



东莞银行
BANK OF DONGGUAN

2023

ANNUAL REPORT



Important Notes

- ① The Board of Directors, Board of Supervisors, Directors, Supervisors and senior management of the Bank guarantee that the information presented in the Report is true, accurate and complete, and do not contain false records, misrepresentations or major omissions and bear several and joint legal liabilities.
- ① The Annual Report was approved at the 19th Meeting of the 8th Session of the Board of Directors of the Bank on 12 March 2024. Out of the 14 Directors expected to attend the meeting, 13 were present at the meeting (with another one vote by proxy), and eight Supervisors of the Bank were present at the meeting.
- ① KPMG Huazhen LLP issued an unqualified auditor's report for the Bank in accordance with the China Accounting Standards for Business Enterprises.
- ① The Annual Report is prepared in Simplified Chinese, Traditional Chinese and English respectively. In the event of any discrepancy between the Chinese and English versions, the Simplified Chinese version shall prevail.
- ① Mr. Cheng Jinsong, Chairman of the Bank, Mr. Wu Jianwen, Accounting Principal, Ms. Sun Weiling, Chief Accountant, and Ms. Wei Sanfang, Head of Finance Department, represent that financial reports presented in the Annual Report are true, accurate and complete.
- ① At its 19th meeting of the 8th session of the Board of Directors of the Bank reviewed and approved the preliminary profit distribution plan for the reporting period: based on the total share capital of 2.3416 billion shares as of 31 December 2023, a cash dividend of RMB3.10 (tax inclusive) for every 10 shares will be distributed to registered shareholders at the end of 2023 and a total cash dividend of RMB726 million will be paid.
- ① Unless otherwise stated, the accounting and financial data mentioned in the Report are consolidated data.
- ① The forward-looking descriptions such as future planning and development strategies involved in the Report shall not be regarded as the Bank's substantial commitments to its investors. Investors and relevant parties shall be sufficiently aware of the related risks and understand the differences between plans, forecasts and commitments.
- ① Investors are expected to read the full text of the Report carefully. The details on existing major risks and proposed countermeasures are set out in the Report by the Bank. Please refer to the "Operations Discussion and Analysis" for information relating to risk management.

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Interpretation

In the Report, unless otherwise stated, the following terms contain connotations as below:

1. “Bank of Dongguan”, the “Bank”, “our Bank” and the “Company” refer to Bank of Dongguan Co., Ltd.
2. “Reporting period” or the “year” refers to the year 2023.
3. “Articles of Association” refers to the “Articles of Association of Bank of Dongguan Co., Ltd.”.



Chairman's Address

In 2023, Bank of Dongguan remained committed to its mission in the face of complex and turbulent macroeconomic landscape. Thanks to the strong support provided by governments at various levels, the effective guidance and supervision of regulatory authorities, and the continuing support from all sectors of society, we drew inspiration from Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, duly implemented the strategic decisions made at the 20th CPC National Congress and the Central Financial Work Conference, based on a thorough understanding of the spirit of the meetings. Adhering to the general principle of seeking progress while keeping performance stable, as well as our established overall strategy, we fully supported the high-quality development of the national economy, maintaining full confidence in business growth, deepened reforms and transformation, and enhanced efficiency. While firmly upholding the bottom line of risk control prevention, we have made significant strides in advancing our business development. Our operating income and net profit grew steadily with total assets exceeding RMB620 billion, and maintained asset quality at a stable level. Capital adequacy has been continuously improved, and major regulatory requirements have been consistently fulfilled across-the-board.

The Party's comprehensive leadership will be further strengthened and improved, and the modern enterprise system with Chinese characteristics will be continually developed. We are dedicated to implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, which will guide and coordinate the organic integration of party leadership and corporate governance, ultimately enhancing corporate governance mechanisms.

With a focus on the strategic positioning of "serving the local, serving the real economy and serving the public", we will function as an "energizer" in the financial sector and actively support the high-quality growth of the real economy. With a deep understanding of the political and people-oriented nature of financial work, we will provide full support for the construction of the Greater Bay Area focusing on "technology innovation + advanced manufacturing", and promote the development of inclusive finance to enhance consumers' sense of gain and well-being, in line with our commitment to making "finance for the people".

We will continue to adhere to the principle of stable operation, further develop risk internal control systems, and safeguard the bottom line of effective risk prevention. While ensuring unified risk appetite throughout the Bank, we will further tighten up risk monitoring in key areas, enforce rigorous bank governance, take a firm stance on case-based risk prevention, strive to improve the effectiveness of case-based compliance management, and cultivate a culture of integrity in finance.

As we welcome 2024, Bank of Dongguan is determined to execute the directives of the 20th CPC National Congress and the Central Financial Work Conference on a comprehensive scale. We will adopt a holistic approach to implementing the new development philosophy, harness the vast opportunities presented by the Greater Bay Area, and concentrate our efforts on the "Fintech, Green Finance, Inclusive Finance, Pension Finance and Digital Finance". Our ultimate goal is to deliver greater value to our customers, investors and society while continually enhancing our capabilities for high-quality development.

Chairman: Cheng Jinsong

Overview

I. COMPANY STATUS

Legal Chinese name	东莞银行股份有限公司
Chinese abbreviation	东莞银行
Legal English name	BANK OF DONGGUAN CO., LTD.
English abbreviation	BOD
Legal representative	Cheng Jinsong
Date of initial registration	8 September 1999
Unified social credit code	914419007076883717
Financial license No.	B0201H244190001
Registered office address	No. 21, Tiyu Road, Guancheng District, Dongguan, Guangdong, China

II. CONTACTS

Secretary of the Board of Directors	Li Qicong
Contact address	Office of the Board of Directors, Bank of Dongguan, No. 21, Tiyu Road, Guancheng District, Dongguan, Guangdong, China
Tel	(86) -769 2286 5192
Fax	(86) -769 2211 6029
E-mail	zhanlb@dongguanbank.cn
Postal code	523000

III. INFORMATION DISCLOSURE AND PLACE WHERE THE ANNUAL REPORT IS AVAILABLE

Newspapers for information disclosure	<i>Financial News</i>
Website for publishing annual report	Official website of the Bank: http://www.dongguanbank.cn
Place where the annual report is available	Office of the Board of Directors and branch offices of the Bank

IV. OTHER RELEVANT INFORMATION

Certified public accountant engaged	KPMG Huazhen LLP
Office address	8th Floor, KPMG Tower Oriental Plaza, 1 East Chang An Avenue, Beijing
Signatory certified public accountants	Wu Zhongming, and Ye Yunhui

Summary of Accounting Data and Financial Indicators

I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB'000, %

Operating performance	2023	2022	Increase or decrease over the previous year	2021
Operating income	10,587,306	10,279,068	3.00	9,510,756
Operating profits	4,241,527	3,940,660	7.63	3,284,063
Total profits	4,232,741	3,929,591	7.71	3,279,749
Net profits	4,066,192	3,833,273	6.08	3,320,152
Net profits attributable to shareholders of the Company	4,066,915	3,834,440	6.06	3,316,334
Net profits attributable to shareholders of the Company after deducting non-recurring profit or loss	3,929,207	3,741,452	5.02	3,309,231
Net cash flow generated from/(used in) operating activities	47,243,238	21,391,893	120.85	-17,855,118
Basic earnings per share (RMB/share)	1.73	1.72	0.58	1.48
Diluted earnings per share (RMB/share)	1.73	1.72	0.58	1.48
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	1.67	1.67	0.00	1.48
Net cash flow from operating activities per share (RMB/share)	20.18	9.81	105.71	-8.19
Fully diluted return on equity (%)	10.76	12.24	-1.48	11.69
Weighted average return on equity (%)	12.07	12.91	-0.84	12.36
Fully diluted return on equity after deducting of non-recurring profit or loss (%)	10.38	11.94	-1.56	11.67
Weighted average return on equity after deducting of non-recurring profit or loss (%)	11.64	12.59	-0.95	12.33

Note 1: The indicators relating to the Group's return on equity and earnings per share are calculated in accordance with the provisions of the "Notice on Promulgation of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.9 – Calculation and Disclosure of Return on Equity and Earnings per Share" (revised in 2010). The Bank issued RMB2.2 billion and RMB2.0 billion of write-down undated capital bonds (the "Perpetual Bonds") in 2020 and 2022 respectively, and paid the interest on the bonds in 2021, 2022 and 2023 respectively. When calculating the basic earnings per share and average return on equity disclosed herein, the Bank took into account the effect of the Perpetual Bonds.

Note 2: Net cash flow from operating activities per share = Net cash flow generated from/(used in) operating activities ÷ Ending share capital.

Unit: RMB'000, %

Indicators of project scale	2023	2022	Increase or decrease over the end of the previous year	2021
Total assets	628,924,663	538,419,002	16.81	482,783,583
Total disbursement of loans and advances	327,726,924	290,430,530	12.84	270,088,026
Including: Corporate loans	211,970,616	170,138,898	24.59	151,907,900
Personal loans	107,870,387	101,553,545	6.22	95,585,147
Notes discounted	7,885,921	18,738,087	-57.92	22,594,979
Provision for loan loss	7,706,425	6,908,889	11.54	6,731,594
Including: Provision for loan loss at fair value through other comprehensive income	214,353	147,473	45.35	119,568
Total liabilities	588,347,585	503,564,781	16.84	452,926,078
Total principal of customer deposits	418,470,481	363,598,099	15.09	318,832,668
Including: Corporate deposits	239,873,404	216,197,287	10.95	203,690,298
Personal deposits	148,814,138	124,137,005	19.88	101,157,163
Shareholders' equity	40,577,078	34,854,221	16.42	29,857,505
Including: Equity attributable to shareholders of the Company	40,485,955	34,755,195	16.49	29,755,352
Share capital	2,341,600	2,180,000	7.41	2,180,000
Net assets per share attributable to ordinary shareholders of the Company (RMB/share)	15.50	14.02	10.56	12.64

Note 1: According to the "Notice by the Ministry of Finance of Revising and Issuing the Format of 2018 Consolidated Financial Statements" (Caikuai [2018] No. 36), the interest of financial instruments based on the effective interest method is included in the book balance of financial instruments. Interest on the matured financial instruments that is receivable or payable but has not been received or paid at the balance sheet date is presented under "Other assets" or "Other liabilities". Unless otherwise stated, the "disbursement of loans and advances", "customer deposits" and their details referred to in the Report are deducting interest.

Note 2: The effects of the undated capital bonds (the "Perpetual Bonds") have been deducted from the net assets per share attributable to the ordinary shareholders of the Company.

II. MAJOR FINANCIAL INDICATORS BY QUARTER

Unit: RMB'000

	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Operating income	2,611,593	2,886,477	2,309,738	2,779,498
Net profits attributable to shareholders of the Company	1,401,491	950,219	1,078,386	636,819
Net profits attributable to shareholders of the Company after deducting non-recurring profit or loss	1,384,777	893,224	1,033,914	617,292
Net cash flow generated from operating activities	13,140,538	5,014,281	17,780,532	11,307,887

III. ITEMS AND AMOUNT OF NON-RECURRING PROFIT OR LOSS

Unit: RMB'000, %

Non-recurring profit or loss item	2023	2022	Increase or decrease over the previous year	2021
Net profit or loss from disposal of non-current assets	-3,051	-1,228	-148.45	-10,295
Government grants recognized in current profit or loss	196,579	137,565	42.90	24,610
Other items qualified as non-recurring profit or loss	-8,786	-11,069	20.63	-4,315
Net non-recurring profit or loss	184,742	125,268	47.48	10,000
Less: effect of income tax	46,950	31,992	46.76	2,798
Total	137,792	93,276	47.73	7,202
Including: non-recurring profit or loss that affect net profit of shareholders of the Company	137,708	92,988	48.09	7,103
Non-recurring profit or loss that affect minority interests	84	288	-70.83	99

IV. SUPPLEMENTARY FINANCIAL AND REGULATORY INDICATORS

Unit: %

Item	Standard value	2023	2022	2021
Capital adequacy ratio	≥10.5	13.75	13.42	13.32
Tier-1 capital adequacy ratio	≥8.5	9.91	9.75	9.34
Core tier-1 capital adequacy ratio	≥7.5	8.87	8.56	8.64
Leverage ratio	≥4	5.79	5.72	5.53
Liquidity ratio	≥25	70.51	77.88	59.97
Liquidity coverage rate	≥100	203.3	187.81	132.42
Non-performing loan ratio	≤5	0.93	0.93	0.96
Provision coverage ratio	≥130	252.86	254.30	259.48
Provision-loan ratio	≥1.8	2.35	2.38	2.49
Loan concentration ratio of a single customer	≤10	2.76	2.78	3.74
Credit concentration ratio of a single group customer	≤15	6.55	6.03	5.80
Migration ratio of pass loans	-	0.92	0.84	1.48
Migration ratio of special-mentioned loans	-	45.49	34.10	21.68
Migration ratio of substandard loans	-	77.45	69.56	43.20
Migration ratio of doubtful loans	-	27.15	12.49	35.31
Return on total assets	≥0.6	0.70	0.75	0.74
Cost-income ratio	-	36.03	35.22	34.55
Net interest spread	-	1.63	1.72	1.82
Net interest margin	-	1.61	1.67	1.79

Note 1: Regulatory indicators are calculated and presented in regulatory terms.

Note 2: Net interest spread=the average return on interest-earning assets – average cost rate of interest-bearing liabilities.

Note 3: Net interest margin = net interest income/average balance of interest-earning assets.

Note 4: In accordance with the provisions in the “Circular on Adjusting the Regulatory Requirements for Loan Loss Provision of Commercial Banks” (Yin Jian Fa [2018] No. 7), commercial banks are subject to the differential and dynamic regulatory policies for provision.

V. CHANGES IN SHAREHOLDERS' EQUITY

Unit: RMB'000

Item	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Minority equity	Total shareholders' equity
Opening balance	2,180,000	4,196,321	2,089,535	-4,980	3,284,742	5,675,989	17,333,588	99,026	34,854,221
Increase in the current period	161,600	-	1,974,679	367,537	407,697	700,578	2,118,669	-	5,730,760
Decrease in the current period	-	-	-	-	-	-	-	7,903	7,903
Ending balance	2,341,600	4,196,321	4,064,214	362,557	3,692,439	6,376,567	19,452,257	91,123	40,577,078

VI. CAPITAL COMPOSITION AND ITS CHANGE

Unit: RMB'0,000

Item	2023	2022	2021
Total net capital	5,554,275	4,734,730	4,191,418
Net core tier-1 capital	3,580,365	3,020,833	2,717,266
Net tier-1 capital	4,000,251	3,440,740	2,937,282
Net tier-2 capital	1,554,024	1,293,990	1,254,136
Risk-weighted assets	40,382,884	35,292,292	31,458,554

Business Overview

I. PRINCIPAL BUSINESSES IN THE REPORTING PERIOD

The scope of our principal businesses includes: accepting public deposits; offering short-term, mid-term and long-term loans; domestic settlement; discounting bills; issuing, cashing and underwriting government bonds as an agency; trading government bonds; interbank borrowings; issuing financial bonds; providing bank guarantees; collecting and settling payments; safe box service; entrusted deposits and loans service of local fiscal revolving fund; foreign currency deposits; foreign currency loans; foreign currency remittances; foreign currency exchange; international settlement; interbank borrowing of foreign currency; acceptance and discounting of foreign currency bills; foreign currency guarantees; settling and selling foreign currency; foreign currency exchange as an agency; settling foreign credit card payment as an agency; insurance service as an agency (operating by branches with permit); selling securities investment funds as an agency; proprietary foreign exchange trading; and other businesses approved by the banking regulatory authorities of China (items subject to approval according to laws shall not be operated before such approval is granted by the competent authorities).

II. MATERIAL CHANGES IN MAJOR ASSETS

During the reporting period, there were no material changes in the Bank's major assets.

III. CORE COMPETITIVENESS ANALYSIS

(I) Regional development opportunities provide ample room for growth. With a focus on Dongguan as our primary market and headquartered in the Greater Bay Area, the Bank has covered 7+1 cities in the 9+2 city cluster within the Greater Bay Area. The planning and implementation of various national strategies within the region has opened new prospects for us to deepen localization, and promote high-quality development. During the reporting period, when the national strategy of the Greater Bay Area and the plan to build Shenzhen into a demonstration area of socialism with Chinese characteristics are expedited, the high-quality regional economic landscape is being shaped quickly. Dongguan, leveraging its prime location within the golden inner circle of the Greater Bay Area and focusing on "technical innovation + advanced manufacturing", has accelerated the pace of innovation-driven development. New momentum for economic growth has been created, with steady improvement in development quality. The favorable regional economic environment provides our Bank with broad market space and abundant customer resources.

(II) High-quality development driven by scientific and standardized corporate governance. Actively promoting the integration of the Party leadership and corporate governance, the Bank has formed a modern corporate governance organizational structure that consists of the general meeting of shareholders, the Board of Directors, the Board of Supervisors, and senior management, and established a complete corporate governance system and a modern enterprise system with Chinese characteristics to define the authorities and responsibilities of the general meeting of shareholders, the Board of Directors, the Board of Supervisors, and senior management, forming a corporate governance operation mechanism characterized by "independent operation, effective checks and balances, mutual cooperation, and coordinated operation". During the reporting period, the Bank's sound corporate governance on the whole ensures that the Bank can stick to the bottom line of compliance management and keep developing steadily and sustainably in the right strategic direction.

(III) The development pattern characterized by interaction between domestic market and overseas market enhances the capabilities of comprehensive financial services. As the first city commercial bank with a branch in Hong Kong, the Bank has accelerated the pace of internationalization and diversified operations, creating more favorable conditions for characteristic development. With the establishment of our Hong Kong Branch, the Bank is deeply involved in the construction of the Greater Bay Area as a financial hub and the high-level mutual opening up of financial services. By leveraging the comparative advantages of resource linkage in domestic and overseas markets, the Bank has stepped up product innovation efforts to meet the requirements of customers in the Greater Bay Area for diversified financial services, further enhancing our comprehensive financial service capabilities.

(IV) Digital transformation drives the upgrading of the development model. In line with the trend of digital development, the Bank further pushed forward digital transformation, and enhanced operational efficiency and service quality across the board, driving the transformation and upgrading of the Bank's development model. The Bank actively explored the application of digital technologies such as big data and artificial intelligence, continuously strengthening product digital innovation iteration and digital marketing management; consistently promoted the development and optimization of risk control models, enhancing the risk control models in terms of intelligent decisioning throughout the business process; continuously improved the data governance system, and ramped up data middle-office development, achieving efficient integration and effective governance of data; further built an intensive, efficient, and agile digital business and management operation system, reducing the costs of business and management operations.

(V) Stable operation ensures sustainable development. The Bank always adheres to the principle of stable operation, including stability as its core values in all aspects of its business and management operations. On one hand, the Bank implemented the operational concept of "small sum and decentralization", introduced unified risk appetite and a scientific risk transmission mechanism across the Bank, strengthened active risk management, and continuously improved various management systems and process systems, thus enhancing risk monitoring and early warning management in key areas. On the other hand, the Bank strengthened the construction of related systems and tools, enhanced the standard of intelligent risk control operations, further improved the quality and effectiveness of risk management, laying a more solid foundation for high-quality development.

(VI) Refined management improves operational quality and efficiency. The Bank places great importance on the development of basic management capabilities, continuously building support capabilities in line with strategic planning. First, the Bank has intensified its investment and research capability building, established a sound dynamic adjustment mechanism for resource allocation, tapped into the full potential of asset and liability management in terms of coordinated planning, and that of performance evaluation in guiding business operations, and continuously promoted business restructuring and transformation. Second, the Bank continuously solidified and refined the standardized, modular, and systematized behaviors for key positions, and constantly reviewed and optimized the internal process system, effectively enhancing internal management efficiency and execution. Third, the Bank implemented the strategy of "making the Bank strong through talents" on a comprehensive scale, continuously improved the human resources management system, and accelerated the formation of a professional and international financial talent team, continuously solidifying the development foundation.

IV. IMPLEMENTATION OF KEY BUSINESSES DURING THE REPORTING PERIOD

(I) Corporate banking

1. Operating results

The Bank continued to serve the local economy maintaining a firm foothold in the local market, seized market opportunities amid the formation of the new development patterns, and rapidly advanced the transformation and innovation of our corporate banking business as well as structural optimization to promote high-quality development of our corporate banking business. As of the end of the reporting period, the balance of corporate banking deposits came in at RMB239.873 billion, representing an increase of RMB23.676 billion or 10.95% over the beginning of the year. The balance of corporate banking loans (including discount loans) was RMB219.857 billion, representing an increase of RMB30.980 billion or 16.40% over the beginning of the year.

2. Highlights of business development

(1) Setting new benchmarks in government finance. **First**, the Bank deepened services for special local government bonds, and actively liaising with municipal governments and financial departments to provide guidance for special bond application projects – it became one of the first banks in Guangdong Province to open special regulatory accounts with official approval. **Second**, the Bank enhanced the quality and efficiency of government service scenarios, continually acquiring new customers for agency qualification-related services and improving service quality. During the year, the Bank acquired 10 additional agency qualifications and initiated 38 projects aimed at expanding the customer base and enhancing service quality. **Third**, the Bank expanded financial services for rural revitalization, solidifying our “product + platform” approach to extend services to village organizations, enterprises, properties, residents, and tenants, achieving a 17.33% year-on-year increase in the total number of service customers. The Bank won the “Top Ten Rural Revitalization Financial Services Innovation Award” in the Financial Innovation Awards China organized by The Banker magazine in 2023.

(2) Pioneering new models in industrial finance. **First**, the Bank enhanced service outcomes for clients specializing in advanced manufacturing by expanding horizontally to cover industrial enterprises above the designated scale and vertically to deepen marketing toward clients along the electronic information industry chain. The Bank developed and iterated specialized products designed for funding corporate operations, and industrial park, technological upgrading, and stock listing projects, with the aim of supporting operations and development of enterprises. As of the end of the reporting period, we granted loans to a total of 2,418 advanced manufacturing enterprises with a credit balance of RMB69.858 billion, representing a net increase of RMB12.679 billion or 22.17% over the beginning of the year. **Second**, the Bank achieved new breakthroughs in green finance – it was the only local legal financial institution in Dongguan City officially designated as a financial institution for offering carbon emission reduction support tools. As of the end of the reporting period, the balance of green credit was RMB15.312 billion, representing an increase of 40.49% over the beginning of the year. The Bank received the “2023 Banker Excellent Case Award of Green Finance Innovation” in the Financial Innovation Awards China organized by Banker magazine in 2023.

(3) “Customer Foundation” reaches new heights. **First**, a digital marketing network facilitates customer acquisition. By integrating online and offline service channels, we launched “One-Stop Services” and “Marketing QR Codes” to explore new ways to acquire customers, and serve customers more effectively and efficiently. **Second**, “customer activation” using innovative tools, with online invoicing and letter issuance functionalities enabled with the launch of “Dongguan e-Invoice Pool,” online commercial paper projects. **Third**, increasing user scenarios to “retain customers”. The Bank continued to optimize the “Smart Payment” platform, which led to a RMB12.559 billion increase in payment transactions this year, up 23.99% year-on-year; through seamless integration into the industrial internet system, corporate mobile payment services were launched to make the payment process more friendly to procurement managers, business travelers, etc.; and an engineering fund supervision system has been introduced to provide customers with secure and effective financial services.

(II) Inclusive finance business

1. Operating results

In its efforts to thoroughly implement the strategic plans of the Party and the state on financial support for the development of small and micro businesses (SMEs), the Bank continued to improve the quality and efficiency of SME-oriented services, and successfully achieved the pre-set targets in terms of “loan and customer growth and effective control of the asset quality of and overall costs for SME loans”. As of the end of the reporting period, the balance of various types of micro-credit loans (including loans granted to SMEs, individual businesses, and SME owners) was RMB146.486 billion, an increase of RMB33.104 billion or 29.20% over the beginning of the year. The balance of inclusive finance loans was RMB44.056 billion, an increase of RMB9.57 billion or 27.75% over the beginning of the year, and the number of inclusive finance loan customers reached 22,610, an increase of 1,605 over the beginning of the year. In the year, more than RMB32.9 billion inclusive loans were granted, with a weighted average lending rate of 4.16%.

2. Highlights of business development

(1) The Bank strengthened the development of institutional and systematic mechanisms to improve the inclusive finance service system. As of the end of the reporting period, the Bank had 179 business outlets, including 3 community sub-branches and 4 micro-credit sub-branches, and the increased service market reach allowed us to benefit more SMEs with our services. The Bank continued to build the team of inclusive account managers across the Bank to promote the development of exclusive inclusive finance and improve the professional level of inclusive services. Every year, the Bank drew up a separate inclusive credit plan, implemented special support policies such as favorable resources, cost concessions, NPL tolerance and due diligence and exemption, strengthening the motivation and confidence of grassroots-level teams in being ready to grant loans.

(2) The Bank promoted technology-enabled business growth through digital and intelligent development. In terms of product innovation, leveraging online banking and fintech technology, the Bank expedited the online commercialization of inclusive loan products and continued to optimize and iterate online products including “technology e-loan, housing e-loan, government procurement e-loan, quality property mortgage e-loan, custody e-loan and chain e-finance”. In 2023, the Bank launched the innovative “chain e-finance” product to acquire small and micro-enterprise customers in the upstream supply chain on an extensive scale, further broadening financial services for SMEs. In terms of customer expansion, the Bank continuously improved the functionality and promotional channels of our grid marketing platform, optimized the white list customer acquisition strategy, and simplified account opening services to improve customer experience.

(3) Supporting technological innovation through finance, continuously advancing fintech business. **First**, in response to financial support policies for technological innovation, the Bank developed guiding opinions and marketing guidelines for our fintech finance work, continually optimizing products to make finance more accessible to technology-oriented enterprises. **Second**, with a focus on industrial parks, the Bank explored the “1+4+N” model integrating “technology, finance, and industry” to create a comprehensive service ecosystem for industrial park finance, aiding in the transformation and upgrade of tech enterprises. **Third**, the Bank recalibrated regional fintech resources for tech-oriented SMEs, national high-tech firms, and “specialized and sophisticated producers of new and unique products”, gradually expanding our fintech business coverage. As of the end of the reporting period, the Bank granted technology finance loans to 2,670 customers in total, with a credit balance of RMB56.379 billion, an increase of RMB9.184 billion over the beginning of the year.

(4) Leveraging various policy incentives to boost win-win development among government, banks, and enterprises. **First**, by utilizing low-cost policy funds, the Bank granted a total of more than RMB22.9 billion of re-loans and sub-loans to support more than 6,500 SMEs and business customers. **Second**, we strengthened the transmission and application of the PBOC’s new policies, actively connecting with the PBOC’s inclusive micro-credit loan support tools. In 2023, the Bank reported an increase of RMB10.119 billion of inclusive loans and obtained over RMB172 million of incentive funds. **Third**, in response to Guangdong Provincial Government’s policy calling for efforts to subsidize loan interest for small and micro enterprises in the manufacturing sector in 2023, the Bank granted loans of RMB837 million to 173 eligible customers, with interest subsidization amounted to RMB5.316 million, further alleviating the financing burden for SMEs. The Bank won the “Outstanding Achievement Award for Enterprise Relief” by the Guangdong SME Financing Platform.

(III) International banking

1. Operating results

The Bank continued to deepen the application of “international + domestic” scenarios, make flexible use of funds raised from domestic + overseas markets to diversify our international banking product system and manage the full lifecycle of international banking products, meeting the varying cross-border service needs of our customers. As of the end of the reporting period, the Bank reported an international settlement volume equivalent to USD12.709 billion and trade financing of RMB50.239 billion.

2. Highlights of business development

(1) The Bank adheres to a business philosophy that prioritizes products over operations, focusing on promoting key products. **First**, the Bank harnessed foreign exchange derivative services, utilizing policy incentives such as “collateral-free fund pooling”, “first account” rewards, and “first option fee” to offer various currency management strategies to our clients. **Second**, the Bank actively promoted traditional trade financing and cross-border linkage products, providing a more diverse range of financing services to foreign-capital and foreign-trade enterprises.

(2) The Bank seeks to improve quality and efficiency, expand channels, and enhance our international settlement capabilities. **First**, the Bank accelerated the online transition of customer services by optimizing automatic foreign exchange collection features, promoting forward foreign exchange settlement and sales services, and launching new functionalities in electronic letter of credit system and forfeiting subsystem to improve service quality and efficiency. **Second**, the Bank intensively expanded domestic interbank collaborations based on market competition and customer demands, especially focusing on “transactional” trade finance businesses such as letters of credit and forfeiting, to expand asset circulation channels, lower bank-wide capital depletion, and increase yields from asset circulation. **Third**, the Bank actively expanded overseas interbank cooperation channels for international settlements, trade financing, clearing, asset transfers and other businesses, broadening our international business outreach.

(3) Strengthening strategic leadership and continuously enhancing two “linkages”. **First**, the Bank strengthened cross-border linkage with Hong Kong branches. Drawing on the Cross-border Linkage Agility Group and the regular deliberation mechanism, the Bank conducted a number of bank-enterprise salons, and cooperated with its domestic branches and Hong Kong branches to promote the steady development of businesses involving collaborative operations between them, and achieved a record of RMB4.2 billion for new “cross-border linkage loans” this year. **Second**, the Bank strengthened the linkage between inclusive finance oriented for corporate clients and international business. We effectively utilized the “inclusive finance + international business” linkage program, implemented list-based marketing, and expanded the customer base of the inclusive international business focusing on small and retail customers, so as to increase the number of the cross-border active accounts with liquidity.

(IV) Retail banking

1. Operating results

Revolving around a strategy of “business transformation, structural adjustment, and efficiency enhancement”, the Bank responded actively to market fluctuations and policy changes. We firmly advanced the transformation of our wealth management business, boosting the high-quality development of our services. As of the end of the reporting period, the balance of saving deposits was RMB148.814 billion, representing an increase of RMB24.677 billion or 19.88% over the beginning of the year; and the balance of retail banking loans was RMB107.870 billion, representing an increase of RMB6.317 billion or 6.22% over the beginning of the year.

2. Highlights of business development

(1) Keeping pace with market trends to deepen wealth management transformation. **First**, the Bank continuously optimized deposit products, recalibrated pricing strategies, and streamlined business processes to enhance customer service experience, increase the retention rate of internal and external funds, and boost the share of core deposits in relation to the total deposit amount. **Second**, the Bank selectively partnered with wealth management institutions, diversified our product offerings with innovative cash-based financial portfolios, creating an exclusive product system for high-net-worth clients, and met diverse asset allocation needs to solidify our wealth management customer base.

(2) Utilizing customer base operations to empower marketing campaigns. **First**, the Bank streamlined the social security card application process to make it easier and more user-friendly for customers. This year, the Bank ranked first in terms of its share of the new social security card issuance in Dongguan market, effectively advancing the acquisition and activation of social security card customers. **Second**, the Bank deepened innovations in settlement services, enriching settlement scenarios, and developed customers by groups to further solidify our foundation for retail customers. **Third**, the Bank accelerated digital marketing transformation, built a private domain operation system, launched a messaging center, and embedded marketing touchpoints to create new methods to engage customers, tighten up analysis of customer behavior and profiles, and further tap into customer needs and marketing opportunities. **Fourth**, the Bank focused on key customer demographics, developed comprehensive service plans to acquire a thorough understanding of customer needs, while creating standardized marketing guidelines based on the value chain to optimize customer service processes, and managing the full marketing lifecycle from acquisition to retention and activation to deepen our customer base. **Fifth**, the Bank significantly improved its brand awareness and influence by establishing a private domain operation system and a new media promotional system through WeChat Official Accounts, WeChat Video Accounts, and Enterprise WeChat.

(3) Reforming and optimizing management mechanisms to improve service support and quality. **First**, the Bank optimized the management mechanisms of local branches, and pushed forward local branch performance appraisal and resource reforms through a structural, horizontal and professional organizational mechanism, providing incentives for branch offices to enhance their business management practices. **Second**, the Bank stepped up team building, standardized team structures, optimized assessment models, and improved training systems to continually boost internal motivation and team productivity, supporting the high-quality transformation of our wealth management services.

(V) Direct banking business

1. Operating results

The Bank's direct banking business focus on the concept of "prioritizing products, driven by risk, empowered by data", employing multiple measures to promote the development of residential mortgage loans, personal consumption loan, credit card and so on. As of the end of the reporting period, the direct bank loans granted amounted to RMB24.85 billion, representing a year-on-year increase of 20%, with the loan balance reaching RMB75.541 billion.

2. Highlights of business development

(1) Focusing on prioritizing credit products to gain a greater competitive edge. **First**, in terms of consumer credit, the Bank deepened the development of 100% contactless service functionalities to enhance customer experience such as credit limit approval, automatic renewals, dynamic management, and interest pricing and so on, thereby increasing our competitive edge. The consumer credit loans granted for the year amounted to RMB19.976 billion, a year-on-year increase of 8.1%. **Second**, in terms of mortgage loans, the Bank focused on property owners, improving the standard of online services for the mortgage e-loan product, and combining with a new business model "Transfer of Mortgaged House". We completed the first 100% "Transfer of Mortgaged House" business and the first interbank transaction of its kind in Dongguan. The mortgage credit granted for the year came in at RMB4.885 billion, a year-on-year increase of 60%.

(2) Deepening the acquisition of settlement customers to enhance business value. By launching customer acquisition platforms such as "Dongguan e-rent" and Medical-financial treatment services, in order to create a more open and proactive payment and settlement ecosystem to meet the basic settlement needs of consumers, the Bank combined the characteristics and needs of non universal customer groups, took multiple measures which leveraged platform resources and traffic generation capacities, iterated the products of function and service, dynamically adjusted data and content interaction, devised differentiated marketing strategy matrices to strengthen cross marketing and reach of credit customer groups. As of the end of the reporting period, the total number of the Bank's "Dongguan e-rent" landlords was 22,000, and the settlement volume increase by RMB6.96 billion or 31% over the beginning of the year; in addition, 85,700 users contracted Medical-financial treatment services with settlement volume of RMB18.0237 million.

(3) Digital risk management safeguarding asset quality. Committing to the philosophy of risk-driven business development, adhering to a prudent risk appetite, and maintaining a steady risk strategy, the Bank utilized new technologies such as big data modeling, machine learning, and intelligent decision-making to empower online and offline collaborative risk management throughout the entire process of pre-loan, during-loan and post-loan, thereby enabling high-quality business development.

(VI) Financial markets

1. Operating results

The Bank plays an active part in currency transactions and bond transactions in the interbank market, expands business qualifications, further issues bonds, and enables innovation and development. As of the end of the reporting period, the Bank's self-operated interbank transactions amounted to RMB7.61 trillion, representing its effectively enhanced activity and popularity in the interbank market. We have launched the physical gold spot bidding business after successful regulatory filing with the People's Bank of China. The Bank obtained the Bond Trading qualification of the Shanghai Stock Exchange and the Shenzhen Stock Exchange, further diversifying its exchange business. The Bank issued Tier-2 capital bonds of RMB2 billion to further consolidate its capital and RMB7 billion financial bonds in two tranches, a move to effectively supplement medium and long-term stable liabilities.

