(59,131)	(26)	(59,094)
Net non-operating expenses	(35)	(52)	(123)	(210)
Segment profits	36,724	6,864	14,130	57,718
Income tax expenses				(11,263)
Net profit				46,455

31 December 2023			
Total assets	2,357,660	1,948,994	1,280,462
Total liabilities	3,354,452	1,239,133	521,203

(1)Included external net interest income/expense and internal net interest income/expense;

(2)Included net fee and commission income, investment income, gains or losses on changes in fair value, exchange gains or losses, other operating income, gains or losses from disposal of assets and other income;

(3)Included taxes and surcharges, and business and administrative expenses.

Information on major customers

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue for the years ended 31 December 2024 and 31 December 2023.

VI. Commitments and contingent liabilities

1. Capital commitments

	The Group	
	31 December 2024	31 December 2023
Authorized but not contracted	6,923	6,470
Contracted but not provided	2,116	2,635
Total	9,039	9,105

	The Bank	
	31 December 2024	31 December 2023
Authorized but not contracted	6,923	6,469
Contracted but not provided	2,116	2,635
Total	9,039	9,104

2. Credit commitments

	The Group and the Bank	
	31 December 2024	31 December 2023
Bank acceptance bills	804,745	744,855
Letters of guarantee issued	102,508	93,066
Letters of credit issued	174,586	148,823
Sub-total	1,081,839	986,744
Unused limit of credit cards and loan commitments	956,170	960,439
Total	2,038,009	1,947,183
Credit risk weighted amounts of credit commitments	771,534	594,788

Financial guarantee contracts commit the Group and the Bank to make payments on behalf of customers upon the failure of the customers to perform the terms of the contracts. Provision for expected credit losses of bank acceptance bills, letters of guarantee issued, letters of credit issued and loan commitments is presented in accrued liabilities. Provision for expected credit losses of unused limit of credit cards is presented in impairment provision for loans and advances to customers.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VI. Commitments and contingent liabilities (Continued)

3. Fiduciary activities

3.1 Entrusted loans business

The Group and the Bank act as an agent and grant such entrusted loans to borrowers under the direction of the third-party lenders who fund these loans. The Group and the Bank have been contracted by the third-party lenders to manage the administration and collection of these loans on their behalf. The credit risk is not recognized on the balance sheet as it remains with the trustees. As at 31 December 2024 and 31 December 2023, the scale of entrusted loans and deposits is as follows:

	The Group and the Bank	
	31 December 2024	31 December 2023
Entrusted deposits	156,603	155,382
Entrusted loans	156,603	155,382

3.2 Entrusted funding and entrusted investments

The Group and the Bank's entrusted funding and entrusted investments are primarily unconsolidated WMPs sold to enterprises or individuals. Details are set out in Note IV 53.

4. Contingencies

4.1 Outstanding litigations and disputes

As at 31 December 2024, the total claimed amount of outstanding litigation cases in which the Group and the Bank were the defendants was RMB3,307 million (31 December 2023: RMB1,667 million). These litigation cases are under legal proceedings. In the opinion of the management, the Group and the Bank have made adequate provision for any probable losses based on the prevailing facts and circumstances.

4.2 Redemption and underwriting commitments of voucher-type government bonds and savings bonds (electronic)

As an underwriting agent of the MOF, the Group and the Bank underwrite PRC voucher-type government bonds and savings bonds (electronic) and sell the bonds to the general public. The Group and the Bank are obliged to redeem the bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the notional value of the bonds plus any interest accrued up to the redemption date. As at 31 December 2024, the Group and the Bank reported voucher-type government bonds and savings bonds (electronic) with accumulated amounts of RMB1,055 million (31 December 2023: RMB985 million) and RMB2,463 million (31 December 2023: RMB2,718 million) respectively, of which that the Group and the Bank have the obligation of early redemption. The MOF will not provide funding for the early redemption of these voucher-type government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity.

As at 31 December 2024 and 31 December 2023, there was no unexpired underwriting commitment of the government bonds.

5. Assets pledged

Certain assets are pledged by the Group as collateral mainly for repurchase, borrowings from central banks, time deposits of treasury and securities lending. As at 31 December 2024, the par value of the above financial assets as collateral amounts to RMB445,312 million (31 December 2023: RMB337,124million)

VII. Capital management

The primary objectives of the Group's capital management are to safeguard its continued and steady business growth, to ensure compliance with regulatory requirements and to maximize return on capital. The Group regularly reviews its capital position and the implementation of related capital management strategies across the Bank, and adopts active capital management to support the achievement of medium and long-term business objectives and continuously improve the efficiency of its capital employment. The Group reports the required capital adequacy information to the NFRA on a quarterly basis.

The Group calculates capital adequacy ratio pursuant to the Administrative Measures for the Capital Management of Commercial Banks from 2024. As required and for this reporting period, the Group applies the risk-weighted method to measure its credit-risk-weighted assets, the standard method for its market-risk-weighted assets, and the standard indicator approach for its operational risk-weighted assets.

Pursuant to the Administrative Measures for the Capital Management of Commercial Banks, the regulatory capital positions of the Group on 31 December 2024 are shown below:

	Note	31 December 2024	31 December 2023
Core Tier 1 capital adequacy ratio	(a)	9.12%	9.22%
Tier 1 capital adequacy ratio	(a)	10.69%	10.90%
Capital adequacy ratio	(a)	13.11%	13.43%
Core Tier 1 capital			
Share capital		19,406	19,406
Capital reserve and investment revaluation reserve		80,713	80,761
Surplus reserve		10,781	10,781
General reserve		68,262	67,917
Undistributed profit		243,605	221,255
Other comprehensive income		1,170	(428)
Deduction items from core Tier 1 capital			
Goodwill		7,568	7,568
Other intangible assets (except land use right)	(b)	2,136	2,465
Other Tier 1 capital deductions from small minority capital investments in unconsolidated financial institutions		42	-
Other net deferred income tax assets that rest on bank's future earnings		8,858	4,773
Other Tier 1 capital		69,948	69,944
Deduction items from other Tier 1 capital			
Other Tier 1 capital deductions from small minority capital investments in unconsolidated financial institutions		44	-
Tier 2 capital			
Tier 2 capital instruments and surplus		59,995	59,984

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

Excessive loan impairment provision		48,300	45,959
Deduction items from other Tier 2 capital			
Other Tier 2 capital deductions from small minority capital investments in unconsolidated financial institutions		819	-
Net core Tier 1 capital	(c)	405,333	384,886
Net Tier 1 capital	(c)	475,237	454,830
Net capital	(c)	582,713	560,773
Risk-weighted assets	(d)	4,445,117	4,174,044

(a) Core Tier 1 capital adequacy ratio equals to net amount of core Tier 1 capital over risk-weighted assets. Tier 1 capital adequacy ratio equals to net amount of Tier 1 capital over risk-weighted assets. Capital adequacy ratio equals to net capital over risk-weighted assets.

(b) Other intangible assets (excluding land use right) are the net amounts from deduction of the associated deferred income tax liability.

(c) Net amount of core Tier 1 capital is core Tier 1 capital minus exclusive items of core Tier 1 capital. Net amount of Tier 1 capital equals to Tier 1 capital minus exclusive items of core Tier 1 capital. Net amount of capital equals to total capital minus exclusive items of total capital.

(d) Risk-weighted assets include credit risk-weighted assets, market risk-weighted assets, and operating risk-weighted assets.

VIII. Risk disclosure

1. Credit risk

Credit risk is the risk of loss arising from that a party of the financial instrument fails to fulfill its obligations.

The Group have established relevant mechanism for unified credit management, and periodically monitors the limit and reviews the credit risk.

1.1 Credit risk management

(i) Loans and advances to customers and credit commitments

The Bank has established a concentrated, vertical and individual comprehensive risk management framework. The Risk Management Committee of the Head Office is responsible for coordinating risk management of all levels. Professional departments such as the Risk Management Department, Corporate Credit Authorization Department, Retail Loans Risk Management Department, are responsible for credit management of the Bank.

The Bank has formulated a complete set of credit management processes and internal control mechanisms, so as to carry out whole process management of credit business. Credit management procedures for its corporate and personal loans comprise the processes of credit investigation, credit review, credit approval, disbursement and post management. In addition, the Bank has formulated relevant policies of credit underwriting, which have defined the functions and responsibilities of different credit operational processes, and have enhanced the monitoring of the related compliance for improving the overall effective control of credit risk.

Risks arising from credit commitments are similar to those associated with loans and advances.

Their credit risk exposures are converted in accordance with the Credit Conversion Factor specified in the Administrative Measures for the Capital Management of Commercial Banks . Transactions of financial guarantees and loan commitments are, therefore, subject to the same portfolio management and the same requirements for application and collateral as loans and advances to customers.

If the Bank, after executing all necessary procedures, still considers that it is not expected to recover the whole or part of the financial assets, they shall be written off.

(ii) Bonds

The Group manages credit risk exposure of bonds and bills by setting restriction of investment size, issuer profile and rating and also post-investment management. Generally, corporate credit rating of issuer of overseas bonds is required to be equal to or higher than BBB- (by Standard & Poor’s or equivalent rating agencies) when purchasing. Corporate credit rating of domestic bonds is required to be equal to or higher than AA (credit rating institutes shall obtain the admission by the Group) when purchasing. With overall consideration taken into internal rating and external data, the Group continues to conduct strict risk management on bond investment.

(iii) Non-bond investment on debts

Non-bond investment on debts includes asset management plans and trust plans, etc. The Group has rating-based access policies in place towards the cooperating trust companies, securities companies and fund companies, and grants credit facility to the asset management plans and ultimate financing parties of trust plans. Subsequent risk management is carried out on a regular basis.

(iv) Inter-bank transactions

Inter-bank transactions include deposits with banks and other financial institutions, placements to banks and other financial institutions, financial assets held under resale agreements, etc. The Group reviews and monitors credit risk of individual financial institutions periodically. Limits are placed for each individual bank or non-bank financial institution which has business relationships with the Group. Measurement of expected credit losses.

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses

The Group uses the “ECL model” to make impairment provision for debt-instrument financial assets measured at amortized cost and those designated at fair value and changes included into other comprehensive income, loan commitments and financial guarantee contracts.

For financial instruments measured with expected credit losses, the Group applies “three stages” impairment model to measure the loss allowance and recognize expected credit losses in assessing whether the credit risk on a financial instrument has increased significantly since initial recognition.

Stage 1: Financial instruments with credit risk not increased significantly since initial recognition are classified to Stage 1.

Stage 2: Financial instruments with credit risk increased significantly since initial recognition yet without credit impairment are classified to Stage 2.

Stage 3: Financial instruments with credit impairment are classified to Stage 3.

The loss allowance for the financial instruments at Stage 1 is determined at the amount of expected credit losses on the financial instrument within the next 12 months. The loss allowance for the financial instruments at Stage 2 and Stage 3 is determined at the amount of expected credit losses on the financial instrument within the lifetime.

Purchased or underlying financial assets that are impaired for which the credit impairment has been incurred refer to financial assets that are impaired at initial recognition. Impairment provision of these assets represent the expected credit losses over the whole duration period.