2. Highlights of business development

(1) Strengthening market investment and research, making profits through diversified investment and trading. Upholding the market-oriented approach, the Bank strengthened investment and research analysis, dynamically adjusted investment strategies, and continuously optimized the assets-liabilities structure. The Bank succeeded in building a steady stream of profits by developing stable interest-bearing assets, diversifying intermediary business, linking domestic, and overseas markets and exploring cross-market and cross-variety transactions.

(2) Accurate allocation of resources to reduce costs and improve efficiency. The Bank further researched the trend of market interest rates, fully utilizing monetary policy tools, comprehensively employing different liabilities varieties such as repurchase agreements, interbank lending and negotiable certificates of deposit to further reduce overall liability costs. Through real-time reviews of resource endowments, the Bank invested limited resources into cost-effective assets to improve asset-liability spread.

(3) Risk-driven and digital empowerment to improve the level of business digitization. The Bank established credit analysis frameworks for five business lines – banking, securities, financial leasing, consumer finance, and urban construction, and continued to improve the management of risks involved before, during and after the investment process. The Bank expedited the iterative upgrading of trading systems, leveraged its data platform to continuously improve the basic reporting framework for financial markets, diversify data application scenarios and enhance the digitization of transactions.

(VII) Asset management

1. Operating results

The Bank continued to facilitate the transformation of asset management toward net-worth products, and improved investment management and research capabilities to meet customers' asset management needs in terms of product development and investment operations. The Bank also strengthened risk prevention and control, and promoted the sound development of the asset management business. As of the end of the reporting period, existing asset management products, all being net-worth products, amounted to RMB26.018 billion.

2. Highlights of business development

(1) Diversified product layout and increased product supply. The Bank ensured effective product supply focusing on customers' asset allocation requirements in terms of liquidity management, stable and low-volatility valuation, and balanced allocations between offensive and defensive products. The current product system includes products with flexible redemption options such as cash management products and product series open for redemption on a daily basis, closed-value and hybrid valuation product series, stable and medium and long-term profit-earning product series and private placement products to meet customers' varying financial allocation needs.

(2) Optimized investment strategy and diversified investment assets categories. **First**, the Bank recalibrated product investment strategies based on considerations such as held-to-maturity coupon, leverage strategy, and trading band thickening, aligning with product risk appetite and positioning. It also dynamically adjusted strategy mix according to market conditions. **Second**, the Bank intensified asset reserves and implementation to support product issuance by expanding the scope of bond pools, increasing the categories of fund pools, providing fixed-income assets such as exchange-quoted repurchase, and placing due importance on overseas QDII assets to increase asset allocation categories and meet the diversified needs of product investment.

(3) Strengthening risk prevention and control, and effectively regulated business development in compliance with regulations. The Bank upgraded risk control capabilities, further defined asset investment strategies and pre-investment access criteria, and tightened post-investment risk monitoring to ensure effective risk management throughout the asset management process, eliminating further increase in high-risk assets. The Bank conducted internal and external audits in accordance with regulatory requirements, and effectively regulated business development in compliance with regulations.

(VIII) Information technology

With the strategic goal of business transformation and development guiding us, the Bank adheres to the guideline of “empowering business with technologies”, comprehensively deepening reforms, and actively expands the penetration and resilience of fintech in business scenarios. With a focus on strengthening the development of technology capabilities driven by “technology + data”, the Bank makes great efforts to give full play to the role of technology as a driving force behind accelerated development of financial services, enabling business innovation and high-quality development.

1. Furthering the reform and tapping the potential of technology to discover new organic growth drivers

First, the Bank further reformed the allocation of technical resources, and accelerated the acquisition and training of information technology professionals. The Bank spent RMB638 million for the year (accounting for 6.03% of the Bank's revenue) on information technology development and recruited 378 information technology employees (accounting for 6.62% of the total staff headcount). **Second**, the Bank implemented the dual delivery model of “stability + agility”, and promoted the transformation of basic R&D to product-based management to enhance the ability of rapid product delivery. **Third**, the Bank rolled out a measurement and evaluation indicator system, and established key R&D management indicators such as delivery delay and delivery timeline to monitor improvements achieved and enhance R&D quality and efficiency. **Fourth**, the Bank improved the quality control mechanism, promoted the application of the four access controls to strictly uphold the bottom line of R&D quality.

2. Sticking to core elements and technology as the driver to empower high-quality development

First, the Bank gave priority to the development of AI and technology middle offices, and middle offices in key areas have started to take shape, thereby promoting resource capability integration and improving operational efficiency. **Second**, the Bank stepped up efforts to advance online operation for all elements and processes, actively promoted system building and function optimization in key business areas including wealth management and consumer finance, enhancing the degree of digitalization in business marketing and management operations. **Third**, the Bank made great efforts to expand the scope of intelligent application scenarios, developed intelligent application standards, broadened the scope of data application, improved the quality and efficiency of business operations in customer service and risk management and control through digital means, and adopted new technologies to enhance the efficiency of intra-bank management and business processing. **Fourth**, the Bank sought to support the development of key products and projects of the year, with a focus on the five major products – corporate banking, retail banking, direct banking, inclusive finance and international banking. With resources allocated in favor of these products, the Bank consolidated its competitive advantages in terms of business specialization and localization.

3. Focus on building data capabilities and driving business through data, improving quality through digitalization

First, the Bank stepped up efforts on data governance and improved the quality of data assets at source. **Second**, the Bank built a data middle office to create a one-stop data service platform integrating “search, find and use” to facilitate data flow and sharing, promote coordinated “governance, capacity building and application”, and output data intelligence to the Bank’s digital transformation. **Third**, the Bank continuously deepened data application and gave full play to the augmentation effect of data elements in precision marketing, risk control and business management operations.

4. Adherence to the principle of “manual and technology-based risk prevention”, fully consolidating the information security system and consolidating the foundation for development security

First, the Bank optimized the information security management system, deepened the development of the information security technology system and operation system, stepped up efforts to build a systematic, automated and intelligent security system to ensure the safe, continuous and stable operation of the business network and information system. **Second**, the Bank increased efforts to establish an integrated operation and maintenance platform, and facilitated digital and intelligent operation by building an integrated process platform based on “stability and agility” management, optimizing the unified alarm platform architecture and enhancing the capability of the operation data middle office. **Third**, the Bank continued to research, improve and optimize management and control measures, further investigated into cybersecurity risks in the network, systems and management operations, further developed network security monitoring, early warning, response and disposal mechanisms, and built on its capabilities for identifying, fending off, and handling cyber-attacks.

V. MAJOR SOCIAL HONOR

Honor	Evaluation Unit	Time of Evaluation
2022 Top 100 Self-operated Settlement Companies	China Central Depository & Clearing Co., LTD.	2023.1
Dongguan Top 20 Companies with Principle Business Income in 2022	Dongguan Committee of the CPC; People’s Government of Dongguan Municipality	2023.2
Dongguan Benefit Contribution Enterprise in 2022	Dongguan Committee of the CPC; People’s Government of Dongguan Municipality	2023.2
2022 Outstanding Social Responsibility Bank (Outstanding case)	Xinhuanet	2023.4
Outstanding Strategic Cooperation Unit (2019-2023)	Financial Research Institute of the Development Research Center of the State Council Guangdong Provincial Financial Supervision Administration	2023.4
Advanced Unit for Credit Investigation in 2022	Dongguan Central Sub-branch of the People’s Bank of China	2023.4
Dongguan Advanced Unit for the Protection of Financial Consumer Rights in 2022	Dongguan Central Sub-branch of the People’s Bank of China Association of Financial Consumption Rights and Interests of Dongguan	2023.4
2022 Award of Excellence of Bailout	Guangdong SME Financing Platform	2023.6
No. 304 among World’s Top 1000 Banks of the Year (2023), rose 11 places (by tier-1 capital)	The Banker, United Kingdom	2023.7
No. 58 among China’s Top 200 Banks of the Year (2023)	Tsinghua Financial Review	2023.8
No. 270 among China’s Top 500 Service Industry Enterprises of the Year (2023)	China Enterprise Association China Enterprise Directors Association	2023.9
No. 130 among Guangdong Top 500 Enterprises (2023)	Guangdong Enterprise Association Guangdong Enterprise Directors Association	2023.10
2023 China Golden Tripod Award – Local Economic Development Support of the Year	China Financial Development Forum	2023.11

VI. COMPANY'S OUTLOOK FOR FUTURE DEVELOPMENT

(I) Industry competition pattern and development trend

The world today is undergoing profound changes unseen in a century. A new round of scientific and industrial revolution is well under way. A significant shift is taking place in the international balance of power. Meanwhile, due to acute global issues, frequent outbreaks of regional conflicts and disturbances, the likelihood of a persistent slowdown in global economic growth has increased. The banking industry is facing new opportunities and challenges in its development:

1. Opportunities

With improved external environment and the emerging effects of macro policies, China's economy keeps recovering and picking up. High-quality development has been steadily advanced, and the country has made solid progress in building a modern socialist country in an all-round way. It is expected that domestic demand will continue to recover, investment in infrastructure and manufacturing industry will grow rapidly, the decline in real estate investment will continue to decelerate, and new industries and segments with new driving forces will witness rapid growth. These factors will help propel China's economy back onto a prospective growth trajectory and boost market confidence. Additionally, they will also provide a stable and desirable macro environment for the development of the banking industry. Furthermore, the implementation of the policy on promoting "Fintech, Green Finance, Inclusive Finance, Pension Finance and Digital Finance" will also facilitate the development of the banking industry.

2. Challenges

Given the profound changes having taken place in the economic and financial environment at home and abroad, instabilities, uncertainties and insecurities have grown dramatically. The global industrial and supply chains are becoming increasingly vulnerable. The triggers and forms of financial risks are more complex than ever. In the context of prolonged uncertainty in the international environment, the Chinese economy is suffering from weak demand in the short-term intertwined with medium and long-term structural problems, with ongoing economic growth pressure. At the same time, due to the introduction of new policies such as LPR cuts and the government's call on financial institutions to surrender part of their profits to the real economy, interest rate differentials has kept narrowing. Banks urgently need to speed up digital transformation, advance the upgrading of business and management operation mode; accelerate business structure optimization and adjustment, reduce reliance on traditional interest rate differentials, and expand diversified sources of profit.

(II) Development strategy

The Bank's medium and long-term strategic development goals are to: maintain reasonable returns on equity (ROE), grow steadily in the total size of assets, and become a comprehensive financial group with regional competitive advantages.

Adhering to the principle of "keeping development stable", the strategic positioning of "serving the local, serving the real economy and serving the public" and the philosophy of "customer-focused, market-oriented" operations, the Bank will further advance digital transformation and the creation of an asset-light bank. It will also step up the innovation of specialized and localized financial products and services, creating new advantages in coordinated development. These efforts aim to promote high-quality and sustainable growth based on the direction of comprehensive operation, international development, and characteristic competition.

(III) Business plan for the year 2024

In 2024, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank will fully implement the strategic decisions made at the 20th National Congress of the Communist Party of China, stick to the general principle of the Financial Working Conference of the CPC Central Committee and the Working Conference of the CPC Central Committee to seek progress while keep performance stable, promote stability through progress, and establish new institutions before dissolving the old. The Bank will promote effective quality improvement and reasonable quantitative growth through business transformation, restructuring and efficiency improvement. With strong confidence and the pioneering spirit, the Bank will strive to open a new chapter for high-quality development. These efforts will be focused on the following seven initiatives:

1. Strengthen the Party leadership with the guidance of Party building to lay a solid foundation for high-quality development. The Bank will further enhance political construction and uphold its political and people-oriented positioning as a financial institution; advance ideological construction and build a solid ideological foundation; promote organizational construction and forge a strong fighting fortress; strengthen the construction of Party conduct and integrity, and fully enforce strict Party discipline and conduct.

2. Focus on strategic reform to strengthen corporate governance and promote internal drivers for high-quality development. The Bank will improve its corporate governance structure and level of corporate governance; broaden capital replenishment channels and enhance capital management effectiveness; optimize the development landscape of institutions in the Greater Bay Area and advance the application for banking licenses in an orderly manner; improve the working mechanism for investment and research operations, and step up the application of investment and research results; optimize resource allocation and assessment system reform to further enhance refined management.

3. Give prominence to key areas and advance high-quality development of key operations based on local conditions. The Bank will make great efforts to develop government-oriented finance, industrial finance, inclusive finance and cross-border finance to enhance its competitiveness in the corporate banking business; pay close attention to key customer demographics and increase its market share in the retail banking business by adhering to the "customer-oriented" vision; place emphasis on investment and research, follow market dynamics to create a new momentum for asset management.

4. Focus on risk prevention and control, further promote compliance operation and stick to the bottom line of operation and development. The Bank will establish a complete risk prevention and control system and accelerate the establishment of a risk empowerment platform; optimize credit asset structure, clearly identify risk management responsibilities; advance case-based risk prevention and control and compliance risk management to strengthen work safety management.

5. Emphasis on technology enabling development, further promote operation platform development and digital transformation in an orderly manner. The Bank will adhere to the "technology + data" two-pronged strategy to empower business development; vigorously explore an intelligent operation model and enhance efficiency to achieve optimal operations support.

6. Strive to increase operating efficiency, improve financial management to strengthen the refined management of assets and liabilities. With assets and liabilities portfolio management at the core, the Bank will concentrate efforts on enhancing operating efficiency, improving assessment and resource allocation management as well as financial and accounting management.

7. Focus on team building, make the Bank strong through talents, provide human resources support for high-quality development. The Bank will acquire and recruit human resources in a targeted manner, build a strong management team; cultivate and improve the overall quality of the team; carry out refined management to enhance human capital efficacy.

Operations Discussion and Analysis

I. OVERVIEW

In 2023, the Bank fully implemented strategic decisions which made at the 20th CPC National Congress, and steadfastly adhering to the goals, directions, and requirements, which set by the Party Committee and the Board of Directors. The Bank remained committed to driving development through reform and seeking achievements with a down-to-earth attitude, methodically advancing our new five-year strategic development plan to ensure stable and robust business and management operations across the Bank.

First, business volume increased steadily. As of the end of the reporting period, total assets amounted to RMB628.925 billion, an increase of RMB90.506 billion or 16.81%; total liabilities amounted to RMB588.348 billion, an increase of RMB84.783 billion or 16.84%; the balance of deposits came in at RMB418.470 billion compared to the end of previous year, an increase of RMB54.872 billion or 15.09% compared to the end of previous year; and the balance of loans was RMB327.727 billion, representing an increase of 37.296 billion or 12.84%.

Second, profitability improved steadily. During the reporting period, the Bank reported a revenue of RMB10.587 billion, representing a year-on-year increase of RMB308 million or 3.00%; realized a net profit of RMB4.066 billion, representing a year-on-year increase of RMB233 million or 6.08%, including RMB4.067 billion attributable to shareholders of the Company. Basic earnings per share were RMB1.73, basically remaining steady as compared with the last year.

Third, the quality of assets remained stable. The Bank strengthened risk prevention and controlled to guard the lifeline of asset quality. As of the end of the reporting period, the Bank's NPL ratio was 0.93%, remaining steady as compared with the last year. The provision coverage ratio was 252.86%. Sufficient provision meant the risk-resistance capacity to some extent.

As of the end of the reporting period, the Bank's major regulatory indicators are presented as follows:

Type	Item	Ratio	Unit: %
Operation performance indicator	Return on average assets	0.70	
Operation performance indicator	Return on fully diluted net assets	10.76	
Operation performance indicator	Cost-income ratio	36.03	
Asset quality indicator	Non-performing loan ratio	0.93	
Prudent operation indicator	Capital adequacy ratio	13.75	
Prudent operation indicator	Loan concentration ratio of a single customer	2.76	
Prudent operation indicator	Provision coverage ratio	252.86	

II. ANALYSIS ON MAJOR BUSINESSES

(I) Income statement analysis

In 2023, the Bank further solidified our customer base by adhering to the customer-oriented principle, focusing intently on our principal businesses and primary responsibilities. We sought to create new growth drivers, proactively and prudently managed and mitigated risks, ensuring a steady advancement in profitability. During the reporting period, the Bank reported a revenue of RMB10.587 billion, representing a year-on-year increase of RMB308 million or 3.00%; a net profit of RMB4.067 billion attributable to shareholders of the Company, representing a year-on-year increase of RMB232 million or 6.06%.

During the reporting period, the changes in the main items of the Bank's profits are shown in the table below:

Item	Unit: RMB'000, %			
	2023	2022	Change	Growth Rate
Operating income	10,587,306	10,279,068	308,238	3.00
Net interest income	8,332,697	7,775,043	557,654	7.17
Interest income	20,396,906	18,589,904	1,807,002	9.72
Interest expenses	12,064,209	10,814,861	1,249,348	11.55
Non-interest income	2,254,609	2,504,025	-249,416	-9.96
Net handling fees and commission income	836,986	889,826	-52,840	-5.94
Other non-interest income	1,417,623	1,614,199	-196,576	-12.18
Operating expenses	6,345,779	6,338,408	7,371	0.12
Taxes and surcharges	131,821	121,129	10,692	8.83
Operating and administrative expenses	3,814,144	3,620,586	193,558	5.35
Credit impairment losses	2,399,447	2,595,649	-196,202	-7.56
Impairment losses on other assets	366	1,044	-678	-64.94
Other operating costs	1	-	1	/
Operating profits	4,241,527	3,940,660	300,867	7.63
Net non-operating income	-8,786	-11,069	2,283	20.63
Total profits	4,232,741	3,929,591	303,150	7.71
Income tax expenses	166,549	96,318	70,231	72.92
Net profits	4,066,192	3,833,273	232,919	6.08
Including: Net profit attributable to shareholders of the Company	4,066,915	3,834,440	232,475	6.06
Profit or loss attributable to minority interests	-723	-1,167	444	38.05

1. Net interest income

During the reporting period, the Bank steadily expanded its asset scale, further refined our asset-liability portfolio management, strengthened proactive budget management, refined pricing mechanisms, and comprehensively enhanced our asset and liability management capabilities. During the reporting period, the Bank reported a net interest income of RMB8.333 billion, a year-on-year increase of RMB558 million or 7.17%.

During the reporting period, the changes in the Bank's net interest income are summarized as follows:

Item	Unit: RMB'000, %			
	2023	2022	Change	Growth Rate
Interest income	20,396,906	18,589,904	1,807,002	9.72
Loans and advances to customers	14,221,911	13,484,174	737,737	5.47
Investments	5,267,707	4,298,687	969,020	22.54
Deposits in the central bank	462,661	426,708	35,953	8.43
Financial assets purchased under resale agreements	197,607	234,926	-37,319	-15.89
Loans to banks and other financial institutions	218,940	136,882	82,058	59.95
Deposits with banks and other financial institutions	28,080	8,527	19,553	229.31
Interest expenses	12,064,209	10,814,861	1,249,348	11.55
Customer deposits	8,448,751	7,282,941	1,165,810	16.01
Bonds payable	2,222,271	2,617,603	-395,332	-15.10

Item	Unit: RMB'000, %			
	2023	2022	Change	Growth Rate
Deposits from banks and other financial institutions	166,625	95,279	71,346	74.88
Financial assets sold under repurchase agreements	458,433	329,243	129,190	39.24
Loans from banks and other financial institutions	420,753	230,103	190,650	82.85
Borrowings from the central bank	323,624	235,671	87,953	37.32
Lease liabilities	23,752	24,021	-269	-1.12
Net interest income	8,332,697	7,775,043	557,654	7.17

The daily average balance, interest income (expense) and average yield (cost rate) of the Bank's interest-earning assets and interest-bearing liabilities are presented as follows:

Item	Unit: RMB'000, %					
	2023			2022		
	Average balance	Interest income/ expense	Average yield/ cost rate	Average balance	Interest income/ expense	Average yield/ cost rate
Loans and advances to customers	314,313,694	14,221,911	4.52	282,468,356	13,484,174	4.77
Investments	153,818,545	5,267,707	3.42	133,157,059	4,298,687	3.23
Deposits in the central bank	30,720,139	462,661	1.51	28,376,975	426,708	1.50
Financial assets purchased under resale agreements	10,295,740	197,607	1.92	13,582,765	234,926	1.73
Deposits with banks and other financial institutions	2,550,722	28,080	1.10	2,075,008	8,527	0.41
Loans to banks and other financial institutions	7,080,120	218,940	3.09	5,109,096	136,882	2.68
Total interest-earning assets	518,778,960	20,396,906	3.93	464,769,261	18,589,904	4.00
Customer deposits	389,547,845	8,448,751	2.17	334,720,669	7,282,941	2.18
Bonds payable	78,739,710	2,222,271	2.82	92,173,150	2,617,603	2.84
Deposits from banks and other financial institutions	7,780,058	166,625	2.14	4,975,140	95,279	1.92
Financial assets sold under repurchase agreements	20,144,073	458,433	2.28	20,132,253	329,243	1.64
Loans from banks and other financial institutions	12,981,458	420,753	3.24	9,804,882	230,103	2.35
Borrowings from the central bank	15,279,138	323,624	2.12	11,458,581	235,671	2.06
Lease liabilities	675,542	23,752	3.52	657,649	24,021	3.65
Total interest-bearing liabilities	525,147,825	12,064,209	2.30	473,922,323	10,814,861	2.28
Net interest income	-	8,332,697	-	-	7,775,043	-
Net interest spread	-	-	1.63	-	-	1.72
Net interest margin	-	-	1.61	-	-	1.67

Note 1: The daily average balance of interest-earning assets and interest-bearing liabilities are unaudited data provided by the Bank's management.

(1) Interest income

During the reporting period, the Bank achieved interest income of RMB20.397 billion, representing a year-on-year growth of 9.72%. The consistent increase in interest income of the Bank was mainly due to the continuous increase in the average daily volume of the Bank's interest-earning assets.

① Loans and advances interest income

During the reporting period, the Bank achieved loans and advances interest income of RMB14.222 billion. This made up 69.73% of interest income, representing a year-on-year growth of 5.47%. The growth in interest income from loans and advances was mainly attributable to the Bank's consistent increase in the total volume of loans. During the reporting period, the daily average balance of the Bank's loans and advances increased by RMB31.845 billion year-on-year, and the average return from loans and advances declined by 25BPs year-on-year to 4.52% due to the influence of decline in market interest rates.

During the reporting period, the daily average balance, interest income and average return of all components in loans and advances are summarized as follows:

Unit: RMB'000, %

Item	2023			2022		
	Daily average balance	Interest income	Average return	Daily average balance	Interest income	Average return
Corporate loans	195,760,459	9,044,576	4.62	162,151,260	8,032,051	4.95
Personal loans	105,598,238	4,945,673	4.68	98,079,081	5,034,130	5.13
Discounted bills	12,954,998	231,662	1.79	22,238,015	417,993	1.88
Total	314,313,694	14,221,911	4.52	282,468,356	13,484,174	4.77

② Income from investment interest

During the reporting period, the Bank recorded interest income from investments of RMB5.268 billion. This accounted for 25.83% of interest income, representing a year-on-year increase of 22.54%. The increase in investment interest income was mainly due to the Bank's increased allocation of investment assets based on market conditions, and the daily average balance of investment assets increased by RMB20.661 billion compared with 2022.

(2) Interest expenses

During the reporting period, the Bank registered interest expense of RMB12.064 billion, representing a year-on-year growth of 11.55%. This is mainly due to the continuous increase in the average daily volume of interest-bearing liabilities.

① Interest expense on customer deposits

Interest expense on customer deposits is the major component in the Bank's interest expense. During the reporting period, the Bank's interest expense on customer deposits was RMB8.449 billion, accounting for 70.03% of interest expense, with a year-on-year increase of 16.01%, mainly due to the Bank's average daily balance of customer deposits increased by RMB54.827 billion year-on-year.

During the reporting period, the daily average balance, interest expense and average cost rate of all components in customer deposits are summarized as follows:

Unit: RMB'000, %

Item	2023			2022		
	Daily average balance	Interest expense	Average cost rate	Daily average balance	Interest expense	Average cost rate
Corporate demand deposits	78,509,018	581,816	0.74	78,630,948	603,855	0.77
Corporate time deposits	171,355,887	5,118,786	2.99	146,107,835	4,452,743	3.05
Retail demand deposits	53,328,618	117,774	0.22	47,145,798	138,895	0.29
Retail time deposits	86,354,321	2,630,375	3.05	62,836,088	2,087,448	3.32
Total	389,547,845	8,448,751	2.17	334,720,669	7,282,941	2.18

② Interest expenses on bonds payable

During the reporting period, the Bank's interest expenses on bonds payable amounted to RMB2.222 billion, accounting for 18.42% of interest expenses. During the reporting period, the interest expenses on bonds payable decreased by 15.10% year-on-year due to the decrease in the size of Interbank certificate of deposit offerings.

2. Net non-interest income

During the reporting period, the Bank achieved a net non-interest income of RMB2.255 billion, representing a year-on-year decrease of RMB249 million or 9.96%, including net handling fees and commission income of RMB837 million and other non-interest income of RMB1.418 billion.

The Bank's non-interest income is presented as follows:

Item	Unit: RMB'000, %			
	2023	2022	Increase/decrease	Growth rate
Handling fees and commission income	993,126	1,033,340	-40,214	-3.89
Agency service charges	301,028	287,311	13,717	4.77
Settlement service charges	122,457	79,309	43,148	54.40
Guarantee service charges	119,405	158,288	-38,883	-24.56
Bank card charges	70,618	70,984	-366	-0.52
Entrusted service charges	66,843	137,694	-70,851	-51.46
Consulting services charges	37,106	45,089	-7,983	-17.70
Security lending service charges	12,976	9,178	3,798	41.38
Other charges	262,693	245,487	17,206	7.01
Handling fees and commission expenses	156,140	143,514	12,626	8.80
Net handling fees and commission income	836,986	889,826	-52,840	-5.94
Other non-interest income	1,417,623	1,614,199	-196,576	-12.18
Investment income	1,534,692	1,344,049	190,643	14.18
Net (losses)/gains from changes in fair value	-55,068	-107,980	52,912	49.00
Foreign exchange gains and losses	-259,359	239,724	-499,083	-208.19
Other operating income	3,830	2,069	1,761	85.11
Net (losses)/gains from disposal of assets	-3,051	-1,228	-1,823	-148.45
Other income	196,579	137,565	59,014	42.90
Total	2,254,609	2,504,025	-249,416	-9.96

(1) Handling fees and commission income

During the reporting period, the Bank realized a handling fees and commission income of RMB993 million, a modest change from previous year. The components of handling fees and commission income are summarized as follows:

The Bank achieved agency service charge income of RMB301 million, representing a year-on-year growth of 4.77%, mainly due to the increase in intermediate business income sources as a result of the Bank's continuous enrichment of the wealth business products.

The Bank achieved settlement service charge income of RMB122 million, representing a year-on-year growth of 54.40%, mainly due to the Bank's effective hit products of payment and settlement products and the acquisition of new intermediate business income sources.

The Bank achieved guarantee service fee income of RMB119 million, representing a year-on-year decrease of 24.56%, mainly effected by the new regulations for bills, which led to a year-on-year decrease in acceptance service fee income.

The Bank achieved bank card services fee income of RMB71 million, basically remaining steady as compared with the last year.

(2) Investment income

During the reporting period, the Bank achieved an investment income of RMB1.535 billion, representing a year-on-year increase of 14.18%.

(3) Net (losses)/gains from changes in fair value

During the reporting period, the Bank's profit or loss from changes in fair value was RMB-55 million, representing a year-on-year increase of 49.00%, mainly due to market fluctuations.

(4) Exchange gains and losses

During the reporting period, the Bank achieved exchange gains and losses of RMB-259 million, representing a year-on-year decrease of 208.19%, mainly due to exchange rate fluctuations and changes in the size of swap business and the size of foreign exchange settlements and sale.

3. Operating and administrative expenses

During the reporting period, the Bank's operating and administrative expenses were RMB3.814 billion, representing a year-on-year increase of 5.35%. The increase in operating and administrative expenses was mainly due to the purchase of properties and the increase in staff headcount. Specifically, depreciation and amortization increased by 2.30% year-on-year, while rental and property management fees decreased by 11.45% year-on-year, mainly due to the termination of the previous rental business outlets after purchasing the property. As of the end of the reporting period, the Bank's cost-to-income ratio was 36.03%, representing a year-on-year increase by 0.81 percentage point.

Item	Unit: RMB'000, %			
	2023	2022	Increase/decrease	Growth rate
Employee benefits expenses	2,350,669	2,248,290	102,379	4.55
Depreciation and amortization	594,224	580,872	13,352	2.30
Rent and management fees	18,358	20,731	-2,373	-11.45
Other office and administrative expenses	850,893	770,693	80,200	10.41
Total	3,814,144	3,620,586	193,558	5.35

4. Credit impairment losses

During the reporting period, the Bank made a provision for credit impairment loss of RMB2.399 billion. Detailed composition is summarized as follows:

Item	Unit: RMB'000, %			
	2023	2022	Increase/decrease	Growth rate
Loans and advances to customers	1,902,259	1,151,972	750,287	65.13
Debt investments	674,356	1,248,621	-574,265	-45.99
Other debt investments	22,295	1,976	20,319	1,028.29
Deposits with banks and other financial institutions	929	-2,434	3,363	138.17
Loans to banks and other financial institutions	-21,511	7,986	-29,497	-369.36
Credit commitments	-192,174	48,325	-240,499	-497.67
Others	13,293	139,203	-125,910	-90.45
Total	2,399,447	2,595,649	-196,202	-7.56

5. Income tax expenses

During the reporting period, the Bank accrued income tax expense of RMB167 million, representing a year-on-year increase of RMB70 million or 72.92%. During the reporting period, the year-on-year increase in the Bank's income tax expenses was mainly due to the year-on-year increase in total profits.

(II) Balance sheet analysis

1. Assets

As of the end of the reporting period, the Bank's total assets amounted to RMB628.925 billion, representing a year-on-year increase of RMB90.506 billion or 16.81%. The significant increase in the Bank's total assets compared to the end of last year was mainly due to the substantial increase in loans and advances as well as other debt investment to customers. The distribution of the Bank's asset structure is summarized as follows:

Item	Unit: RMB'000, %					
	31 December 2023		31 December 2022		Changes during the period	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Cash and balances with central bank	44,641,351	7.10	39,617,875	7.36	5,023,476	-0.26
Deposits with banks and other financial institutions	1,972,365	0.31	1,111,929	0.21	860,436	0.11
Loans to banks and other financial institutions	8,691,270	1.38	5,844,829	1.09	2,846,441	0.30
Derivative financial assets	680,500	0.11	663,928	0.12	16,572	-0.02
Financial assets purchased under resale agreements	10,308,836	1.64	10,945,507	2.03	-636,671	-0.39
Loans and advances to customers	320,895,576	51.02	284,325,438	52.81	36,570,138	-1.78
Financial investments						
Trading financial assets	44,082,597	7.01	39,371,472	7.31	4,711,125	-0.30
Debt investments	139,917,809	22.25	129,147,922	23.99	10,769,887	-1.74
Other debt investments	47,798,735	7.60	18,319,466	3.40	29,479,269	4.20
Other equity instruments investments	199,629	0.03	25,126	0.00	174,503	0.03
Long-term equity investments	1,003,856	0.16	954,207	0.18	49,649	-0.02
Fixed assets	2,005,614	0.32	1,755,365	0.33	250,249	-0.01
Construction-in-progress	59,089	0.01	390,053	0.07	-330,964	-0.06
Right-of-use assets	646,977	0.10	619,278	0.12	27,699	-0.01
Intangible assets	704,388	0.11	653,608	0.12	50,780	-0.01
Deferred income tax assets	2,110,546	0.34	2,280,946	0.42	-170,400	-0.09
Other assets	3,205,525	0.51	2,392,053	0.44	813,472	0.07
Total assets	628,924,663	100.00	538,419,002	100.00	90,505,661	-

(1) Loans and advances

As of the end of the reporting period, the balance of the Bank's loans and advances was RMB327.727 billion, representing an increase of RMB37.296 billion or 12.84% compared to the end of the previous year. In 2023, the Bank focused on advanced manufacturing, vigorously developed inclusive finance, and built on our service capabilities for SMEs. We advanced loan disbursement in an orderly fashion with steadily growth in loan volume. **First**, we deeply developed industry chain businesses revolving around advanced manufacturing, seized opportunities to boost industrial investment and participated thoroughly in the digital transformation of key competitive industries. **Second**, we increased the issuance of key inclusive products following policy directives, continually enhancing our comprehensive service capabilities for SMEs. **Third**, we empowered full-chain business scenarios, innovated retail loan business to stimulate growth employing the "order + finance" business model.

① As of the end of the reporting period, distribution of the loans and advances issued by the Bank is summarized as follows:

Item	Unit: RMB'000, %			
	31 December 2023		31 December 2022	
	Amount	Percentage	Amount	Percentage
Loans and advances to corporate customers	211,970,616	64.68	170,138,898	58.58
Loans and advances to retail customers	107,870,387	32.91	101,553,545	34.97
Discounted bills	7,885,921	2.41	18,738,087	6.45
Total	327,726,924	100	290,430,530	100

As of the end of the reporting period, outstanding corporate customer loans offered by the Bank amounted to RMB211.971 billion, which accounts for 64.68% of loans and advances, while outstanding retail customer loans came in at RMB107.870 billion, which accounts for 32.91% of loans and advances.

② Balance of top ten loan clients and their percentages

As of the end of the reporting period, the top ten loan clients of the Bank are summarized as follows:

No.	Client Name	Balance	Unit: RMB'000, %
			Percentage of total loans and advances
1	**Company	1,534,523	0.47
2	**Company	1,495,000	0.46
3	**Company	1,141,320	0.35
4	**Company	1,130,668	0.35
5	**Company	1,068,001	0.33
6	**Company	998,306	0.30
7	**Company	980,000	0.30
8	**Company	964,679	0.29
9	**Company	948,460	0.29
10	**Company	942,500	0.29
Total		11,203,458	3.42

③ Top five industries that received the largest amounts of loans from the Bank and their corresponding percentages

As of the end of the reporting period, the top five industries that received most loans from the Bank and their corresponding percentage are summarized as follows:

Industry	Amount	Unit: RMB'000, %
		Percentage of total loans and advances
Lease and commercial services	65,252,017	19.91
Manufacturing	50,228,847	15.33
Wholesale and retail business	27,213,265	8.30
Real estate	16,895,143	5.16
Construction	14,373,084	4.39

④ Breakdown of guarantee by type for the reporting period

As of the end of the reporting period, the guarantee types and their corresponding percentages of the Bank are summarized as follows:

Guarantee types	Unit: RMB'000, %	
	31 December 2023	
	Amount	Percentage
Credit loans	71,166,987	21.72
Guaranteed loans	54,406,622	16.60
Mortgage loans	179,049,390	54.63
Pledged loans	23,103,925	7.05
Total	327,726,924	100.00

(2) Loan asset quality analysis

① Five-tier loan classification

As of the end of the reporting period, the Bank's five-tier loan classification is summarized as follows:

Category	Unit: RMB'000	
	31 December 2023	31 December 2022
Normal	321,028,654	285,120,088
Special mention	3,651,786	2,595,303
Substandard	1,400,122	988,600
Doubtful	470,887	1,355,586
Loss	1,175,474	370,953
Total	327,726,924	290,430,530

② Debt-expiated assets

As of the end of the reporting period, the carrying balance of the Bank's debt-expiated assets amounted to RMB7.89 million.

(3) Investment

The investment business of the Bank is principally denominated in Renminbi. While maintaining sufficient liquidity, the Bank actively optimized its investment structure and broadened its income sources.

As of the end of the reporting period, investments of the Bank included: ① trading financial assets; ② debt investments; ③ other debt investments; ④ other equity instrument investments; ⑤ long-term equity investments.

As of the end of the reporting period, the Bank's investment composition is summarized as follows:

Item	Unit: RMB'000, %			
	31 December 2023		31 December 2022	
	Amount	Percentage	Amount	Percentage
Trading financial assets	44,082,597	18.92	39,371,472	20.96
Debt investments	139,917,809	60.05	129,147,922	68.76
Other debt investments	47,798,735	20.51	18,319,466	9.75
Other equity instruments investments	199,629	0.09	25,126	0.01
Long-term equity investments	1,003,856	0.43	954,207	0.51
Total	233,002,626	100.00	187,818,193	100.00

① Trading financial assets

As of the end of the reporting period, the carrying balance of the Bank's trading financial assets amounted to RMB44.083 billion, accounting for 18.92% of total investments, mainly including funds, bonds, asset management plans, trust schemes and interbank certificates of deposit (CDs).

② Debt Investments

As of the end of the reporting period, the carrying balance of the Bank's debt investments amounted to RMB139.918 billion, accounting for 60.05% of total investments, mainly including bonds, asset management plans, income certificate and trust schemes.

③ Other debt investments

As of the end of the reporting period, the carrying balance of the Bank's other debt investments amounted to RMB47.799 billion, accounting for 20.51% of total investments, mainly including bonds, interbank CDs, trust schemes and asset management plans.

④ Other equity instruments investments

As of the end of the reporting period, the carrying balance of the Bank's other equity instruments investments amounted to RMB200 million, accounting for 0.09% of the total investments, which mostly consisted of the equity investments in China UnionPay Co., Ltd.

⑤ Long-term equity investment

As of the end of the reporting period, the carrying balance of the Bank's long-term equity investment amounted to RMB1.004 billion, accounting for 0.43% of total investments.

(4) Interbank assets

As of the end of the reporting period, the interbank assets of the Bank amounted to RMB20.972 billion, accounting for 3.33% of total assets and representing an increase of RMB3.070 billion or 17.15% over the end of previous year.

As of the end of the reporting period, the composition of the Bank's interbank assets is summarized as follows:

Unit: RMB'000, %

Item	31 December 2023		31 December 2022	
	Amount	Percentage	Amount	Percentage
Deposit with banks and other financial institutions	1,972,365	9.40	1,111,929	6.21
Loans to banks and other financial institutions	8,691,270	41.44	5,844,829	32.65
Financial assets purchased under resale agreements	10,308,836	49.15	10,945,507	61.14
Total	20,972,471	100.00	17,902,265	100.00

(5) Cash and balances with central bank

Cash and balances with central bank includes cash, statutory reserves, surplus deposits reserve, foreign exchange risk reserve, public financial deposit and interest accrued. As of the end of the reporting period, the Bank's cash and balances with central bank amounted to RMB44.641 billion, representing an increase of RMB5.023 billion over the end of previous year.

As of the end of the reporting period, the composition of the Bank's cash and balances with central bank is summarized as follows:

Unit: RMB'000, %

Item	31 December 2023		31 December 2022	
	Amount	Percentage	Amount	Percentage
Cash	694,929	1.56	1,015,833	2.56
Statutory reserves	27,858,552	62.41	26,335,354	66.47
Surplus deposits reserves	15,942,092	35.71	12,215,722	30.83
Foreign exchange risk reserves	78,443	0.18	27,618	0.07
Fiscal deposits	52,562	0.12	9,955	0.03
Interest accrued	14,773	0.03	13,393	0.03
Total	44,641,351	100.00	39,617,875	100.00

2. Liabilities

During the reporting period, the Bank held fast to the general principle of “steady development” and the “market-oriented and customer-focused” approach, optimized liability quality management strategies and systemic mechanisms by tightening liability target management, implementing differentiated deposit pricing, exploring financial business opportunities arising from policy incentives, and continuously advancing the digitalization of liability business management. These measures helped improve the standard of refined asset-liability management, driving high-quality and sustainable development throughout the Bank.

As of the end of the reporting period, the Bank’s total liabilities amounted to RMB588.348 billion, representing an increase of RMB84.783 billion or 16.84% over the end of the previous year. This increase was largely the result of a greater increase in customer deposits over the end of the previous year. The distribution of the Bank’s liability structure is shown as follows:

Unit: RMB'000, %

Item	31 December 2023		31 December 2022		Changes during the period	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Borrowings from central bank	26,200,783	4.45	12,551,456	2.49	13,649,327	1.96
Deposits from banks and other financial institutions	7,613,311	1.29	6,538,671	1.30	1,074,640	-0.00
Derivative financial liabilities	786,418	0.13	789,511	0.16	-3,093	-0.02
Loans from banks and other financial institutions	12,320,336	2.09	8,179,422	1.62	4,140,914	0.47
Financial assets sold under repurchase agreements	24,419,565	4.15	10,694,783	2.12	13,724,782	2.03
Customer deposits	427,005,978	72.58	369,588,228	73.39	57,417,750	-0.82
Employee benefits payable	1,418,836	0.24	1,313,695	0.26	105,141	-0.02
Taxes payable	236,113	0.04	239,349	0.05	-3,236	-0.01
Provisions	104,997	0.02	297,010	0.06	-192,013	-0.04
Bonds payable	86,300,154	14.67	91,465,544	18.16	-5,165,390	-3.50
Lease liabilities	690,668	0.12	652,864	0.13	37,804	-0.01
Other liabilities	1,250,426	0.21	1,254,248	0.25	-3,822	-0.04
Total liabilities	588,347,585	100.00	503,564,781	100.00	84,782,804	-

(1) Customer deposits

Customer deposits are the Bank’s main source of funds. During the reporting period, the Bank’s deposit increased steadily, providing the most important source of funding for development. As of the end of the reporting period, the Bank’s balance of deposits (excluding accrued interest) was RMB418.470 billion, representing an increase of RMB54.872 billion or 15.09% over the end of previous year, including the corporate deposit balance of RMB239.873 billion, representing an increase of 10.95% over the end of previous year, and the personal deposit balance of RMB148.814 billion, representing a year-on-year increase of 19.88% over the end of previous year.

As of the end of the reporting period, the distribution of the Bank's deposits is summarized as follows:

Item	Unit: RMB'000, %			
	31 December 2023		31 December 2022	
	Amount	Percentage	Amount	Percentage
Corporate deposits				
Including: demand	86,181,892	20.18	79,070,263	21.39
time	153,691,512	35.99	137,127,024	37.10
Sub-total of corporate deposits	239,873,404	56.18	216,197,287	58.50
Personal deposits				
Including: demand	56,674,894	13.27	54,048,473	14.62
time	92,139,244	21.58	70,088,532	18.96
Sub-total of personal deposits	148,814,138	34.85	124,137,005	33.59
Margin deposits	27,325,420	6.40	21,434,867	5.80
Other deposits	2,457,519	0.58	1,828,940	0.49
Interest accrued	8,535,497	2.00	5,990,129	1.62
Total customer deposits	427,005,978	100.00	369,588,228	100.00

(2) Interbank liabilities

As of the end of the reporting period, the Bank's balance of interbank liabilities was RMB44.353 billion, accounting for 7.54% of the total liabilities, representing an increase of RMB18.940 billion or 74.53% over the end of previous year. The decrease was mainly due to the Bank's moderate increase in the volume of financial assets sold under repurchase agreements according to its business strategy and capital position.

As of the end of the reporting period, the composition of the Bank's interbank transactions of liabilities is summarized as follows:

Item	Unit: RMB'000, %			
	31 December 2023		31 December 2022	
	Amount	Percentage	Amount	Percentage
Deposits from banks and other financial institutions	7,613,311	17.17	6,538,671	25.73
Loans from banks and other financial institutions	12,320,336	27.78	8,179,422	32.19
Financial assets sold under repurchase agreements	24,419,565	55.06	10,694,783	42.08
Total	44,353,212	100.00	25,412,876	100.00

(3) Bonds payable

As of the end of the reporting period, the Bank's balance of bonds payable was RMB86.300 billion, accounting for 14.67% of the total liabilities, representing a decrease of RMB5.165 billion or 5.65% over the end of previous year. The decrease in the balance of bonds payable compared to the end of previous year was mainly due to the Bank's moderate decrease in the volume of interbank CDs issued according to its business strategy and market conditions.

As of the end of the reporting period, the distribution of the Bank's bonds payable is summarized as follows:

Item	Unit: RMB'000, %			
	31 December 2023		31 December 2022	
	Amount	Percentage	Amount	Percentage
Tier-2 capital bonds payable	10,996,609	12.74	8,996,448	9.84
Financial bonds payable	16,997,423	19.70	13,996,947	15.30
Certificates of deposit payable	57,880,465	67.07	68,100,435	74.45
Interest accrued	425,657	0.49	371,714	0.41
Total	86,300,154	100.00	91,465,544	100.00

(4) Borrowings from central bank

As of the end of the reporting period, the balance of the Bank's borrowings from the central bank was RMB26.201 billion, accounting for 4.45% of the total liabilities and representing an increase of RMB13.649 billion or 108.75% over the end of previous year.

(III) Analysis on cash flow statement

1. Net cash flow generated from operating activities

Item	Unit: RMB'000	
	2023	2022
Sub-total of cash inflow from operating activities	100,706,622	65,280,973
Sub-total of cash outflow from operating activities	53,463,384	43,889,080
Net cash flow generated from operating activities	47,243,238	21,391,893

During the reporting period, the net cash flow generated from the Bank's operating activities was RMB47.243 billion, including cash inflow from operating activities of RMB100.707 billion, representing a year-on-year increase of RMB35.426 billion, which was mainly due to the year-on-year net increase in loans from banks and other financial institutions and financial assets sold under repurchase agreements and borrowings from the central bank, and cash outflow from operating activities of RMB53.463 billion, representing a year-on-year increase of RMB9.574 billion, which was mainly due to the year-on-year growth in net increase in loans and advances to customers.

2. Net cash flow used in investing activities

Item	Unit: RMB'000	
	2023	2022
Sub-total of cash inflow from investing activities	1,250,695,865	1,469,544,422
Sub-total of cash outflow from investing activities	1,286,643,178	1,494,428,666
Net cash flow used in investing activities	-35,947,313	-24,884,244

During the reporting period, the net cash flow from operating activities amounted to RMB-35.947 billion. Among them the cash inflow from investing activities amounted to RMB1,250.696 billion, representing a year-on-year decrease of RMB218.848 billion, mainly due to the decrease in cash inflow received from disposal of investments; the cash outflow from investing activities amounted to RMB1,286.643 billion, representing a year-on-year decrease of RMB207.786 billion, mainly due to the decrease in cash outflow paid to investments.

3. Net cash flow (used in)/generated from financing activities

Item	Unit: RMB'000	
	2023	2022
Sub-total of cash inflow generated from financing activities	104,488,576	115,848,664
Sub-total of cash outflow generated from financing activities	110,759,344	111,341,655
Net cash flow (used in)/generated from financing activities	-6,270,768	4,507,009

During the reporting period, the net cash flow generated from financing activities amounted to RMB-6.271 billion. Among them cash inflow from financing activities amounted to RMB104.489 billion, representing a year-on-year decrease of RMB11.360 billion, which was mainly due to year-on-year decrease in interbank CDs issued; cash outflow in financing activities amounted to RMB110.759 billion, which basically remained steady as compared with the previous reporting period.

(IV) Analysis on items with over 30% changes

Item	Unit: RMB'000, %			Major reason
	31 December 2023	31 December 2022	Change compared to beginning of the year	
Deposits with banks and other financial institutions	1,972,365	1,111,929	77.38	Mainly due to the increase in deposits of liquidated funds with banks and other financial institutions.
Loans to banks and other financial institutions	8,691,270	5,844,829	48.70	Mainly due to the increase in the scale of interbank lending of domestic financial institutions.
Other debt investments	47,798,735	18,319,466	160.92	Mainly due to the increase in the investment volume of interbank CDs and other assets.
Other equity instruments investments	199,629	25,126	694.51	Mainly due to the increase in the valuation of equity investments.
Construction-in-progress	59,089	390,053	-84.85	Mainly due to the transfer of the completed construction-in-progress.
Other assets	3,205,525	2,392,053	34.01	Mainly due to an increase in advance payment.
Borrowings from central bank	26,200,783	12,551,456	108.75	Mainly due to the increase in medium-term lending facility and the reloans business in support of small enterprises.
Loans from banks and other financial institutions	12,320,336	8,179,422	50.63	Mainly due to the increase in the sub-loans business of small and micro businesses.
Financial assets sold under repurchase agreements	24,419,565	10,694,783	128.33	Mainly due to the increase in the volume of securities sold under repurchase agreements according to its fund arrangements.
Provisions	104,997	297,010	-64.65	Mainly due to the decrease in the allowances for impairment of off-balance sheet credit operations.
Capital reserve	4,064,214	2,089,535	94.50	Mainly due to the increase in capital reserve through capital and share increase.
Other comprehensive income	362,557	-4,980	7,380.26	Mainly due to the increase in fair value of equity investments and other debt investments.

Item	Unit: RMB'000, %			Major reason
	2023	2022	Change compared to beginning of the year	
Net (losses)/gains from changes in fair value	-55,068	-107,980	49.00	Mainly due to the year-on-year increase in fair value of derivative financial instruments.
Foreign exchange gains and losses	-259,359	239,724	-208.19	The main reason is that exchange rate fluctuations have led to a year-on-year decrease in exchange gains generated from foreign exchange swap business.
Income from other business	3,830	2,069	85.11	Mainly due to the year-on-year increase in rental of the leased properties.
Net (losses)/gains from disposal of assets	-3,051	-1,228	-148.45	Mainly due to the year-on-year increase in the loss on the disposal of fixed assets.
Other income	196,579	137,565	42.90	Mainly due to the year-on-year increase in government subsidies related to routine business activities.
Impairment loss of other assets	366	1,044	-64.94	Mainly due to the year-on-year decrease in allowances for impairment losses on repossessed assets.
Income tax expenses	166,549	96,318	72.92	Mainly due to the year-on-year increase in total profits, resulting in the year-on-year increase in the income tax expenses.

(V) Segment analysis

According to business lines, the Bank divides its business into four segments: corporate, retail, capital and other businesses. Segment assets and liabilities and segment revenue, expenses and operating results are measured in accordance with the Bank's accounting policies. Internal charges and transfer pricing are determined by reference to market prices and are reflected in the performance of each segment.

During the reporting period, the situation in each business segment of the Bank is summarized as follows:

Item	Unit: RMB'000			
	2023		2022	
	Operating income	Total profits	Operating income	Total profits
Corporate business	4,685,521	780,458	4,999,938	1,982,968
Retail banking	3,346,200	2,099,181	3,377,577	1,331,883
Capital business	2,554,027	1,398,241	1,887,803	659,157
Other business	1,558	-45,139	13,750	-44,417
Total	10,587,306	4,232,741	10,279,068	3,929,591

In 2023, the Bank's operating income of corporate business amounted to RMB4.686 billion, accounting for 44.26% of total operating income; the operating income of retail banking amounted to RMB3.346 billion, accounting for 31.61% of total operating income.

(VI) Other balances of off-balance sheet items that have material impact on operating results

Please refer to the "Notes to the Financial Statements 58. Credit Commitments" in the "Financial Report".

(VII) Assets and liabilities measured at fair value

Item	Unit: RMB'000				
	Balance at the beginning of the year	Losses/gains from changes of fair value during the year	Fair value Changes recognized in equity during the year	Provision for impairment during the year	Balance at the end of the period
Trading financial assets	39,371,472	-65,332	-	-	44,082,597
Derivative financial instruments	-125,583	10,264	-	-	-105,918
Including: Derivative financial assets	663,928	-	-	-	680,500
Derivative financial liabilities	789,511	-	-	-	786,418
Other debt investments	18,319,466	-	183,280	22,295	47,798,735
Other equity instruments investments	25,126	-	201,672	-	199,629
Loans and advances measured at fair value through other comprehensive income	24,500,493	-	22,609	66,880	20,505,313
Total	82,090,974	-55,068	407,561	89,175	112,480,356

III. INVESTMENT STATUS ANALYSIS

(I) Overview

1. Information about the subsidiaries during the reporting period

Unit: RMB'000, %		
Name of subsidiaries	Investment cost (As at the end of 2023)	Shareholding ratio
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	31,550	63.10
Dongyuan Taiye Village Bank Co., Ltd.	56,000	56.00
Zongyang Taiye Village Bank Co., Ltd.	93,000	84.55

2. Acquired subsidiary during the reporting period

The Bank proposed to invest and set up a branch in Hong Kong subsidiary pursuant to the Reply of Guangdong Office of the China Banking and Insurance Regulatory Commission on Bank of Dongguan's Investment and Establishment of the Hong Kong Subsidiary. On 19 August 2021, the Bank subscribed to and invested HKD1 billion in Hong Kong to establish Guanyin International Co., Ltd., a wholly-owned subsidiary, which has no paid-in capital and has not started operation yet. According to the Banking Ordinance of Hong Kong, the Bank will put the Hong Kong subsidiary into operation after obtaining the banking license issued by the Hong Kong Monetary Authority.

3. Major joint stock companies during the reporting period

Unit: RMB'000, %		
Name of invested companies	Carrying amount (As at the end of 2023)	Shareholding ratio
Bank of Xingtai Co., Ltd.	828,997	9.79
Dongguan Chang'an Village Bank Co., Ltd.	117,638	20.00
Dongguan Houjie Huaye Village Bank Co., Ltd.	37,154	35.00
Lingshan Taiye Village Bank Co., Ltd.	20,067	30.00

(II) Significant equity investment obtained during the reporting period

During the reporting period, the Bank had no obtained significant equity investment.

(III) Ongoing significant non-equity investment during the reporting period

During the reporting period, the Bank had no ongoing significant non-equity investment.

(IV) Sale of major asset and equity

During the reporting period, the Bank had no matters concerning sale of major asset and equity.

(V) Subsidiaries

1. Chongqing Kaizhou Taiye Village Bank Co., Ltd.

Major financial data during the recent year and period:

Unit: RMB'000		
Item	As at the end of 2023	As at the end of 2022
Total assets	429,659	443,258
Net assets	65,639	71,977
Operating income	8,903	12,020
Net profits	-6,338	-8,589

2. Dongyuan Taiye Village Bank Co., Ltd.

Major financial data during the recent year and period:

Item	Unit: RMB'000	
	As at the end of 2023	As at the end of 2022
Total assets	420,736	427,039
Net assets	130,604	130,547
Operating income	13,500	18,932
Net profits	1,357	4,305

3. Zongyang Taiye Village Bank Co., Ltd.

Major financial data during the recent year and period:

Item	Unit: RMB'000	
	As at the end of 2023	As at the end of 2022
Total assets	735,821	737,694
Net assets	54,075	54,495
Operating income	8,528	8,040
Net profits	-420	-689

(VI) Structured entities controlled by the Bank

1. Structured entities not included in the scope of consolidated financial statements

Structured entities initiated by the Bank but not included in the consolidated financial statements mainly include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are primarily to manage the investors' assets and collect management fees. The financing method involves issuing investment products to investors. Interest in the structured entities not included in the scope of the Bank's consolidated financial statements held by the Bank mainly lies in administrative fees charged on managing these structured entities.

The Bank owns interests through directly holding structured entities issued by third-party institutions. Such structured entities not included in the scope of the Bank's consolidated financial statements include trust schemes, wealth management products, asset management plans, funds and asset-backed securities. The nature and purpose of these structured entities are primarily to manage the investors' assets and earn management fees. Its financing method is to issue investment products to investors.

For details about structured entities of the Bank, please refer to the "Notes to the Financial Statements 64. Interests in structured entities not included in the scope of consolidated financial statements" in the "Financial Report".

2. Structured entities included in the consolidated financial statements

The Bank manages or invests in multiple structured entities, including fund investments, trust schemes and asset management plans, asset-backed securities, and wealth management products. To determine control over such structured entities, we primarily assess our decision-making and participation level at the time of involvement in setting up these entities and the overall economic benefits (including direct earnings and anticipated management fees) and decision-making authority we have over them through contractual arrangements and other means.

If the Bank owns power over a structured entity through an investment contract, receives variable returns from participating in its activities, and is able to use its power to affect those returns, we consider ourselves to have control over the structured entity and include it within the scope of our consolidated financial statements.

IV. RISK MANAGEMENT

(I) Overview of risk management

During the reporting period, the Bank focused on “ecological operation, differentiated management, and intelligent risk control” as the core tasks in line with our strategic development planning. Concentrating on key operations and business segments, we actively and prudently managed and mitigated risks, strengthened full-process risk control, deepened the proactive integration of risk and business at various stages of business operations, advanced the establishment of an intelligent risk control service system to create an efficient business risk control mechanism, striving to achieve new breakthroughs in the high-quality development of the Bank.

(II) Credit risk management

Credit risk refers to the risk where a customer (or transaction counterparty) is unable or unwilling to perform its contractual obligations toward the Bank. Assets of the Bank that are exposed to credit risks include various types of loans, interbank loans at call, assets purchased under resale agreements, interbank deposits, bond investments, special-purpose vehicle investments, interest receivables, other receivables, and off-balance sheet assets. Credit risk management refers to the whole process of active identification, measurement, monitoring, control or mitigation, and reporting of credit risks.

During the reporting period, the Bank strengthened proactive risk management closely revolving around its business objectives to maintain stable asset quality. **Firstly**, we enhanced risk empowerment to create a sensitive and efficient risk management system. We continuously built on our investment and research capabilities, optimized credit policies, risk appetite, and risk limit management to promote sustainable and healthy growth of business. Effective implementation of agile collaborative working mechanisms and the deployment of risk management personnel within product development processes facilitated the synchronized growth of risk control and business operations. **Secondly**, we continuously recalibrated the credit granting procedure to establish a high-quality control system. By reviewing credit business processes, dynamically examining risk management systems, and standardizing business operations, we further strengthened the management of pre-loan investigation, loan application review, and post-loan inspection, and set up a comprehensive accountability system to enhance risk control efficacy and business efficiency for the credit business. **Thirdly**, we intensified risk-oriented monitoring, inspection, and tracking management to ensure prompt risk identification and prevention, and improved the effectiveness of early warning management by optimizing the early warning monitoring system for credit business and enhancing the assessment and iteration of warning rules and models. Risk monitoring was conducted in a level-by-level based on business classification, and efforts were made to strengthen risk inspection and assessment mechanisms in key areas, enhance the foreseeability and responsiveness to significant risks, promote early detection, early warning, and early resolution of potential risks, and further improve credit risk prevention and control capabilities. **Fourthly**, we accelerated the development of the intelligent risk control platform to effectively enhance the standard of risk management activities. By building intelligent, digital risk control capabilities and using new technologies to empower risk management and support business development, we created an automated risk control platform for information collection and analysis, set up unified customer risk visual presentation, and improved the quality of credit business operations and the standard of risk management.

The Bank adopts the weighting approach to measure credit risk-weighted assets in accordance with the requirements of the Measures for the Administration of Capital of Commercial Banks (Trial)* (《商业银行资本管理办法(试行)》). As of the end of the reporting period, credit risk weighted assets amounted to RMB373.224 billion, including: on-balance sheet credit risk weighted assets amounted to RMB344.039 billion, off-balance sheet credit risk weighted assets amounted to RMB27.699 billion, and counterparty credit risk weighted assets amounted to RMB1.486 billion.

(III) Market risk management

Market risk refers to the risk where the Bank’s on-balance sheet and off-balance sheet businesses suffer losses due to adverse changes in market prices (interest rates, exchange rates, stock prices, and commodity prices). The market risk faced by the Bank comes from banking book and trading book, and the main risks involved are interest rate risk and exchange rate risk. Market risk management refers to the entire process of actively identifying, measuring, monitoring and controlling market risks.

During the reporting period, the Bank actively tightened up market risk management to enhance the precision and effectiveness of related risk management practices. **Firstly**, we enhanced the identification and measurement of market risk factors, continuously improved the market risk limit system, and monitored and issued warnings for various limit schemes to ensure effective control of market risks within the estimated limit. **Secondly**, we regularly conducted research and analysis on macroeconomic trends and the movements of interest and exchange rates, strengthened investment strategy research, continuously optimized the asset-liability structure, and controlled asset-liability mismatches within a reasonable range. **Thirdly**, we conducted regular market risk stress tests to effectively prevent risks in extreme market scenarios, enhanced the early identification of significant market risk warning indicators, improved market risk emergency plans and related emergency management operations, and organized regular market risk emergency drills bank-wide. **Fourthly**, we continuously improved the standard of information technology applications for market risk management purposes, stepped up the development of market risk management systems, and advanced the process of measurement model validation and applications in valuation, profit or loss attribution, limit monitoring, stress testing, and capital measurement, resulting in the enhanced precision of market risk management activities.

The Bank adopts the standard method to measure market risk-weighted assets in accordance with the requirements of the “Measures for the Administration of Capital of Commercial Banks (Trial)* (《商业银行资本管理办法(试行)》)”, and conducts business strictly within the regulatory limits. There are no business overruns and the market risk is generally controllable. As of the end of the reporting period, market risk-weighted assets amounted to RMB11.673 billion.

(IV) Operational risk management

Operational risk refers to the risk of loss caused by deficient or problematic internal procedures, employees, and information technology systems or external events.

During the reporting period, with a focus on operational risk management objectives, the Bank continuously improved the operational risk management system. **Firstly**, we optimized the internal control system, strengthened the management of regulations and internal procedures, and regularly conducted post-implementation evaluations of related systems. **Secondly**, we actively promoted the use of management tools, organized operational risk assessments, key risk indicator monitoring and optimization, and collected, analyzed, and rectified operational risk events. **Thirdly**, we intensified employee behavior management, tightened up monitoring and investigation of abnormal employee behaviors, guided employees to uphold the bottom line of risk prevention and control, and actively conducted employee education and training to enhance overall qualification of staff members. **Fourthly**, we strengthened information technology risk control by conducting comprehensive IT risk assessments, data security management inspections and evaluations to ensure information security; optimized key IT risk indicators and enhanced IT risk monitoring. **Fifthly**, we intensified external risk prevention and control, continuously optimized the emergency plan system, and effectively conducted emergency drills to ensure business continuity.

The Bank measures operational risk-weighted assets by using the Basic Indicator Approach in accordance with the “Administrative Measures for the Capital of Commercial Banks” (《商业银行资本管理办法(试行)》). As of the end of the reporting period, the operational risk-weighted assets was approximately RMB18.932 billion.

(V) Liquidity risk management

Liquidity risk refers to the risk where a bank is unable to obtain sufficient funds in a timely manner at a reasonable cost to repay due debts, perform other payment obligations, and meet other capital needs for normal business development.

During the reporting period, the Bank continued to strengthen liquidity risk management through several key measures. **Firstly**, we intensified the development of our information systems, improved data collection and governance systems to enhance the measurement and monitoring efficiency of liquidity risk. **Secondly**, we recalibrated the management system for fund positions, improving the efficiency and accuracy of position estimations, reducing settlement risks, and ensuring the Bank’s liquidity safety. **Thirdly**, based on the current readings of loan and deposit business and liquidity indicators, we flexibly arranged liabilities, expanded financing channels covering a diverse range of funding sources, and supplemented long-term stable funds through means such as bond issuance. **Fourthly**, we optimized the management of premium liquidity assets, increased allocations to such assets, planned the use of bond proceeds comprehensively, and enhanced the effectiveness of mortgage bonds, ensuring ample liquidity reserves. **Fifthly**, we strengthened liquidity risk monitoring and management across business lines, overseas branches, and subsidiaries, dynamically adjusting limit indicators. **Sixthly**, we continually improved our emergency management system, conducted liquidity risk emergency drills, and further developed liquidity risk emergency plans to enhance our emergency response capabilities.

According to the “Measures for the Liquidity Risk Management of Commercial Banks” (《商业银行流动性风险管理办法》) and the “Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks” (《商业银行流动性覆盖率信息披露办法》), as of the end of the reporting period, the details of the Bank’s liquidity coverage rate information details are as follows:

Unit: RMB'000, %		
Qualified premium liquidity assets	Net cash outflow in the next 30 days	Liquidity coverage rate
75,013,034	36,897,185	203.30

Note: The above indicators are calculated and presented in accordance with the regulatory consolidation standards.

According to the “Measures for the Liquidity Risk Management of Commercial Banks” (《商业银行流动性风险管理办法》) and the “Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks” (《商业银行净稳定资金比例信息披露办法》), as of the end of the reporting period, the Bank’s net stable funding ratio details are as follows:

Unit: RMB'000, %	
Item	31 December 2023
Stable funds available	379,398,622
Stable funds required	352,076,072
Net stable funding ratio	107.76

Note: The above indicators are calculated and presented in accordance with the regulatory consolidation standards.

(VI) Compliance risk management

Compliance risk refers to the risk where a commercial bank may suffer legal sanctions, regulatory penalties, material financial losses, and reputation losses due to the failure to comply with laws, rules and guidelines.

During the reporting period, the Bank actively conducted compliance risk prevention to achieve the goal of ensuring legal and regulatory compliance in business and management operations. **The first** is to continuously strengthen the management of the rules and regulations. Paying due attention to external regulatory policies and internal operation management practices, the Bank internalizes external regulatory requirements, and conducts multi-faceted review of the rules and regulations, regular evaluation of the currently effective rules and regulations, and other compliance management operations to consistently improve relevant systems as well as their rationality and completeness. **The second** is to formulate an annual compliance risk management work plan, clarify compliance risk management measures, improve the standard of compliant operation, cultivate a sound compliance culture, and facilitate the sustainable, healthy, and efficient development of the Bank's business. **The third** is to improve the compliance inspection and management mechanism, formulate the bank-wide annual inspection plan, and monitor the quality of inspection and rectification in terms of the standardization of inspection procedures, effectiveness of inspection results, and the due implementation of follow-up rectifications. **The fourth** is to deepen the establishment of compliance culture, actively create a sound atmosphere of compliance culture, promote awareness of the compliance culture through publicity campaigns, and improve employees' compliance awareness through compliance document study, onboard training, compliance culture promotion, violation case presentation, compliance evaluation and assessment, etc. While continuously conducting compliance management as the core of risk management, the Bank achieves effective identification and management of compliance risks by building an effective compliance risk management mechanism and cultivating an excellent compliance culture, complemented by corresponding supporting institutionalized measures, so as to comprehensively improve the appropriateness and effectiveness of compliance risk management and effectively ensure the secure and steady development of the Company in compliance with the laws and regulations.

(VII) Reputational risk management

Reputational risk refers to the risk where the brand value of a bank is impaired by the negative comments of stakeholders, the public, and the media on the bank due to the behavior of the bank, the insurance institution, or their employees, or other external events. Reputational risk may arise in any part of the Bank's operation and management, and usually exists together with credit risk, market risk, operational risk, and liquidity risk, etc. The reputational risk management of the Bank is to realize the identification, monitoring, control and resolution of reputational risks by establishing an active, reasonable and effective reputational risk management mechanism, so as to establish and maintain a sound image of the Bank and promote its stable development.

During the reporting period, the Bank strictly implemented regulatory requirements for reputational risk management, strengthened the management of consolidated reputational risk, and continuously developed a sound reputational risk management system and mechanisms to enhance the standard of reputational risk management. Key measures implemented are as follows. **First**, adhering to the principle of "early recognition and prevention of risk", full-process management and routinized operations were carried out with respect to reputational risk. We strictly implemented public opinion monitoring mechanisms, conducted reputational risk assessments, and implemented preventive measures to strengthen efforts to prevent reputational risk and improve the foresight in reputational risk management. We organized regular reputational risk education and training and emergency drills to strengthen risk control concepts and emergency response capabilities. **Second**, adhering to the principle of "finance for the people", we optimized customer service and protected consumer rights. We offered professional and high-quality financial services to optimize the business handling experience and enhance the efficiency of business operations, while paying close attention to consumer rights protection, and actively expanding channels for customers to file complaints, continuously deepening consumer financial education to improve consumers' ability to identify financial risks and their awareness of the importance of risk prevention. **Third**, seeking to drive a "return to the original purpose of finance", we fostered our brand image amid continuous acquisition of reputational capital. We supported public welfare causes like education, healthcare, poverty alleviation, and cultural and sports events, creating social value while practising our social responsibility. Through orderly media engagement, we showcased our support for the real economy and rural revitalization, accumulating reputation capital and shaping a responsible, committed, stable and sound image of a financial enterprise.

(VIII) Country-specific risk management

Country-specific risk refers to the risk that borrowers or debtors in a country or region may fail or refuse to repay debts owed to banking financial institutions due to economic or political or social changes and events in the country or region, or that banking financial institutions may incur business losses or other types of losses as a result of such events in the country or region.

The Bank rigorously incorporated country-specific risk management into our comprehensive risk management system in accordance with regulatory requirements. **Firstly**, we timely optimized and adjusted country-specific risk ratings, defined overall country-specific risk limits, and ensured business was conducted within these limits. **Secondly**, we continuously and effectively tracked and monitored the country-specific risk of assets, regularly monitored the country-specific risk exposure balance for each country (or region) to ensure it did not exceed the risk limits. **Thirdly**, based on existing asset impairment provisions, we made provisions for country-specific risk impairment for certain assets to further enhance our ability to withstand country-specific risk. **Lastly**, we continually conducted country-specific risk stress tests commensurate with the scale of country-specific risk exposure, testing the potential impact of different hypothetical scenarios on country-specific risk management to improve our risk response capability.

(IX) Money laundering and terrorist financing risk management

The Bank strictly abides by the laws and regulations on anti-money laundering and anti-terrorist financing (hereinafter referred to as “anti-money laundering”), actively complies with risk-based anti-money laundering regulatory requirements, duly performs anti-money laundering social responsibilities and legal obligations, and strives to improve the standard of risk management against money laundering and terrorist financing (hereinafter referred to as “money laundering”).

Firstly, the Bank complies with the requirements on money laundering risk control, continuously improves the money laundering risk management mechanism and internal control system, and implements anti-money laundering laws, regulations and regulatory requirements on a comprehensive scale. **Secondly**, the Bank enforces the relevant anti-money laundering requirements firstly upon its high level positions, and promptly reports on money laundering risk management to the Board of Directors and the senior management. **Thirdly**, the Bank effectively fulfills its statutory obligations of anti-money laundering – focusing on the statutory obligations of anti-money laundering revolving around customer identification, customer identity information and transaction records storage and reporting large transactions and suspicious transactions, the Bank tightens up the control of high-risk customers and high-risk products/businesses. **Fourthly**, the Bank holds various forms of anti-money laundering publicity and training activities, actively promotes the “on-campus anti-money laundering education” publicity campaign, and facilitates the participation by the general public in anti-money laundering activities. **Fifthly**, the Bank cracks down on money-laundering-related crimes, investigates, analyzes and reports clues concerning major suspicious transactions, and actively cooperates with the People’s Bank of China in anti-money laundering investigations and research, so as to provide strong support to combat money laundering and other criminal activities. **Sixthly**, the Bank ramps up system support, continuously optimizes the anti-money laundering system, list monitoring system and the relevant business system, and enhances information technology support for anti-money laundering operations.