The Group uses the probability of default / loss given default model and the discounted cash flow model to assess financial assets for expected credit losses. The probability of default / loss given default model is applicable to retail business as well as non-retail business classified as Stage 1 and Stage 2. The discounted cash flow model is applicable to non-retail business classified as Stage 3.

Expected credit losses are assessed by taking into account the forward-looking information, and complicated models and assumptions are used in measuring expected credit losses. These models and assumptions involve future macroeconomic conditions and the credit record of the borrower (such as, possibility of default by customers and losses therefrom). The Group uses judgments, assumptions and estimates in measuring the expected credit losses in accordance with the accounting standards, including:

- (a) Grouping of risks
- (b) Classification of stages
- (c) Models and parameters
- (d) Forward-looking information
- (e) Sensitivity analysis

Grouping of risks

Credit exposures are grouped based on credit risk characteristics including type of product, type of customer, industry where the client operates and markets. The appropriateness of such grouping is reviewed and corrected at regular intervals.

Classification of stages

By judging whether the credit risk has increased significantly or the credit impairment has occurred since initial recognition, the Group classifies the financial assets into three stages and measures expected credit losses of financial assets by stage.

For purpose of classification of stages, the Group fully assesses available information on the credit entity and its credit exposures. The related information includes but is not limited to internal credit rating of the credit entity in the Group; classification and overdue status of credit exposures, contract terms, etc.; changes of the Group's credit strategies on the credit entity or credit risk management method; credit, external rating, changes in price of debts and equity, credit default swap prices, credit spread, public opinion, etc., relating to the credit entity; operating and financial information of the credit entity and its shareholder(s) and associate(s); macro-economy, industry development, technology innovation, climate changes, natural disasters, social, economic and financial policies, government support or aid measures that may have potential influence on the ability of the credit entity to repay, and other related information.

Criteria for significant increase in credit risk

The Group sets quantitative and qualitative criteria to judge whether the credit risk of financial instruments changes significantly since initial recognition, and the criteria mainly include overdue days, changes in default probability, changes in credit risk classification and other situations indicating significant changes in credit risk.

Criteria for credit-impaired assets

Under the accounting standards for financial instruments, in order to determine whether credit impairment occurs, the defined criteria adopted by the Group are consistent with the internal credit risk management objectives for relevant financial instruments, both of which incorporate quantitative and qualitative indicators. When assessing whether a debtor has suffered a credit impairment, the Group usually considers the following factors:

- Borrowings overdue for over 90 days after the contractual payment day
- Default of internal credit rating
- Concessions made by the lender to the borrower for economic or contractual reasons related to the financial difficulties of the borrower
- Significant financial difficulty of the borrower
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization
- The active market for financial assets disappears

Financial assets may be credit-impaired due to the joint effect of multiple events rather than separately identifiable events.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

Models and parameters

The Group uses the probability of default / loss given default model to assess expected credit losses. For exposures of non-retail business classified as Stage 3, the Group uses the discounted cash flow model to assess expected credit losses of assets.

Under the probability of default / loss given default model, the Group estimates the parameters under the model, including default risk exposure, default probability, default loss rate, lifetime relating to credit exposures, etc., and calculates the expected credit losses. Under the discounted cash flow model, the Group determines the expected credit losses based the difference between the lower present value of future cash flows and the book value.

- Default probability refers to the possibility that borrowers are unable to perform their repayment obligation in the next 12 months or during the rest of the lifetime. The Group calculates default probability by combining historical default experience, which is calculated by adjusting the result of internal rating model or collective assessment, and forward-looking information to reflect the default probability under the current macroeconomic environment at a certain time point;
- Default loss rate refers to the Group's expectation of the extent of the losses caused by default risk exposure. It is the percentage of the risk exposure loss in the event of default;
- Default risk exposure refers to the repayment due to the Group when default occurs.

The Group adopts internal credit risk rating to reflect the default probability assessment results of a single counter-party and adopts different internal rating models for different counter-parties. The information about the borrower and specific information of the loan collected upon the application for loan will be included in rating model. The Group's rating system consists of 33 grades for non-default and one grade for default. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in default probability, default loss rate and default risk exposure in terms of different maturities.

Forward-looking information

Both the assessment of significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. The Group identifies key economic indicators that affect credit risks and expected credit losses of all asset portfolios based on historical data analysis, such as accumulated year-on-year growth rate of GDP, broad money supply and year-on-year change rate of commercial housing sales etc.

The Group evaluates and predicts the economic indicators at regular intervals, and provides best estimates and examines the evaluation results on a regular basis. For the year ended 31 December 2024, the Group updated the forecasting of forward-looking economic indicators using the statistical analysis with combination of expert judgment, and also considered the range of possible outcomes represented by each scenario, and determined the final macroeconomic scenarios and weights. Similar to other economic estimates, the expected economic indicators and probability of occurrence are inherently highly uncertain. As a result, the actual results may be materially different from the estimates. The Group believes that the forecasting reflects the Group's best estimate of possible outcomes. The above weighted credit loss is calculated by multiplying the expected credit loss under each scenario by the weight of the corresponding scenario.

The impact of these economic indicators on default probability and default loss rate varies between different business types. The Group considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators and default probability, default loss rate and default risk exposure. The Group reviews key parameters and assumptions used in the calculation of expected credit losses and makes necessary updates and

adjustments according to the external economic development and changes in industrial and regional risks on a quarterly basis.

For the year ended 31 December 2024, the key macroeconomic assumptions used by the Group in macroeconomic scenarios included accumulated year-on-year growth rate of GDP, broad money supply and year-on-year change rate of commercial housing sales. For accumulated year-on-year growth rate of GDP, the average forecasting value under baseline scenario in 2025 is about 4.86%, with that under optimistic scenario increasing by 0.40 percentage point and that under pessimistic scenario decreasing by 0.37 percentage point; the average forecasting value under baseline scenario in 2026 is about 4.74%, with that under optimistic scenario increasing by 0.41 percentage point and that under pessimistic scenario decreasing by 0.48 percentage point.

The Group develops a measurement model under which it leverages macro data analysis and experts' judgements to determine the weights of pessimistic scenario, baseline scenario and optimistic scenario. For the year ended 31 December 2024, the weight of baseline scenario accounted for the highest percentage and those of other scenarios were lower than 25% respectively.

Sensitivity analysis

Expected credit losses are sensitive to parameters used in the model, macroeconomic variables of forward-looking estimates, weight probability of the three scenarios, and other factors considered in the expert judgment. Changes in these input parameters, assumptions, models, and judgments will have an impact on the significant increase in credit risk and the measurement of expected credit losses.

If the weight of optimistic scenario increases by 10% while the weight of basis scenario decreases by 10%, provision for credit impairment as at 31 December 2024 decreases by RMB1,213 million (31 December 2023: RMB1,982 million); if the weight of pessimistic scenario increases by 10% while the weight of basis scenario decreases by 10%, provision for credit impairment increases by RMB1,389 million (31 December 2023: RMB1,236 million).

For the year ended 31 December 2024, for external environment and other circumstances not reflected by the model, the Group's management has also considered and therefore accrued loss provision, thereby further enhancing the risk compensation capacity.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (including accrued interest):

The Group								
2024								
Changes in three stages								
Item	Stage of im-pairment	Balance at the beginning of the year	Net increase/(decrease) in the current year (Note)	Net transfer/(reversal) from Stage 1 to Stage 2	Net transfer/(reversal) from Stage 1 to Stage 3	Net transfer/(reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	3,271,757	58,663	(108,288)	335	-	-	3,222,467
	Stage 2	107,615	(26,228)	108,288	-	(65,337)	-	124,338
	Stage 3	38,091	(3,908)	-	(335)	65,337	(63,294)	35,891
	Sub-total	3,417,463	28,527	-	-	-	(63,294)	3,382,696
Investment on debts	Stage 1	764,720	20,615	(1,945)	(490)	-	-	782,900
	Stage 2	7,016	(2,798)	1,945	-	(1,303)	-	4,860
	Stage 3	12,571	(1,331)	-	490	1,303	(759)	12,274
	Sub-total	784,307	16,486	-	-	-	(759)	800,034
Other investment on debts	Stage 1	160,931	15,714	-	-	-	-	176,645
	Stage 2	1,000	(990)	-	-	-	-	10
	Stage 3	-	-	-	-	-	-	-
	Sub-total	161,931	14,724	-	-	-	-	176,655

Note : Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (including accrued interest): (Continued)

The Bank								
2024								
Changes in three stages								
Item	Stage of im-pairment	Balance at the beginning of the year	Net increase/(decrease) in the current year (Note)	Net transfer/(reversal) from Stage 1 to Stage 2	Net transfer/(reversal) from Stage 1 to Stage 3	Net transfer/(reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	3,271,757	58,663	(108,288)	335	-	-	3,222,467
	Stage 2	107,615	(26,228)	108,288	-	(65,337)	-	124,338
	Stage 3	38,091	(3,908)	-	(335)	65,337	(63,294)	35,891
	Sub-total	3,417,463	28,527	-	-	-	(63,294)	3,382,696
Investment on debts	Stage 1	764,085	20,970	(1,945)	(490)	-	-	782,620
	Stage 2	7,016	(2,798)	1,945	-	(1,303)	-	4,860
	Stage 3	12,571	(1,331)	-	490	1,303	(759)	12,274
	Sub-total	783,672	16,841	-	-	-	(759)	799,754
Other investment on debts	Stage 1	158,081	14,492	-	-	-	-	172,573
	Stage 2	1,000	(990)	-	-	-	-	10
	Stage 3	-	-	-	-	-	-	-
	Sub-total	159,081	13,502	-	-	-	-	172,583

Note : Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (including accrued interest):

The Group								
2023								
Changes in three stages								
Item	Stage of im-pairment	Balance at the beginning of the year	Net increase/(decrease) in the current year (Note)	Net transfer/(reversal) from Stage 1 to Stage 2	Net transfer/(reversal) from Stage 1 to Stage 3	Net transfer/(reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	3,209,668	168,476	(106,821)	434	-	-	3,271,757
	Stage 2	91,725	(21,507)	106,821	-	(69,424)	-	107,615
	Stage 3	38,784	(1,098)	-	(434)	69,424	(68,585)	38,091
	Sub-total	3,340,177	145,871	-	-	-	(68,585)	3,417,463
Investment on debts	Stage 1	728,102	41,100	(4,482)	-	-	-	764,720
	Stage 2	3,084	(552)	4,482	-	2	-	7,016
	Stage 3	17,051	(4,321)	-	-	(2)	(157)	12,571
	Sub-total	748,237	36,227	-	-	-	(157)	784,307
Other investment on debts	Stage 1	170,892	(9,961)	-	-	-	-	160,931
	Stage 2	1,000	-	-	-	-	-	1,000
	Stage 3	341	(341)	-	-	-	-	-
	Sub-total	172,233	(10,302)	-	-	-	-	161,931

Note : Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (including accrued interest):