V. CAPITAL MANAGEMENT

(I) Overview of capital management

In 2023, the Bank continuously strengthened capital management with the capital adequacy ratio and core tier-1 capital adequacy ratio regarded as the key assessment indicators, while achieving synergies in external supervision, credit rating, risk compensation and shareholder return, etc. In addition, it maintained a balance between business development plans and risk appetite, to achieve scale expansion and coordination of profitability, total capital and structural optimization, optimal capital scale and return on capital.

The Bank regularly monitored the regulatory indicators and regulatory capital in accordance with the related regulations for the administration of capital of commercial banks, and made preparations in advance for the implementation of the new capital regulations. During the reporting period, **firstly**, the Bank used methods such as scenario simulation and stress tests to predict, plan and manage the capital adequacy ratio based on factors such as strategic development planning, business expansion and changes in risk factors, ensuring that the capital adequacy ratio consistently conforms to regulatory, rating and risk compensation requirements and shareholders’ expectations for returns on investment. **Secondly**, the Bank developed quarterly capital resource allocation plans and managed it in a real-time manner in light of implementation to maintain healthy and sustainable development of businesses to create steady streams of profits, building on its endogenous capital supplement capabilities; at the same time, the Bank actively sought exogenous capital supplementation. In the first half of 2023, the Bank obtained proceeds of RMB2.135 billion from private placement of shares and successfully issued the tier-2 capital bonds to raise RMB2 billion in the second half of the year, which effectively replenished the tier-1 capital and tier-2 capital and consolidated the capital base. **Thirdly**, the Bank established a set of practical capital management systems based on the overall development strategy. By improving the internal management mechanism, we formulated a series of policies and systems on issues such as capital adequacy ratio planning and management, economic capital appraisal management and internal capital adequacy assessment process management to standardize various capital management operations, and tighten up risk portfolio limit management, so as to ensure that the Bank’s capital adequacy matches the major risks it faces and the standard of its risk management operations, and that the capital plan matches the operating conditions, changes in risk factors and long-term development strategies. **Fourthly**, the Bank initiated the implementation of new capital regulations and prepared in advance for the implementation of new capital regulations. It had an understanding of the management requirements for the new capital regulations, carried out system building, data governance, and institutional development in an orderly manner, and laid the groundwork for the implementation of the new capital regulations.

(II) Capital adequacy ratio

According to the requirements of the Measures for the Administration of Capital of Commercial Banks (Trial)* (《商业银行资本管理办法(试行)》), the capital adequacy ratio of the Bank on each balance sheet date is as follows:

Item	Unit: RMB'0,000, %	
	31 December 2023	31 December 2022
Net core tier-1 capital	3,580,365	3,020,833
Net tier-1 capital	4,000,251	3,440,740
Net tier-2 capital	1,554,024	1,293,990
Total net capital	5,554,275	4,734,730
Total risk-weighted assets	40,382,884	35,292,292
– Credit risk weighted assets	37,322,446	31,904,040
– Market risk weighted assets	1,167,273	1,584,446
– Operation risk weighted assets	1,893,165	1,803,806
Core tier-1 capital adequacy ratio	8.87	8.56
Tier-1 capital adequacy ratio	9.91	9.75
Capital adequacy ratio	13.75	13.42

Note: For more information on the Bank’s capital measurement, please refer to the “2023 Capital Adequacy Ratio Report of Bank of Dongguan Co., Ltd.” issued by the Bank.

(III) Leverage

Unit: RMB'000, %

Item	31 December 2023	31 December 2022
Net tier-1 capital	39,864,451	34,360,402
On and off-balance sheet assets after adjustments	688,339,921	600,708,307
Leverage	5.79	5.72

Note: The leverage is calculated and presented in accordance with the regulatory consolidation standards.

VI. OVERVIEW OF BRANCHES AND SUB-BRANCHES

As of the end of the reporting period, the Bank had one head office business department and 13 branches (Dongguan Branch, Guangzhou Branch, Shenzhen Branch, Huizhou Branch, Changsha Branch, Foshan Branch, Hefei Branch, Qingyuan Branch, Zhuhai Branch, Shaoguan Branch, Zhongshan Branch, Nansha Branch of Guangdong Pilot Free Trade Zone, and Hong Kong Branch), 63 tier-1 sub-branches, 95 tier-2 sub-branches, 3 community sub-branches, and 4 SME sub-branches.

No.	Institution name	Address	Telephone
1	Bank of Dongguan Co., Ltd.	No.21 Tiyu Road, Guancheng District, Dongguan	0769-22111741
2	Dongguan Branch, Bank of Dongguan Co., Ltd.	Store 101, 3801, 3901 and 4001, Building 1, International Trade Center, No. 1, Hongfu East Road, Dongcheng Street, Dongguan	0769-26622092
3	Yuanmei Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Building 1, Haide Plaza, No. 200, Hongfu Road, Nancheng Street, Dongguan	0769-23308000
4	Government affairs and Small-and-Micro Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, No. 199 Hongfu Road, Nancheng Street, Dongguan	0769-23660516
5	Central District Sub-branch, Bank of Dongguan Co., Ltd.	Stores 07-12, Floor 1 and Stores 01-10, Floor 2, Building 1, Private Finance Building, No. 111 Guantai Road, Nancheng District, Dongguan	0769-22403905
6	Central District Shidai Sub-branch, Bank of Dongguan Co., Ltd.	Stores 138, 139, 140 and 141, No. 1 Hongwei Road, Nancheng District, Dongguan	0769-22987866
7	Central District Dongzheng Sub-branch, Bank of Dongguan Co., Ltd.	No. 52 Dongzheng Road, Dongguan	0769-22213957
8	Central District Zhenghe Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, Unicom Building, Shenghe Road, Nancheng District, Dongguan	0769-22412568
9	Central District Renhe Sub-branch, Bank of Dongguan Co., Ltd.	Stores 112, 113 and 115, Dongjun Haoyuan, Dongjun Road, Nancheng District, Dongguan	0769-22902718
10	Central District Hongfu Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, 102, 103 and 123, No. 77, Nancheng Section, Hongfu West Road, Nancheng Street, Dongguan	0769-22427800
11	Central District Xinghua Sub-branch, Bank of Dongguan Co., Ltd.	Store 1001-01, No. 28 Binhe Road, Nancheng Street, Dongguan	0769-22903722
12	Central District Yizhan Sub-branch, Bank of Dongguan Co., Ltd.	Store 116, No. 73 Zhongli Road., Nancheng Street, Dongguan	0769-22850355
13	Central District, Hengzhao Sub-branch, Bank of Dongguan Co., Ltd.	Store 109, No. 20, Hongbei Road, Nancheng Street, Dongguan	0769-28565021
14	Donghu Sub-branch, Bank of Dongguan Co., Ltd.	Store 126 and 128, No. 60, Guancheng Section, Qifeng Road, Guancheng Street, Dongguan	0769-22389670
15	Wanjiang Sub-branch, Bank of Dongguan Co., Ltd.	No. 363 Wanfu Road, Wanjiang District, Dongguan	0769-22279348
16	Wanjiang Wansheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, 104 and 105, Building 8, Wanfu Road, Wanjiang Street, Dongguan	0769-22275686
17	Wanjiang Wangu Sub-branch, Bank of Dongguan Co., Ltd.	Store 1111, No. 76, Wanjiang Section, Wansui Road, Wanjiang Street, Dongguan	0769-22279350
18	Dongjiangzhixing Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, 104, 201, Building 1, DongjiangZhixing Commercial Center, No. 30, Hongyuan Road, Nancheng Street, Dongguan	0769-21669216
19	Wanjiang Yangguanghaian Community Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1039-01 & 02, No. 28, Wanjiang Section, Wandao Road, Wanjiang Street, Dongguan	0769-21663367
20	Dongcheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 135-138, No. 1 Jinhua Road, Zhushan Community, Dongcheng Street, Dongguan	0769-22360826
21	Dongcheng New City District Sub-branch, Bank of Dongguan Co., Ltd.	Store 114, No. 65, Dongyuan Road, Zhushan Community, Dongcheng Street, Dongguan	0769-22481132
22	Dongcheng Chengfeng Sub-branch, Bank of Dongguan Co., Ltd.	Store A112-113, Fenghua Yuan, No. 18, Huajie, Yuxing Road, Qiantou, Dongcheng District, Dongguan	0769-22265890
23	Dongcheng New District Sub-branch, Bank of Dongguan Co., Ltd.	Stores 82, 84, 86 and 88, Jinyuan Garden, Dajingtou Road, Dongcheng District, Dongguan	0769-22264364
24	Dongcheng Woling Sub-branch, Bank of Dongguan Co., Ltd.	Store 1006, Building 1, No. 5, Dongcheng Section, Dongcheng South Road, Dongcheng Street, Dongguan	0769-22336371
25	Dongcheng Taihe Sub-branch, Bank of Dongguan Co., Ltd.	Stores A01-A03, Outside of Youyicheng Shopping Mall, Dongtai Taihe Commercial Street, Dongcheng District, Dongguan	0769-23104533

No.	Institution name	Address	Telephone
26	Dongcheng Nianfeng Sub-branch, Bank of Dongguan Co., Ltd.	No. 130-136, New Nianfeng Villa Village, No. 163, Shiyang Street, Wentang Community, Dongcheng District, Dongguan	0769-22478125
27	Dongcheng Xingcheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 73-75, New Century Star, Dongcheng District, Dongguan	0769-23604013
28	Dongcheng Dongsheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 124, 125, 126, and 127, Building 10, Kaisheng Jingyuan, No. 33, Dongcheng Section, Dongsheng Road, Dongcheng Street, Dongguan	0769-22299897
29	Dongcheng Tianbao Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1030, 1031, 1032, 1033 and 1036, No. 422, Dongcheng Section, Dongcheng Middle Road, Dongcheng Street, Dongguan	0769-26386220
30	Dongcheng Niushan Sub-branch, Bank of Dongguan Co., Ltd.	Stores 105, No. 24, Niushan Commercial Street, Dongcheng Street, Dongguan	0769-23112925
31	Dongcheng Wentang Community Sub-branch, Bank of Dongguan Co., Ltd.	Stores 122, 123, and 124, No. 287, Wenzhou Road, Dongcheng Street, Dongguan	0769-22660205
32	Dongcheng Xiaoqiao Sub-branch, Bank of Dongguan Co., Ltd.	Stores 105 and 106, No. 260, Dongcheng Section, Guanlong Road, Dongcheng Street, Dongguan	0769-22260159
33	Shilong Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1-3, Left Side of Building 204-252, Xihu Middle Road, Xihu District, Shilong Town, Dongguan	0769-86113073
34	Shilong Xinglong Sub-branch, Bank of Dongguan Co., Ltd.	Ground Stores B3, B5-B7, Juhao Mansion, Yuxing Road, Huangzhou New City District, Shilong Town, Dongguan	0769-86183722
35	Shilong Lvhua Sub-branch, Bank of Dongguan Co., Ltd.	No. 6, Lvhua West Road, Shilong Village, Shilong Town, Dongguan	0769-86609570
36	Humen Sub-branch, Bank of Dongguan Co., Ltd.	Stores 113, Building 1, No. 46, Liansheng Road, Humen Town, Dongguan	0769-85116993
37	Humen Yinxiang Road Sub-branch, Bank of Dongguan Co., Ltd.	Stores 112, 113 and 114, Building 24, Yilin Garden, No. 3, Chigang Junma Road, Humen Town, Dongguan	0769-85116733
38	Humen Zexu Sub-branch, Bank of Dongguan Co., Ltd.	No. 7, Gangkou Road, Humen Town, Dongguan	0769-85115922
39	Humen Liansheng Sub-branch, Bank of Dongguan Co., Ltd.	Store A2, Floor 1, A+ Building, No. 399 Liansheng North Road, Humen Town, Dongguan	0769-85011218
40	Humen Shatai Sub-branch, Bank of Dongguan Co., Ltd.	No. 18, Taisha Road, Humen Town, Dongguan	0769-85511740
41	Humen Fumin Sub-branch, Bank of Dongguan Co., Ltd.	Store 1003, No. 8, Humen Yinlong Road, Humen Town, Dongguan	0769-85121998
42	Humen Xinzhou Sub-branch, Bank of Dongguan Co., Ltd.	No.201, Shatai Road, Humen Town, Dongguan	0769-85103678
43	Humen Longquan Sub-branch, Bank of Dongguan Co., Ltd.	No.92, Renmin Road, Humen Town, Dongguan	0769-85113118
44	Humen Beizha Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 159, Humen Section, Tai'an Road, Humen Town, Dongguan	0769-85551188
45	Humen Bomei Sub-branch, Bank of Dongguan Co., Ltd.	Store A1001, Fumin Fabric Market, Bomei Village, Humen Town, Dongguan	0769-85233128
46	Humen Zhenxing Sub-branch, Bank of Dongguan Co., Ltd.	No. 54, Zhenxing Avenue, Gate of Humen Town, Dongguan	0769-85129288
47	Humen Jinjie Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1106, 1107, 1980, 1981 and 1982, No. 156, Humen Avenue, Humen Town, Dongguan	0769-82709238
48	Humen Weiyuan Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, Building 2, No. 97, Waihuandao Road, Humen Town, Dongguan	0769-82186020
49	Humen Fengtai Sub-branch, Bank of Dongguan Co., Ltd.	Stores 148, 149, 150, and 151, No. 20, Humen Xinlian Road, Humen Town, Dongguan	0769-85123932
50	Guancheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 22-26, Right Side of Hongfu Building, No. 39, Dongcheng West Road, Downtown Dongguan	0769-22235295
51	Yunhe Sub-branch, Bank of Dongguan Co., Ltd.	No. 163, Yunhe West 1st Road, Downtown, Dongguan	0769-22235305
52	Yunhe Zhongxin Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101 and 102, Building 19, City Landscape Garden, No. 19, Hongtu Road, Nancheng District, Dongguan	0769-22827701
53	Yunhe Yifeng Sub-branch, Bank of Dongguan Co., Ltd.	Store B39, Yijage, Yifeng Urban Square, Yifeng Road, Dongcheng District, Dongguan	0769-23132911
54	Yunhe Jingu Sub-branch, Bank of Dongguan Co., Ltd.	Stores 106-107, No. 46, Liwuwei Road, Dongcheng Street, Dongguan	0769-22290738
55	Xizheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 2, Floor 1, North Building, Shimin Square, No. 1, Gaodi Street, Guancheng District, Dongguan	0769-22224244
56	Xiping Sub-branch, Bank of Dongguan Co., Ltd.	Stores 138-139 and 150-153, Zone A, Century, Commercial Street, Dongguan Avenue, Dongguan	0769-22809810
57	Dongmen Sub-branch, Bank of Dongguan Co., Ltd.	Store 1012, No. 2, Guancheng Section, Dongzong Road, Guancheng Street, Dongguan	0769-23057680
58	Zhongtang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 135-138 (Floor 1) and Stores 207-209 (Floor 2), Building 4, Juji Huayuan, Yayuan Road, Zhongtang Town, Dongguan	0769-88811208
59	Zhongtang Zhonghuang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 6-13, Block 1, Phase I, Nongming Apartment, South Side of Commercial Avenue, Huangyong Village, Zhongtang Town	0769-88816376
60	Shipai Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101-116, No. 10, Shipai Park South Road, Shipai Town, Dongguan	0769-86652442
61	Shipai Taihe Sub-branch, Bank of Dongguan Co., Ltd.	No. 299, Shipai Avenue Middle, Shipai Town, Dongguan	0769-86657380
62	Changping Sub-branch, Bank of Dongguan Co., Ltd.	Store 111, Floor 1, Wanye Financial Building, No. 3, Changping Avenue, Changping Town, Dongguan	0769-81087143

No.	Institution name	Address	Telephone
63	Changping Jinyang Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No.1, Changping Jinmei Road, Changping Town, Dongguan	0769-83335630
64	Changping Jinhua Sub-branch, Bank of Dongguan Co., Ltd.	No. 18, Tutang Section, Changdong Road, Changping Town, Dongguan	0769-83911506
65	Changping Zijing Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1-9, Fengrongge, Changfeng Plaza, Zijing Garden, Changping Town, Dongguan	0769-81890003
66	Changping Guangdian Sub-branch, Bank of Dongguan Co., Ltd.	G/F Store, Guangdian Building, Beside Changping Avenue, Changping Town, Dongguan	0769-81173117
67	Changping Lijing Small-and-Micro Sub-branch, Bank of Dongguan Co., Ltd.	Buildings No. 1-5, Lvhuating Mansion, Section G, Lijing Garden, Licheng Development Zone, Hengjiangxia Village, Changping Town, Dongguan	0769-81182646
68	Wangniudun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 102-108, Building 2, Tiancheng Times Square, No. 11 Zhenzhong Road, Wangniudun Town, Dongguan	0769-88852859
69	Hongmei Sub-branch, Bank of Dongguan Co., Ltd.	No. A18-20, Hongmei Cultural and Sports Business Center, Qiaodong Road, Hongmei Town, Dongguan	0769-88438098
70	Daojiao Sub-branch, Bank of Dongguan Co., Ltd.	No. 197, Zhenxing East Road, Daojiao Town, Dongguan	0769-88310633
71	Daojiao Jichuan Small-and-Micro Sub-branch, Bank of Dongguan Co., Ltd.	G/F Stores 1 and 2, Dao+ Apartment Building, No. 6, Changping Commercial Road, Changping Village, Daojiao Town, Dongguan	0769-88833246
72	Machong Sub-branch, Bank of Dongguan Co., Ltd.	Stores 165, Building 1, No. 302, Machong Avenue, Machong Town, Dongguan	0769-88822547
73	Machong Ouchong Sub-branch, Bank of Dongguan Co., Ltd.	Stores 113, No. 9, Machong Avenue, Machong Town, Dongguan	0769-88825737
74	Machong Zhenxing Sub-branch, Bank of Dongguan Co., Ltd.	Stores 105, 106 and 107, Building 3, Huayang Haoting, No. 2 Zhenxing Road, Machong Town, Dongguan	0769-88236992
75	Machong Zhangpeng Sub-branch, Bank of Dongguan Co., Ltd.	Store 116, No. 5 Zhangpeng Road, Machong Town, Dongguan	0769-81219131
76	Houjie Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101 and 201, No. 15 Houjie Tiyu Road, Houjie Town, Dongguan	0769-85921666
77	Houjie Hetian Sub-branch, Bank of Dongguan Co., Ltd.	Store 1, Heyang Building, Hetian Village, Houjie Town, Dongguan	0769-85053622
78	Houjie Xincheng Sub-branch, Bank of Dongguan Co., Ltd.	No. 141, Jiayu Avenue, Houjie Town, Dongguan	0769-85913362
79	Houjie Santun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 128, 129 and 130, Building 14, Vanke Jinyu International Garden, Houjie Town, Dongguan	0769-85899161
80	Houjie Xitou Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, No. 3, Xinwei Estate, Xitou Community, Houjie Town, Dongguan	0769-81520622
81	Chang'an Sub-branch, Bank of Dongguan Co., Ltd.	No. 55, Changsheng Middle Road, Chang'an, Chang'an Town, Dongguan	0769-85310232
82	Chang'an Fuli Sub-branch, Bank of Dongguan Co., Ltd.	Stores E106-E107, Floor 1, No. 222, Dezheng Middle Road, Chang'an Town, Dongguan	0769-85330825
83	Chang'an Fuying Sub-branch, Bank of Dongguan Co., Ltd.	Stores 116-120, Commercial Building, Fuying Shanshui Mansion, Lianfeng North Road, Chang'an Town, Dongguan	0769-85330828
84	Chang'an Fudu Sub-branch, Bank of Dongguan Co., Ltd.	No. 1, Wusha Yuxing Road, Chang'an Town, Dongguan	0769-85545532
85	Chang'an Fuchang Sub-branch, Bank of Dongguan Co., Ltd.	No. 13-21 to 23, Changfu Road, Xiaobian Village, Chang'an Town, Dongguan	0769-85330831
86	Chang'an Fusheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, No. 16, Wenshan Road, Chang'an Town, Dongguan	0769-85330833
87	Chang'an Jinsha Sub-branch, Bank of Dongguan Co., Ltd.	No. 38, Jinghai Middle Road, Shatou Village, Chang'an Town, Dongguan	0769-85330823
88	Chang'an Fuxing Sub-branch, Bank of Dongguan Co., Ltd.	Store 103, No. 39-1, Zhongshan North Road, Shangsha Village, Chang'an Town, Dongguan	0769-85397832
89	Chang'an Xifang Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 45, Zhugang Road, Chang'an Town, Dongguan	0769-81882626
90	Chang'an Xinmin Sub-branch, Bank of Dongguan Co., Ltd.	Store 126, No. 78, Chang'an Xinmin Road, Chang'an Town, Dongguan	0769-81888080
91	Chang'an Wusha Community Sub-branch, Bank of Dongguan Co., Ltd.	Store 10, Tongda Garden, Jiangbei Village, Wusha Community, Chang'an Town, Dongguan	0769-85358412
92	Dalingshan Sub-branch, Bank of Dongguan Co., Ltd.	Stores 16-18 and 32-33, Building 141, New Century Leading House, Dalingshan Town, Dongguan	0769-85788119
93	Dalingshan Zhenhua Sub-branch, Bank of Dongguan Co., Ltd.	No. 26, Zhenhua Road, Dalingshan Town, Dongguan	0769-82780798
94	Liaobu Sub-branch, Bank of Dongguan Co., Ltd.	No. 20, Qinzhen Road, Liaobu Town, Dongguan	0769-83286208
95	Liaobu Hongtu Sub-branch, Bank of Dongguan Co., Ltd.	Stores 108-111, Commercial Building, No. 22, Zhonghui Songhu City Area 2, Jinxing Road, Liaobu Town, Dongguan	0769-83305875
96	Liaobu Hengkeng Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 191, Liaobu Section, Guanzhang Road, Liaobu Town, Dongguan	0769-83303328
97	Liaobu Songhu Zhigu Sub-branch, Bank of Dongguan Co., Ltd.	Store 110, Building 5, Songhu Zhigu R&D Center, No. 1, Renju Road, Liaobu Town, Dongguan	0769-82566551
98	Zhangmutou Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 2, Zhangmutou Xinxing Street, Zhangmutou Town, Dongguan	0769-87796828
99	Zhangmutou Yinhe Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 401, and 501, Building 516, Diyongyuan, No. 1, Zhangmutou Yinhe Middle Road, Zhangmutou Town, Dongguan	0769-87126618
100	Shijie Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 33, Zhengwen West Road, Shijie Village, Shijie Town, Dongguan	0769-86316766
101	Shijie Dongcheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 104, No. 62, Shijie Mingzhu West Road, Shijie Town, Dongguan	0769-86637708

No.	Institution name	Address	Telephone
102	Shijie Dongsheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 26, the third Industrial Park, Juzhou Village, Shijie Town, Dongguan	0769-86637799
103	Chashan Sub-branch, Bank of Dongguan Co., Ltd.	No. 92, Dongyue Road, Chashan Town, Dongguan	0769-86647608
104	Chashan Nanshe Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Building 1, No. 35, Chashan Jinshan Road, Chashan Town, Dongguan	0769-86645608
105	Chashan Chaxing Sub-branch, Bank of Dongguan Co., Ltd.	No.1, Chaxing Road, Chashan Town, Dongguan	0769-86643607
106	Hengli Sub-branch, Bank of Dongguan Co., Ltd.	No. 38, Yanjiang South Road, Hengli Town, Dongguan	0769-83727308
107	Hengli Hepan Sub-branch, Bank of Dongguan Co., Ltd.	No. 1, Zhenxing West Road, Hengli Town, Dongguan	0769-83373208
108	Dongkeng Sub-branch, Bank of Dongguan Co., Ltd.	No. 259, Dongxing Road, Dongkeng Town, Dongguan	0769-83383182
109	Dongkeng Baishun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, 104, 105 and 106, No. 67, Dongkeng Yanhe West Second Road, Dongkeng Town, Dongguan	0769-82802026
110	Dongkeng Country Garden Small-and-Micro Sub - Branch, Bank of Dongguan Co., Ltd.	Stores 110 and 111, Commercial Building, No. 13, Phase II, Dongkeng Country Garden, No. 233, Dongxing East Road, Dongkeng Town, Dongguan	0769-88099962
111	Qishi Sub-branch, Bank of Dongguan Co., Ltd.	No. 28, Zhenhua Road, Qishi Town, Dongguan	0769-86663828
112	Qiaotou Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, and 104, No. 2, Qiaoguang Avenue (Tianxin Section), Tianxin Community, Qiaotou Town, Dongguan	0769-83343313
113	Qiaotou Lianhu Sub-branch, Bank of Dongguan Co., Ltd.	Stores 106-110, Building 9, Phase I, Kaida Mansion, Bilian Road, Qiaotou Town, Dongguan	0769-83342821
114	Qiaotou Shizhu Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, Building 1, Comprehensive Building, No. 26, Qiaotou Qiaoxin Road, Qiaotou Town, Dongguan	0769-82521286
115	Tangxia Sub-branch, Bank of Dongguan Co., Ltd.	No. 47, Huayuan Street, Tangxia Town, Dongguan	0769-87727089
116	Tangxia Hongye Sub-branch, Bank of Dongguan Co., Ltd.	No. 63, Tanglong Road, Tangxia Town, Dongguan	0769-87728223
117	Tangxia Shigu Sub-branch, Bank of Dongguan Co., Ltd.	No. 3, Shigu Commercial Street, Tangxia Town, Dongguan	0769-87888268
118	Tangxia Lincun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 110, 111, 112, 113 and 114, Building 1 and Stores 115, 116 and 117, Building 2, Yucheng Garden, No. 90, Xirong Road, Tangxia Town, Dongguan	0769-87812828
119	Tangxia Yingbin Sub-branch, Bank of Dongguan Co., Ltd.	Stores 122-126, Fukang Mansion, Yingbin Avenue, Tangxia Town, Dongguan	0769-82016922
120	Tangxia Zhufoling Community Sub-branch, Bank of Dongguan Co., Ltd.	South of Building 1, No. 1, Lane 8, Zhufoling New Village, Tangxia Town, Dongguan	0769-81281978
121	Fenggang Sub-branch, Bank of Dongguan Co., Ltd.	Store 105, No. 17, Fenggang Yongsheng Street, Fenggang Town, Dongguan	0769-87502628
122	Fenggang Jinfeng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 103-104, Building 1, Yishanju Commercial Residential Block, Sanzheng Wolongshan Garden, Yongsheng North Street, Fenggang Town, Dongguan	0769-87753326
123	Fenggang Yantian Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101 and 102, Building 11, Fenggang Tian An Cyber Park, No. 208, Fenggang Section, Dongshen Road, Fenggang Town, Dongguan	0769-87778812
124	Fenggang Guanjiangtou Sub-branch, Bank of Dongguan Co., Ltd.	Stores 159, 160 and 161, No. 15, Longping East Road, Fenggang Town, Dongguan	0769-87560289
125	Dalang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, 104, and 201, and Stores 301, 302, 303, 304, 305, 306, 307, 308 and 309 in Unit 1, No. 555, Dalang Meijing Middle Road, Dalang Town, Dongguan	0769-83012368
126	Dalang Yinlang Sub-branch, Bank of Dongguan Co., Ltd.	Store 8, Annex Building, Shanghai Building, No. 288, Yinlang South Road, Dalang Town, Dongguan	0769-82816188
127	Dalang Xiangtou Sub-branch, Bank of Dongguan Co., Ltd.	Store A5, No. 118, Fukang Road, Xiangtou Community, Dalang Town, Dongguan	0769-81119806
128	Huangjiang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 353, 355, 357 and 359, Huangjiang Avenue, Huangjiang Town, Dongguan	0769-83603777
129	Huangjiang Meitang Sub-branch, Bank of Dongguan Co., Ltd.	Store 1, Floor 1, Meitang Nongrim Apartment (Buildings 6 and 7), Binnong Second Road, Huangjiang Town, Dongguan	0769-83624185
130	Songshan Lake Keji Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1 and 2, Office Building 1, No. 5, Keji Eighth Road, Songshan Lake High-tech Industrial Development Zone, Dongguan	0769-23075229
131	Songshan Lake Zhongji Zhigu Sub-branch, Bank of Dongguan Co., Ltd.	Store 115 and Store 116, Building 1, No. 3, Nanshan Road, Songshan Lake Park, Dongguan	0769-23328382
132	Xiegang Sub-branch, Bank of Dongguan Co., Ltd.	Store 105, Building 1, Yongjiang International Mansion, No. 1, Guangchang Middle Road, Xiegang Town, Dongguan	0769-87760638
133	Shatian Sub-branch, Bank of Dongguan Co., Ltd.	Stores A1-115 to A1-120, A1-215 to A1-220, Building A1, Binhai Center Commercial Street, Shatian Town, Dongguan	0769-88805661
134	Shatian Renzhou Sub-branch, Bank of Dongguan Co., Ltd.	Stores 103, 104 and 105, No. 312, Renzhou Road, Shatian Town, Dongguan	0769-81699161
135	Qingxi Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1 and 2, Minghui Building, No. 5, Lucheng West Road, Qingxi Administrative Center, Dongguan	0769-87302618

No.	Institution name	Address	Telephone
136	Qingxi Jufu Sub-branch, Bank of Dongguan Co., Ltd.	Store 1, Jufu Shopping Mall, Jumin Jufu Road, Qingxi Town, Dongguan	0769-82098182
137	Gaobu Sub-branch, Bank of Dongguan Co., Ltd.	Two stores in Floor 1 and all stores in Floor 2, Commercial and Office Building 14, Phase III, New Century Yilongwan Estate, No. 2, Yilong East Road, Gaobu Town, Dongguan	0769-88789233
138	Binhaiwan New District Branch, Bank of Dongguan Co., Ltd.	Store 101, Building 1, No. 1, Wanqu Avenue, Binhaiwan New District, Dongguan	0769-85310001
139	Shuixiang Sub-branch, Bank of Dongguan Co., Ltd.	Part of Floor 1 & Floor 2 of Building 1, No. 6, Dazhong Road, Jiuqu Village, Daojiao Town, Dongguan	0769-88319886
140	Guangzhou Branch, Bank of Dongguan Co., Ltd.	Stores 101-103, 105-107, 201-204 and 301, No. 128, Whampoa Avenue West, Tianhe District, Guangzhou	020-87508528
141	Guangzhou Panyu Sub-branch, Bank of Dongguan Co., Ltd.	Store B101, Floor 1, Building 2, Donghan Garden, No. 71, Guanghua South Road, Shiqi Town, Panyu District, Guangzhou	020-39258785
142	Guangzhou Zengcheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 224, Store 101, No. 226, Stores 114 and 115, No. 228, Fenghuang North-cross Road, Yongning Street, Zengcheng District, Guangzhou	020-32164036
143	Guangzhou Dongpu Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Floor 1 and Store 01, Mezzanine, Podium Building, Delida Commercial Building, No. 385, Daguan Middle Road, Tianhe District, Guangzhou	020-32053840
144	Guangzhou Tianhe Sub-branch, Bank of Dongguan Co., Ltd.	Stores in Floors 1 and 2, No. 1023, Zhongshan Avenue, Tianhe District, Guangzhou	020-32232177
145	Guangzhou Luogang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101-105, Floor 1 and Store 203, Floor 2, Building 2, No. 31, Luolang Road, Huangpu District, Guangzhou	020-22201297
146	Guangzhou Baiyun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 117, 118 and 133, Floor 1, No. 1063, Helong First Road, Helong Street, Baiyun District, Guangzhou	020-36403639
147	China (Guangdong) Pilot Free Trade Zone Nansha Branch, Bank of Dongguan Co., Ltd.	Stores 106, 107, 605 and 606 (Self-numbered Building 1), No. 106, Fengze East Road, Yunshan Poetic Estate, Nansha, Nansha District, Guangzhou	020-39005832
148	Nansha Huangge Sub-branch, Bank of Dongguan Co., Ltd.	Store 115, No. 1, Qilin Second Street, Huangge Town, Nansha District, Guangzhou	020-84687364
149	Nansha Dongyong Sub-branch, Bank of Dongguan Co., Ltd.	No. 156 and 158, Dongchong Section, Shinan Road, Dongchong Town, Nansha District, Guangzhou	020-34669789
150	Shenzhen Branch, Bank of Dongguan Co., Ltd.	Stores 102 and 202, Units 01-08 (Floor 27) and Units 01-07 (Floor 28), Shenzhen Metro Building in the southwest side of Shennan Xiangmi Interchange on Xiangmi Lake, Futian District, Shenzhen	0755-23955635
151	Shenzhen Longgang Sub-branch, Bank of Dongguan Co., Ltd.	Store Unit 01 (Mezzanine) and Unit 08 (Floor 1), Zhengzhong Times Square, No. 99, Longcheng Avenue, Longcheng Street, Central, Longgang District, Shenzhen	0755-89613575
152	Shenzhen Bao'an Sub-branch, Bank of Dongguan Co., Ltd.	Stores 105 and 106, Building 1, Huasheng Shenghui Mansion, Xin'an Street, Bao'an District, Shenzhen	0755-29583522
153	Shenzhen Qianhai Sub-branch, Bank of Dongguan Co., Ltd.	Floor 2, Qianhai Enterprise Hall Building, No. 63, Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation District, Shenzhen	0755-83183081
154	Shenzhen Nanshan Branch, Bank of Dongguan Co., Ltd.	Stores 27 and 28a, Floor G, Building C, Kexing Science Park, No. 15, Keyuan Road, Middle Area, Science Park, Nanshan District, Shenzhen	0755-83616071
155	Huizhou Branch, Bank of Dongguan Co., Ltd.	Stores 07, 08, 09 and 10, Floor 1, and Store 02, Floor 2, Dewei Building, No. 4, Yunshan West Road, Huizhou	0752-2781888
156	Huizhou Huiyang Sub-branch, Bank of Dongguan Co., Ltd.	All stores in Area A and partial stores in Area B, No. 01, Floor 1, Taixing International Building, Kaicheng Avenue, Danshui Town, Huiyang District, Huizhou	0752-8229655
157	Huizhou Zhongkai Sub-branch, Bank of Dongguan Co., Ltd.	Store 01, Floor 1, Zhongkai Investment Holdings Building, No. 8, West Hechang Fifth Road, Zhongkai High and New Technology Zone, Huizhou	0752-5752188
158	Changsha Branch, Bank of Dongguan Co., Ltd.	Stores 104, Floor 1 of T1 (Block A) and Floors 26-28 of T3 (Block C), Binjiang Financial Center, No. 112, Chazishan East Road, Yuelu District, Changsha, Hunan Province	0731-88785173
159	Changsha Lushan Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1 and 2, Xiangshui Building, Lugu Information Harbour, No. 668, Lugu Avenue, Yuelu District, Changsha, Hunan Province	0731-88197507
160	Changsha Xingsha Sub-branch, Bank of Dongguan Co., Ltd.	Shangcheng Building B (No. 108, 109, 209, 110 and 210), Kaiyuan North Road, Changsha County, Hunan Province	0731-88291906
161	Changsha Tianxin Sub-branch, Bank of Dongguan Co., Ltd.	Store 101-1, Building 18B, Shangxi Garden, No. 31, Xiangfu West Road, Tianxin District, Changsha, Hunan Province	0731-88276672
162	Changsha Furong Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, No. 106, Section 2, Furong Middle Road, Furong District, Changsha, Hunan Province	0731-88293620
163	Foshan Branch, Bank of Dongguan Co., Ltd.	Stores 901-910, Building 1, No. 68 and No. 9-12, Floor 1, No. 66, Jilhua Fourth Road, Chancheng District, Foshan	0757-82903806
164	Foshan Nanhai Branch, Bank of Dongguan Co., Ltd.	Floor 1, Building. 64, Yiyuntianhui Garden, No. 26, Nanping Road West, Guicheng Street, Nanhai District, Foshan	0757-81858118
165	Foshan Sanshui Sub-branch, Bank of Dongguan Co., Ltd.	Stores West 101, 102 of Block 4, Huixin Mansion, No. 3, Jianshe Second Road, Xi'nan Street, Sanshui District, Foshan	0757-87733670
166	Foshan Shunde Sub-branch, Bank of Dongguan Co., Ltd.	Stores 106 and 107, Yiyunjun Garden, No. 1, Xingshun Road, Residents Committee of Dehe Community, Daliang Sub-district Office, Shunde District, Foshan	0757-22339910
167	Hefei Branch, Bank of Dongguan Co., Ltd.	Wanghu Jiayuan Commercial Building, No. 117, Meihe Road, Baohe District, Hefei	0551-62689778
168	Hi-Tech Branch in Hefei Area of Anhui Pilot Free Trade Zone, Bank of Dongguan Co., Ltd.	Stores 103, 104, 105 and 106, Floor 1 and Stores 201 and 202, Floor 2, Wanchuang Center Commercial Building A, No. 1818, Chuangxin Avenue, Hi-tech Industry Development Zone, Hefei	0551-62310808