The Bank								
2023								
Changes in three stages								
Item	Stage of im-pairment	Balance at the beginning of the year	Net increase/(decrease) in the current year (Note)	Net transfer/(reversal) from Stage 1 to Stage 2	Net transfer/(reversal) from Stage 1 to Stage 3	Net transfer/(reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	3,209,668	168,476	(106,821)	434	-	-	3,271,757
	Stage 2	91,725	(21,507)	106,821	-	(69,424)	-	107,615
	Stage 3	38,784	(1,098)	-	(434)	69,424	(68,585)	38,091
	Sub-total	3,340,177	145,871	-	-	-	(68,585)	3,417,463
Investment on debts	Stage 1	728,003	40,564	(4,482)	-	-	-	764,085
	Stage 2	3,084	(552)	4,482	-	2	-	7,016
	Stage 3	17,051	(4,321)	-	-	(2)	(157)	12,571
	Sub-total	748,138	35,691	-	-	-	(157)	783,672
Other investment on debts	Stage 1	168,027	(9,946)	-	-	-	-	158,081
	Stage 2	1,000	-	-	-	-	-	1,000
	Stage 3	341	(341)	-	-	-	-	-
	Sub-total	169,368	(10,287)	-	-	-	-	159,081

Note : Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the balances of impairment provision of major financial assets of the Group and the Bank:

The Group									
2024									
Changes in three stages									
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) in the current year (Note 1)	Increase in/ (reversal of) provision (Note 2)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	52,320	9,945	(10,873)	(7,346)	312	-	-	44,358
	Stage 2	24,455	(3,627)	16,966	7,346	-	(22,817)	-	22,323
	Stage 3	23,270	15,287	25,151	-	(312)	22,817	(63,294)	22,919
	Sub-total	100,045	21,605	31,244	-	-	-	(63,294)	89,600
Investment on debts	Stage 1	2,124	429	(101)	(34)	(3)	-	-	2,415
	Stage 2	763	(153)	(378)	34	-	492	-	758
	Stage 3	8,953	(1,969)	6,050	-	3	(492)	(759)	11,786
	Sub-total	11,840	(1,693)	5,571	-	-	-	(759)	14,959
Other investment on debts	Stage 1	724	66	(267)	-	-	-	-	523
	Stage 2	76	(76)	-	-	-	-	-	-
	Stage 3	42	1	-	-	-	-	-	43
	Sub-total	842	(9)	(267)	-	-	-	-	566

Note1:

Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

Note 2:

This item mainly includes changes in default probability, default risk exposure, default loss rate caused by regular updates of model parameters, and impacts of changes in stages on the measurement of expected credit losses.

Note 3:

Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income.

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (Continued):

The Bank									
2024									
Changes in three stages									
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) in the current year (Note 1)	Increase in/ (reversal of) provision (Note 2)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	52,320	9,945	(10,873)	(7,346)	312	-	-	44,358
	Stage 2	24,455	(3,627)	16,966	7,346	-	(22,817)	-	22,323
	Stage 3	23,270	15,287	25,151	-	(312)	22,817	(63,294)	22,919
	Sub-total	100,045	21,605	31,244	-	-	-	(63,294)	89,600
Investment on debts	Stage 1	2,120	433	(101)	(34)	(3)	-	-	2,415
	Stage 2	763	(153)	(378)	34	-	492	-	758
	Stage 3	8,953	(1,969)	6,050	-	3	(492)	(759)	11,786
	Sub-total	11,836	(1,689)	5,571	-	-	-	(759)	14,959
Other investment on debts	Stage 1	724	66	(267)	-	-	-	-	523
	Stage 2	76	(76)	-	-	-	-	-	-
	Stage 3	42	1	-	-	-	-	-	43
	Sub-total	842	(9)	(267)	-	-	-	-	566

Note1:

Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

Note 2:

This item mainly includes changes in default probability, default risk exposure, default loss rate caused by regular updates of model parameters, and impacts of changes in stages on the measurement of expected credit losses.

Note 3:

Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income.

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(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (Continued):

The Group									
2023									
Changes in three stages									
Item	Stage of impairment	Balance at the beginning of the year	Net increase/(decrease) in the current year (Note 1)	Increase in/(reversal of) provision (Note 2)	Net transfer/(reversal) from Stage 1 to Stage 2	Net transfer/(reversal) from Stage 1 to Stage 3	Net transfer/(reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	56,531	24,435	(22,272)	(6,782)	408	-	-	52,320
	Stage 2	17,357	(3,870)	20,752	6,782	-	(16,566)	-	24,455
	Stage 3	27,308	4,197	44,192	-	(408)	16,566	(68,585)	23,270
	Sub-total	101,196	24,762	42,672	-	-	-	(68,585)	100,045
Investment on debts	Stage 1	5,681	184	(3,643)	(98)	-	-	-	2,124
	Stage 2	863	(14)	(185)	98	-	1	-	763
	Stage 3	9,843	(2,074)	1,342	-	-	(1)	(157)	8,953
	Sub-total	16,387	(1,904)	(2,486)	-	-	-	(157)	11,840
Other investment on debts	Stage 1	921	(7)	(190)	-	-	-	-	724
	Stage 2	227	-	(151)	-	-	-	-	76
	Stage 3	191	(246)	97	-	-	-	-	42
	Sub-total	1,339	(253)	(244)	-	-	-	-	842

Note 1:

Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

Note 2:

This item mainly includes changes in default probability, default risk exposure, default loss rate caused by regular updates of model parameters, and impacts of changes in stages on the measurement of expected credit losses.

Note 3:

Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income.

The Bank									
2023									
Changes in three stages									
Item	Stage of impairment	Balance at the beginning of the year	Net increase/(decrease) in the current year (Note 1)	Increase in/(reversal of) provision (Note 2)	Net transfer/(reversal) from Stage 1 to Stage 2	Net transfer/(reversal) from Stage 1 to Stage 3	Net transfer/(reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	56,531	24,435	(22,272)	(6,782)	408	-	-	52,320
	Stage 2	17,357	(3,870)	20,752	6,782	-	(16,566)	-	24,455
	Stage 3	27,308	4,197	44,192	-	(408)	16,566	(68,585)	23,270
	Sub-total	101,196	24,762	42,672	-	-	-	(68,585)	100,045
Investment on debts	Stage 1	5,679	182	(3,643)	(98)	-	-	-	2,120
	Stage 2	863	(14)	(185)	98	-	1	-	763
	Stage 3	9,843	(2,074)	1,342	-	-	(1)	(157)	8,953
	Sub-total	16,385	(1,906)	(2,486)	-	-	-	(157)	11,836
Other investment on debts	Stage 1	921	(7)	(190)	-	-	-	-	724
	Stage 2	227	-	(151)	-	-	-	-	76
	Stage 3	191	(246)	97	-	-	-	-	42
	Sub-total	1,339	(253)	(244)	-	-	-	-	842

Note 1:

Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

Note 2:

This item mainly includes changes in default probability, default risk exposure, default loss rate caused by regular updates of model parameters, and impacts of changes in stages on the measurement of expected credit losses.

Note 3:

Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income.

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(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement

Credit risk exposure analysis

The Group conducts internal rating on the risk characteristics of assets based on the quality status of assets, and classifies the credit ratings of financial assets included in the measurement of expected credit losses into “low risk”, “medium risk”, “high risk” and “default” according to the internal rating yardstick. The credit ratings are only for internal credit risk management. “Low risk” means that an asset has high quality, and there is sufficient evidence to show that no default is expected to occur on the asset, or there is no sufficient reason to suspect that default is expected to occur on the asset; “medium risk” refers to factors that may adversely affect the quality of an asset, but there is no sufficient reason to suspect that the asset is expected to default; “high risk” means that there are factors that have an obvious adverse effect on the quality of an asset, but no occurrence of default; the criterion for “default” is consistent with the definition of credit-impaired assets.

The table below provides an analysis on the credit risk rate of the loans and advances to customers and investment on debts included in the expected credit losses assessment. The carrying amount of financial assets below represents the Group’s maximum credit risk exposure with these assets.

Loans and advances to customers

	The Group and the Bank			
	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month expected	Lifetime expected credit losses	Lifetime expected credit losses	
Credit rating				
Low risk	1,941,886	8,184	-	1,950,070
Medium risk	1,258,873	47,092	-	1,305,965
High risk	21,708	69,062	-	90,770
Default	-	-	35,891	35,891
Book balance	3,222,467	124,338	35,891	3,382,696
Impairment provision	(43,482)	(22,313)	(22,848)	(88,643)
Carrying amount	3,178,985	102,025	13,043	3,294,053

	The Group and the Bank			
	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	12-month expected	Lifetime expected credit losses	Lifetime expected credit losses	
Credit rating				
Low risk	1,756,892	7,777	-	1,764,669
Medium risk	1,488,318	41,077	-	1,529,395
High risk	26,547	58,761	-	85,308
Default	-	-	38,091	38,091
Book balance	3,271,757	107,615	38,091	3,417,463
Impairment provision	(49,802)	(24,448)	(23,103)	(97,353)
Carrying amount	3,221,955	83,167	14,988	3,320,110

Investment on debts

	The Group			
	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month expected	Lifetime expected credit losses	Lifetime expected credit losses	
Credit rating				
Low risk	762,183	-	-	762,183
Medium risk	20,717	2,416	-	23,133
High risk	-	2,444	-	2,444
Default	-	-	12,274	12,274
Book balance	782,900	4,860	12,274	800,034
Impairment provision	(2,415)	(758)	(11,786)	(14,959)
Carrying amount	780,485	4,102	488	785,075

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For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Credit risk exposure analysis (Continued)

Investment on debts (Continued)

Credit rating	The Bank			
	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month expected	Lifetime expected credit losses	Lifetime expected credit losses	
Low risk	761,984	-	-	761,984
Medium risk	20,636	2,416	-	23,052
High risk	-	2,444	-	2,444
Default	-	-	12,274	12,274
Book balance	782,620	4,860	12,274	799,754
Impairment provision	(2,415)	(758)	(11,786)	(14,959)
Carrying amount	780,205	4,102	488	784,795

Credit rating	The Group			
	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	12-month expected	Lifetime expected credit losses	Lifetime expected credit losses	
Low risk	739,713	-	-	739,713
Medium risk	25,007	5,316	-	30,323
High risk	-	1,700	-	1,700
Default	-	-	12,571	12,571
Book balance	764,720	7,016	12,571	784,307
Impairment provision	(2,124)	(763)	(8,953)	(11,840)
Carrying amount	762,596	6,253	3,618	772,467

Credit rating	The Bank			
	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	12-month expected	Lifetime expected credit losses	Lifetime expected credit losses	
Low risk	739,375	-	-	739,375
Medium risk	24,710	5,316	-	30,026
High risk	-	1,700	-	1,700
Default	-	-	12,571	12,571
Book balance	764,085	7,016	12,571	783,672
Impairment provision	(2,120)	(763)	(8,953)	(11,836)
Carrying amount	761,965	6,253	3,618	771,836

Risk concentration of the maximum credit risk exposure

Credit risk is often greater when counter-parties are concentrated in a single industry or geographic location or have comparable economic characteristics.

The majority of the loans and financial guarantee contracts of the Group are related to the local customers within Mainland China. However, different areas in Mainland China have their own unique characteristics in terms of economic development. Therefore, each area in Mainland China could present different credit risks.

Please refer to Note IV 6 for an analysis of concentration of loans and advances by industry and geographical region.