No.	Institution name	Address	Telephone
169	Hefei Science and Technology Sub-branch, Bank of Dongguan Co., Ltd.	Stores 103-105, Floor 1, Building 4, Yindu Xiangshuijun Estate, Feicui East Road, Shimen North Road, Hefei Economic and Technological Development Zone	0551-63812523
170	Hefei Luyang District Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Building A, New Guanghe Building, No. 7377, Linquan Road, Luyang District, Hefei	0551-63809500
171	Hefei Yaohai Sub-branch, Bank of Dongguan Co., Ltd.	Store H1, Store F5 and Store F6, Floor 1, Building M7, Phase I, Global Center, Bashang Street, No. 2, Wuhu Road, Yaohai District, Hefei	0551-62323366
172	Qingyuan Branch, Bank of Dongguan Co., Ltd.	Store 35, Block 7 and Floor 2 & 3, Block 5 and 7, Zone A, Wanji Golden Bay Mansion, No. 6, Jinxia Road, New Urban District, Qingyuan	0763-3668867
173	Qingyuan Dongcheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1-07, 1-08, 1-09, 1-10, 1-11, 1-12, Floor 1, Qiaoshun Building, Block 1, New Times Garden, No. 6, Dongcheng Avenue, Qingcheng District, Qingyuan	0763-3898313
174	Zhuhai Branch, Bank of Dongguan Co., Ltd.	No. 377, No. 381, Floor 2 and No. 381, Floor 3, Qinglv Middle Road, Xiangzhou District, Zhuhai	0756-2393175
175	Shaoguan Branch, Bank of Dongguan Co., Ltd.	Stores 1-6 of Floor 1 and Floors 2-4, Building E1, Zhixing Garden, No. 1, Yihua Road, Wujiang District, Shaoguan	0751-8606922
176	Shaoguan Furong New District Sub-branch, Bank of Dongguan Co., Ltd.	Swimming Pool, Commercial Building 1, Taiyangcheng Huadi, Country Garden, No. 8, Danxia Middle Avenue, Wujiang District, Shaoguan	0751-8606030
177	Zhongshan Branch, Bank of Dongguan Co., Ltd.	Floor 2, Block 6 of Building 1, Block 1 of Building 2, Floor 2, Block 1 of Building 2, Floor 2, Block 2 of Building 2, and Floor 3, Block 1 of Building 2, Torch Big Data Center, No. 88, Zhongshan Six Road, Torch Development Zone, Zhongshan	0760-86996228
178	Zhongshan Shiqi Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, Block 5, Block 6, and Block 7 of Building 1, Xinghui Bay, No. 4 Zhongshan Two Road, Shiqi District, Zhongshan	0760-87821168
179	Hong Kong Branch, Bank of Dongguan Co., Ltd.	Suites 2504-2511, Two International Finance Center, No. 8 Finance Street, Central, Hong Kong	00852-29512600

Significant Events

I. PROFIT DISTRIBUTION OF ORDINARY SHARES

(I) Formulation, implementation or adjustment of profit distribution policies for ordinary shareholders during the reporting period

Pursuant to the Company Law and the Bank's Articles of Association and relevant regulations, the profit distribution plan was formulated by the Board of Directors and reviewed and approved by the general meeting. The Board of Directors formulates the profit distribution plan, which must be reviewed by Independent Directors to issue confirmed independent opinions, and must be approved by at least two-thirds of the Bank's Directors; the general meeting reviews the profit distribution plan, it must be approved with more than half of the voting rights held by shareholders attending the meeting. After the general meeting of the Bank decides on the profit distribution plan, the Board of Directors of the Bank shall complete the distribution of dividends (or shares) within two months after the annual general meeting is held.

The Bank conducts profit distribution by allocating dividends by cash or shares, however, the shares held by the Bank are excluded from profit distribution. The priority of net profit after tax of the Bank is: making up deficits in previous years, appropriating statutory provident fund, discretion surplus reserve, withdrawal of general reserve and payments of dividends to shareholders.

(II) Profit distribution plans of the Bank in the past three years (including the reporting period)

1. 2023 Annual profit distribution plan: On 12 March 2024, the Bank held the 19th Meeting of the 8th Session of the Board of Directors. The meeting reviewed and approved the "2023 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd." and agreed on: appropriating 10% of net profit (i.e. RMB408 million) as statutory surplus reserve; appropriating general risk reserve of RMB900 million; distributing cash dividends to registered shareholders at the end of 2023 on the basis of RMB3.10 (before tax) for every 10 shares, totaling RMB726 million.

2. 2022 Annual profit distribution plan: On 24 February 2023 and 28 April 2023, the Bank held the 10th Meeting of the 8th Session of the Board of Directors and its 2022 Annual General Meeting. The meeting reviewed and approved the "2022 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd." and agreed on: appropriating 10% of net profit (i.e. RMB384 million) as statutory surplus reserve; appropriating general risk reserve of RMB700 million; distributing cash dividends to all shareholders of the Bank on the basis of RMB3.00 (before tax) for every 10 shares, totaling RMB654 million.

3. 2021 Annual profit distribution plan: On 10 March 2022 and 31 March 2022, the Bank held the 4th Meeting of the 8th Session of the Board of Directors and its 2021 Annual General Meeting. The meetings reviewed and approved the "2021 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd." and agreed on: appropriating 10% of net profit (i.e. RMB331 million) as statutory surplus reserve; appropriating general risk reserve of RMB500 million; distributing cash dividends to all shareholders of the Bank on the basis of RMB2.50 (before tax) for every 10 shares, totaling RMB545 million.

(III) Cash dividend for ordinary shares of the Company in the past three years (including the reporting period)

Year	Dividend per share (RMB)	Total share capital (100 million shares)	Total cash dividend (RMB100 million)	Net profit attributable to the parent company's ordinary shareholders in the annual consolidated dividend statement (RMB100 million)	Percentage of net profit attributable to the parent company's ordinary shareholders in the consolidated statement (%)
2023	0.31	23.416	7.26	40.67	17.85
2022	0.30	21.8	6.54	38.34	17.06
2021	0.25	21.8	5.45	33.16	16.44

II. CHANGES IN REGISTERED CAPITAL

During the reporting period, the Bank completed the new issuance of 161,600,000 shares and the registered capital was changed from RMB2,180,000,000 to RMB2,341,600,000, which was approved by the former Guangdong Bureau of the China Banking and Insurance Regulatory Commission (Yue Yin Bao Jian Fu [2023] No. 188) on 25 June 2023. After the share issue, the shares held by the Bank's shareholders holding more than 5% of the shares and the newly acquired shares by the target of the issue follow the restrictive sale arrangement as stipulated by regulatory requirements.

III. FULFILLMENT OF COMMITMENTS

The Bank had no commitments other than its normal business scope during the reporting period.

IV. OCCUPATION OF NON-OPERATING FUNDS BY CONTROLLING SHAREHOLDERS AND THEIR RELATED PARTIES

During the reporting period, the Bank did not experience occupation of non-operating funds by controlling shareholders and their related parties.

V. AUDIT OPINIONS ISSUED BY THE ACCOUNTING FIRM

The 2023 Annual Financial Report has been audited by KPMG Huazhen LLP and an unqualified audit report had been issued.

VI. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ACCOUNTING METHODS COMPARED TO PREVIOUS YEAR'S FINANCIAL REPORT

For details about changes in accounting policies and accounting estimates, please refer to "Notes to the Financial Statements 4. Changes in Significant Accounting Policies" in "Financial Report".

VII. EXPLANATION OF THE SITUATION WHERE THE CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS REQUIRES RETROSPECTIVE RESTATEMENT DURING THE REPORTING PERIOD

During the reporting period, as the Bank did not correct major accounting errors, there was no need to restate retrospectively.

VIII. EXPLANATION ON CHANGES IN THE SCOPE OF CONSOLIDATED STATEMENTS COMPARED WITH FINANCIAL REPORTS OF PREVIOUS YEAR

In 2023, the Bank included structured entities managed or invested in that were qualified for being controlled (primarily single asset management plan) into the scope of consolidation.

IX. APPOINTMENT AND DISMISSAL OF CERTIFIED PUBLIC ACCOUNTANT

(I) Appointment and dismissal of certified public accountant

Certified public accountant engaged	KPMG Huazhen LLP
Consecutive years of providing audit service by certified public accountant	7 years
Signatory Certified Public Accountants and consecutive years for which audit services have been provided to the Bank	Wu Zhongming (2 years), Ye Yunhui (3 years)

(II) Appointment of certified public accountant, financial advisor or sponsor for internal control

Pursuant to the resolution of the Bank's 2022 Annual General Meeting, the Bank engaged KPMG Huazhen LLP to audit and issue an audit report on the 2023 financial statements of the Bank prepared in accordance with the PRC accounting standards as well as issue an opinion on the Bank's internal control over financial reporting.

As required for the application for IPO and listing, the Bank appointed China Merchants Securities Co., Ltd. as the sponsor of the Bank's IPO and Dongguan Securities Co., Ltd. as the financial advisor of the Bank's IPO.

X. MATTERS IN CONNECTION WITH BANKRUPTCY OR REORGANIZATION

During the reporting period, there was no matter in connection with bankruptcy or reorganization.

XI. SIGNIFICANT LITIGATION AND ARBITRATION

During the reporting period, the Bank had new matters relating to litigations and arbitration, mainly concerning the loans. Principals of newly added significant bad loan litigations (the principal amount involved in a single litigation case is over RMB10 million) amounted to RMB870.4493 million.

XII. PUNISHMENT IMPOSED ON THE COMPANY AND ITS DIRECTORS AND SENIOR MANAGEMENT BY RELATED REGULATORY AND JUDICIAL BODIES

During the reporting period the Bank's Directors and senior management were not punished by the relevant regulatory authorities or judicial authorities, but the Bank's branches were punished by the regulatory authority for 1 time, with a penalty of RMB0.90 million and confiscation of illegal gains amounting to RMB87,773.73. The Bank had completed the rectification in accordance with regulatory requirements and improved its risk control system. The relevant penalties did not have any material impact on the continuing operation of the Bank.

XIII. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ULTIMATE CONTROLLERS

During the reporting period, the Bank did not have any failure to perform the obligations determined by the court's effective legal instruments, or owe a relatively large amount of debts due and unpaid.

XIV. IMPLEMENTATION OF EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLANS AND OTHER EMPLOYEE INCENTIVE PLANS

During the reporting period, there was no equity incentive scheme, employee stock ownership plans or other employee incentive plans in place.

XV. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Bank strictly adhered to the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions, the Administrative Measures for Related Party Transactions of Bank of Dongguan Co., Ltd., and the Implementation Rules for the Management of Related Party Transactions of Bank of Dongguan Co., Ltd. and the related requirements issued by the National Financial Regulatory Administration. Transactions with related parties were generated in normal business activities, and the transaction conditions and interest rates conformed to relevant provisions of regulatory authorities and the Bank, and were determined following the principles of marketization, which were objective, fair, and reasonable and had no material effect on the Bank's operating results or financial status. As of the end of the reporting period, the Bank's credit balance in the related party transactions under the banking supervision and administration criteria was RMB4,993.8593 million, representing 9.04% of the Bank's net capital. All related party transaction indicators met regulatory requirements.

In 2023, the Bank had the following significant related party transactions:

On 3 April 2023, a credit of RMB1,545.00 million was granted to Dongguan Securities Co., Ltd., a related party, which accounted for 3.28% of the net capital of the Bank at the end of the fourth quarter of 2022.

On 25 August 2023, a credit of RMB786.00 million was granted to Dongguan Fumin Financing Guarantee Co., Ltd., a related party, which accounted for 1.53% of the net capital of the Bank at the end of the second quarter of 2023.

XVI. SIGNIFICANT CONTRACTS AND THEIR PERFORMANCES

(I) Significant custody, contracts and leases

During the reporting period, the Bank had no significant custody, contract, lease or other major contract matters.

(II) Significant guarantees

During the reporting period, apart from financial guarantee businesses as approved by the People's Bank of China (PBOC) and the National Financial Regulatory Administration, the Bank did not have any significant guarantees that need to be disclosed.

(III) Entrusted cash asset management

1. Entrusted wealth management

During the reporting period, the Bank did not issue entrusted wealth management beyond its normal business scope.

2. Entrusted loan

During the reporting period, the Bank did not issue entrusted loans beyond its normal business scope.

(IV) Other significant contracts

During the reporting period, the Bank was performing other significant contracts as follows:

On 15 December 2023, according to the Customization Agreement for the Headquarters Building of the Bank of Dongguan and the Supplementary Agreement (1) to the Customization Agreement for the Headquarters Building of the Bank of Dongguan signed between the Bank and China Resources Land (Dongguan) Co., Ltd., RMB327 million was paid by the Bank for the fourth phase of the property purchase.

XVII. SOCIAL RESPONSIBILITY

(I) Fulfillment of social responsibilities

Always adhering to the principle of “originating from the society and contributing to the society”, the Bank comprehensively integrates the environmental, social and governance (ESG) philosophy into every aspect of its business development, continuously improves its social responsibility management capability, communicates adequately with stakeholders, and adheres to the path of sustainable development. The first is to actively respond to climate change and vigorously develop green finance. The second is to spare no effort to serve the real economy and support the improvement of people’s livelihood. The third is to innovate in and optimize products and services as well as continuously improve the availability of financial services. The fourth is to attach importance to the protection of consumer rights and interests and information security, actively participate in public welfare and charitable undertakings, and practice social responsibilities.

For details, please refer to the Social Responsibility Report (Environmental, Social and Governance Report) of the Bank of Dongguan Co., Ltd. for 2023 disclosed on the official website of the Bank.

(II) Assistance to rural revitalization

1. Overview of annual work

By resolutely implementing the decisions and arrangements made by the Party Central Committee and the State Council on consolidating and expanding the achievements of poverty alleviation and effectively connecting the results with rural revitalization, and closely sticking to the main tasks of “Three-Stage Objectives and Tasks” and “Five Promotions”, promoting the implementation of the rural revitalization strategy, the Bank vigorously promotes the consolidation of poverty alleviation achievements, and implements the “High-Quality Development Project for Hundreds of Counties, Thousands of Towns, and Tens Thousands of Villages”.

The Bank, as a group organization unit, formed a stationed work group with Tangxia Town to provide assistance in Siqian Town, Shixing County, Shaoguan. The work group, in accordance with the work requirements of the provincial Party committee, the provincial government in respect of assistance to towns and villages and the “Work Program for Rural Revitalization and Assistance to Towns and Villages in Guangdong Province”, “Work Points of Dongguan City on Intra-provincial Rural Revitalization through Paired Assistance to Towns and Villages in 2023”, helped Shaoguan City further consolidate and expand the fruits of poverty alleviation, enhance the endogenous development momentum, and build a livable, workable and harmonious countryside. During the reporting period, the Bank helped the rural revitalization project in Siqian Town, Shixing County, Shaoguan City, with a total investment of RMB2.26 million. **Firstly**, to strengthen the monitoring and support efforts to help the government of Siqian Town and “nine villages and one resident’s committee” with an amount of RMB160,000, together with the township office of rural revitalization and administrative villages under the jurisdiction, to early identify those in need through household visits, increase support for monitoring subjects, and broaden the channels of poverty-free households to increase their incomes by every means. **Secondly**, to deepen the industrial support by helping the construction of supporting facilities for the rural revitalization workshop of the soybean industry cluster in Siqian Town with RMB400,000, and combined with the local resource endowment and advantageous and characteristic resources, to strengthen the planning and declaration of industrial projects and follow-up on implementation, promote the gradual increase in the proportion of funds used to help the development of the industry, establish a mechanism of cooperative agricultural assistance to give full play to the project’s driving effect on farming households, especially those who are just free from poverty and those who have been monitored in preventing the return of poverty. **Thirdly**, to promote the building of livable, workable and harmonious countryside in Siqian Town through using the minority to bring along the majority, the majority to promote the minority and integrating both, with a total investment of RMB1.20 million, of which it assisted the expansion of basketball court of Siqian Town Gengjing School with an amount of RMB500,000, which is a great degree of improvement in the school learning environment; assisted the construction of interim house for talent purpose in Siqian Town with an amount of RMB500,000, to effectively guarantee the housing needs of local grass-roots talent, and further promote the revitalization of talent; assisted the construction of a basketball court at Jiangcao and Gantai villages with an amount of RMB200,000, which enriches the residents of the daily cultural life! **Fourthly**, to constantly increase consumer support by giving priority to the purchase of Siqian Town for the procurement of holiday souvenirs of labor union, with annual consumer support of more than RMB500,000, effectively enhancing the income of local towns, villages and residents.

2. Subsequent rural revitalization plan

In 2024, the Bank will remain on the main tasks of “Three-Stage Objectives and Tasks” and “Five Promotions”, and actively cooperate with the assistance work group to promote and implement the work plan; strengthen communication with various departments in Siqian Town, and focus on local development in the future; work with local town-level committees and the government to formulate the rural revitalization work plan, combined with the improvement of the human settlement environment and the “High-Quality Development Project for Hundreds of Counties, Thousands of Towns, and Tens Thousands of Villages”, and assistance to Siqian Town for coordinating a number of infrastructure construction projects, thus contributing to promoting rural revitalization and developing the regional economy.

XVIII. PROTECTION OF CONSUMERS' RIGHTS AND INTERESTS

The Bank attaches great importance to the protection of consumers' rights and interests, and always adheres to the original spirit of "finance for the people". During the reporting period, the Bank continued to improve its consumers' rights and interests protection management system, strengthened such protection work such as complaint handling, education and publicity, and supervision and inspection, and earnestly assumed the main responsibility of protecting consumers' rights and interests.

(I) Improvement of the institutional mechanism and consolidation of the foundation of consumers' rights and interests protection

During the reporting period, the Bank continued to improve the "Two Involvements and Three Protections" management system, and perfected the systems and mechanisms for complaint management, consumers' rights and interests protection review, personal information protection, third-party cooperative organization management, internal assessment, retroactive rectification, and cross-departmental coordination, so as to further consolidate the foundation of consumers' rights and interests protection.

(II) Strengthening of complaint management and control, and improvement of the quality of handling management

1. Strengthening the whole process of complaint management. The Bank has established a sound complaint management system and mechanism, providing strong institutional safeguards to carry out complaint handling management in a standardized and orderly manner; has further optimized the management system for the protection of consumers' rights and interests, implemented electronic control and closed-loop management for the whole process of complaints; has established a "review" mechanism for complaint handling, and continued to carry out supervision and inspection of complaints in order to promote the standardized management of complaints.

2. In-depth comprehensive management of complaints. Firstly, the Bank actively carried out the special activity of "Improve Service and Reduce Complaints" in 2023 to strengthen the service management of complaint and improve the quality of dispute resolution of the Bank by opening up customer complaint channels, conducting complaint management by leadership, implementing escalated handling, and third-party mediation, etc. Secondly, the Bank insisted on retroactive rectification of complaints, and promoted the source management of complaints through regular notification of complaints, complaint verification, consumers' rights and interests proposal, and accountability, so as to promote the continuous optimization of the business service system and process.

3. Focusing on enhancing staff awareness of consumers' rights and interests protection service and complaint handling ability. In 2023, the Bank continued to strengthen staff education and training on consumers' rights and interests protection, further improve the complaint handling management training system, formulate various complaint handling "knowledge base" such as a compilation of complaint mediation cases and a library of complaint handling tactics, and carry out special publicity training on complaints for the Bank from time to time to enhance the awareness of consumers' rights and interests protection service and complaint handling ability.

During the reporting period, the Bank received a total of 746 customer complaints. In terms of the type of business complaint, it mainly included 353 complaints from bank card, accounting for 47.32%, 230 from loan business, accounting for 30.83%, and 23 from wealth management business, accounting for 3.08%. In terms of geographical distribution, most complaints occurred in Dongguan, i.e. 638 complaints, accounting for 85.52%; 22 complaints in Hefei, accounting for 2.95%; 14 complaints in Huizhou, accounting for 1.88%. Complaints were basically handled in a timely and proper manner, with 100% complaints closed. No major incident of complaint risk occurred during the year.

(III) Innovative financial education to enhance the financial literacy of the public

1. Comprehensive efforts on centralized publicity. The Bank actively carries out "3•15" Consumer Rights and Interests Protection Week, "Popularize Financial Knowledge and Protect Your Purse", "Financial Knowledge Journey", "Financial Consumers' Rights and Interests Protection Education and Publicity Month", etc., collaborates on innovations and creates synergies in education and publicity by walking into "schools, communities, rural areas, enterprises, business districts". During the reporting period, the Bank conducted a total of 788 centralized offline publicity activities, with approximately 2.17 million participants both online and offline.

2. Focusing on hot areas and implementing regular publicity. The four major themes of "Safe Use of Bank Cards", "Honesty Education and Rational Consumption", "Personal Information Protection" and "Preventing Telecommunication Network Fraud" have been carried out in an orderly manner on a quarterly basis. During the reporting period, the Bank organized a total of 532 regular publicity activities, covering groups such as disabled individuals, students, the elderly and new citizens.

3. Combining with regional culture to carry out specialized publicity. The Bank leverages the advantages of regional cultural characteristics and festivals, and actively carries out financial knowledge education and publicity activities with the aid of regional cultural characteristics such as the Dragon Boat Race, the CBA Basketball Match, the Veranda Cultural Festival, along with celebrations such as the Chinese New Year, the Lantern Festival and the Children's Day, so as to create a festive atmosphere that entertains while educating, and to effectively increase the effectiveness of the publicity.

4. Expanding publicity through online channels. The Bank publishes original tweets on the popularization of financial knowledge, case studies on risk and the development of publicity and education activities through online channels such as the official website, WeChat official account, mobile banking and external media, guiding financial consumers to raise their awareness of risk prevention and enhancing the coverage and accessibility of publicity and education activities.

Changes in Shares and Shareholders

I. SHARE CAPITAL

According to the "Approval of Guangdong Banking and Insurance Supervision Bureau on the Proposal on Capital and Share Increase Plan of Bank of Dongguan" (YYBJF [2022] No. 414) issued by former Guangdong Supervision Administration of China Banking and Insurance Regulatory Commission and the "Approval Reply on Private Issuing of Shares of Bank of Dongguan Co., Ltd." (ZJXK [2022] No. 3216) from the CBIRC, the Bank has completed the capital increase and issued 161,600,000 additional shares within the approved limit, increasing the total share capital of the Bank from 2,180,000,000 shares to 2,341,600,000 shares.

II. SHAREHOLDERS

(I) Number of shareholders and shareholding

Item	31 December 2023		31 December 2022	
	Number of shares held (shares)	Shareholding ratio (%)	Number of shares held (shares)	Shareholding ratio (%)
State-owned	878,669,954	37.52	787,558,700	36.13
Social legal person owned	922,155,395	39.38	851,666,649	39.06
Natural person owned	540,774,651	23.09	540,774,651	24.81
Total shares	2,341,600,000	100.00	2,180,000,000	100.00

Note: State shares and state-owned legal person shares are collectively referred to as state-owned shares. Discrepancies between the sum of figures and the totals are due to rounding.

As of the end of the reporting period, the total number of shareholders of the Bank was 5,186, including 79 institutional shareholders and 5,107 natural-person shareholders. The number of shareholders, whose shares were entrusted by the Bank to Guangdong Equity Exchange Co., Ltd. for custody, was 5,186, with 2,341,600,000 shares under custody. Among them, 5,076 shareholders, owning 2,335,657,355 shares in the Bank in total, personally or entrust others to go through the share confirmation procedures. No third parties raised doubts against the shares held by them. There were 104 natural-person shareholders and 6 institutional shareholders that did not personally or entrust others to go through the share confirmation procedures, and shares held by them accounted for 0.25% of the Bank's total share capital, which had no adverse impact on the Bank's ownership structure stability.

(II) Controlling shareholders and ultimate controllers

The Bank did not have any controlling shareholders or ultimate controllers.

(III) Shareholding of the Bank's top ten shareholders

No.	Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)	Shares under mortgage (pledge) or freezing or not
1	Finance Bureau of Dongguan	495,504,000	21.16	No
2	Dongguan Humen Town Investment Service Center	116,417,322	4.97	No
3	Dongguan Dazhong Industrial Co., Ltd.	108,564,000	4.64	No
4	Dongguan Hongzhong Investment Co., Ltd.	104,848,708	4.48	No
5	Dongguan Power Grid Development Co., Ltd.	78,737,258	3.36	No
6	Dongguan Zhaoye Trading Co., Ltd.	76,422,386	3.26	No
7	Dongguan Financial Holdings Group Co., Ltd.	62,623,266	2.67	No
8	Dongguan Lung Chuen International Hotel	61,800,284	2.64	No
9	Dongguan Zhongpeng Trading Co., Ltd.	57,535,726	2.46	No
10	Dongguan Ligao Trading Co., Ltd.	56,833,334	2.43	No

During the reporting period, the Bank completed private placement of shares, resulting in changes of the shareholdings of the top ten shareholders, of which Finance Bureau of Dongguan, the largest shareholder, held 11,108,000 shares in the Bank, with change of shareholding to 21.16%; Dongguan Humen Town Investment Service Center held 8,289,322 shares in the Bank, with change of shareholding to 4.97%, and its shareholding ranking rose from the third to the second; and Dongguan Dazhong Industrial Co., Ltd. was downward in the ranking of shareholding from the second to the third. The fifth largest shareholder, namely Dongguan Power Grid Development Co., Ltd., held 1,005,004 shares with change of shareholding to 3.36% as a result of share transfer.

(IV) Shareholders holding 5% or more of the Bank's shares

The only shareholder directly holding 5% or more of the Bank's shares is the Finance Bureau of Dongguan, which is a government agency. It is the largest shareholder of the Company, holding 21.16% of total shares in the Bank.

Dongguan Financial Holdings Group Co., Ltd. and three companies controlled by it hold a total of 10.20% shares in the Bank. The details are as follows:

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)
Dongguan Financial Holdings Group Co., Ltd.	62,623,266	2.67
Dongguan Zhaoye Trading Co., Ltd.	76,422,386	3.26
Dongguan Zhongpeng Trading Co., Ltd.	57,535,726	2.46
Dongguan Yinda Trading Co., Ltd.	42,230,796	1.80
Total	238,812,174	10.20

Note: Discrepancies between the sum of figures and the totals are due to rounding.

Dongguan Guanyi Investment Co., Ltd. holds 100.00% of the shares in Dongguan Zhaoye Trading Co., Ltd., Dongguan Zhongpeng Trading Co., Ltd. and Dongguan Yinda Trading Co., Ltd., respectively. Dongguan Financial Holdings Group Co., Ltd. holds 100.00% of the shares in Dongguan Guanyi Investment Co., Ltd. The State-owned Assets Supervision and Administration Commission of Dongguan Municipal Government holds 100.00% of the shares in Dongguan Financial Holdings Group Co., Ltd. Therefore, the ultimate controller of Dongguan Financial Holdings Group Co., Ltd., Dongguan Zhaoye Trading Co., Ltd., Dongguan Zhongpeng Trading Co., Ltd., Dongguan Yinda Trading Co., Ltd. is the State-owned Assets Supervision and Administration Commission of Dongguan Municipal Government.

Directors, Supervisors, Senior Management and Employees

I. BASIC INFORMATION OF MEMBERS OF THE BOARD OF DIRECTORS

No.	Name	Gender	Date of birth	Work entity	Position at the Bank	Position at the work entity	Number of shares held
1	Cheng Jinsong	Male	May 1968	Bank of Dongguan	Secretary of the Party Committee, Chairman and Executive Director	Secretary of the Party Committee, Chairman and Executive Director	None
2	Xie Yongwei	Male	Sep. 1972	Bank of Dongguan	Deputy Secretary of the Party Committee, Vice Chairman, Executive Director and President of the Bank	Deputy Secretary of the Party Committee, Vice Chairman, Executive Director and President of the Bank	303,065 shares
3	Wu Jianwen	Male	May 1973	Bank of Dongguan	Member of the Party Committee, Executive Director, Vice President of the Bank	Member of the Party Committee, Executive Director, Vice President of the Bank	None
4	Zhang Qingwen	Male	Aug. 1968	Dongguan Financial Holdings Group Co., Ltd.	Non-Executive Director	Secretary of the Party Committee, Chairman	None
5	Lu Yuyan	Female	Jan. 1977	Dongguan Financial Holdings Group Co., Ltd.	Non-Executive Director	General Manager of Accounting Department	None
6	Zhang Foen	Male	Jul. 1953	Dongguan Lung Chuen International Hotel	Non-Executive Director	Chairman	None
7	Wang Yiren	Male	Nov. 1993	Da Zhong Investment Group Co., Ltd.	Non-Executive Director	Chairman, Executive Director	None
8	Chen Chaohui	Male	Oct. 1969	Guangdong Humen Fumin Group Co., Ltd.	Non-Executive Director	Chairman of the Board of Supervisors	None
9	Liu Mingchao	Male	Oct. 1980	Dongguan Power Grid Company of Guangdong Jurunda Group Co., Ltd.	Non-Executive Director	General Manager	None
10	Wang Yanming	Male	Jun. 1957	Lingnan College of Sun Yat-sen University	Independent Director	Professor, Doctoral Supervisor	None
11	Sun Hui	Female	Nov. 1961	Guangzhou Shengshi Hui Investment Management Co., Ltd.	Independent Director	Executive Director and General Manager	None
12	Hua Xiuping	Female	Aug. 1978	Nottingham University Business School (China)	Independent Director	Professor, Doctoral Supervisor	None
13	Qian Wei	Male	Sep. 1963	Shanghai Fudan Science and Technology Park Venture Capital Co., Ltd.	Independent Director	Director and General Manager	None
14	Chen Tao	Male	Jun. 1978	Guangdong Pan-China Certified Public Accountant	Independent Director	Department Manager	None

Note: The qualifications of Mr. Xie Yongwei for the Vice Chairman and President of the Bank were approved on 12 April 2024.

II. BASIC INFORMATION OF MEMBERS OF THE BOARD OF SUPERVISORS

No.	Name	Gender	Date of birth	Work entity	Position at the Bank	Position at the work entity	Number of shares held
1	Wang Yaoqiu	Male	Apr. 1968	Bank of Dongguan	Chairman of the Board of Supervisors, Employee Supervisor	Chairman of the Board of Supervisors, Employee Supervisor	100,000 shares
2	Chen Dongbai	Male	Dec. 1984	Dongguan Tengyu Enterprise Management Co., Ltd., Dongguan Chengfeng Wool Textile Co., Ltd.	Shareholder Supervisor	General Manager, Financial Manager of Accounting Department	None
3	Wang Ganchao	Male	Oct. 1988	Dongguan Ligao Trading Co., Ltd.	Shareholder Supervisor	Executive Director, General Manager	None
4	Xiao Jianming	Male	Sep. 1969	Compliance Department at Head Office of Bank of Dongguan	Employee Supervisor, General Manager	Employee Supervisor, General Manager	448,313 shares
5	Cai Jieling	Female	Oct. 1973	Human Resources Department at the Headquarter of Bank of Dongguan	Head of CPC Organization Department of the Bank, Employee Supervisor, General Manager	Head of CPC Organization Department of the Bank, Employee Supervisor, General Manager	200,000 shares
6	Chen Xikang	Male	Nov. 1969	Guangdong Chen, Liang & Co.	External Supervisor	Partner, lawyer	None
7	Yao Xiaocong	Male	Dec. 1953	None	External Supervisor	None	None
8	Chen Ying	Female	Aug. 1980	Dongguan Branch of Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd., Guangdong Zhongzhixin Certified Public Accountants Firm (Special General Partnership), Dongguan Branch of Guangdong Zhongzhixin Certified Public Accountants Firm (Special General Partnership)	External Supervisor	Person in Charge, Partner, Branch Director	None

III. BASIC INFORMATION OF SENIOR MANAGEMENT

No.	Name	Gender	Date of Birth	Years of Experience (Financial)	Position	Number of shares held
1	Xie Yongwei	Male	Sep. 1972	24	Deputy Secretary of the Party Committee, Vice Chairman, Executive Director and President of the Bank	303,065 shares
2	Wu Jianwen	Male	May 1973	27	Member of the Party Committee, Executive Director, and Vice President of the Bank	None
3	Li Qicong	Male	Sep. 1972	29	Member of the Party Committee, Vice President of the Bank and Secretary of the Board of Directors	None
4	Zhong Zhandong	Male	Mar. 1971	30	Chief Information Officer	None
5	Sun Weiling	Female	Jan. 1972	27	Chief Accountant	112,609 shares
6	Hu Ni	Female	Sep. 1983	15	Risk Director	None

IV. MAIN WORKING EXPERIENCE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Directors

Cheng Jinsong, Secretary of the Party Committee, Chairman and Executive Director, male, born in May 1968, a holder of master degree; Senior Economist. He formerly served as the Secretary of the Party Committee and the President of China Construction Bank Shaoguan Branch, as well as the Deputy Secretary of the Party Committee, the Vice Chairman and the President of the Bank. He currently serves as the Secretary of the Party Committee, Chairman and Executive Director.