Collateral and other credit enhancements

The amount and type of collateral required depend on an assessment of the credit risk of the counter-party. The Group has developed guidelines regarding the types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For reverse repurchase transactions, mainly in bills, beneficial right of trust, or securities;
- For corporate lending, mainly charges over real estate properties, inventories, shares or trade receivables;
- For personal loans, mainly in residential properties mortgages.

The management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the changes in market value of collateral obtained during its review of the adequacy of impairment provision.

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For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (deducting impairment provision):

	The Group				
	31 December 2024				
	Stage 1	Stage 2	Stage 3	Not applicable	Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
Balances with the Central Bank	265,552	-	-	-	265,552
Deposits with banks and other financial institutions	132,090	-	-	-	132,090
Placements to banks and other financial institutions	267,252	-	-	-	267,252
Financial assets held for trading (excluding equity investments)	-	-	-	629,430	629,430
Derivative financial assets	-	-	-	65,412	65,412
Financial assets held under resale agreements	32,719	-	-	-	32,719
Loans and advances to customers	3,178,985	102,025	13,043	-	3,294,053
Other investment on debts	176,645	10	-	-	176,655
Investment on debts	780,485	4,102	488	-	785,075
Other financial assets	11,193	327	94	-	11,614
Sub-total	4,844,921	106,464	13,625	694,842	5,659,852
Credit commitments					
Including: Bank acceptance bills	799,587	2,120	1	-	801,708
Letters of guarantee issued	101,490	268	3	-	101,761
Letters of credit issued	174,008	257	-	-	174,265
Unused limit of credit cards and loan commitments	952,347	3,158	411	-	955,916
Sub-total	2,027,432	5,803	415	-	2,033,650
Total	6,872,353	112,267	14,040	694,842	7,693,502

	The Bank				
	31 December 2024				
	Stage 1	Stage 2	Stage 3	Not applicable	Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
Balances with the Central Bank	265,552	-	-	-	265,552
Deposits with banks and other financial institutions	130,851	-	-	-	130,851
Placements to banks and other financial institutions	267,252	-	-	-	267,252
Financial assets held for trading (excluding equity investments)	-	-	-	588,063	588,063
Derivative financial assets	-	-	-	65,412	65,412
Financial assets held under resale agreements	32,719	-	-	-	32,719
Loans and advances to customers	3,178,985	102,025	13,043	-	3,294,053
Other investment on debts	172,573	10	-	-	172,583
Investment on debts	780,205	4,102	488	-	784,795
Other financial assets	11,006	327	94	-	11,427
Sub-total	4,839,143	106,464	13,625	653,475	5,612,707
Credit commitments					
Including: Bank acceptance bills	799,587	2,120	1	-	801,708
Letters of guarantee issued	101,490	268	3	-	101,761
Letters of credit issued	174,008	257	-	-	174,265
Unused limit of credit cards and loan commitments	952,347	3,158	411	-	955,916
Sub-total	2,027,432	5,803	415	-	2,033,650
Total	6,866,575	112,267	14,040	653,475	7,646,357

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VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (deducting impairment provision) (Continued):

	The Group				
	31 December 2023				
	Stage 1	Stage 2	Stage 3	Not applicable	Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
Balances with the Central Bank	270,976	-	-	-	270,976
Deposits with banks and other financial institutions	93,597	-	-	-	93,597
Placements to banks and other financial institutions	220,707	-	-	-	220,707
Financial assets held for trading (excluding equity investments)	-	-	-	450,153	450,153
Derivative financial assets	-	-	-	40,521	40,521
Financial assets held under resale agreements	110,630	200	-	-	110,830
Loans and advances to customers	3,221,955	83,167	14,988	-	3,320,110
Other investment on debts	160,931	1,000	-	-	161,931
Investment on debts	762,596	6,253	3,618	-	772,467
Other financial assets	45,895	395	86	-	46,376
Sub-total	4,887,287	91,015	18,692	490,674	5,487,668
Credit commitments					
Including:Bank acceptance bills	735,008	792	-	-	735,800
Letters of guarantee issued	91,949	185	-	-	92,134
Letters of credit issued	145,713	180	-	-	145,893
Unused limit of credit cards and loan commitments	956,225	3,464	320	-	960,009
Sub-total	1,928,895	4,621	320	-	1,933,836
Total	6,816,182	95,636	19,012	490,674	7,421,504

	The Bank				
	31 December 2023				
	Stage 1	Stage 2	Stage 3	Not applicable	Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
Balances with the Central Bank	270,976	-	-	-	270,976
Deposits with banks and other financial institutions	93,330	-	-	-	93,330
Placements to banks and other financial institutions	220,707	-	-	-	220,707
Financial assets held for trading (excluding equity investments)	-	-	-	426,799	426,799
Derivative financial assets	-	-	-	40,521	40,521
Financial assets held under resale agreements	109,980	200	-	-	110,180
Loans and advances to customers	3,221,955	83,167	14,988	-	3,320,110
Other investment on debts	158,081	1,000	-	-	159,081
Investment on debts	761,965	6,253	3,618	-	771,836
Other financial assets	45,703	395	86	-	46,184
Sub-total	4,882,697	91,015	18,692	467,320	5,459,724
Credit commitments					
Including:Bank acceptance bills	735,008	792	-	-	735,800
Letters of guarantee issued	91,949	185	-	-	92,134
Letters of credit issued	145,713	180	-	-	145,893
Unused limit of credit cards and loan commitments	956,225	3,464	320	-	960,009
Sub-total	1,928,895	4,621	320	-	1,933,836
Total	6,811,592	95,636	19,012	467,320	7,393,560

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VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

The Group closely monitors collateral related to credit-impaired financial assets, as the possibility is greater that the Group confiscates such collateral in order to lower the potential credit losses when compared with other collaterals. As at 31 December 2024 and 31 December 2023, the Group and the Bank's credit-impaired financial assets and the value of the collateral held to lower the potential losses were set out as follows:

	The Group and the Bank		
	31 December 2024		
	Carrying amount	Impairment provision (Note)	Fair value of the collateral held
Credit-impaired assets			
Loans and advances to customers	13,043	22,919	18,381
Financial investments:			
Investment on debts	488	11,786	2,385
Other investment on debts	-	43	-
Total credit-impaired assets	13,531	34,748	20,766

	The Group and the Bank		
	31 December 2023		
	Carrying amount	Impairment provision (Note)	Fair value of the collateral held
Credit-impaired assets			
Loans and advances to customers	14,988	23,270	13,940
Financial investments:			
Investment on debts	3,618	8,953	900
Other investment on debts	-	42	-
Total credit-impaired assets	18,606	32,265	14,840

Note : As at 31 December 2024, an impairment provision, amounting to RMB71 million, in the Group and the Bank's loans and advances to corporates was included in other comprehensive income (31 December 2023: RMB167 million). As at 31 December 2024, an impairment provision, amounting to RMB43 million, in the Group and the Bank's other investment on debts was included in other comprehensive income (31 December 2023: RMB42 million).

Restructured loans and advances to customers

Restructured loans and advances to customers refer to those loans with renegotiated contract provisions due to deteriorated financial performance or inability to scheduled repayment. The Group reaches agreement with the borrowers in consideration of their financial difficulty or makes concessions based on the court order. As at 31 December 2024, the restructured loans and advances to customers of the Group and the Bank amounted to RMB37,664 million (31 December 2023: RMB32,030 million).

2. Liquidity risk

Liquidity risk refers to the risk that commercial banks are unable to obtain sufficient funds at reasonable cost and in a timely manner to pay debts as they fall due, meet other payment obligations and meet other funding requirements for normal business operations.

The Group and the Bank hae established a comprehensive and effective liquidity risk management and governance structure. The Board assumes the ultimate responsibility of liquidity risk management. The Board of Supervisors supervises and evaluates the performance of the Board and senior management in liquidity risk management. Senior management assumes the responsibility for liquidity risk management, and the Asset and Liability Management Committee is the top management body of liquidity risk management. The Asset and Liability Management Department is responsible for specific management of liquidity risk under the guidance of the Asset and Liability Management Committee. The Audit and Supervision Department, as an internal audit department for liquidity risk management, is responsible for the internal audit of liquidity risk management.

The Group and the Bank attach great importance to liquidity risk management, continuously optimize the liquidity risk management system and management strategies. The Group and the Bank adequately identify, accurately measure, continuously monitor and effectively control liquidity risk, and monitor liquidity risk using various methods such as cash flow measurement and analysis and liquidity risk limit management. The Group and the Bank continuously optimize its asset and liability structure, strengthen the management of liabilities and high-quality liquid assets, and maintain a balanced development of fund sources and fund utilization; conduct regular liquidity risk stress tests to cautiously assess potential liquidity risks; and continuously improve emergency plan with respect to liquidity risk to enhance liquidity risk emergency management capabilities.

As at the end of the reporting period, each of the Group's and the Bank's businesses grew at a stable pace, with abundant high-quality liquidity asset reserve, safe and prudent liquidity condition, and liquidity risk regulatory indicators meeting the requirements of the NFRA.

The Group and the Bank will continuously work on the improvement on the pertinence and flexibility of liquidity risk management, promote the structure optimization of assets and liabilities, and strengthen the management of stable deposits, maintain the balanced development of fund sources and fund utilization and ensure continuous liquidation safety.

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VIII. Risk disclosure (Continued)

2. Liquidity risk (Continued)

As at 31 December 2024, the remaining contractual maturity analysis of the Group's financial assets and financial liabilities (based on contractual undiscounted cash flows) was as follows:

	The Group							
	31 December 2024							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial instruments cash flows:								
Financial assets:								
Cash and balances with the Central Bank	66,152	-	-	-	-	-	202,821	268,973
Amounts due from banks and other financial institutions (1)	82,834	108,814	53,420	168,853	29,959	-	-	443,880
Financial assets held for trading	1,740	2,002	5,233	58,070	189,747	126,720	280,779	664,291
Loans and advances to customers	20,154	493,159	366,897	897,126	1,227,220	664,878	-	3,669,434
Investment on debts	3,864	10,405	34,433	112,146	358,614	396,213	-	915,675
Other investment on debts	-	2,444	13,200	70,458	77,661	22,743	-	186,506
Other equity instrument investment	-	-	-	-	-	-	5,773	5,773
Other financial assets	6,413	1,342	1,441	23	768	1,457	-	11,444
Total financial assets	181,157	618,166	474,624	1,306,676	1,883,969	1,212,011	489,373	6,165,976
Financial liabilities:								
Borrowings from the Central Bank	-	46,551	27,347	12,457	-	-	-	86,355
Amounts due to banks and other financial institutions (2)	401,687	172,834	27,222	29,816	3,886	-	-	635,445
Financial liabilities held for trading	2,152	134,577	133	502	-	-	-	137,364
Deposits from customers	1,191,573	418,103	355,716	800,712	888,962	-	-	3,655,066
Debt securities issued	-	84,345	121,148	386,411	112,707	3,373	-	707,984
Lease liabilities	274	178	361	1,680	3,422	107	-	6,022
Other financial liabilities	15,241	20	32	3,311	-	1,447	-	20,051
Total financial liabilities	1,610,927	856,608	531,959	1,234,889	1,008,977	4,927	-	5,248,287
Net liquidity	(1,429,707)	(238,442)	(57,335)	71,787	874,992	1,207,084	489,373	917,689
Derivative cash flows:								
Derivative financial instruments settled on a net basis	-	157	(130)	172	(101)	88	-	186
Derivative financial instruments settled on a gross basis								
Including: Cash inflows	2,107	782,727	587,695	1,147,805	182,422	-	-	2,702,756
Cash outflows	(2,170)	(783,927)	(588,815)	(1,144,826)	(181,500)	-	-	(2,701,238)
	(63)	(1,200)	(1,120)	2,979	922	-	-	1,518

(1)Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2)Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

As at 31 December 2024, the remaining contractual maturity analysis of the Bank's financial assets and financial liabilities (based on contractual undiscounted cash flows) was as follows:

	The Bank							
	31 December 2024							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial instruments cash flows:								
Financial assets:								
Cash and balances with the Central Bank	66,152	-	-	-	-	-	202,821	268,973
Amounts due from banks and other financial institutions (1)	81,595	108,814	53,420	168,853	29,959	-	-	442,641
Financial assets held for trading	1,740	1,977	5,214	57,587	187,884	126,709	241,751	622,862
Loans and advances to customers	20,154	493,159	366,897	897,126	1,227,220	664,878	-	3,669,434
Investment on debts	3,864	10,405	34,433	111,859	358,614	396,213	-	915,388
Other investment on debts	-	2,425	13,188	69,434	75,173	22,041	-	182,261
Other equity instrument investment	-	-	-	-	-	-	5,773	5,773
Other financial assets	6,411	1,170	1,444	7	768	1,457	-	11,257
Total financial assets	179,916	617,950	474,596	1,304,866	1,879,618	1,211,298	450,345	6,118,589
Financial liabilities:								
Borrowings from the Central Bank	-	46,551	27,347	12,457	-	-	-	86,355
Amounts due to banks and other financial institutions (2)	401,714	138,459	27,222	29,816	3,886	-	-	601,097
Financial liabilities held for trading	2,152	134,577	133	502	-	-	-	137,364
Deposits from customers	1,191,574	418,103	355,716	800,712	888,962	-	-	3,655,067
Debt securities issued	-	84,345	121,148	386,411	112,707	3,373	-	707,984
Lease liabilities	274	178	361	1,680	3,422	107	-	6,022
Other financial liabilities	15,435	-	-	3,289	-	1,447	-	20,171
Total financial liabilities	1,611,149	822,213	531,927	1,234,867	1,008,977	4,927	-	5,214,060
Net liquidity	(1,431,233)	(204,263)	(57,331)	69,999	870,641	1,206,371	450,345	904,529
Derivative cash flows:								
Derivative financial instruments settled on a net basis	-	157	(130)	172	(101)	88	-	186
Derivative financial instruments settled on a gross basis								
Including: Cash inflows	2,107	782,727	587,695	1,147,805	182,422	-	-	2,702,756
Cash outflows	(2,170)	(783,927)	(588,815)	(1,144,826)	(181,500)	-	-	(2,701,238)
	(63)	(1,200)	(1,120)	2,979	922	-	-	1,518

(1)Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2)Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

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(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

2. Liquidity risk (Continued)

As at 31 December 2023, the remaining contractual maturity analysis of the Group's financial assets and financial liabilities (based on contractual undiscounted cash flows) was as follows:

	The Group							
	31 December 2023							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial instruments cash flows:								
Financial assets:								
Cash and balances with the Central Bank	47,433	-	-	-	-	-	227,230	274,663
Amounts due from banks and other financial institutions (1)	42,434	202,735	65,162	101,424	16,715	-	-	428,470
Financial assets held for trading	1,319	1,137	6,508	26,685	177,463	54,004	208,112	475,228
Loans and advances to customers	12,057	475,908	359,571	955,728	1,247,208	718,621	-	3,769,093
Investment on debts	3,542	6,311	25,124	89,155	402,459	386,986	-	913,577
Other investment on debts	-	3,710	12,845	46,859	94,290	14,530	-	172,234
Other equity instrument investment	-	-	-	-	-	-	6,214	6,214
Other financial assets	38,602	1,238	3,000	24	927	1,498	-	45,289
Total financial assets	145,387	691,039	472,210	1,219,875	1,939,062	1,175,639	441,556	6,084,768
Financial liabilities:								
Borrowings from the Central Bank	-	105,874	23,333	81,082	-	-	-	210,289
Amounts due to banks and other financial institutions (2)	291,897	142,459	59,833	76,002	7,002	-	-	577,193
Financial liabilities held for trading	1,442	29,694	118	365	-	-	-	31,619
Deposits from customers	1,193,972	457,946	295,359	584,019	1,004,325	-	-	3,535,621
Debt securities issued	-	70,104	199,090	357,592	115,110	-	-	741,896
Lease liabilities	258	204	390	1,720	4,249	153	-	6,974
Other financial liabilities	18,023	16	54	2,791	-	1,487	-	22,371
Total financial liabilities	1,505,592	806,297	578,177	1,103,571	1,130,686	1,640	-	5,125,963
Net liquidity	(1,360,205)	(115,258)	(105,967)	116,304	808,376	1,173,999	441,556	958,805
Derivative cash flows:								
Derivative financial instruments settled on a net basis	-	34	(22)	(600)	(907)	42	-	(1,453)
Derivative financial instruments settled on a gross basis								
Including: Cash inflows	3,344	570,245	576,115	1,036,506	226,768	-	-	2,412,978
Cash outflows	(4,303)	(570,136)	(576,826)	(1,040,075)	(226,266)	-	-	(2,417,606)
	(959)	109	(711)	(3,569)	502	-	-	(4,628)

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

As at 31 December 2022, the remaining contractual maturity analysis of the Bank's financial assets and financial liabilities (based on contractual undiscounted cash flows) was as follows:

	The Bank							
	31 December 2023							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial instruments cash flows:								
Financial assets:								
Cash and balances with the Central Bank	47,433	-	-	-	-	-	227,230	274,663
Amounts due from banks and other financial institutions (1)	42,166	202,086	65,162	101,424	16,715	-	-	427,553
Financial assets held for trading	1,319	1,137	6,435	26,660	175,569	53,983	186,699	451,802
Loans and advances to customers	12,057	475,908	359,571	955,728	1,247,208	718,621	-	3,769,093
Investment on debts	3,542	6,311	25,124	88,790	402,173	386,986	-	912,926
Other investment on debts	-	3,710	12,835	44,919	93,334	14,530	-	169,328
Other equity instrument investment	-	-	-	-	-	-	6,214	6,214
Other financial assets	38,600	1,064	3,000	10	927	1,498	-	45,099
Total financial assets	145,117	690,216	472,127	1,217,531	1,935,926	1,175,618	420,143	6,056,678
Financial liabilities:								
Borrowings from the Central Bank	-	105,874	23,333	81,082	-	-	-	210,289
Amounts due to banks and other financial institutions (2)	291,945	124,358	59,833	76,002	7,002	-	-	559,140
Financial liabilities held for trading	1,442	29,694	118	365	-	-	-	31,619
Deposits from customers	1,193,972	457,946	295,359	584,019	1,004,325	-	-	3,535,621
Debt securities issued	-	70,104	199,090	357,592	115,110	-	-	741,896
Lease liabilities	258	204	390	1,720	4,249	153	-	6,974
Other financial liabilities	19,419	-	-	2,768	-	1,487	-	23,674
Total financial liabilities	1,507,036	788,180	578,123	1,103,548	1,130,686	1,640	-	5,109,213
Net liquidity	(1,361,919)	(97,964)	(105,996)	113,983	805,240	1,173,978	420,143	947,465
Derivative cash flows:								
Derivative financial instruments settled on a net basis	-	34	(22)	(600)	(907)	42	-	(1,453)
Derivative financial instruments settled on a gross basis								
Including: Cash inflows	3,344	570,245	576,115	1,036,506	226,768	-	-	2,412,978
Cash outflows	(4,303)	(570,136)	(576,826)	(1,040,075)	(226,266)	-	-	(2,417,606)
	(959)	109	(711)	(3,569)	502	-	-	(4,628)

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

Notes to the Financial Statements

For the year ended 31 December 2024

(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

2. Liquidity risk (Continued)

Analysis of credit commitments by contractual expiry date of the Group and the Bank:

	The Group and the Bank						
	31 December 2024						
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Bank acceptance bills	147,690	219,990	437,065	-	-	-	804,745
Unused limit of credit cards and loan commitments	917,653	5,767	9,776	16,025	6,949	-	956,170
Letters of guarantee issued	13,098	13,044	44,971	30,283	1,112	-	102,508
Letters of credit issued	23,014	41,332	110,108	132	-	-	174,586
Total	1,101,455	280,133	601,920	46,440	8,061	-	2,038,009

	The Group and the Bank						
	31 December 2023						
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Bank acceptance bills	165,285	238,504	341,066	-	-	-	744,855
Unused limit of credit cards and loan commitments	929,106	2,376	3,973	17,338	7,646	-	960,439
Letters of guarantee issued	15,489	12,221	39,447	25,836	73	-	93,066
Letters of credit issued	17,551	32,274	98,540	458	-	-	148,823
Total	1,127,431	285,375	483,026	43,632	7,719	-	1,947,183

The management expects that not all of the credit commitments will be drawn before expiry of the commitments.

3. Market risk

The market risk faced by the Group comes from transaction accounts and bank accounts and the principal market risks are interest rates risks and exchange rate risk. The target of market risk management is to avoid uncontrollable loss of revenue or equity caused by market risk, and to offset the impact of volatility risk of financial instruments on the Group. The Board of Directors is responsible for approving the basic system of market risk, while senior management and its subordinate committees specifically approve the credit limit on market risk, while conducting regular supervision on market risks. The risk management department undertakes regular functions of market risk monitoring, including determining a reasonable level of market risk limit, monitoring daily operation of treasury business.

In the opinion of the management, as the market risk of the Group's trading business activities is not material, the Group has not separately disclosed quantitative information about exposure to market risk arising from the trading portfolio.