Xie Yongwei, the Deputy Secretary of the Party Committee, Vice Chairman, Executive Director, President of the Bank, male, born in September 1972, a holder of bachelor academic qualification and a master degree; Senior Certified Financial Planner, Intermediate Economist and Assistant Accountant. He formerly served as the Deputy Department Manager of Shenzhen Peng Cheng Accounting Firm, and various positions at the Bank including Manager Assistant at the Auditing Department, General Manager of the Office of the Board of Supervisors, General Manager of the Labor Union Office, General Manager of the President's Office, Director of the Party Committee Office, General Manager of Office of the Board of Directors, the Secretary of the Board of Directors and Vice President of the Bank. He currently serves as the Deputy Secretary of the Party Committee, Vice Chairman, Executive Director, President of the Bank and Chairman of the Labor Union.

Wu Jianwen, Member of the Party Committee, Executive Director, Vice President of the Bank, male, born in May 1973, a holder of bachelor academic qualification and a master degree; Intermediate Economist and Intermediate accountant. He formerly served as the Manager of the Financial Management Department of Dongguan Trust Co., Ltd., Member of the Party Committee and Vice President of Dongguan Securities Co., Ltd., and Chairman of the Labor Union (concurrently). He currently serves as the Member of the Party Committee, Executive Director, Vice President of the Bank.

Zhang Qingwen, Non-Executive Director, male, born in August 1968, a holder of master degree; Senior Electronic Engineer. He formerly served as the Director and General Manager of Dongguan Development Holdings Co., Ltd., Deputy Secretary of the Party Committee, Director and General Manager of Dongguan Communications Investment Group Co., Ltd., Deputy Secretary of the Party Committee, Director and General Manager of Dongguan Financial Holdings Group Co., Ltd. He currently serves as the Secretary of the Party Committee and Chairman of Dongguan Financial Holdings Group Co., Ltd. and the Secretary of the Party Committee and Chairman (subject to approval) of Dongguan Trust Co., Ltd.

Lu Yuyan, Non-Executive Director, female, born in January 1977, a holder of bachelor degree; Intermediate Accountant. She worked for Dongguan Branch of the China Construction Bank. She currently serves as the General Manager of Accounting Department of Dongguan Financial Holdings Group Co., Ltd.

Zhang Foan, Non-Executive Director, male, born in July 1953, a holder of high school diploma. He started his work in July 1970 and currently is the Chairman of the Dongguan Lung Chuen International Hotel and Supervisor of Dongguan Lung Chuen Industrial Co., Ltd.

Wang Yiren, Non-Executive Director, male, born in November 1993, a holder of bachelor academic qualification. He formerly served as the Investment Manager of Investment Banking Department of Guangzhou Branch of China Merchants Bank Co., Ltd. He currently serves as the Executive Director and Chairman of Dazhong Investment Group Co., Ltd., the Executive Director and Manager of Kangdi Industrial Co., Ltd.

Chen Chaohui, Non-Executive Director, male, born in October 1969, a holder of college diploma. He formerly served as an accountant of the Dongguan Humen Industrial and Trading Corporation, the Manager of the Finance Department of Dongguan Zhujiang Corporation Group, the Audit Manager of the Financial Audit Department of the Dongguan Humen Assets Management Co., Ltd. and the Manager of the Finance and Statistics Department of Guangdong Humen Fumin Group Co., Ltd. He currently serves as the Chairman of the Board of Supervisors of the Guangdong Humen Fumin Group Co., Ltd.

Liu Mingchao, Non-Executive Director, male, born in October 1980, a holder of bachelor academic qualification and a master degree. He formerly served as the Director and Deputy General Manager of the General Department of the Headquarter of the Dongguan Power Industrial Corporation, the deputy General Manager and General Manager of Dongguan Power Grid Development Company, and the General Manager of Dongguan Branch of Guangdong Electric Power Industry Development Corporation. He currently serves as the General Manager of Dongguan Guandian Branch of Guangdong Jurunda Group Co., Ltd.

Wang Yanming, Independent Director, male, born in June 1957, a holder of doctor degree; professor and doctoral supervisor. He formerly served as the teacher of Bailuzhou Middle School in Ji'an city of the Jiangxi Province, the teacher of the Department of Mathematics of Guangxi University, the post-doctoral researcher and lecturer of the Peking University, the associate professor of the Sun Yat-sen University. He currently serves as the professor and doctoral supervisor of the Lingnan College of the Sun Yat-sen University, and the independent director of Guangdong Nanhai Rural Commercial Bank Company Limited.

Sun Hui, Independent Director, female, born in November 1961, a holder of master degree and the qualification of general accountant and tax accountant. She worked for the Personnel Office of the Shanghai Justice Bureau, Shanghai Huaxia Law Office, No. 1 Washington Group, and the Saide Global Pacific. She currently serves as the Executive Director and General Manager of the Guangzhou Shengshi Huixi Investment Management Co., Ltd. Independent Director of Times China Holdings Co., Ltd. and External Supervisor of Guangdong Qingyuan Rural Commercial Bank Co., Ltd.

Hua Xiuping, Independent Director, female, born in August 1978, a holder of doctor degree; professor and doctoral supervisor. She formerly served as the Assistant Professor and Doctoral Supervisor of Finance of Nottingham University Business School (China). She currently serves as the Professor and Doctoral Supervisor of Finance of Ningbo Nottingham University Business School (China), the Independent Director of Ningbo Baosi Energy Equipment Co., Ltd and the Independent Director of Ningbo Fubang Jingye Group Co., Ltd.

Qian Wei, Independent Director, male, born in September 1963, a holder of master degree. He worked for Shenyang Branch of the Bank of China, Bank of China Shenyang Trust Consulting Company, Shenyang Tiexi District Sub-Branch of Bank of China, China Orient Trust and Consulting Company, Investment Management Department of Bank of China, BOC International Holdings Limited and BOC International (China) Co., Ltd. He currently serves as the Chairman of the Lvsilu Equity Investment Management Limited, the director and General Manager of Shanghai Fudan Science and Technology Park Venture Capital Co., Ltd. and the Independent Director of COFCO Capital Holdings Co., Ltd.

Chen Tao, Independent Director, male, born in June 1978, a holder of college diploma; Certified Public Accountant, Intermediate Accountant and Asset Appraiser. He worked for China Kanglianda Industrial Group. He currently serves as a Department Manager of the Pan-China Certified Public Accountants.

(II) Supervisors

Wang Yaoqiu, chairman of the Board of Supervisors (employee supervisor), male, born in April 1968, master of industrial engineering of Huazhong University of Science and Technology; intermediate economist. He started his work in July 1989, and served as head, deputy director, director and deputy director and director of Labor Union Office at Houjie Office, Dongguan Branch of Bank of China, deputy chief of Deposit Division, Manager of Customer Service Department and Manager of Retail Business Department at Dongguan Branch, president of Humen Sub-branch of Dongguan Branch, deputy president of Dongguan Branch; leader of the preparatory group, president and secretary of the Party Committee of Dongguan Branch of China Merchants Bank, business director of the Head Office and secretary of the Party committee and president of Guangzhou Branch; secretary of the Party committee and chairman of Dongguan Rural Commercial Bank Co., Ltd. He currently serves as the chairman of the Board of Supervisors (employee supervisor) of the Bank.

Chen Dongbai, Shareholder Supervisor, male, born in December 1984, has a bachelor degree. He started his work in July 2008 and he formerly served as a clerk of the Party and Government Office of the People's Government of Dalang Town, Dongguan, the Project Manager of General Office of Dongguan Huichang Industrial Investment Co., Ltd. He currently serves as the General Manager of Dongguan Tengyu Enterprise Management Co., Ltd. and the Financial Manager of Dongguan Chengfeng Wool Textile Co., Ltd.

Wang Ganchao, Shareholder Supervisor, male, born in October 1988, has a high school diploma. He began to work in 2008, and currently serves as the Executive Director and General Manager of Dongguan Ligao Trading Co., Ltd.

Xiao Jianming, Employee Supervisor, male, born in September 1969, has a doctor degree; senior economist. He started his work in July 1994. He formerly served as the Staff Member of the Party Committee of the Hunan Provincial Space Administration, the Staff Member of the Comprehensive Office of the Changsha National Security Bureau, the lecturer of the Law Department of Hunan College of Finance and Economics, the Director and Manager Assistant of the Credit Department of the Bank, the Deputy General Manager of the Risk Management Department of the Bank, the Deputy General Manager (in charge of overall work) and General Manager of the Compliance Department of the Bank, the deputy leader of the preparatory group and president of Zhuhai Branch, the General Manager of the Credit Management Department of the Bank. He currently serves as the General Manager of Compliance Department and the Employee Supervisor of the Bank.

Cai Jieling, Employee Supervisor, female, born in October 1973, has a bachelor degree; Assistant Accountant. She started her work in July 1992 and she formerly served as an office staff of Guangdong Dongguan Wujiaohua Corporation; a clerk of the HR Department of the Dongguan Finance and Trade Office; and various positions at Head Office of the Bank including employee of Sales Department, the employee, Director and Deputy General Manager of Labor Union Office, the Deputy General Manager of the Office of the Board of Supervisors. She currently serves as Head of CPC Organization Department, General Manager of the Human Resources Department and Employee Supervisor of the Bank.

Chen Xikang, External Supervisor, male, born in November 1969, has a bachelor degree; third-grade lawyer. He started his work in July 1992 and he formerly served as a lawyer of Dongguan Law Firm, Deputy Director and lawyer of Dongguan Zhongjian Law Firm. He currently serves as the partner and lawyer of Guangdong Chen, Liang & Co.

Yao Xiacong, External Supervisor, male, born in December 1953, has a bachelor degree; accountant. He began to work in January 1970, and formerly served as the Accountant and Chief Financial Officer of Pingshi Section and Shaoguan Section of Guangzhou Railway (Group) Corporation, the Deputy Finance Director, Finance Director and Finance Branch Chief of Yangcheng Railway Corporation of Guangzhou Railway (Group) Corporation, the Finance Chief of the Guangzhou Railway (Group) Corporation, the Chief Accountant, Secretary of the Board of Directors and the Investigator of the Guangshen Railway Company Limited, and the Independent Director of Shenzhen MTC Co., Ltd.

Chen Ying, External Supervisor, female, born in August 1980, has a bachelor degree; Certified Public Accountant and senior accountant in China. She started to work in July 2001 and formerly served as the manager of Taxation Department of Dongguan Wabisen Enterprise Management & Consulting Co., Ltd., General Manager of Dongguan Jucheng Enterprise Management Consulting Co., Ltd., and the Director of Dongguan Jucheng Certified Public Accountants, Deputy General Manager of Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd. She currently serves as the Head of Dongguan branch of Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd., the partner of Guangdong Zhongzhixin Accounting Firm (Special General Partnership), and the Director of Dongguan branch of Guangdong Zhongzhixin Accounting Firm (Special General Partnership).

(III) Senior management

Xie Yongwei, the Deputy Secretary of the Party Committee, Vice Chairman, Executive Director, President of the Bank (See "Directors" for details).

Wu Jianwen, Member of the Party Committee, Executive Director, Vice President of the Bank (See "Directors" for details).

Li Qicong, Member of the Party Committee, Vice President of the Bank, Secretary of the Board of Directors, male, born in September 1972, a holder of master degree; Certified Public Accountant and Intermediate Accountant. He formerly served as the Deputy Manager and Manager of the Accounting Department under the Dongguan Branch International Business Department of China Construction Bank, the Manager of the Marketing Department, Vice section-level Customers Manager of Corporate Business Department, the Manager of the Marketing Development Department of the Hantang Securities Dongguan Sales Office, Deputy Manager of Corporate Business Department of Dongguan Branch of the Bank of Communications, Manager of the Corporate Business Department I, Deputy General Manager of the International Business Department at the Bank, Deputy President (in charge of overall work) and President of Songshan Lake Keji Sub-Branch, Head and President of Foshan Branch and General Manager of Corporate Business Department. He currently serves as the Member of the Party Committee, Vice President of the Bank, and Secretary of the Board of Directors.

Zhong Zhandong, Chief Information Officer, male, born in March 1971, a holder of bachelor degree; senior Electronic Technical Engineer. He formerly served as the Deputy Manager and Manager of the Science and Technology Department, Manager and Deputy General Manager of the Information Technology Department and General Manager of the Data Center of the Guangdong Development Bank. He currently serves as the Chief Information Officer of the Bank.

Sun Weiling, Chief Accountant, female, born in January 1972, a holder of bachelor degree; Senior Accountant and International Certified Public Accountant (ICPA). She formerly served as the Accounting Director of New City Center Development Department of the Dongguan Fucheng District Real Estate Development Company, and various positions at the Bank including Deputy General Manager and General Manager of the Accounting Department, General Manager of the Human Resources Department and General Manager of the Labor Union Office. She currently serves as the Chief Accountant of the Bank.

Hu Ni, Risk Director, female, born in September 1983, a holder of master degree; Intermediate Economist. She held various positions at the Bank including the Director and Deputy General Manager of Risk Planning of the Risk Management Department, the Deputy General Manager of the Corporate Business Department, the Vice President of the Songshan Lake Keji Sub-Branch, Deputy General Manager of the Office of the Board of Directors, and General Manager and Deputy General Manager of Risk Management Department (in charge of overall work). She currently serves as the Risk Director of the Bank.

V. CHANGES IN IMPORTANT PERSONNEL

(I) Directors

On 28 April 2023, the "Proposal on the Resignation of Mr. Lu Guofeng from Chairman and Other Positions and Related Work Arrangements" was approved at the 13th meeting of the 8th session of the Board of Directors of the Bank, at which it was agreed that Mr. Lu Guofeng resigned from the positions of Chairman of the Board, Executive Director and Director and Member of the Strategic Development Committee of the Board of Directors of the Bank due to changes in employment.

On 23 October 2023, the "Proposal on the Election of Mr. Cheng Jinsong as the Chairman" was deliberated and approved at the 16th meeting of the 8th session of the Board of Directors of the Bank, at which it was agreed that Mr. Cheng Jinsong was elected as the Chairman of the Bank, and Mr. Cheng Jinsong would cease to be the Vice Chairman and President of the Bank. With his qualification for Chairman of the Bank approved by the Guangdong Regulatory Bureau of the National Financial Regulatory Administration on 24 November 2023, Mr. Cheng Jinsong has formally assumed his duties.

On 7 February 2024, the "Proposal on the Election of Mr. Xie Yongwei as the Vice Chairman of Bank of Dongguan Co., Ltd." was deliberated and approved at the 18th meeting of the 8th session of the Board of Directors of the Bank, at which it was agreed that Mr. Xie Yongwei was elected as the Vice Chairman of the Bank. With his qualification for the Vice Chairman of the Bank approved by the Guangdong Regulatory Bureau of the National Financial Regulatory Administration on 12 April 2024, Mr. Xie Yongwei has formally assumed his duties.

(II) Supervisors

On 25 July 2022, Mr. Ye Haopeng applied for resignation as the chairman of the Board of Supervisors and employee supervisor of the Bank due to reaching the statutory retirement age. Since the proportion of employee supervisors is less than one-third after Ye Haopeng's resignation, he continued to perform the duties as an employee supervisor until the election of new employee supervisors at the fourth meeting of the Fifth Employees' Representatives Conference of the Bank on 9 May 2023. The resignation as the chairman of the Board of Supervisors took effect from 25 July 2022.

On 9 May 2023, at the fourth meeting of the fifth Employees' Representatives Conference of the Bank, Wang Yaoqiu was elected as an employee supervisor of the 8th session of Board of Supervisors of the Bank. On 15 May 2023, at the 17th meeting of the 8th session of the Board of Supervisors of the Bank, Wang Yaoqiu was elected as the Chairman of the 8th session of the Board of Supervisors of the Bank.

On 1 August 2023, Wei Jiakuan submitted a letter of resignation to the Board of Supervisors due to work reasons and resigned as a supervisor of the Bank.

(III) Senior management

On 23 October 2023, at the 16th meeting of the 8th session of the Board of Directors of the Bank, it was agreed that Mr. Cheng Jinsong resigned as President of the Bank.

On 7 February 2024, the "Proposal on the Appointment of the President of Bank of Dongguan Co., Ltd." was deliberated and approved at the 18th meeting of the 8th session of the Board of Directors of the Bank, at which it was agreed that Xie Yongwei was appointed as the President of the Bank and ceased to be the Vice President of the Bank. With his qualification for the President of the Bank approved by the Guangdong Regulatory Bureau of the National Financial Regulatory Administration on 12 April 2024, Mr. Xie Yongwei has formally assumed his duties.

VI. AMOUNT OF REMUNERATION RECEIVED BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In 2023, the total amount of remuneration received by the Directors, Supervisors and senior management of the Bank was RMB22.9001 million (calculated based on the actual cost of the labor cost which includes salaries, subsidies, bonus payment in-arrears, social insurance contributions, contributions to housing provident fund, corporate pension and personal income tax withheld or remitted by individuals and contributions to social insurance, the housing provident fund and annuity withheld or remitted by the Bank).

VII. EMPLOYEES

As of the end of the reporting period, the Bank had 5,706 employees. Among them, 553 employees possess master degrees or higher educational credentials, 4,469 possess bachelor degrees, 548 possess college diplomas, and 136 possess technical secondary education or below background.

VIII. REMUNERATION ASSESSMENT, INCENTIVE AND RESTRAINT SYSTEM

The Bank has established a remuneration management organization framework based on the actual needs of management decision-making. The supreme decision-making body is the General Meeting of Shareholders of the Bank, which is in charge of remuneration management of the Directors and Supervisors. The Board of Directors and its subordinate Nomination & Remuneration Committee are in charge of the remuneration and assessment mechanism of the senior management. In 2023, the Nomination & Remuneration Committee held 5 meetings in total. The senior management is responsible for the development of remuneration management and performance appraisal system for employees below the senior management level. The Human Resources Department is responsible for the implementation of the remuneration system, with the Accounting Department tasked with operations related to work performance appraisal.

The Bank has established a remuneration system based on the importance of specific positions, personal competence and qualifications, performance contribution and job responsibilities. The remuneration structure consists of position-based salary, performance-based bonus, additional salary, benefits and special rewards (discretionary), among which performance-based bonus is a variable incentive offered to the employees when the Bank achieves business targets. This bonus mainly reflects the Bank employees' performance and the contribution to the Bank, and is based on the performance assessment for a specific assessment period. With a view to raising the senior management's awareness of the importance of effective management of staff holding positions with substantial influences on risk exposure, the Bank adopts the payment in-arrears system for the performance-based bonus and the deduction by recourse, and defer payment of more than 40% of performance-based bonus for a period of not less than 3 years. In case of illegal, undisciplined or irregular behavior or excessive exposure to risks within the scope of responsibilities, the Bank shall, according to the seriousness of the situation and accountability, deduct, stop payment and recover the performance-based bonus for the corresponding period.

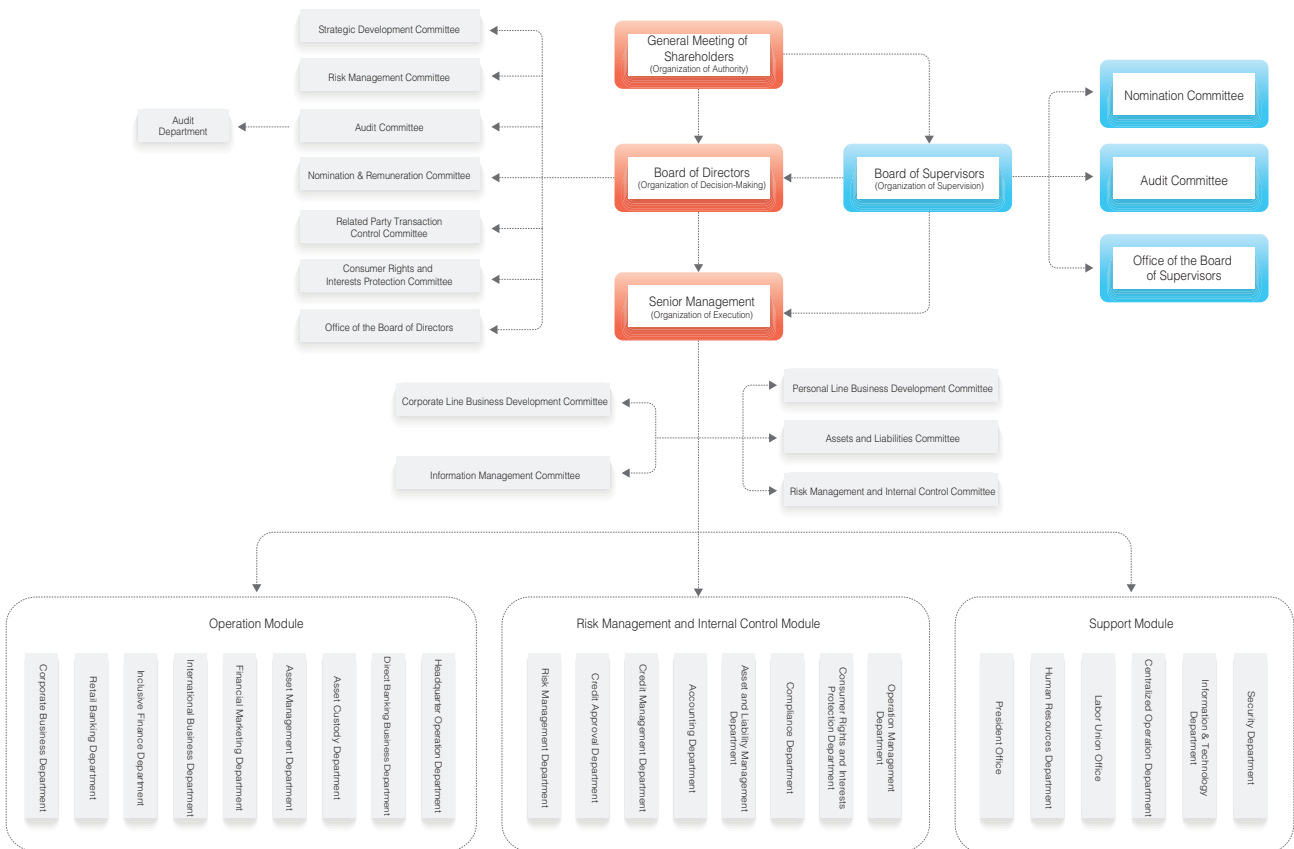
The amount of staff remuneration at the Bank is mainly determined based on the profits and operating income of the Bank. The amount of remuneration paid to employees is linked to the fulfillment of key performance indicators of the respective units and the positions concerned. In order to magnify the restraint effect of the remuneration mechanism, fulfillment of the risk cost control indicators affects the bank-wide performance compensation adjustment.

The Bank has established policies over remuneration allocation and assessment for employees at all levels, which are enforced with the management's approval. In particular, the appraisal of employees holding positions related to risk and compliance management mainly focus on internal management and internal control indicators. The senior management achieved targets across key performance indicators regarding business operations, risk control and social responsibility in 2023.

Corporate Governance

I. BASIC SITUATION OF CORPORATE GOVERNANCE AND DEPARTMENT SETTING

The Bank strictly complies with the Company Law, the Commercial Bank Law, Corporate Governance Guidelines for Banking and Insurance Institutions, the Interim Administrative Measures of Equity of Commercial Banks and other laws, regulations, regulatory requirements, and the requirements of the Bank's Articles of Association, so as to continuously improve the standard of corporate governance. The Bank adheres to and strengthens the party leadership, continuously improves the modern enterprise system with Chinese characteristics, deepens the integration of Party-building into the Articles of Association, improves the "Front Check of Party Committee" and "Three Important and One Large" decision-making mechanism, and optimizes the management of major economic decision-making and operation authorization. The Bank has further improved its corporate governance, has established an organizational structure for modern corporate governance including the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and senior management, and has improved the working mechanism of the "Three Meetings and One Management" to continuously promote the corporate governance with statutory and transparent powers and responsibilities, coordinated operation, and effective checks and balances. The Bank maintains a fine corporate governance on the whole.



During the reporting period, the Bank continued to improve governance norms such as the evaluation of directors' and senior management's performance, internalize and implement the requirements of the latest corporate governance policies of the regulatory authorities on shareholders' equity governance and management of connected transactions, improve the mechanism for the management of conflicts of interest among shareholders, especially major shareholders, strengthen the information construction of the management of shareholdings and connected transactions, and revise and improve the management methods for disclosure of information.

During the reporting period, the Bank took various measures to strengthen capital replenishment. In June 2023, the Bank completed a capital increase and private placement of 161.6 million shares, with fund raising of RMB2.135 billion, effectively replenishing core tier 1 capital. In September 2023, the Bank successfully issued RMB2 billion of tier 2 capital bonds, effectively replenishing tier 2 capital.

During the reporting period, the Bank attached great importance to information disclosure, and disclosed the annual report, quarterly reports, the change of senior management personnel and other important matters in a timely, complete, accurate and faithful manner in strict accordance with the requirements of the regulatory authorities, the Articles of Association and the Administrative Measures for Information Disclosure of Bank of Dongguan Co., Ltd. The Bank mainly uses the following channels to disclose information in its annual report: 1. The summary of the 2022 annual report was disclosed in the Financial News; 2. The 2022 annual report was disclosed on the Bank's website (disclosure website: www.dongguanbank.cn); 3. The 2022 annual report was disclosed on Chinabond.com and Chinamoney.com (disclosure website: www.chinabond.com.cn/www.chinamoney.com.cn); 4. The printed annual reports were distributed to shareholders at the annual general meeting; 5. The printed annual reports were made available for inquiries in the office of the Board of Directors of the Bank and all the Bank's branches.

During the reporting period, the Bank focused on communication with investors and continuously improved the investor communication mechanism. Two-way communications with investors were strengthened through paper letters, telephone calls, dedicated e-mail addresses and the Bank's website. Meanwhile, the disclosure of the latest movements in the Bank's business management operations and important information were enhanced, so that investors can understand the Bank's business management in a timely manner, enhancing investors' understanding and identification with the Bank, and drumming up their support for the Bank.

II. WORK OF THE GENERAL MEETING OF SHAREHOLDERS

(I) Responsibilities of the General Meeting of Shareholders

The General Meeting of Shareholders is the supreme authority body of the Bank. The General Meeting of Shareholders exercised its duties and authorities, including amending the Articles of Association of the Bank, reviewing and approving the Bank's profit distribution plan, electing and replacing Directors and Supervisors, and deciding on the Bank's business policies and investment plans, reviewing and approving the reports of the Board of Directors and the Board of Supervisors, etc. in accordance with the Articles of Association and the Rules of Procedures for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd..

(II) General Meetings of Shareholders

The Bank convenes annual or extraordinary general meetings in accordance with the Articles of Association and the Rules of Procedures for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd. In 2023, the General Meeting of Shareholders of the Bank held 1 annual meeting and 1 extraordinary meeting. The notification, summoning and convening of the General Meetings of Shareholders, voting procedures and resolutions are carried out in compliance with the regulations, ensuring that all shareholders fully and equally enjoy the right to know and participate.

On 28 April 2023, the Bank held the 2022 Annual General Meeting of Shareholders. The meeting was held at the head office of the Bank. The meeting notice was published on Dongguan Daily and the official website of the Bank on 7 April 2023. 69.89% investors attended the meeting. The meeting deliberated on and approved 18 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on the 2022 Annual Report of Bank of Dongguan Co., Ltd.
2	Proposal on the 2022 Annual Audit Report of Bank of Dongguan Co., Ltd.
3	Proposal on the 2022 Annual Financial Statements and 2023 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.
4	Proposal on the 2022 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.
5	Proposal on the 2022 Annual Corporate Social Responsibility Report (Environmental, Social and Governance Report) of Bank of Dongguan Co., Ltd.
6	Proposal on Hiring an Accounting Firm to Audit the 2023 Operating Results of Bank of Dongguan Co., Ltd.
7	Proposal on the Analysis of Diluting the Immediate Returns of the Initial Public Offering of Shares and the Remedial Measures
8	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2020, 2021 and 2022)
9	Proposal on the Issuance of Capital Bonds by Bank of Dongguan Co., Ltd.
10	Proposal on the Proposed Further Donation to Dongguan People's Hospital
11	Proposal on Confirming the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2020-2022
12	Specialized Report on Related Party Transactions of Bank of Dongguan Co., Ltd. in 2022
13	Report on Work of the Board of Directors of Bank of Dongguan Co., Ltd. in 2022

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
14	Report on Work of the Board of Supervisors of Bank of Dongguan Co., Ltd. in 2022
15	Report on Duty Performance Evaluation of the Board of Supervisors on the Directors of Bank of Dongguan Co., Ltd. in 2022
16	Report on Debriefing of Independent Directors of Bank of Dongguan Co., Ltd. in 2022
17	Report on Duty Performance Evaluation of the Supervisors of Bank of Dongguan Co., Ltd. in 2022
18	Report on Duty Performance Evaluation of the Board of Supervisors on Senior Management of Bank of Dongguan Co., Ltd. in 2022

The lawyer issued a legal opinion on the summoning and convening procedures of the meetings, the qualifications of attendees and conveners, and the voting procedures and voting results.

On 6 September 2023, the Bank held the first extraordinary general meeting of shareholders in 2023. The meeting was held at the head office of the Bank. The notice was published on Dongguan Daily and the official website of the Bank on 22 August 2023. 65.74% of investors attended the meeting. The meeting deliberated on and approved 5 proposals.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Applying for the Extension of the Validity Period in the Proposal on Application for Initial Public Offering and Listing of RMB Ordinary Shares (A Shares)
2	Proposal on Applying for the Extension of the Authorization Period in the Proposal on the Bank's Application for the Public Issuance of A Shares and the Authorization in the Process of Listing
3	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2020, 2021, 2022 and the First Half of 2023)
4	Proposal on Confirming Related Party Transactions of Bank of Dongguan Co., Ltd. for 2020 – the First Half of 2023
5	Proposal on Revising the Measures of the Board of Directors of Bank of Dongguan Co., Ltd. for Evaluating the Performance of Directors and Senior Managers

The lawyer issued a legal opinion on the summoning and convening procedures of the meetings, the qualifications of attendees and conveners, and the voting procedures and voting results.

III. WORK OF THE BOARD OF DIRECTORS

(I) Responsibilities of the Board of Directors

The Board of Directors is the Bank's decision-making body and is responsible for the General Meeting of Shareholders. The Board of Directors exercises the duties and authorities of reporting to the General Meeting of Shareholders, implementing the resolutions of the General Meeting of Shareholders, deciding on the business plan and investment plan of the Bank, and inspecting and supervising the work of the senior management in accordance with the regulations of the Articles of Association and the Rules of Procedure for the Board of Directors of Bank of Dongguan Co., Ltd. The Board of Directors consists of a strategic development committee, a risk management committee, an audit committee, a nomination and remuneration committee, a related party transaction control committee, and a consumer rights and interests protection committee.

(II) Meetings of the Board of Directors

In 2023, the Board of Directors convened 8 meetings and deliberated on and approved 114 proposals and reports, covering major issues such as the Company's business objectives, profit distribution, connected transactions, and risk management. The Board of Directors of the Bank strictly complied with laws and regulations, the Bank's Articles of Association and the Rules of Procedures of the Board of Directors for convening and voting procedures at the meeting. All Directors actively and diligently performed their duties, attended meetings as required, duly reviewed major issues of the Bank, and actively issued professional opinions, playing an active role in improving the level of corporate governance and promoting sound operations.

On 24 February 2023, the Bank held the 10th meeting of the 8th Session of the Board of Directors. Out of the 15 directors supposed to attend, 14 participated in the meeting with 15 votes cast (including 1 vote by proxy). The meeting approved 22 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Application for Initial Public Offering of RMB Ordinary Shares (A Shares) and Listing on the Shenzhen Stock Exchange
2	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2020, 2021 and 2022)
3	Proposal on the Analysis of Diluting the Immediate Returns of the Initial Public Offering of Shares and the Remedial Measures
4	Proposal on the 2022 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.
5	Proposal on Confirming the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2020-2022
6	Proposal on the Estimated Cap of Related Party Transactions of Bank of Dongguan Co., Ltd. in 2023
7	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. in 2022
8	Proposal on the Formulation of the Recovery Plan for the Hong Kong Branch of Bank of Dongguan Co., Ltd.
9	Proposal on the Development Strategy and Operation Strategy of Bank of Dongguan Co., Ltd. for Village and Township Branches in 2023
10	Proposal on the Work Plan for the Protection of Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in 2023
11	Proposal on the Work Plan for Internal Audit of Bank of Dongguan Co., Ltd. in 2023
12	Report on the 2022 Consolidated Management and Operation and Management of Subsidiary Organizations of Bank of Dongguan Co., Ltd.
13	Specialized Report on Related Party Transactions of Bank of Dongguan Co., Ltd. in 2022
14	Report on the Management of Large Risk Exposures of Bank of Dongguan Co., Ltd. in 2022
15	Report on the Management of Compliance Risks of Bank of Dongguan Co., Ltd. in 2022
16	Report on Case Prevention and Control Work & Specialized Work of Preventing Financial Crimes by Employees of Bank of Dongguan Co., Ltd. in 2022
17	Report of Bank of Dongguan Co., Ltd. on Problems Found in Regulatory Inspections and Internal Audits and Their Rectifications in 2022
18	Report on Data Governance Work of Bank of Dongguan Co., Ltd. in 2022
19	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. in 2022
20	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. in 2022
21	Report on Special Audit of Market Risk Management of Bank of Dongguan Co., Ltd.
22	Report on Employee Behavior Assessment of Bank of Dongguan Co., Ltd. in 2022

On 20 March 2023, the Bank held the 11th meeting of the 8th Session of the Board of Directors. Out of the 15 directors supposed to attend, 14 participated in the meeting with 15 votes cast (including 1 vote by proxy). The meeting approved 17 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on the Targets of Capital Increase and the Number of Subscription Shares
2	Proposal on the Proposed Further Donation to Dongguan People's Hospital
3	Proposal on the Issuance of Capital Bonds by Bank of Dongguan Co., Ltd.
4	Proposal on Hiring an Accounting Firm to Audit the 2023 Operating Results of Bank of Dongguan Co., Ltd.
5	Proposal on Authorization to Risk Director Hu Ni to Lead the Management of Money Laundering Risks
6	Proposal on Setting the Total Facility of Out-of-Province and the Single-Customer Facility Limit of Bank of Dongguan Co., Ltd. for 2023
7	Report on the 2022 Corporate Governance Assessment of Bank of Dongguan Co., Ltd.
8	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors of Bank of Dongguan Co., Ltd. in 2022
9	Report on Implementation of 2022 Strategic Plan of Bank of Dongguan Co., Ltd.
10	Report on the Implementation of the 2022 Branch Development Plan and the 2023 Branch Development Plan of Bank of Dongguan Co., Ltd.
11	Report of Bank of Dongguan Co., Ltd. on Capital Management in 2022 and Capital Adequacy Ratio Planning in 2023
12	Report on Liability Quality Management Assessment of Bank of Dongguan Co., Ltd. in 2022
13	Report on the Authorized Management and Implementation of Senior Management of Bank of Dongguan Co., Ltd. in 2022
14	Report on Comprehensive Risk Management Analysis of Bank of Dongguan Co., Ltd. in 2022
15	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. in 2022
16	Report on Self-evaluation of Green Finance of Bank of Dongguan Co., Ltd. in 2022
17	Report on Environmental Information Disclosure of Bank of Dongguan Co., Ltd. in 2022

On 31 March 2023, the Bank held the 12th meeting of the 8th Session of the Board of Directors. Out of the 15 directors supposed to attend, 15 participated in the meeting with 15 votes cast. The meeting approved 17 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Change of Registered Capital
2	Proposal on Revising the Articles of Association of Bank of Dongguan Co., Ltd.
3	Proposal on the 2022 Annual Report of Bank of Dongguan Co., Ltd.
4	Proposal on the 2022 Annual Audit Report of Bank of Dongguan Co., Ltd.
5	Proposal on the 2022 Annual Corporate Social Responsibility Report (Environmental, Social and Governance Report) of Bank of Dongguan Co., Ltd.
6	Proposal on the 2022 Annual Financial Statements and 2023 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.
7	Report on Work of the Board of Directors of Bank of Dongguan Co., Ltd. in 2022
8	Business Report of Bank of Dongguan Co., Ltd. in 2022
9	Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2022
10	Report on Debriefing of Independent Directors of Bank of Dongguan Co., Ltd. in 2022
11	Report on Duty Performance Evaluation of Senior Management of Bank of Dongguan Co., Ltd. in 2022
12	Report on Duty Performance Evaluation of the Person in Charge of Internal Audit of Bank of Dongguan Co., Ltd. in 2022
13	Report on the Implementation of the Administrative Measures for the Capital of Commercial Banks (Trial) by Bank of Dongguan Co., Ltd. in 2022
14	Report on Stress Test of the Capital Adequacy Ratio of Bank of Dongguan Co., Ltd. in 2022
15	Report on the Management of Liquidity Risks of Bank of Dongguan Co., Ltd. in 2022
16	Report on the Implementation of the Expected Credit Loss Method of Bank of Dongguan Co., Ltd. in 2022
17	Proposal on Convening the 2022 Annual General Meeting of Shareholders of Bank of Dongguan Co., Ltd.

On 28 April 2023, the Bank held the 13th meeting of the 8th Session of the Board of Directors. Out of the 14 directors supposed to attend, 14 participated in the meeting with 14 votes cast. The meeting approved 2 proposals.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Exemption from the Time Limit for Notices of Meetings of Board of Directors
2	Proposal on the Resignation of Mr. Lu Guofeng from Chairman and Other Positions and Related Work Arrangements

On 9 June 2023, the Bank held the 14th meeting of the 8th Session of the Board of Directors. Out of the 14 directors supposed to attend, 14 participated in the meeting with 14 votes cast. The meeting approved 16 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on the Formulation of the Measures for Risk Classification and Management of Financial Assets of Bank of Dongguan Co., Ltd.
2	Proposal on the Annual Suggestions on Audit Management of Bank of Dongguan Co., Ltd. in 2022
3	Proposal of Bank of Dongguan Co., Ltd. on the Acquisition of Partial Equity Interests in Dongguan Houjie Huaye Village Bank
4	Proposal on the Proposed Donation to Dongguan University of Technology
5	Assessment Report on Internal Capital Adequacy of Bank of Dongguan Co., Ltd. in 2022
6	Report on the Investment Analysis of Bank of Xingtai and Rural Banks in 2022
7	Report of Bank of Dongguan Co., Ltd. on the Annual Special Audit of Rural Banks
8	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors of Bank of Dongguan Co., Ltd. for the First Quarter of 2023
9	Report on Operations of Bank of Dongguan Co., Ltd. for the First Quarter of 2023
10	Report on Comprehensive Risk Management Analysis of Bank of Dongguan Co., Ltd. for the First Quarter of 2023
11	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the First Quarter of 2023
12	Report on Internal Audit of Bank of Dongguan Co., Ltd. for the First Quarter of 2023
13	Report on Special Audit of Business Continuity of Bank of Dongguan Co., Ltd.
14	Report on Special Audit of Wealth Management and Agency Product Business of Bank of Dongguan Co., Ltd.
15	Report on Special Audit of Credit Assets Risk Classification of Bank of Dongguan Co., Ltd.
16	Report on Special Audit of Management of Liquidity Risks of Bank of Dongguan Co., Ltd.

On 18 August 2023, the Bank held the 15th meeting of the 8th Session of the Board of Directors. Out of the 14 directors supposed to attend, 14 participated in the meeting with 14 votes cast. The meeting approved 19 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Applying for the Extension of the Validity Period in the Proposal on Application for Initial Public Offering and Listing of RMB Ordinary Shares (A Shares)
2	Proposal on Applying for the Extension of the Authorization Period in the Proposal on the Bank's Application for the Public Issuance of A Shares and the Authorization in the Process of Listing
3	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2020, 2021, 2022 and the First Half of 2023)
4	Proposal on Confirming Related Party Transactions of Bank of Dongguan Co., Ltd. for 2020 – the First Half of 2023
5	Proposal on Updating the Recovery Plan Report and Disposal Plan Recommendations (2023) of Bank of Dongguan Co., Ltd.
6	Proposal on the Formulation of Performance Assessment Indicators for Senior Management of Bank of Dongguan Co., Ltd. for 2023
7	Proposal on Revising the Assessment Program for the Person in Charge of Internal Audit of Bank of Dongguan Co., Ltd.
8	Proposal on Revising the Measures of the Board of Directors of Bank of Dongguan Co., Ltd. for Evaluating the Performance of Directors and Senior Management
9	Proposal on Revising the Liquidity Risk Management Measures of Bank of Dongguan Co., Ltd.
10	Proposal on Convening the First Extraordinary General Meeting of Shareholders of Bank of Dongguan Co., Ltd. in 2023
11	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors of Bank of Dongguan Co., Ltd. for the First Half of 2023
12	Report on the Operations of Bank of Dongguan Co., Ltd. for the First Half of 2023
13	Report on the Capital Adequacy Ratio of Bank of Dongguan Co., Ltd. for the First Half of 2023

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
14	Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2023
15	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. for the First Half of 2023
16	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the First Half of 2023
17	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. for the First Half of 2023
18	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Half of 2023
19	Report on Special Audit of Related Party Transactions of Bank of Dongguan Co., Ltd.

On 23 October 2023, the Bank held the 16th meeting of the 8th Session of the Board of Directors. Out of the 14 directors supposed to attend, 13 participated in the meeting with 14 votes cast (including 1 vote by proxy). The meeting approved 2 proposals.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on the Election of Mr. Cheng Jinsong as the Chairman
2	Proposal on Issuance of a Letter of Comfort by Bank of Dongguan Co., Ltd.

On 12 December 2023, the Bank held the 17th meeting of the 8th Session of the Board of Directors. Out of the 14 directors supposed to attend, 13 participated in the meeting with 14 votes cast (including 1 vote by proxy). The meeting approved 19 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Revising the Articles of Association of Bank of Dongguan Co., Ltd.
2	Proposal on Revising the Rules of Procedure for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd.
3	Proposal on Revising the Administrative Measures for Information Disclosure of Bank of Dongguan Co., Ltd.
4	Proposal on the Formulation of the Rules Governing Conflicts of Interests of Shareholders of Bank of Dongguan Co., Ltd.
5	Proposal on Guangdong Chang'an Group Company's Proposed Acquisition of Part of Shares in the Bank
6	Proposal on Formulating the Statement on Comprehensive Risk Appetite of Bank of Dongguan Co., Ltd. for 2024
7	Proposal on Formulating the Plan of Overall Market Risk Limit of Bank of Dongguan Co., Ltd. for 2024
8	Proposal on Formulating the Plan of Overall Country-specific Risk Limit of Bank of Dongguan Co., Ltd. for 2024
9	Proposal on the 2022 Performance and Annual Salary Settlement Results for the Senior Management of Bank of Dongguan Co., Ltd.
10	Report on the Evaluation of Legal Performance of Major Shareholders of Bank of Dongguan Co., Ltd. for 2023
11	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and the Board of Directors of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023
12	Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023
13	Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023
14	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023
15	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023
16	Report on the Special Stress Test for Market Risks of Bank of Dongguan Co., Ltd. for 2023
17	Report on Strengthening the Implementation of Investment Business Management of Bank of Dongguan Co., Ltd.
18	Report on Special Audit of Capital Management of Bank of Dongguan Co., Ltd.
19	Report on Special Audit of Market Risk Management of Bank of Dongguan Co., Ltd.

(III) Meetings of Special Committees of the Board of Directors

The structure and composition of the special committees of the Board of Directors of the Bank conform to the relevant regulations of the supervisory authorities and the Articles of Association, and the special committees actively carry out their work within the scope of their respective duties. In 2023, the special committees under the Board of Directors convened 36 meetings. Specifically, the Strategic Development Committee convened 7 meetings; the Risk Management Committee convened 6 meetings; the Nomination and Remuneration Committee convened 5 meetings; the Audit Committee convened 8 meetings; the Related Party Transaction Control Committee held 6 meetings; and the Consumer Rights and Interests Protection Committee held 4 meetings.

1. Strategic Development Committee

During the reporting period, the Strategic Development Committee of the Board of Directors of the Bank convened 7 meetings:

On 24 February 2023, the Strategic Development Committee convened the first meeting of 2023. At the meeting, the Proposal on Application for Initial Public Offering of RMB Ordinary Shares (A Shares) and Listing on the Shenzhen Stock Exchange, the Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2020, 2021 and 2022) and other proposals were deliberated on and approved.

On 20 March 2023, the Strategic Development Committee convened the second meeting of 2023. At the meeting, the Proposal on the Targets of Capital Increase and the Number of Subscription Shares, the Proposal on the Proposed Further Donation to Dongguan People's Hospital and other proposals were deliberated on and approved.

On 31 March 2023, the Strategic Development Committee convened the third meeting of 2023. At the meeting, the Proposal on Change of Registered Capital, the Proposal on Revising the Articles of Association of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 9 June 2023, the Strategic Development Committee convened the fourth meeting of 2023. At the meeting, the Proposal of Bank of Dongguan Co., Ltd. on the Acquisition of Partial Equity Interests in Dongguan Houjie Huaye Village Bank, the Proposal on the Proposed Donation to Dongguan University of Technology and other proposals were deliberated on and approved.

On 18 August 2023, the Strategic Development Committee convened the fifth meeting of 2023. At the meeting, the Proposal on Applying for the Extension of the Validity Period in the Proposal on Application for Initial Public Offering and Listing of RMB Ordinary Shares (A Shares), the Proposal on Applying for the Extension of the Authorization Period in the Proposal on the Bank's Application for the Public Issuance of A Shares and the Authorization in the Process of Listing and other proposals were deliberated on and approved.

On 23 October 2023, the Strategic Development Committee convened the sixth meeting of 2023. At the meeting, the Proposal on Issuance of a Letter of Comfort by Bank of Dongguan Co., Ltd. was deliberated on and approved.

On 12 December 2023, the Strategic Development Committee convened the seventh meeting of 2023. At the meeting, the Proposal on Revising the Articles of Association of Bank of Dongguan Co., Ltd., the Proposal on Revising the Rules of Procedure for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

2. Risk Management Committee

During the reporting period, the Risk Management Committee of the Board of Directors of the Bank convened 6 meetings:

On 23 February 2023, the Risk Management Committee convened the first meeting of 2023. At the meeting, the Report on the Implementation of the Resolutions of the Risk Management Committee of the Board of Directors of Bank of Dongguan Co., Ltd. in 2022 and the Report on the Management of Large Risk Exposures of Bank of Dongguan Co., Ltd. in 2022 and other proposals were deliberated on and approved.

On 20 March 2023, the Risk Management Committee convened the second meeting of 2023. At the meeting, the Proposal on Authorization to Risk Director Hu Ni to Lead the Management of Money Laundering Risks, the Proposal on Setting the Total Facility of Out-of-Province and the Single-Customer Facility Limit of Bank of Dongguan Co., Ltd. for 2023 and other proposals were deliberated on and approved.

On 31 March 2023, the Risk Management Committee convened the third meeting of 2023. At the meeting, the Report on Stress Test of the Capital Adequacy Ratio of Bank of Dongguan Co., Ltd. in 2022, the Report on the Management of Liquidity Risks of Bank of Dongguan Co., Ltd. in 2022 and other proposals were deliberated on and approved.

On 8 June 2023, the Risk Management Committee convened the fourth meeting of 2023. At the meeting, the Proposal on the Formulation of the Measures for Risk Classification and Management of Financial Assets of Bank of Dongguan Co., Ltd., the Report on Comprehensive Risk Management Analysis of Bank of Dongguan Co., Ltd. for the First Quarter of 2023 and other proposals were deliberated on and approved.

On 17 August 2023, the Risk Management Committee convened the fifth meeting of 2023. At the meeting, the Report on Money Laundering Risk Assessment of Institutions of Bank of Dongguan Co., Ltd., Proposal on Revising the Liquidity Risk Management Measures of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 12 December 2023, the Risk Management Committee convened the sixth meeting of 2023. At the meeting, the Proposal on Formulating the Statement on Comprehensive Risk Appetite of Bank of Dongguan Co., Ltd. for 2024 and the Proposal on Formulating the Plan of Overall Market Risk Limit of Bank of Dongguan Co., Ltd. for 2024 and other proposals were deliberated on and approved.

3. Nomination and Remuneration Committee

During the reporting period, the Nomination and Remuneration Committee of the Board of Directors of the Bank convened 5 meetings:

On 30 March 2023, the Nomination and Remuneration Committee convened the first meeting of 2023. At the meeting, the Proposal on the Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2022, the Proposal on the Report on Debriefing of Independent Directors of Bank of Dongguan Co., Ltd. in 2022 and other proposals were deliberated on and approved.

On 28 April 2023, the Nomination and Remuneration Committee convened the second meeting of 2023. At the meeting, the Proposal on the Resignation of Mr. Lu Guofeng from Chairman and Other Positions and Related Work Arrangements was deliberated on and approved.

On 18 August 2023, the Nomination and Remuneration Committee convened the third meeting of 2023. At the meeting, the Proposal on the Formulation of Performance Assessment Indicators for Senior Management of Bank of Dongguan Co., Ltd. for 2023, the Proposal on Revising the Assessment Program for the Person in Charge of Internal Audit of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 23 October 2023, the Nomination and Remuneration Committee convened the fourth meeting of 2023. At the meeting, the Proposal on the Election of Mr. Cheng Jinsong as the Chairman was deliberated on and approved.

On 12 December 2023, the Nomination and Remuneration Committee convened the fifth meeting of 2023. At the meeting, the Proposal on the 2022 Performance and Annual Salary Settlement Results for the Senior Management of Bank of Dongguan Co., Ltd. was deliberated on and approved.

4. Audit Committee

During the reporting period, the Audit Committee of the Board of Directors of the Bank convened 8 meetings:

On 24 February 2023, the Audit Committee convened the first meeting of 2023. At the meeting, the Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2020, 2021 and 2022), the Proposal on the Formulation of Rules on the Provision of Non-Assurance Services by Auditors of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 20 March 2023, the Audit Committee convened the second meeting of 2023. At the meeting, the Proposal on Hiring an Accounting Firm to Audit the 2023 Operating Results of Bank of Dongguan Co., Ltd. and the Report on Comprehensive Risk Management Analysis of Bank of Dongguan Co., Ltd. in 2022 were deliberated on and approved.

On 30 March 2023, the Audit Committee convened the third meeting of 2023. At the meeting, the Report on the Capital Increase and Capital Verification of Bank of Dongguan Co., Ltd., the Proposal on the 2022 Annual Audit Report of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 9 June 2023, the Audit Committee convened the fourth meeting of 2023. At the meeting, the Proposal on the Annual Suggestions on Audit Management of Bank of Dongguan Co., Ltd. in 2022, the Report of Bank of Dongguan Co., Ltd. on the Annual Special Audit of Rural Banks and other proposals were deliberated on and approved.

On 18 August 2023, the Audit Committee convened the fifth meeting of 2023. At the meeting, the Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A Shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2020, 2021, 2022 and the First Half of 2023) and the Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. for the First Half of 2023 and other proposals were deliberated on and approved.

On 8 September 2023, the Audit Committee convened the sixth meeting of 2023. At the meeting, the Proposal on Revising the Administrative Measures for the Audit of Economic Responsibility of Senior Management of Bank of Dongguan Co., Ltd. was deliberated on and approved.

On 30 November 2023, the Audit Committee convened the seventh meeting of 2023. At the meeting, the Proposal on the Proposed External Audit of Rural Banks was deliberated on and approved.

On 12 December 2023, the Audit Committee convened the eighth meeting of 2023. At the meeting, the Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023, the Report on Special Audit of Capital Management of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

5. Related Party Transaction Control Committee

During the reporting period, the Related Party Transaction Control Committee of the Board of Directors of the Bank convened 6 meetings:

On 12 January 2023, the first meeting of the Related Party Transaction Control Committee in 2023 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the Fourth Quarter of 2022 and the Filing Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 23 February 2023, the second meeting of the Related Party Transaction Control Committee in 2023 was held. At the meeting, the Proposal on Confirming the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2020-2022 and the Proposal on the Estimated Cap for the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2023 and other proposals were deliberated on and approved.

On 13 April 2023, the third meeting of the Related Party Transaction Control Committee in 2023 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the First Quarter of 2023 and the Filing Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 12 July 2023, the fourth meeting of the Related Party Transaction Control Committee in 2023 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the Second Quarter of 2023 and the Filing Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 17 August 2023, the fifth meeting of the Related Party Transaction Control Committee in 2023 was held. At the meeting, the Proposal on Confirming Related Party Transactions of Bank of Dongguan Co., Ltd. for 2020 – the First Half of 2023 was deliberated on and approved.

On 16 October 2023, the sixth meeting of the Related Party Transaction Control Committee in 2023 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the Third Quarter of 2023, the Filing Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

6. Consumer Rights and Interests Protection Committee

During the reporting period, the Consumer Protection Committee of the Board of Directors of the Bank convened 4 meetings:

On 24 February 2023, the first meeting of the Consumer Rights and Interests Protection Committee in 2023 was held. At the meeting, the Proposal on the Work Plan for the Protection of Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in 2023, the Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. in 2022 and other proposals were deliberated on and approved.

On 9 June 2023, the second meeting of the Consumer Rights and Interests Protection Committee in 2023 was held. At the meeting, the Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the First Quarter of 2023 was deliberated on and approved.

On 18 August 2023, the third meeting of the Consumer Rights Protection Committee in 2023 was held. At the meeting, the Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the First Half of 2023 was deliberated on and approved.

On 12 December 2023, the fourth meeting of the Consumer Rights and Interests Protection Committee in 2023 was held. At the meeting, the Report on the Protection of Financial Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in the Third Quarter of 2023 was deliberated on and approved.

(IV) Attendance of Independent Directors at Board Meetings

Name	Whether Independent Directors or not	Supposed attendance during the reporting period	Attendance in person	Attendance by proxy	Absence	Whether lack of attendance in person twice consecutively without attendance by proxy
Wang Yanming	Yes	8	8	0	0	No
Sun Hui	Yes	8	8	0	0	No
Hua Xiuping	Yes	8	8	0	0	No
Qian Wei	Yes	8	8	0	0	No
Chen Tao	Yes	8	8	0	0	No

(V) Independent Directors' Objections to the Company's Related Matters

During the reporting period, the Independent Directors of the Bank did not raise any objections.

(VI) Establishment and Improvement of the Relevant Work System for Independent Directors, the Main Content and the Performance of Independent Directors

The Board of Directors currently has five Independent Directors. Independent Directors have strong professional capabilities, covering a broad range of specialties such as economics, accounting, finance, and laws. The Independent Directors serve as the chairman of the Risk Management Committee, Nomination and Remuneration Committee, Audit Committee, and Related Party Transaction Control Committee of the Board of Directors. During the reporting period, the Bank improved the Independent Director System of Bank of Dongguan Co., Ltd in accordance with the Code of Corporate Governance of Banking and Insurance Institutions and other latest supervisory rules. The Independent Directors duly attended meetings of the Board of Directors and its special committees, issued opinions independently, and diligently performed their duties in accordance with relevant laws and regulations, the Articles of Association, the Independent Director System of Bank of Dongguan Co., Ltd., and the working rules of the special committees, safeguarded the overall interests of the Bank and the legitimate rights and interests of small and medium shareholders, and played a positive role in objective and systematic decision-making of the Board of Directors.

IV. WORK OF THE BOARD OF SUPERVISORS**(I) Duties of the Board of Supervisors**

The Board of Supervisors is the supervisory body of the Bank and is responsible to the General Meeting of Shareholders. The Board of Supervisors exercises the functions and powers of inspecting and supervising the financial activities, operational decision making, risk management and internal control of the Bank, supervising the performance of duties by the Directors and the senior management in accordance with the Articles of Association and the Rules of Procedures for the Board of Supervisors of Bank of Dongguan Co., Ltd. The Nomination Committee and Audit Committee are set up under the Board of Supervisors. In 2023, the Board of Supervisors focused on major business decisions and the execution thereof. Its operations mainly include supervision of the performance of official duties, financial activities, risk management and internal control, which effectively protected the legitimate rights and interests of the Bank, all stakeholders and the related parties, providing effective safeguards for the sustained and steady development of the Bank.

(II) Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors held 11 meetings and deliberated on and approved 50 proposals. In addition, in accordance with the Articles of Association and the work responsibilities of the Board of Supervisors, the Bank's Supervisors monitored the Bank's operating conditions, financial activities, internal control and risk management operations, and the legal and regulatory compliance of Directors and senior management in performing their duties by attending the General Meeting of Shareholders and meetings of the Board of Directors and the senior management, on-site investigations, audits, and reviewing reports.

On 24 February 2023, the Bank held the 13th meeting of the 8th Session of the Board of Supervisors. Out of the 9 Supervisors supposed to attend, 9 participated in the meeting with 9 votes cast. 9 proposals (reports) were deliberated on and approved at the meeting.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	The Proposal on the Application Documents for the Initial Public Offering of Shares of Bank of Dongguan Co., Ltd.
2	Proposal on the 2022 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.
3	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. in 2022
4	Report of Bank of Dongguan Co., Ltd. on Problems Found in Regulatory Inspections and Internal Audits and Their Rectifications in 2022
5	Report on Data Governance Work of Bank of Dongguan Co., Ltd. in 2022
6	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. in 2022
7	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. in 2022
8	Report on the Rectification of Audit Recommendations on Resignation of Mr. Zhang Tao During His Tenure as the Vice President of Bank of Dongguan Co., Ltd.
9	Report on the Rectification of Audit Recommendations on Resignation of Ms. Ma Yaping During Her Tenure as Risk Director of Bank of Dongguan Co., Ltd.

On 20 March 2023, the Bank held the 14th meeting of the 8th Session of the Board of Supervisors. Out of the 9 Supervisors supposed to attend, 9 participated in the meeting with 9 votes cast. 4 proposals (reports) were deliberated on and approved at the meeting.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Report on Duty Performance Evaluation of the Supervisors of Bank of Dongguan Co., Ltd. in 2022
2	Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. in 2022
3	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. in 2022
4	Evaluation Report on the Implementation of Strategic Planning of Bank of Dongguan Co., Ltd. in 2022

On 31 March 2023, the Bank held the 15th meeting of the 8th Session of the Board of Supervisors. Out of the 9 Supervisors supposed to attend, 9 participated in the meeting with 9 votes cast. 8 proposals (reports) were deliberated on and approved at the meeting.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Report on Work of the Board of Supervisors of Bank of Dongguan Co., Ltd. in 2022
2	Report on Duty Performance Evaluation of the Board of Supervisors on the Directors of Bank of Dongguan Co., Ltd. in 2022
3	Report on Duty Performance Evaluation of the Board of Supervisors on Senior Management of Bank of Dongguan Co., Ltd. in 2022
4	Proposal on the 2022 Annual Report of Bank of Dongguan Co., Ltd.
5	Proposal on the 2022 Annual Audit Report of Bank of Dongguan Co., Ltd.
6	Proposal on the 2022 Annual Financial Statements and 2023 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.
7	Business Report of Bank of Dongguan Co., Ltd. in 2022
8	Report on the Implementation of the Expected Credit Loss Method of Bank of Dongguan Co., Ltd. in 2022

On 28 April 2023, the Bank held the 16th meeting of the 8th Session of the Board of Supervisors. Out of the 9 supervisors supposed to attend, 7 participated in the meeting with 9 votes cast (including 2 votes by proxy). The meeting deliberated on and approved 2 proposals.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Exemption from the Time Limit for Notices of Meetings of Board of Supervisors
2	Proposal on the Plan of Hiring an Accounting Firm to Perform Audit on the Resignation of Former Chairman Lu Guofeng

On 15 May 2023, the Bank held the 17th meeting of the 8th Session of the Board of Supervisors. Out of the 9 supervisors supposed to attend, 9 participated in the meeting with 9 votes cast. The meeting deliberated on and approved 1 proposal.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Election of Chairman of the Board of Supervisors of Bank of Dongguan Co., Ltd.

On 9 June 2023, the Bank held the 18th meeting of the 8th Session of the Board of Supervisors. Out of the 9 supervisors supposed to attend, 9 participated in the meeting with 9 votes cast. The meeting deliberated on and approved 5 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Report on Operations of Bank of Dongguan Co., Ltd. for the First Quarter of 2023
2	Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Quarter of 2023
3	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the First Quarter of 2023
4	Report on Internal Audit of Bank of Dongguan Co., Ltd. for the First Quarter of 2023
5	Proposal on the Audit Report on Mr. Lu Guofeng's Performance of Duties as Chairman of Bank of Dongguan Co., Ltd.

On 18 August 2023, the Bank held the 19th meeting of the 8th Session of the Board of Supervisors. Out of the 8 supervisors supposed to attend, 8 participated in the meeting with 8 votes cast. The meeting deliberated on and approved 8 proposals (reports).

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Report on the Operations of Bank of Dongguan Co., Ltd. for the First Half of 2023
2	Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2023
3	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. for the First Half of 2023
4	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the First Half of 2023
5	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. for the First Half of 2023
6	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Half of 2023
7	Report on Special Audit of Related Party Transactions of Bank of Dongguan Co., Ltd.
8	Work Plan for the By-election of Shareholder Supervisors

On 10 October 2023, the Bank held the 20th meeting of the 8th Session of the Board of Supervisors. Out of the 8 supervisors supposed to attend, 7 participated in the meeting with 8 votes cast (including 1 vote by proxy). The meeting deliberated on and approved 1 proposal.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on the Research Report on the Risk Management of Rural Banks

On 23 October 2023, the Bank held the 21th meeting of the 8th Session of the Board of Supervisors. Out of the 8 supervisors supposed to attend, 7 participated in the meeting with 8 votes cast (including 1 vote by proxy). The meeting deliberated on and approved 2 proposals.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Exemption from the Time Limit for Notices of Meetings of Board of Supervisors
2	Proposal on the Plan of Hiring an Accounting Firm to Perform Audit on Mr. Cheng Jinsong's Performance of Duties and Resignation

On 27 October 2023, the Bank held the 22th meeting of the 8th Session of the Board of Supervisors. Out of the 8 supervisors supposed to attend, 7 participated in the meeting with 8 votes cast (including 1 vote by proxy). The meeting deliberated on and approved 2 proposals.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Exemption from the Time Limit for Notices of Meetings of Board of Supervisors
2	Proposal on the Audit Report on Mr. Cheng Jinsong's Performance of Duties as Vice Chairman and President of Bank of Dongguan Co., Ltd.

On 12 December 2023, the Bank held the 23th meeting of the 8th Session of the Board of Supervisors. Out of the 8 Supervisors supposed to attend, 7 participated in the meeting with 8 votes cast (including 1 vote by proxy). 8 proposals (reports) were deliberated on and approved at the meeting.

Proposal No.	Issue/Content Deliberated (Heard) at the Meeting
1	Proposal on Revising the Rules of Procedures for the Board of Supervisors of Bank of Dongguan Co., Ltd.
2	Proposal on Revising the Measures for the Work of the Board of Supervisors of Bank of Dongguan Co., Ltd.
3	Proposal on Revising the Terms of Reference for Audit Committee under the Board of Supervisors of Bank of Dongguan Co., Ltd.
4	Proposal on Revising the Terms of Reference for Nomination Committee under the Board of Supervisors of Bank of Dongguan Co., Ltd.
5	Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023
6	Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023
7	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023
8	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023

(III) Meetings of the Special Committees of the Board of Supervisors

The structure and composition of the special committees of the Board of Supervisors of the Bank conform to the relevant regulations of the regulatory authorities and the Articles of Association of the Bank. The special committees duly carried out their work within the scope of their duties and held 13 meetings throughout the year. Among them, the Nomination Committee held 3 meetings. The Audit Committee convened 10 meetings.

1. Nomination Committee

During the reporting period, the Nomination Committee of the Board of Supervisors convened 3 meetings:

On 20 March 2023, the first meeting of 2023 was held. At the meeting, the Report on Duty Performance Evaluation of the Supervisors of Bank of Dongguan Co., Ltd. in 2022 was deliberated on and approved.

On 31 March 2023, the second meeting of 2023 was held. At the meeting, the Report on Duty Performance Evaluation of the Board of Supervisors on the Directors of Bank of Dongguan Co., Ltd. in 2022 and the Report on Duty Performance Evaluation of the Board of Supervisors on Senior Management of Bank of Dongguan Co., Ltd. in 2022 were deliberated on and approved.

On 18 August 2023, the third meeting of 2023 was held. At the meeting, the Work Plan for the By-election of Shareholder Supervisors was deliberated on and approved.

2. Audit Committee

During the reporting period, the Audit Committee of the Board of Supervisors convened 10 meetings:

On 24 February 2023, the first meeting of 2023 was held. At the meeting, the Proposal on the 2022 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd. and the Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. in 2022 and other proposals were deliberated on and approved.

On 20 March 2023, the second meeting of 2023 was held. At the meeting, the Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. in 2022 and the Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. in 2022 and other proposals were deliberated on and approved.

On 31 March 2023, the third meeting of 2023 was held. At the meeting, the Proposal on the 2022 Annual Report of Bank of Dongguan Co., Ltd. and the Proposal on the 2022 Annual Audit Report of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 28 April 2023, the fourth meeting of 2023 was held. At the meeting, the Proposal on the Plan of Hiring an Accounting Firm to Perform Audit on the Resignation of Former Chairman Lu Guofeng was deliberated on and approved.

On 9 June 2023, the fifth meeting of 2023 was held. At the meeting, the Report on Operations of Bank of Dongguan Co., Ltd. for the First Quarter of 2023 and the Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Quarter of 2023 and other proposals were deliberated on and approved.

On 18 August 2023, the sixth meeting of 2023 was held. At the meeting, the Report on the Operations of Bank of Dongguan Co., Ltd. for the First Half of 2023 and the Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2023 and other proposals were deliberated on and approved.

On 10 October 2023, the seventh meeting of 2023 was held. At the meeting, the Proposal on the Research Report on the Risk Management of Rural Banks was deliberated on and approved.

On 23 October 2023, the eighth meeting of 2023 was held. At the meeting, the Proposal on the Plan of Hiring an Accounting Firm to Perform Audit on Mr. Cheng Jinsong's Performance of Duties and Resignation was deliberated on and approved.

On 10 October 2023, the ninth meeting of 2023 was held. At the meeting, the Proposal on the Audit Report on Mr. Cheng Jinsong's Performance of Duties as Vice Chairman and President of Bank of Dongguan Co., Ltd. was deliberated on and approved.

On 12 December 2023, the tenth meeting of 2023 was held. At the meeting, the Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023 and the Report on Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2023 and other proposals were deliberated on and approved.

(IV) Work of External Supervisors

The three External Supervisors fulfilled their duties of loyalty and diligence in accordance with laws, regulations and the Bank's Articles of Association, attended meetings of the Board of Supervisors and special committees, duly reviewed various proposals, and independently and objectively issued professional opinions; and the Supervisors' working hours for the Bank conform to relevant regulations. They diligently and independently performed supervisory duties, playing an active role in improving the Bank's corporate governance and enhancing the standard of its management operations.

(V) Opinions of the Board of Supervisors on Relevant Matters

1. The Bank's operation and management according to law

During the reporting period, the Bank conducted business activities in compliance with laws, regulations and the Bank's Articles of Association; Directors and senior management worked diligently, and no Directors or senior management were found in violation of any laws, regulations, or harmed the interests of the Bank or its shareholders when performing their duties.

2. Audit report

KPMG Huazhen LLP issued an unqualified audit report on the financial status and operating results of the Bank in 2023. The Board of Supervisors has no objection to the report and believes that the contents of the report are the true, accurate and complete reflection of the status and operating results of the Bank.

3. Related party transactions

During the reporting period, the Bank implemented related-party transaction decision-making procedures in compliance with laws, regulations and the Bank's Articles of Association, and followed the principles of openness, fairness and impartiality. No related-party transactions that harm the interests of the Company and shareholders were found.

4. Information disclosure

During the reporting period, the Bank actively accepted social supervision and found no false records, misleading statements or major omissions in information disclosure.

5. Implementation of resolutions of the General Meeting of Shareholders.

The Board of Supervisors had no objection to the reports and proposals submitted by the Board of Directors to the General Meeting of Shareholders for deliberation during the reporting period. It supervised the implementation of the resolutions of the General Meeting of Shareholders, and believed that the Board of Directors had duly implemented the relevant resolutions of the General Meeting of Shareholders.

6. Internal control

The Bank continued to strengthen and improve internal control, and the Board of Supervisors had no objection to the 2023 Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. During the reporting period, no major defects were found with regards to the integrity, rationality and effectiveness of the Bank's internal control mechanisms and systems.

V. EVALUATION AND INCENTIVIZATION OF SENIOR MANAGEMENT

The Nomination and Remuneration Committee of the Board of Directors is responsible for the evaluation and incentivization of senior management. According to the Evaluation Measures of the Performance of Directors and Senior Management by the Board of Directors of Bank of Dongguan Co., Ltd., the Committee assesses the performance of senior management during their term of office and reports the evaluation results to the Board of Directors and the General Meeting of Shareholders for deliberation. The Board of Supervisors conducts overall evaluation of the performance of senior management for the year, and formulates the final assessment results, which serve as an effective basis for the Board of Directors to carry out appointments and remuneration review for senior executives.

The remuneration of senior management is determined and paid in accordance with the relevant regulations of the Bank's administrative measures concerning senior management remuneration, and the remuneration has been publicly disclosed in accordance with relevant regulations. During the reporting period, the Bank evaluated the annual performance of senior management in accordance with the performance appraisal measures for senior management and the requirements of relevant regulatory authorities.

VI. THE COMPANY'S INDEPENDENT OPERATION

The Bank has no controlling shareholders or ultimate controllers. In accordance with the Company Law and Commercial Bank Law, the Bank has always maintained complete independence, from shareholders holding 5% or more of the shares, in terms of business operations, staffing, assets, organization and finance. As an independent legal person operating independently and responsible for its own profits and losses, the Bank has independent and complete business and independent operating capabilities. The Board of Directors, Board of Supervisors, senior management and units are capable of operate independently.

VII. HORIZONTAL COMPETITION

The Bank has no controlling shareholders, and there is no horizontal competition with any controlling shareholders, ultimate controllers and other enterprises under its control.

VIII. CONSTRUCTION OF INTERNAL CONTROL

(I) Significant deficiencies in internal control

During the reporting period, no significant deficiencies in the internal control of the Bank were found.