3.1 Foreign exchange risk

The Bank's foreign exchange risk exposures mainly comprise exposures from the mismatch of foreign currency assets and liabilities, and exposures from foreign exchange derivative transactions arising from adverse movements in exchange rates. The currency risk of the Bank mainly arises from loans and advances, investments and deposits denominated in foreign currencies. The Bank has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

As at 31 December 2024, the Group and the Bank's foreign currency assets and liabilities summarized by currency are as follows:

	The Group and the Bank			
	31 December 2024			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
<u>Assets:</u>				
Cash and balances with the Central Bank	3,192	563	124	3,879
Amounts due from banks and other financial institutions (1)	35,215	5,214	6,005	46,434
Financial assets held for trading and derivative financial assets	2,838	-	-	2,838
Loans and advances to customers	111,346	34,983	28,190	174,519
Investment on debts	23,543	-	2,390	25,933
Other investment on debts	18,142	678	128	18,948
Other equity instrument investment	22	-	-	22
Other assets	20	25	2	47
Total assets	194,318	41,463	36,839	272,620
<u>Liabilities:</u>				
Amounts due to banks and other financial institutions (2)	29,681	7,826	6,318	43,825
Financial liabilities held for trading and derivative financial liabilities	1,588	-	-	1,588
Deposits from customers	161,606	27,234	14,284	203,124
Debt securities issued	846	674	-	1,520
Other liabilities	745	295	20	1,060
Total liabilities	194,466	36,029	20,622	251,117
Net position of foreign currency (3)	(148)	5,434	16,217	21,503
Notional amount of derivative financial instruments	22,084	(15,467)	(15,141)	(8,524)
Total	21,936	(10,033)	1,076	12,979
Credit commitments	27,176	3,716	7,913	38,805

(1)Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2)Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

(3)The net position of foreign currency comprised the related net position of monetary assets and liabilities.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.1 Foreign exchange risk (Continued)

As at 31 December 2023, the Group and the Bank’s foreign currency assets and liabilities summarized by currency are as follows:

	The Group and the Bank			
	31 December 2023			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Assets:				
Cash and balances with the Central Bank	2,940	497	93	3,530
Amounts due from banks and other financial institutions (1)	56,766	4,066	4,342	65,174
Financial assets held for trading and derivative financial assets	4,013	-	-	4,013
Loans and advances to customers	85,436	33,260	31,018	149,714
Investment on debts	29,481	356	3,207	33,044
Other investment on debts	17,188	1,074	-	18,262
Other equity instrument investment	18	-	-	18
Other assets	29	32	6	67
Total assets	195,871	39,285	38,666	273,822
Liabilities:				
Amounts due to banks and other financial institutions (2)	27,665	3,678	3,915	35,258
Financial liabilities held for trading and derivative financial liabilities	2,446	-	-	2,446
Deposits from customers	169,162	15,254	17,571	201,987
Debt securities issued	1,416	544	-	1,960
Other liabilities	918	224	24	1,166
Total liabilities	201,607	19,700	21,510	242,817
Net position of foreign currency (3)	(5,736)	19,585	17,156	31,005
Notional amount of derivative financial instruments	23,126	(31,230)	(15,825)	(23,929)
Total	17,390	(11,645)	1,331	7,076
Credit commitments	20,232	2,764	9,251	32,247

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

(3) The net position of foreign currency comprised the related net position of monetary assets and liabilities.

The table below indicates the sensitivity analysis of exchange rate changes of the currencies to which the Group and the Bank had significant exposure on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before tax. A negative amount in the table reflects a potential net reduction in profit before tax, while a positive amount reflects a potential net increase. As the Group and the Bank have no cash flow hedges based on foreign exchange risk and have only a minimal amount of equity instruments denominated in foreign currencies, changes in exchange rates do not have any material potential impact on equity.

Currency	The Group and the Bank			
	31 December 2024		31 December 2023	
	Change in exchange rate in %	Effect on profit before tax(RMB equivalent)	Change in exchange rate in %	Effect on profit before tax(RMB equivalent)
USD	+/-5	+/-1,097	+/-5	+/-870
HKD	+/-5	-/+502	+/-5	-/+582

3.2 Interest rate risk

Transaction account interest rate risk comes from the change in interest rates and product price of the transaction account resulting from the change in market interest rates, which in turn affects the Bank’s profit or loss for the period. The Bank mainly manages the interest rate risk of transaction account by adopting measures such as the interest rate sensitive limit and daily and monthly stop-loss limit to ensure that the fluctuations of interest rate and market value of products are within the affordable scope of the Bank.

Bank account interest rate risk comes from the mismatch of the maturity date or contract re-pricing date between interest-earning assets and interest-bearing liabilities. Interest-earning assets and interest-bearing liabilities of the Bank are primarily denominated in RMB. The Bank manages bank account interest rate risk primarily by adjusting the asset/liability pricing structure, regularly monitoring sensitive gaps of interest rate, analyzing characteristics of asset/liability re-pricing, and using an asset/liability management system to conduct scenario analysis on interest risk. The Bank regularly convenes the Asset and Liability Management Committee meetings to adjust the asset/liability structure timely and appropriately and manage bank account interest rate risk by predicting future macroeconomic trends and analyzing base rate policies of the Peoples’ Bank of China.

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For the year ended 31 December 2024
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VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.2 Interest rate risk (Continued)

As at 31 December 2024, the contractual re-pricing dates or maturity dates, whichever were earlier, of the Group's balance sheet items were summarized as follows:

	The Group					
	31 December 2024					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets:						
Cash and balances with the Central Bank	261,298	-	-	-	7,675	268,973
Precious metals	-	-	-	-	12,620	12,620
Amounts due from banks and other financial institutions (1)	237,955	162,487	29,523	-	2,096	432,061
Financial assets held for trading and derivative financial assets	7,532	51,971	170,692	113,019	351,769	694,983
Loans and advances to customers	1,507,612	1,424,419	335,314	18,115	8,593	3,294,053
Investment on debts	38,578	94,738	303,364	341,237	7,158	785,075
Other investment on debts	16,363	67,342	71,571	20,114	1,265	176,655
Other equity instrument investment	-	-	-	-	5,773	5,773
Fixed assets	-	-	-	-	8,634	8,634
Goodwill	-	-	-	-	7,568	7,568
Right-of-use assets	-	-	-	-	5,048	5,048
Other assets	-	-	-	-	77,827	77,827
Total assets	2,069,338	1,800,957	910,464	492,485	496,026	5,769,270
Liabilities:						
Borrowings from the Central Bank	73,176	12,189	-	-	745	86,110
Amounts due to banks and other financial institutions (2)	593,416	27,235	3,750	-	10,298	634,699
Financial liabilities held for trading and derivative financial liabilities	133,385	-	-	-	68,524	201,909
Deposits from customers	1,925,721	767,671	823,581	-	75,340	3,592,313
Debt securities issued	204,445	379,004	106,993	3,000	1,758	695,200
Lease liabilities	-	-	-	-	5,410	5,410
Other liabilities	-	-	-	-	58,787	58,787
Total liabilities	2,930,143	1,186,099	934,324	3,000	220,862	5,274,428
Interest rate risk gap	(860,805)	614,858	(23,860)	489,485	Not applicable	Not applicable

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

As at 31 December 2024, the contractual re-pricing dates or maturity dates, whichever were earlier, of the Bank's balance sheet items were summarized as follows:

	The Bank					
	31 December 2024					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets:						
Cash and balances with the Central Bank	261,298	-	-	-	7,675	268,973
Precious metals	-	-	-	-	12,620	12,620
Amounts due from banks and other financial institutions (1)	236,717	162,487	29,523	-	2,095	430,822
Financial assets held for trading and derivative financial assets	7,513	51,515	168,870	113,008	312,710	653,616
Loans and advances to customers	1,507,612	1,424,419	335,314	18,115	8,593	3,294,053
Investment on debts	38,576	94,461	303,364	341,237	7,157	784,795
Other investment on debts	16,363	66,374	69,172	19,462	1,212	172,583
Other equity instrument investment	-	-	-	-	5,773	5,773
Fixed assets	-	-	-	-	8,602	8,602
Goodwill	-	-	-	-	7,568	7,568
Right-of-use assets	-	-	-	-	5,048	5,048
Other assets	-	-	-	-	82,540	82,540
Total assets	2,068,079	1,799,256	906,243	491,822	461,593	5,726,993
Liabilities:						
Borrowings from the Central Bank	73,176	12,189	-	-	745	86,110
Amounts due to banks and other financial institutions (2)	559,068	27,235	3,750	-	10,298	600,351
Financial liabilities held for trading and derivative financial liabilities	133,385	-	-	-	68,524	201,909
Deposits from customers	1,925,722	767,671	823,581	-	75,340	3,592,314
Debt securities issued	204,445	379,004	106,993	3,000	1,758	695,200
Lease liabilities	-	-	-	-	5,410	5,410
Other liabilities	-	-	-	-	58,365	58,365
Total liabilities	2,895,796	1,186,099	934,324	3,000	220,440	5,239,659
Interest rate risk gap	(827,717)	613,157	(28,081)	488,822	Not applicable	Not applicable

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

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(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.2 Interest rate risk (Continued)

As at 31 December 2023, the contractual re-pricing dates or maturity dates, whichever were earlier, of the Group's balance sheet items were summarized as follows:

	The Group					
	31 December 2023					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets:						
Cash and balances with the Central Bank	267,428	-	-	-	7,235	274,663
Precious metals	-	-	-	-	9,680	9,680
Amounts due from banks and other financial institutions (1)	308,595	98,492	16,232	-	1,815	425,134
Financial assets held for trading and derivative financial assets	5,353	21,960	163,439	44,305	255,757	490,814
Loans and advances to customers	1,397,847	1,528,328	356,985	26,996	9,954	3,320,110
Investment on debts	27,136	70,051	339,996	327,689	7,595	772,467
Other investment on debts	17,172	43,250	87,307	12,785	1,417	161,931
Other equity instrument investment	-	-	-	-	6,214	6,214
Fixed assets	-	-	-	-	9,814	9,814
Goodwill	-	-	-	-	7,568	7,568
Right-of-use assets	-	-	-	-	5,776	5,776
Other assets	-	-	-	-	102,945	102,945
Total assets	2,023,531	1,762,081	963,959	411,775	425,770	5,587,116
Liabilities:						
Borrowings from the Central Bank	127,732	79,056	-	-	1,995	208,783
Amounts due to banks and other financial institutions (2)	489,546	71,759	6,500	-	7,197	575,002
Financial liabilities held for trading and derivative financial liabilities	29,275	-	-	-	44,559	73,834
Deposits from customers	1,907,637	557,069	925,520	-	68,061	3,458,287
Debt securities issued	267,451	348,367	109,994	-	2,516	728,328
Lease liabilities	-	-	-	-	6,210	6,210
Other liabilities	-	-	-	-	64,344	64,344
Total liabilities	2,821,641	1,056,251	1,042,014	-	194,882	5,114,788
Interest rate risk gap	(798,110)	705,830	(78,055)	411,775	Not applicable	Not applicable

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

As at 31 December 2023, the contractual re-pricing dates or maturity dates, whichever were earlier, of the Bank's balance sheet items were summarized as follows:

	The Bank					
	31 December 2023					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets:						
Cash and balances with the Central Bank	267,428	-	-	-	7,235	274,663
Precious metals	-	-	-	-	9,680	9,680
Amounts due from banks and other financial institutions (1)	307,677	98,492	16,234	-	1,814	424,217
Financial assets held for trading and derivative financial assets	5,303	21,960	161,597	44,285	234,315	467,460
Loans and advances to customers	1,397,847	1,528,328	356,985	26,996	9,954	3,320,110
Investment on debts	27,136	69,701	339,724	327,689	7,586	771,836
Other investment on debts	17,172	41,363	86,373	12,785	1,388	159,081
Other equity instrument investment	-	-	-	-	6,214	6,214
Fixed assets	-	-	-	-	9,786	9,786
Goodwill	-	-	-	-	7,568	7,568
Right-of-use assets	-	-	-	-	5,776	5,776
Other assets	-	-	-	-	107,676	107,676
Total assets	2,022,563	1,759,844	960,913	411,755	408,992	5,564,067
Liabilities:						
Borrowings from the Central Bank	127,732	79,056	-	-	1,995	208,783
Amounts due to banks and other financial institutions (2)	471,493	71,759	6,500	-	7,197	556,949
Financial liabilities held for trading and derivative financial liabilities	29,275	-	-	-	44,559	73,834
Deposits from customers	1,907,637	557,069	925,520	-	68,061	3,458,287
Debt securities issued	267,451	348,367	109,994	-	2,516	728,328
Lease liabilities	-	-	-	-	6,210	6,210
Other liabilities	-	-	-	-	64,895	64,895
Total liabilities	2,803,588	1,056,251	1,042,014	-	195,433	5,097,286
Interest rate risk gap	(781,025)	703,593	(81,101)	411,755	Not applicable	Not applicable

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.2 Interest rate risk (Continued)

The Group and the Bank principally use sensitivity analysis to measure and control interest rate risk. In respect of the financial assets and liabilities held for trading, in the opinion of the management, the interest rate risk to the Group and the Bank arising from this portfolio is not significant. For other financial assets and liabilities, the Group and the Bank mainly use a gap analysis to measure and control the related interest rate risk.

As at 31 December 2024 and 31 December 2023, the gap analyses of the financial assets and liabilities (excluding financial assets and liabilities designated at fair value and changes included into the profits and losses for the period) were as follows:

	The Group			
	31 December 20234		31 December 2023	
	Changes of interest rate (basis points)		Changes of interest rate (basis points)	
	-50	+50	-50	+50
Effect on the net interest income increase/(decrease)	2,160	(2,160)	2,105	(2,105)
Effect on equity increase/(decrease)	2,061	(2,061)	1,540	(1,540)

	The Bank			
	31 December 20234		31 December 2023	
	Changes of interest rate (basis points)		Changes of interest rate (basis points)	
	-50	+50	-50	+50
Effect on the net interest income increase/(decrease)	2,017	(2,017)	2,034	(2,034)
Effect on equity increase/(decrease)	2,009	(2,009)	1,527	(1,527)

The above gap analyses assume that the interest rate risk profile of the financial assets and liabilities (excluding financial assets and liabilities designated at fair value and changes included into the profits and losses for the period) remains static.

The sensitivity of the net interest income is the effect of a reasonable possible change in interest rates on the net interest income for one year, in respect of the financial assets and liabilities (excluding financial assets and liabilities designated at fair value and changes included into the profits and losses for the period) held by the Group and the Bank at the end of period. The sensitivity of equity is calculated by revaluing the year end portfolio of fixed-rate financial assets designated at fair value and changes included into other comprehensive income, based on a reasonable possible change in interest rates. Impact on income tax has not been considered in calculating the above effect on the net interest income and equity.

The above sensitivity analyses are based on the following assumptions: all assets and liabilities that are re-priced/due within three months (inclusive), and between three months and one year (inclusive) are assumed to be re-priced/due in the mid of the respective bands; and there are parallel shifts in the yield curve.

Regarding the above assumptions, the effect on the net interest income and equity of the Group and the Bank as a result of the actual increases or decreases in interest rates may differ from that of the above sensitivity analyses.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments

4.1 Financial assets and liabilities measured at fair value on a recurring basis

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

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 the asset or liability, either directly or indirectly. The sources of the inputs comprise Bloomberg, Reuters, China Bond Market Website and National Equities Exchange and Quotations.

Level 3: Unobservable inputs for the asset or liability.

As at 31 December 2024, the Group's assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	The Group			
	31 December 2024			
	Quoted prices in active markets ("Level 1")	Valuation technique - observable market variables ("Level 2")	Valuation technique - unobservable market variables ("Level 3")	Total
Financial assets:				
Financial assets held for trading	4,654	623,058	1,859	629,571
Derivative financial assets	-	65,412	-	65,412
Loans and advances to customers designated at fair value and changes included into other comprehensive income	-	459,729	-	459,729
Other investment on debts	-	176,655	-	176,655
Other equity instrument investment	-	2,086	3,687	5,773
Total	4,654	1,326,940	5,546	1,337,140
Financial liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	8,331	-	-	8,331
Financial liabilities held for trading	2,832	134,524	-	137,356
Derivative financial liabilities	-	64,553	-	64,553
Total	11,163	199,077	-	210,240

As at 31 December 2024, the Group's assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	The Bank			
	31 December 2024			
	Quoted prices in active markets ("Level 1")	Valuation technique - observable market variables ("Level 2")	Valuation technique - unobservable market variables ("Level 3")	Total
Financial assets:				
Financial assets held for trading	1	586,344	1,859	588,204
Derivative financial assets	-	65,412	-	65,412
Loans and advances to customers designated at fair value and changes included into other comprehensive income	-	459,729	-	459,729
Other investment on debts	-	172,583	-	172,583
Other equity instrument investment	-	2,086	3,687	5,773
Total	1	1,286,154	5,546	1,291,701
Financial liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	8,331	-	-	8,331
Financial liabilities held for trading	2,832	134,524	-	137,356
Derivative financial liabilities	-	64,553	-	64,553
Total	11,163	199,077	-	210,240

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments (Continued)

4.1 Financial assets and liabilities measured at fair value on a recurring basis (Continued)

As at 31 December 2023, the Group's assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	The Group			
	31 December 2023			Total
	Quoted prices in active markets ("Level 1")	Valuation technique - observable market variables ("Level 2")	Valuation technique - unobservable market variables ("Level 3")	
Financial assets:				
Financial assets held for trading	3,312	445,090	1,891	450,293
Derivative financial assets	-	40,521	-	40,521
Loans and advances to customers designated at fair value and changes included into other comprehensive income	-	453,930	-	453,930
Other investment on debts	-	161,931	-	161,931
Other equity instrument investment	1,381	2,021	2,812	6,214
Total	4,693	1,103,493	4,703	1,112,889
Financial liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	2,792	-	-	2,792
Financial liabilities held for trading	1,965	29,649	-	31,614
Derivative financial liabilities	-	42,220	-	42,220
Total	4,757	71,869	-	76,626

As at 31 December 2023, the Group's assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	The Bank			
	31 December 2023			Total
	Quoted prices in active markets ("Level 1")	Valuation technique - observable market variables ("Level 2")	Valuation technique - unobservable market variables ("Level 3")	
Financial assets:				
Financial assets held for trading	-	425,048	1,891	426,939
Derivative financial assets	-	40,521	-	40,521
Loans and advances to customers designated at fair value and changes included into other comprehensive income	-	453,930	-	453,930
Other investment on debts	-	159,081	-	159,081
Other equity instrument investment	1,381	2,021	2,812	6,214
Total	1,381	1,080,601	4,703	1,086,685
Financial liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	2,792	-	-	2,792
Financial liabilities held for trading	1,965	29,649	-	31,614
Derivative financial liabilities	-	42,220	-	42,220
Total	4,757	71,869	-	76,626

The Group and the Bank take the date on which events causing the transfers between the levels take place as the timing specific for recognizing the transfers. For the year ended 31 December 2024, the Group and the Bank had no major transfers between the levels.

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of those not traded in an active market is determined by the Group and the Bank using valuation techniques.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments (Continued)

4.1 Financial assets and liabilities measured at fair value on a recurring basis (Continued)

Financial instruments classified to Level 2 are mainly investments in bonds, derivatives, loans and advances to customers designated at fair value and changes included into other comprehensive income, etc. The fair value of RMB denominated bonds is determined based on the valuation result from the China Central Depository & Clearing Co., Ltd. while the fair value of the foreign currency denominated bonds is determined based on the valuation results published by Bloomberg. Derivative financial instruments are mainly evaluated using the discounted cash flow method and the Black-Scholes Model, etc. Loans and advances to customers designated at fair value and changes included into other comprehensive income are evaluated using the discounted cash flow method. All significant parameters used valuation techniques which was observable market information.

Financial instruments classified to Level 3 are mainly private equity. The valuation methods used mainly comprise market method. The unobservable parameters used mainly include discount rate and liquidity discount, etc.

The Group and the Bank had no financial assets or liabilities that were not measured at fair value on a recurring basis as at 31 December 2024 and 31 December 2023.

The changes in Level 3 financial assets are analyzed below:

	For the year ended 31 December 2024	
	The Group and the Bank	
	Financial assets held for trading	Other equity instrument investment
1 January2024	1,891	2,812
Increase in the current year	26	305
Decrease in the current year	(54)	(17)
Reversal from Level 3	-	(12)
Gains recognized in profit or loss	(4)	-
Gains recognized in other comprehensive income	-	599
31 December 2024	1,859	3,687

4.2 Financial assets and liabilities not measured at fair value

Financial assets and liabilities that are not measured at fair value include: balances with the Central Bank, deposits with banks and other financial institutions, placements to banks and other financial institutions measured at amortized cost, financial assets held under resale agreements, loans and advances to customers measured at amortized cost, investment on debts, borrowings from the Central Bank, deposits from banks and other financial institutions, placements from banks and other financial institutions measured at amortized cost, financial assets sold under repurchase agreements, deposits from customers, and debt securities issued, etc.

The following table summarizes the carrying amount and fair value of the investment on debts and debt securities issued that are not measured or disclosed at fair value:

	The Group				
	31 December 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment on debts	785,075	-	831,966	-	831,966
Debt securities issued	695,200		696,934		696,934

	The Bank				
	31 December 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment on debts	784,795	-	831,681	-	831,681
Debt securities issued	695,200		696,934		696,934

	The Group				
	31 December 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment on debts	772,467	-	786,696	-	786,696
Debt securities issued	728,328	-	727,135	-	727,135

	The Bank				
	31 December 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment on debts	771,836	-	786,056	-	786,056
Debt securities issued	728,328	-	727,135	-	727,135

(1) If the fair value of investment on debts is determined based on quoted market prices, it is presented in Level 1. If relevant market information cannot be obtained for investment on debts, discounted cash flow model is used to carry on the valuation, or where applicable, the quoted price with similar credit risk, maturity and yield is used, the fair value is presented in Level 2 and Level 3.

(2) If the fair value of debt securities issued is determined based on quoted market prices, it is presented in Level 1. If all the significant inputs in calculating the fair value of debt securities issued are observable, the fair value is presented in Level 2.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments (Continued)

4.2 Financial assets and liabilities not measured at fair value (Continued)

Discounted future cash flow method is used to determine the financial assets and financial liabilities that are not measured at fair value other than the above. As the periods for these financial instruments are short or their interest rates float based on the market interest rate, there are no significant differences between their carrying amounts and fair values:

Assets	Liabilities
Balances with the Central Bank	Borrowings from the Central Bank
Deposits with banks and other financial institutions	Deposits from banks and other financial institutions
Placements to banks and other financial institutions measured at amortized cost	Placements from banks and other financial institutions measured at amortized cost
Financial assets held under resale agreements	Financial assets sold under repurchase agreements
Loans and advances to customers measured at amortized cost	Deposits from customers
Other financial assets	Other financial liabilities

IX. Related party relationship and transactions

1. Major related party relationship

(1) The parent company:

Name	Place of registration	Percentage of equity interest held	
		31 December 2024	31 December 2023
Ping An Insurance (Group) Company of China, Ltd.	Shenzhen, PRC	58%	58%

China Ping An was established in Shenzhen, the People's Republic of China on 21 March 1988. The business scope of China Ping An includes investment in insurance enterprises; supervision and management of various domestic and international businesses of investment holding enterprises; management of insurance funds; conducting of domestic and international insurance businesses with the approval; conducting of other businesses approved by the NFRA and the relevant state departments.

As at 31 December 2024 and 31 December 2023, China Ping An and its controlling subsidiary, Ping An Life Insurance Company of China, Ltd. (hereinafter referred to as Ping An Life Insurance) owned 58% of the Bank totally. Specifically, China Ping An and Ping An Life Insurance owned 49.56% and 8.44% of the Bank respectively.

(2) Subsidiaries:

For the subsidiaries, please refer to Note IV 11.

(3) Other major shareholders:

Name	Relationship with the Group
China Electronics Shenzhen Company	Shareholder that holds less than 5% of the equity interests of the Group and dispatches directors to the Group
Shenzhen Yingzhongtai Investment Co., Ltd.	Shareholder that holds less than 5% of the equity interests of the Group and dispatches supervisors to the Group

The transactions between the Group and its parent company and related parties, other major shareholders and their related parties are processed according to the normal commercial terms and business procedures. The above related parties mainly refer to subsidiaries, associates, joint ventures, key management personnel, etc. Key management personnel refer to the personnel that have the authority and responsibility to plan, direct and control business activities, including directors, supervisors and senior management of the Group.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IX. Related party relationships and transactions (Continued)

2. Major transactions between the Group and China Ping An and its related parties during the year are as follows:

Balance at the end of the year	31 December 2024	31 December 2023
Derivative financial assets	77	55
Loans and advances to customers	23,773	10,661
Investment on debts	10,805	4,845
Financial assets held for trading	274	280
Precious metals	-	1,918
Right-of-use assets	897	999
Other assets	551	688
Deposits from banks and other financial institutions	34,950	23,353
Derivative financial liabilities	235	146
Deposits from customers	68,435	61,018
Lease liabilities	1,013	1,111
Other liabilities	1,244	994
Credit commitments	708	1,244
Letters of guarantee under comprehensive financial business (Note 1)	1,000	1,920
Other equity instruments (Note 2)	11,589	11,589

Transactions during the year	2024	2023
Interest income from loans and advances to customers	806	579
Agency and settlement service fee income	1,564	4,056
Asset custody fee income	30	36
Investment income	367	36
Interest expenses on deposits from banks and other financial institutions	474	437
Interest expenses of deposits from customers	1,109	1,445
Interest expenses of lease liabilities	39	40
Service expenditure (Note 3)	6,591	8,044
Depreciation expenses of right-of-use assets	363	403
Gains or losses on changes in fair value	73	182
Exchange gains or losses	(53)	247

Note 1:
For the purpose of letters of guarantee under comprehensive financial business, Ping An Group raises funds to establish debt investment plans in order to loan to the client for investing certain projects, where the Group issues financing guarantee, and Ping An Group acts as beneficiaries. The Group provides letters of guarantee based on credit granting to the borrowers, whose credit granting risk control measures are primarily based on the guarantee provided by the borrowers.

Note 2:
On 7 March 2016, the Group issued 200 million preference shares at par, with a total amount of RMB20 billion. The net amount of raised money excluding issuance expenses amounted to RMB19,953 million. Ping An Group subscribed to RMB11,600 million of the total amount, and the actual subscription amount excluding issuance expenses amounted to RMB11,589 million. On 7 March 2024, the Group distributed a total amount of dividends on preference shares amounting to RMB507 million to Ping An Group, and the nominal dividend rate was 4.37%.

Note 3:
Service expenditure mainly arises from the use of Ping An Group's Wanlitong credit card reward platform service, network platform service, the use of communication service, channel service, etc.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

IX. Related party relationships and transactions (Continued)

3. Major transactions with its controlling subsidiaries during the year are listed below:

Balance at the end of the year	31 December 2024	31 December 2023
Deposits from banks and other financial institutions	27	48
Other liabilities	194	1,396
Transactions during the year	2024	2023
Interest expenses on deposits from banks and other financial institutions	1	7
Fee and commission expenses	1,123	1,878

4. Major transactions between the Group and other major shareholders and their related parties during the year are as follows:

Balance at the end of the year	31 December 2024	31 December 2023
Deposits from customers	140	94

5. Major transactions with the key management personnel during the year are listed below:

As at 31 December 2024, the balance of loans and advances to key management personnel of the Group was RMB2 million (31 December 2023: RMB2 million); As at 31 December 2023, the annual interest rate of these loan transactions was 2.48% (31 December 2023: 2.83%).

As at 31 December 2024, the balance of deposits from key management personnel of the Group was RMB34 million (31 December 2023: RMB31 million); The above deposit transactions were processed according to the normal commercial terms and business procedures.

6. Details of the compensation for key management personnel are as follows:

	2024	2023
Salaries and other employee benefits	21	28

As at 31 December 2024, the Group authorized a balance of total credit facility, in the amount of RMB9,200 million, for entities which are controlled, jointly controlled or significantly influenced relating to the key management personnel of the Group or their close family members (31 December 2023: RMB2,200 million); there were RMB1,624 million utilized credit limit (31 December 2023: RMB486 million) and RMB1,058 million of loans and advances to customers (31 December 2023: Nil). As at 31 December 2024, the Group took a deposit amounting to RMB11,965 million from the above associates (31 December 2023: RMB6,058 million). The above do not include related party transactions between the Group and China Ping An and its related parties.

X. Events after the balance sheet date

1. Profit distribution after the balance sheet date.

As at 25 February 2025, the Bank paid the interest on perpetual bonds amounting to RMB1,155 million at 3.85%, the bond interest rate for the calculation period as determined by the terms of the first tranche of non-fixed term capital bonds in 2020.

As at 7 March 2025, the Bank distributed RMB4.37 (inclusive of tax) per preference share as dividends, based on the amount of issued preference shares of 200 million (with a face value of RMB100 per share), and calculated with a nominal dividend rate of 4.37%. The calculation period for the dividends on preference shares was from 7 March 2024 to 6 March 2025. The total amount of the dividends distributed was RMB874 million (inclusive of tax). The Bank distributed dividends directly to preference shareholders.

As approved by the 36th meeting of the 12th session of the Board of Directors of the Bank on 14 March 2025, the Bank proposed to distribute a cash dividend of RMB3.62 (inclusive of tax) for every 10 shares based on the total share capital of 19,406 million shares as at 31 December 2024 at the end of 2024 after the appropriation to general reserve. The above profit distribution plan was pending for approval by the general meeting of shareholders.

2. Issuance of bonds

On 4 March 2025, the Bank issued the first tranche of perpetual capital bonds of Ping An Bank Co., Ltd. for the year 2025, with a total amount of RMB30 billion. The coupon rate for the first 5 years is 2.27%, which is adjusted every 5 years. The duration of these bonds is consistent with the Bank's going concern period.

XI. Comparative information

To conform to the presentation of these financial statements, the Group has adjusted the presentation of certain comparative figures.

Notes to the Financial Statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

XII. Other significant items

Assets and liabilities measured at fair value

	The Group			
	2024			
	1 January 2024	Gains or losses on changes in fair value during the year	Changes in fair value charged to other comprehensive income	31 December 2024
Assets:				
Financial assets held for trading	450,293	5,528	-	629,571
Derivative financial assets	40,521	25,215	-	65,412
Loans and advances to customers designated at fair value and changes included into other comprehensive income	453,930	-	-	459,729
Other investment on debts	161,931	(20)	1,465	176,655
Other equity instrument investment	6,214	-	(223)	5,773
Total	1,112,889	30,723	1,242	1,337,140
Liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	2,792	(51)	-	8,331
Financial liabilities held for trading	31,614	1,845	-	137,356
Derivative financial liabilities	42,220	22,745	-	64,553
Total	76,626	24,539	-	210,240

	The Bank			
	2024			
	1 January 2024	Gains or losses on changes in fair value during the year	Changes in fair value charged to other comprehensive income	31 December 2024
Assets:				
Financial assets held for trading	426,939	5,609	-	588,204
Derivative financial assets	40,521	25,215	-	65,412
Loans and advances to customers designated at fair value and changes included into other comprehensive income	453,930	-	-	459,729
Other investment on debts	159,081	(20)	1,407	172,583
Other equity instrument investment	6,214	-	(223)	5,773
Total	1,086,685	30,804	1,184	1,291,701
Liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	2,792	(51)	-	8,331
Financial liabilities held for trading	31,614	1,845	-	137,356
Derivative financial liabilities	42,220	22,745	-	64,553
Total	76,626	24,539	-	210,240

Supplementary information to financial statements

For the year ended 31 December 2024
(All amounts are presented in RMB million unless otherwise stated)

Appendix: Supplementary information to financial statements

Return on net assets and earnings per share

	2024		
	Return on net assets	Earnings per share (RMB/share)	
	Weighted average	Basic	Diluted
Net profit attributable to ordinary shareholders of the Bank	10.08%	2.15	2.15
Net profit attributable to ordinary shareholders of the Bank after deduction of non-recurring gains or losses	10.16%	2.16	2.16

	2023		
	Return on net assets	Earnings per share (RMB/share)	
	Weighted average	Basic	Diluted
Net profit attributable to ordinary shareholders of the Bank	11.38%	2.25	2.25
Net profit attributable to ordinary shareholders of the Bank after deduction of non-recurring gains or losses	11.38%	2.25	2.25

Including net profit attributable to ordinary shareholders of the Bank after deduction of non-recurring gains or losses:

	2024	2023
Net profit attributable to shareholders of the Bank	44,508	46,455
Less: Dividends on preference shares declared by the Bank	(874)	(874)
Interest on perpetual bonds of the Bank	(1,975)	(1,975)
Net profit attributable to ordinary shareholders of the Bank	41,659	43,606
Deduction of non-recurring gains or losses:	(330)	24
Net gains or losses from disposal of non-current assets	10	20
Net gains or losses on contingencies	65	(64)
Other net gains or losses	(356)	88
Income tax effect	(49)	(20)
Net profit attributable to ordinary shareholders of the Bank after deduction of non-recurring gains or losses	41,989	43,582

The above return on net assets and earnings per share are calculated in accordance with the rules stipulated in the *Regulation on Information Disclosure of Public Companies No. 9* as revised by the China Securities Regulatory Commission on 11 January 2010. The non-recurring gains or losses are calculated in accordance with the rules stipulated in the CSRC Announcement [2023] No. 65 *Interpretation of Information Disclosure of Public Companies No. 1 - Non-recurring Gains or Losses*.

The gains or losses on changes in fair value of financial assets and liabilities held for trading in the Group's ordinary course of business, and investment income arising from disposal of investment on debts, other investment on debts, non-equity investment in financial assets held for trading and financial liabilities held for trading are not disclosed as non-recurring gains or losses.

List of Documents Available for Inspection

1. The accounting statements sealed and signed by the Chairman, President, Vice President and CFO, and the head of the Accounting Department.
2. The original copy of the audit report sealed by the accounting firm and sealed and signed by certified public accountants.
3. The originals of the Bank's documents and announcements which have been publicly disclosed during the reporting period.

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