(II) Internal control work

During the reporting period, the Bank continued to perfect and improve the internal control system in accordance with the basic principles for internal control: 100% coverage, checks and balances, prudence, and alignment: **Firstly**, to strengthen the in-depth integration of Party building and corporate governance, strengthen the advance decision-making and overall guidance of the Party committee, strictly implement the list of “Three Important and One Large”, promote the coverage of the Party committee and the Board of Directors in making decisions on important matters of operation and management, and further enhance the ability of the main body of governance to fulfill its duties. **Secondly**, to improve the mechanism of the corporate governance system, perfect the evaluation mechanism for the performance of directors, supervisors and senior management, strengthen the informationization of equity and connected transactions, and continuously enhance the effectiveness of corporate governance. **Thirdly**, to strengthen investment in research, establish a review mechanism, reinforce risk appetite and risk limit management, strengthen the precise guidance of risk management on business development, fully consolidate the management of the “Three Inspections” of loans, further standardize the business process system and operational standards, promote the establishment of a high-quality and effective quality control system, continuously strengthen the monitoring of risks and the risk identification in key areas, intensify the process management of customers with risk pre-warning, and enhance the capability of foreseeing, coping with and disposing of major risks. **Fourthly**, to further cultivate an excellent compliance culture, continuously improve the compliance risk management system and safeguard the red line for compliance through strengthening employee compliance and case prevention training and case warning education, carrying out compliance inspections and case risk identification, and promoting the implementation of corrective actions for identified problems. **Fifthly**, to expand audit coverage and highlight audit priorities, carry out in-depth special audits and investigations, timely unveil hidden risks and internal control weaknesses, deepen the closed-loop mechanism for rectification of problems to treat both manifestation and root cause of problems, and supervise the improvement of the Bank’s business operations, risk management, internal control and compliance, and the effectiveness of corporate governance. **Sixthly**, to further improve the long-term mechanism of employee behavior management, educate and guide employees for their self-behavior and maintain good professional conduct, strengthen warning education and accountability for violations for employees, and further promote comprehensive and strict governance of the Bank.

(III) Internal control audit report or assurance report

KPMG Huazhen LLP engaged by the Bank performed the verification work on internal control operations related to the financial reports of the Bank, and issued the Internal Control Assurance Report for Bank of Dongguan Co., Ltd. (KPMG Huazhen Zhuangzi No. 2400085). The report concludes that as of 31 December 2023, the Bank maintained effective internal control in all material aspects related to financial statements established in accordance with the standards of the Guidelines for Internal Control of Commercial Banks promulgated by the former China Banking Regulatory Commission.

Financial Report

I. Auditor's Report (Attached below)

II. Financial Statements (Attached below)

III. Notes to the Financial Statements (Attached below)

List of Documents Available for Inspection

- I. Financial statements signed and affixed with seal of the legal representative, accounting principal, chief accountant and head of the finance department of the Bank.
- II. Original audit report affixed with seal of the accounting firm as well as seal and signatures of certified public accountants.
- III. Original annual report deliberated on and approved by the Board of Directors of the Company.
- IV. Articles of Association of the Bank of Dongguan Co., Ltd.

Comments on the 2023 Annual Report by the Directors and Senior Executives of Bank of Dongguan Co., Ltd.

In accordance with relevant regulations and requirement noted in the Administrative Measures on Information Disclosure of Commercial Banks, as Directors and senior executives of Bank of Dongguan Co., Ltd., we offer the following opinions upon a thorough understanding and examination of the 2023 Annual Report and its abstracts:

1. The Company operated in strict compliance with the Accounting Standards for Business Enterprises and relevant regulations, and the 2023 Annual Report and its abstracts fairly reflect the financial standing and operation results of the Company this year.
2. The 2023 Annual Financial Report had been audited by KPMG Huazhen LLP and an unqualified audit report had been issued.
3. We held the view that the 2023 Annual Report and its abstracts contained no false record, misleading statement or material omission, and assumed individual and joint responsibility to the authenticity, accuracy and completeness of the information in this report.

SIGNATURES OF DIRECTORS AND SENIOR OFFICERS

Name	Position	Signature	Name	Position	Signature
Cheng Jinsong	Chairman		Wang Yanming	Independent Director	
Xie Yongwei	Deputy Chairman and President		Sun Hui	Independent Director	
Wu Jianwen	Director, Vice President		Hua Xiuping	Independent Director	
Zhang Qingwen	Non-Executive Director		Qian Wei	Independent Director	
Lu Yuyan	Non-Executive Director		Chen Tao	Independent Director	
Wang Yiren	Non-Executive Director		Li Qicong	Vice President and Secretary of the Board of Directors	
Chen Chaohui	Non-Executive Director		Zhong Zhandong	Chief Information Officer	
Liu Mingchao	Non-Executive Director		Sun Weiling	Chief Accountant	
Zhang Foen	Non-Executive Director		Hu Ni	Risk Director	

Auditor's Report and Financial Statements

Bank of Dongguan Co., Ltd.

Financial statements for the year from 1 January 2023 to 31 December 2023

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Auditor's Report

KPMG Huazhen Shen Zi No. 2401184

To the Board of Directors of Bank of Dongguan Co., Ltd.:

I. OPINION

We have audited the accompanying financial statements of Bank of Dongguan Co., Ltd., ("Bank of Dongguan") on pages 81 to 220, which comprise the consolidated balance sheet and the parent company's balance sheet as at 31 December 2023, the consolidated income statement and the parent company's income statement, the consolidated cash flow statement and the parent company's cash flow statement, the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year then ended, and the relevant notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises ("Accounting Standards for Business Enterprises") issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, the consolidated financial position of Bank of Dongguan and the parent company's financial position as at 31 December 2023, as well as the Bank's consolidated financial performance and cash flow and the parent company's financial performance and cash flow for the year then ended.

II. BASIS FOR OPINION

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

III. OTHER INFORMATION

The management of Bank of Dongguan is responsible for the other information. The other information comprises the information included in Bank of Dongguan's 2023 Annual Report, other than the financial statements and our auditor's report thereon.

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

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

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

IV. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the management is responsible for assessing Bank of Dongguan's ability to continue as a going concern, disclosing, where applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Bank of Dongguan 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 at Bank of Dongguan.

V. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with CSAs will always detect any material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 conducted in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. At the same time, we perform the following tasks:

- (1) Identify and assess the risk of material misstatements contained in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to such risk, 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 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 but not for the purpose of expressing an opinion on the effectiveness of Bank of Dongguan's internal control.
- (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 Bank of Dongguan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the readers' attention in our auditor's report to the related disclosures in the financial statements; and if such disclosures are inadequate, we are required to express a non-qualified 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 Bank of Dongguan to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, 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 Bank of Dongguan to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group's 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.



KPMG Huazhen LLP

Beijing, China

Chinese Certified Public Accountants

Wu Zhongming



Ye Yunhui



Date:

2024-03-12



Consolidated Balance Sheet

31 December 2023
(Expressed in Renminbi unless otherwise indicated)

	Notes	2023	2022
Assets			
Cash and deposits in the central bank	7	44,641,351,241.22	39,617,874,931.58
Deposits with banks and other financial institutions	8	1,972,364,716.52	1,111,929,333.41
Loans to banks and other financial institutions	9	8,691,270,120.25	5,844,829,245.42
Derivative financial assets	10	680,499,866.53	663,928,004.66
Financial assets purchased under resale agreements	11	10,308,835,756.84	10,945,507,225.66
Loans and advances to customers	12	320,895,575,609.70	284,325,438,100.54
Financial investment			
Trading financial assets	13	44,082,597,116.10	39,371,472,290.06
Debt investments	14	139,917,808,604.07	129,147,922,454.84
Other debt investments	15	47,798,734,769.79	18,319,466,216.87
Other equity instruments investments	16	199,628,982.74	25,126,345.61
Long-term equity investments	17	1,003,856,241.43	954,207,405.95
Fixed assets	18	2,005,614,449.72	1,755,365,393.67
Construction-in-progress	19	59,089,268.58	390,053,013.31
Right-of-use assets	20	646,976,712.74	619,277,991.07
Intangible assets	21	704,388,229.78	653,608,232.04
Deferred income tax assets	22	2,110,545,692.83	2,280,945,811.11
Other assets	23	3,205,524,999.66	2,392,052,289.85
Total assets		628,924,662,378.50	538,419,004,285.65
Liabilities and shareholders' equity			
Liabilities			
Borrowings from central bank	25	26,200,782,820.18	12,551,456,207.97
Deposits from banks and other financial institutions	26	7,613,310,829.89	6,538,670,505.47
Derivative financial liabilities	10	786,417,874.75	789,511,407.19
Loans from banks and other financial institutions	27	12,320,336,403.30	8,179,421,948.57
Financial assets sold under repurchase agreements	28	24,419,565,064.25	10,694,782,795.74
Customer deposits	29	427,005,977,636.98	369,588,228,175.77

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



	Notes	2023	2022
Employee benefits payable	30	1,418,836,146.07	1,313,695,463.34
Taxes and surcharges payable	5(3)	236,112,793.23	239,348,519.09
Provisions	31	104,996,527.29	297,010,160.29
Bonds payable	32	86,300,153,846.29	91,465,543,530.78
Lease liabilities	33	690,668,414.98	652,864,437.27
Other liabilities	34	1,250,425,709.82	1,254,250,562.18
Total liabilities		588,347,584,067.03	503,564,783,713.66
Shareholders' equity			
Share capital	35	2,341,600,000.00	2,180,000,000.00
Capital reserve	36	4,064,213,951.89	2,089,535,131.41
Other equity instruments	37	4,196,320,754.72	4,196,320,754.72
Other comprehensive income	38	362,557,301.73	(4,979,750.73)
Surplus reserve	39	3,692,439,554.79	3,284,742,136.13
General risk reserve	40	6,376,566,799.69	5,675,989,165.07
Undistributed profit	41	19,452,255,963.84	17,333,586,636.72
Total equity attributable to shareholders of the parent company		40,485,954,326.66	34,755,194,073.32
Minority interests		91,123,984.81	99,026,498.67
Total shareholders' equity		40,577,078,311.47	34,854,220,571.99
Total liabilities and shareholders' equity		628,924,662,378.50	538,419,004,285.65

The financial statements were approved by the Board of Directors of the Bank on 12 March 2024.

  Cheng Jinsong Legal Representative	  Wu Jianwen Accounting Principal	  Sun Weiling Chief Accountant
  Wei Sanfang Head of the Finance Department	 Bank of Dongguan Co., Ltd.	

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



Parent Company's Balance Sheet

31 December 2023
(Expressed in Renminbi unless otherwise indicated)

	Notes	2023	2022
Assets			
Cash and deposits in the central bank	7	44,523,324,740.97	39,509,989,429.01
Deposits with banks and other financial institutions	8	1,693,325,985.73	996,951,701.82
Loans to banks and other financial institutions	9	8,691,270,120.25	5,844,829,245.42
Derivative financial assets	10	680,141,629.71	663,928,004.66
Financial assets purchased under resale agreements	11	10,267,858,266.84	10,945,507,225.66
Loans and advances to customers	12	320,052,433,569.75	283,430,574,492.47
Financial investment			
Trading financial assets	13	49,686,083,391.90	39,371,472,290.06
Debt investments	14	130,632,072,326.58	129,147,922,454.84
Other debt investments	15	47,798,734,769.79	18,319,466,216.87
Other equity instruments investments	16	199,628,982.74	25,126,345.61
Long-term equity investments	17	1,172,426,423.68	1,117,777,588.20
Fixed assets	18	1,987,705,665.34	1,735,289,875.15
Construction-in-progress	19	58,527,109.00	390,053,013.31
Right-of-use asset	20	644,977,187.86	617,002,242.34
Intangible assets	21	704,388,229.78	653,608,232.04
Deferred income tax assets	22	2,095,906,446.42	2,264,061,419.04
Other assets	23	3,189,239,420.13	2,384,256,095.43
Total assets		624,078,044,266.47	537,417,815,871.93
Liabilities and shareholders' equity			
Liabilities			
Borrowings from central bank	25	26,195,682,820.18	12,507,011,441.68
Deposits from banks and other financial institutions	26	7,974,191,985.28	6,981,901,859.64
Derivative financial liabilities	10	777,286,608.52	789,511,407.19
Loans from banks and other financial institutions	27	12,320,336,403.30	8,179,421,948.57
Financial assets sold under repurchase agreements	28	20,644,106,053.78	10,694,782,795.74
Customer deposits	29	425,687,621,695.87	368,295,770,106.38

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



	Notes	2023	2022
Employee benefits payable	30	1,408,731,458.43	1,302,456,183.36
Taxes and surcharges payable	5(3)	235,545,416.90	239,046,032.06
Provisions	31	104,996,527.29	297,010,160.29
Bonds payable	32	86,300,153,846.29	91,465,543,530.78
Lease liabilities	33	689,313,522.50	651,307,212.33
Other liabilities	34	1,240,030,243.61	1,253,281,353.04
Total liabilities		583,577,996,581.95	502,657,044,031.06
Shareholders' equity			
Share capital	35	2,341,600,000.00	2,180,000,000.00
Capital reserve	36	4,061,921,229.52	2,088,785,229.52
Other equity instruments	37	4,196,320,754.72	4,196,320,754.72
Other comprehensive income	38	362,557,301.73	(4,979,750.73)
Surplus reserve	39	3,692,439,554.79	3,284,742,136.13
General risk reserve	40	6,363,268,266.88	5,663,268,266.88
Undistributed profit	41	19,481,940,576.88	17,352,635,204.35
Total shareholders' equity		40,500,047,684.52	34,760,771,840.87
Total liabilities and shareholders' equity		624,078,044,266.47	537,417,815,871.93

The financial statements were approved by the Board of Directors of the Bank on 12 March 2024.

  Cheng Jinsong Legal Representative	  Wu Jianwen Accounting Principal	  Sun Weiling Chief Accountant
  Wei Sanfang Head of the Finance Department		

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



Consolidated Income Statement

Year 2023
(Expressed in Renminbi unless otherwise indicated)

	Notes	2023	2022
Operating income			
Interest income		20,396,905,859.32	18,589,903,773.77
Interest expense		(12,064,208,690.87)	(10,814,860,618.36)
Net interest income	42	8,332,697,168.45	7,775,043,155.41
Handling fees and commission income		993,126,456.03	1,033,339,981.01
Handling fees and commission expenses		(156,139,548.10)	(143,513,634.01)
Net handling fees and commission income	43	836,986,907.93	889,826,347.00
Investment income	44	1,534,691,521.04	1,344,048,586.62
(Including: Income from investment in associates		53,650,852.79	44,131,431.43
Income arising from derecognition of financial assets measured at amortized cost)		138,297.27	18,919,844.79
Net losses from changes in fair value	45	(55,067,988.67)	(107,979,975.13)
Foreign exchange gains and losses		(259,358,561.28)	239,724,085.66
Income from other business		3,829,803.95	2,068,790.02
Net losses from disposal of assets	46	(3,050,662.68)	(1,227,689.29)
Other income	47	196,579,460.96	137,565,255.77
Operating income		10,587,307,649.70	10,279,068,556.06
Operating expenses			
Taxes and surcharges	48	(131,821,415.88)	(121,129,310.21)
Operating and administrative expenses	49	(3,814,143,747.59)	(3,620,586,475.60)
Credit impairment losses	50	(2,399,446,965.65)	(2,595,649,031.94)
Impairment loss of other assets		(365,900.00)	(1,044,141.80)
Other operating cost		(1,178.81)	-
Total operating expenses		(6,345,779,207.93)	(6,338,408,959.55)
Operating profit		4,241,528,441.77	3,940,659,596.51
Non-operating income	51(1)	1,973,326.21	2,250,503.03
Non-operating expenses	51(2)	(10,759,326.49)	(13,320,003.06)
Total profit		4,232,742,441.49	3,929,590,096.48
Income tax expenses	52	(166,549,358.75)	(96,317,633.99)

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



	Notes	2023	2022
Net profit		4,066,193,082.74	3,833,272,462.49
(I) Net profit classified by continuity of operations			
1. Net profit from continuing operations		4,066,193,082.74	3,833,272,462.49
2. Net profit from discontinued operations		–	–
(II) Net profit classified by ownership			
1. Net profit attributable to shareholders of the parent company		4,066,915,775.82	3,834,438,955.25
2. Minority interests profit or loss		(722,693.08)	(1,166,492.76)
Net profit		4,066,193,082.74	3,833,272,462.49
Other comprehensive income, net of tax	38		
(I) Other comprehensive income, net of tax, to shareholders of the parent company			
1. Items that will not be reclassified into profit or loss			
(1) Changes in fair value of other equity instruments investments		201,672,007.13	(11,978,347.98)
2. Items that may be reclassified into profit or loss			
(1) Changes in fair value of debt instruments measured at FVOCI		154,416,858.81	(39,930,255.30)
(2) Impairment of debt instruments measured at FVOCI		13,315,090.25	(137,372,211.07)
(3) Other comprehensive income that can be reclassified into profit or loss under equity method		(402,017.31)	596,079.23
(4) Conversion of foreign currency financial statements		(1,464,886.42)	(6,375,325.41)
(II) Other comprehensive income, net of tax, to minority interests		–	–
Total comprehensive income		4,433,730,135.20	3,638,212,401.96
Total comprehensive income attributable to shareholders of the parent company		4,434,452,828.28	3,639,378,894.72
Total comprehensive income attributable to minority interests		(722,693.08)	(1,166,492.76)
Basic and diluted earnings per share (RMB)		1.73	1.72

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



Parent Company's Income Statement

Year 2023
(Expressed in Renminbi unless otherwise indicated)

	Notes	2023	2022
Operating income			
Interest income		20,082,137,231.79	18,530,217,592.13
Interest expense		(11,955,823,989.54)	(10,793,156,753.23)
Net interest income	42	8,126,313,242.25	7,737,060,838.90
Handling fees and commission income		995,177,286.99	1,035,965,366.07
Handling fees and commission expenses		(156,093,898.68)	(143,466,858.30)
Net handling fees and commission income	43	839,083,388.31	892,498,507.77
Investment income	44	1,522,049,178.23	1,346,088,586.62
(Including: Income from investment in associates		53,650,852.79	44,131,431.43
Income arising from derecognition of financial assets measured at amortized cost)		838,477.27	18,919,844.79
Net gains/(losses) from changes in fair value	45	128,291,027.30	(107,979,975.13)
Foreign exchange gains and losses		(262,449,193.08)	239,724,085.66
Income from other business		3,682,140.78	1,896,456.68
Net losses from disposal of assets	46	(3,042,828.31)	(1,286,850.87)
Other income	47	196,246,079.63	136,683,275.24
Operating income		10,550,173,035.11	10,244,684,924.87
Operating expenses			
Taxes and surcharges	48	(131,305,373.25)	(120,749,971.35)
Operating and administrative expenses	49	(3,771,312,078.15)	(3,583,500,503.44)
Credit impairment losses	50	(2,397,837,201.68)	(2,593,719,234.97)
Impairment loss of other assets		(365,900.00)	(436,000.00)
Other operating cost		(1,178.81)	-
Total operating expenses		(6,300,821,731.89)	(6,298,405,709.76)
Operating profit		4,249,351,303.22	3,946,279,215.11
Non-operating income	51(1)	1,893,257.47	2,247,282.43
Non-operating expenses	51(2)	(10,702,525.17)	(13,247,328.81)
Total profit		4,240,542,035.52	3,935,279,168.73
Income tax expenses	52	(163,567,848.91)	(94,993,805.67)

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



	Notes	2023	2022
Net profit		4,076,974,186.61	3,840,285,363.06
Net profit		4,076,974,186.61	3,840,285,363.06
Net profit from continuing operations		4,076,974,186.61	3,840,285,363.06
Other comprehensive income, net of tax	38		
(I) Items that will not be reclassified into profit or loss			
1. Changes in fair value of other equity instruments investments		201,672,007.13	(11,978,347.98)
(II) Items that may be reclassified into profit or loss			
1. Changes in fair value of debt instruments measured at FVOCI		154,416,858.81	(39,930,255.30)
2. Impairment of debt instruments measured at FVOCI		13,315,090.25	(137,372,211.07)
3. Other comprehensive income that can be reclassified into profit or loss under equity method		(402,017.31)	596,079.23
4. Conversion of foreign currency financial statements		(1,464,886.42)	(6,375,325.41)
Total comprehensive income		4,444,511,239.07	3,645,225,302.53

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



Consolidated Cash Flow Statement

Year 2023
(Expressed in Renminbi unless otherwise indicated)

	Notes	2023	2022
Cash flow from operating activities			
Net increase in customer deposits and placement from banks and other financial institutions		55,911,134,783.59	47,207,443,401.67
Net increase in borrowings from central bank		13,611,830,991.80	1,705,354,933.61
Net increase in loans from banks and other financial institutions and financial assets sold under repurchase agreements		14,049,657,090.01	–
Proceeds from interests, handling fees and commission income		16,926,871,124.60	16,192,838,562.40
Proceeds from other operating activities		207,123,745.11	175,330,932.09
Sub-total of cash inflow of operating activities		100,706,617,735.11	65,280,967,829.77
Net increase in loans and advances to customers		(38,334,279,384.75)	(21,336,085,786.92)
Net increase in deposits with central bank and with banks and other financial institutions		(1,731,629,725.64)	(821,074,807.29)
Net increase in loans to banks and other financial institutions		(1,310,000,000.00)	(4,150,000,000.00)
Net decrease in loans from banks and other financial institutions and financial assets sold under repurchase agreements		–	(7,147,055,003.99)
Payment for interests, handling fees and commissions		(7,324,590,377.64)	(6,147,307,712.13)
Payments to and for employees		(2,245,459,702.13)	(2,081,457,187.62)
Payment of various taxes		(1,062,537,914.45)	(943,365,119.45)
Payment for other operating activities		(1,454,882,483.88)	(1,262,725,072.35)
Sub-total of cash outflow of operating activities		(53,463,379,588.49)	(43,889,070,689.75)
Net cash flow generated from operating activities	53(1)	47,243,238,146.62	21,391,897,140.02
Cash flow from investing activities			
Proceeds from disposal of investments		1,244,318,973,503.86	1,464,803,578,811.35
Investment returns received		6,376,165,950.29	4,740,392,336.57
Proceeds from disposal of fixed assets, intangible assets and other assets		724,820.95	448,649.77
Sub-total of cash inflow of investing activities		1,250,695,864,275.10	1,469,544,419,797.69
Payment for investments		(1,285,910,015,635.98)	(1,492,988,157,883.87)
Payment for acquisition of equity from minority interests		(5,000,000.00)	–
Payment for acquisition of fixed assets, intangible assets and other assets		(728,161,616.32)	(1,440,507,187.62)
Sub-total of cash outflow of investing activities		(1,286,643,177,252.30)	(1,494,428,665,071.49)
Net cash flow used in investing activities		(35,947,312,977.20)	(24,884,245,273.80)

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



	Notes	2023	2022
Cash flow from financing activities			
Proceeds from investors		2,134,736,000.00	–
Proceeds from issuance of bonds		102,353,839,730.94	113,849,700,500.19
Proceeds from issuance of other equity instruments		–	1,998,962,264.15
Sub-total of cash inflow of financing activities		104,488,575,730.94	115,848,662,764.34
Payment for distribution of dividends and profits		(653,740,104.54)	(546,097,381.97)
Including: profits paid to minority interests of subsidiaries		(637,000.00)	(1,960,000.00)
Cash paid for allocating perpetual bond interest payments		(163,900,000.00)	(93,500,000.00)
Cash paid to repay bond principal		(108,870,000,000.00)	(108,463,372,910.00)
Cash paid to repay bond interest		(871,500,000.00)	(2,072,927,090.00)
Cash paid to repay lease liability		(200,202,662.67)	(165,758,330.10)
Sub-total of cash outflow of financing activities		(110,759,342,767.21)	(111,341,655,712.07)
Net cash flow (used in)/generated from financing activities		(6,270,767,036.27)	4,507,007,052.27
Effect of changes in foreign exchange rate on cash and cash equivalents		(2,205,077.40)	64,686,491.46
Net increase in cash and cash equivalents	53(2)	5,022,953,055.75	1,079,345,409.95
Add: Cash and cash equivalents at the beginning of the year		25,260,733,313.90	24,181,387,903.95
Cash and cash equivalents at the end of the year	53(3)	30,283,686,369.65	25,260,733,313.90

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



Parent Company's Cash Flow Statement

Year 2023
(Expressed in Renminbi unless otherwise indicated)

	Note	2023	2022
Cash flow from operating activities			
Net increase in customer deposits and placement from banks and other financial institutions		55,809,724,632.21	47,342,702,933.92
Net increase in borrowings from central bank		13,651,148,991.80	1,686,941,933.61
Net increase in loans from banks and other financial institutions and financial assets sold under repurchase agreements		14,049,657,090.01	–
Proceeds from interests, handling fees and commission income		16,889,329,005.38	16,134,520,266.41
Proceeds from other operating activities		184,732,525.65	174,216,882.27
Sub-total of cash inflow of operating activities		100,584,592,245.05	65,338,382,016.21
Net increase in loans and advances to customers		(38,391,390,817.59)	(21,349,401,388.94)
Net increase in deposits with central bank and with banks and other financial institutions		(1,616,599,364.86)	(915,671,940.15)
Net increase in loans to banks and other financial institutions		(1,310,000,000.00)	(4,150,000,000.00)
Net decrease in loans from banks and other financial institutions and financial assets sold under repurchase agreements		–	(7,147,055,003.99)
Payment for interests, handling fees and commissions		(7,222,726,999.56)	(6,129,224,219.80)
Payments to and for employees		(2,223,374,016.47)	(2,059,081,548.99)
Payment of various taxes		(1,061,337,653.32)	(941,080,407.21)
Payment for other operating activities		(1,436,727,261.83)	(1,251,565,183.55)
Sub-total of cash outflow of operating activities		(53,262,156,113.63)	(43,943,079,692.63)
Net cash flow generated from operating activities	53(1)	47,322,436,131.42	21,395,302,323.58
Cash flow from investing activities			
Proceeds from disposal of investments		1,244,404,978,047.44	1,464,803,578,811.35
Investment returns received		6,107,966,849.07	4,740,392,336.57
Dividend from subsidiaries		663,000.00	2,040,000.00
Proceeds from disposal of fixed assets, intangible assets and other assets		1,617,095.81	379,444.91
Sub-total of cash inflow of investing activities		1,250,515,224,992.32	1,469,546,390,592.83
Payment for investments		(1,285,909,914,387.33)	(1,492,988,157,883.87)
Payment for acquisition of equity from minority interests		(5,000,000.00)	–
Payment for acquisition of fixed assets, intangible assets and other assets		(727,268,809.24)	(1,439,153,407.07)
Sub-total of cash outflow of investing activities		(1,286,642,183,196.57)	(1,494,427,311,290.94)
Net cash flow used in investing activities		(36,126,958,204.25)	(24,880,920,698.11)

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



	Notes	2023	2022
Cash flow from financing activities			
Proceeds from issuance of bonds		102,353,839,730.94	113,849,700,500.19
Proceeds from investors		2,134,736,000.00	–
Proceeds from issuance of other equity instruments		–	1,998,962,264.15
Sub-total of cash inflow of financing activities		104,488,575,730.94	115,848,662,764.34
Payment for distribution of dividends and profits		(653,103,104.54)	(544,137,381.97)
Cash paid for allocating perpetual bond interest payments		(163,900,000.00)	(93,500,000.00)
Cash paid to repay bond principal		(108,870,000,000.00)	(108,463,372,910.00)
Cash paid to repay bond interest		(871,500,000.00)	(2,072,927,090.00)
Cash paid to repay lease liability		(199,582,774.63)	(165,051,759.90)
Sub-total of cash outflow of financing activities		(110,758,085,879.17)	(111,338,989,141.87)
Net cash flow (used in)/generated from financing activities		(6,269,510,148.23)	4,509,673,622.47
Effect of changes in foreign exchange rate on cash and cash equivalents		(2,343,289.89)	64,686,491.46
Net increase in cash and cash equivalents	53(2)	4,923,624,489.05	1,088,741,739.40
Add: Cash and cash equivalents at the beginning of the year		25,127,021,866.16	24,038,280,126.76
Cash and cash equivalents at the end of the year	53(3)	30,050,646,355.21	25,127,021,866.16

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



Consolidated Statement of Changes in Shareholders' Equity

Year 2023
(Expressed in Renminbi unless otherwise indicated)

Note	Equity attributable to shareholders of the Bank								Total shareholders' equity	
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Sub-total		Minority interests
Balance as of 1 January 2023	2,180,000,000.00	4,196,320,754.72	2,089,635,131.41	(4,979,750.73)	3,284,742,136.13	5,675,989,165.07	17,333,686,636.72	34,755,194,073.32	99,026,498.67	34,854,220,571.99
Changes in equity during the year:										
1. Total comprehensive income	-	-	-	367,537,052.46	-	-	4,066,915,775.82	4,434,452,828.28	(722,683.08)	4,433,730,135.20
2. Capital contributed and decreased by shareholders	161,600,000.00	-	1,973,135,000.00	-	-	-	-	2,134,736,000.00	-	2,134,736,000.00
- Ordinary shares contributed by shareholders	161,600,000.00	-	1,973,135,000.00	-	-	-	-	2,134,736,000.00	-	2,134,736,000.00
- Payment for acquisition of equity from minority interests	-	-	1,542,820.48	-	-	-	-	1,542,820.48	(6,542,820.78)	(5,000,000.30)
3. Profit distribution	41	-	-	-	407,697,418.66	-	(407,697,418.66)	-	-	-
- Appropriation of surplus reserves	-	-	-	-	407,697,418.66	-	(407,697,418.66)	-	-	-
- Appropriation of general risk reserve	-	-	-	-	-	700,577,634.62	(700,577,634.62)	-	-	-
- Dividend distribution	-	-	-	-	-	-	(654,000,000.00)	(654,000,000.00)	(637,000.00)	(654,637,000.00)
- Appropriation of perpetual bond interest	-	-	-	-	-	-	(163,900,000.00)	(163,900,000.00)	-	(163,900,000.00)
4. Transfer from disposal of other equity instrument investments	-	-	-	-	-	-	(22,071,395.42)	(22,071,395.42)	-	(22,071,395.42)
Sub-total of 1 to 3	161,600,000.00	-	1,974,678,820.48	367,537,052.46	407,697,418.66	700,577,634.62	2,118,669,327.12	5,730,760,253.34	(7,902,513.86)	5,722,857,739.48
Balance as of 31 December 2023	2,341,600,000.00	4,196,320,754.72	4,064,213,951.89	362,557,301.73	3,692,439,554.79	6,376,566,799.69	19,452,255,963.84	40,485,954,326.66	91,123,984.81	40,577,078,311.47

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



	Equity attributable to shareholders of the Bank										Total shareholders' equity
	Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Sub-total	Minority interests	
Balance as of 1 January 2022		2,180,000,000.00	2,197,358,490.57	2,089,535,131.41	190,080,539.80	2,900,715,599.82	5,175,989,165.07	15,021,676,217.78	29,755,352,914.45	102,152,991.43	29,857,505,905.88
Changes in equity during the year:											
1. Total comprehensive income		-	-	-	(195,060,060.53)	-	-	3,884,439,955.25	3,639,378,894.72	(1,166,492.76)	3,638,212,401.96
2. Capital contributed by shareholders		-	-	-	-	-	-	-	-	-	-
- Capital contributed by the holders of other equity instruments		-	1,998,982,264.15	-	-	-	-	-	1,998,982,264.15	-	1,998,982,264.15
3. Profit distribution	41	-	-	-	-	-	-	-	-	-	-
- Appropriation of surplus reserves		-	-	-	-	384,028,536.31	-	(384,028,536.31)	-	-	-
- Appropriation of general risk reserve		-	-	-	-	500,000,000.00	-	(500,000,000.00)	-	-	-
- Dividend distribution		-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)	(1,960,000.00)	(546,960,000.00)
- Appropriation of perpetual bond interest		-	-	-	-	-	-	(83,500,000.00)	(83,500,000.00)	-	(83,500,000.00)
Sub-total of 1 to 3		-	1,998,982,264.15	-	(195,060,060.53)	384,028,536.31	500,000,000.00	2,311,910,418.94	4,999,841,158.87	(3,126,492.76)	4,996,714,666.11
Balance as of 31 December 2022		2,180,000,000.00	4,196,320,754.72	2,089,535,131.41	(4,979,750.73)	3,284,742,136.13	5,675,989,165.07	17,333,696,636.72	34,755,194,073.32	99,026,498.67	34,854,220,571.99

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



Parent Company's Statement of Changes in Shareholders' Equity

Year 2023
(Expressed in Renminbi unless otherwise indicated)

	Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Total
Balance as of 1 January 2023		2,180,000,000.00	4,196,320,754.72	2,088,786,229.52	(4,979,750.73)	3,284,742,136.13	5,663,268,266.88	17,352,635,204.35	34,760,771,840.87
Changes in equity during the year:									
1. Total comprehensive income		-	-	-	367,537,052.46	-	-	4,076,974,186.61	4,444,511,239.07
2. Capital contributed by shareholders		161,600,000.00	-	1,973,136,000.00	-	-	-	-	2,134,736,000.00
3. Profit distribution	41	-	-	-	-	407,697,418.66	-	(407,697,418.66)	-
- Appropriation of surplus reserves		-	-	-	-	-	-	(700,000,000.00)	-
- Appropriation of general risk reserve		-	-	-	-	-	700,000,000.00	(654,000,000.00)	(654,000,000.00)
- Dividend distribution		-	-	-	-	-	-	(163,900,000.00)	(163,900,000.00)
- Appropriation of perpetual bond interest		-	-	-	-	-	-	-	-
4. Transfer from disposal of other equity instrument investments		-	-	-	-	-	-	(22,071,395.42)	(22,071,395.42)
Sub-total of 1 to 3		161,600,000.00	-	1,973,136,000.00	367,537,052.46	407,697,418.66	700,000,000.00	2,129,305,372.53	5,739,275,843.65
Balance as of 31 December 2023		2,341,600,000.00	4,196,320,754.72	4,061,921,229.52	362,557,301.73	3,692,439,554.79	6,363,268,266.88	19,481,940,576.88	40,500,047,684.52

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Total
Balance as of 1 January 2022	2,180,000,000.00	2,197,358,490.57	2,088,785,229.52	190,090,309.80	2,900,713,599.82	5,163,268,266.88	15,034,878,377.60	29,755,084,274.19
Changes in equity during the year:								
1. Total comprehensive income	-	-	-	(195,060,060.53)	-	-	3,640,285,363.06	3,645,225,302.53
2. Capital contributed by shareholders	-	-	-	-	-	-	-	-
- Capital contributed by the holders of other equity instruments	-	1,998,962,264.15	-	-	-	-	-	1,998,962,264.15
3. Profit distribution	41	-	-	-	-	-	-	-
- Appropriation of surplus reserves	-	-	-	-	384,028,536.31	-	(384,028,536.31)	-
- Appropriation of general risk reserve	-	-	-	-	-	500,000,000.00	(500,000,000.00)	-
- Dividend distribution	-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)
- Appropriation of perpetual bond interest	-	-	-	-	-	-	(93,500,000.00)	(93,500,000.00)
Sub-total of 1 to 3	-	1,998,962,264.15	-	(195,060,060.53)	384,028,536.31	500,000,000.00	2,317,756,826.75	5,005,687,566.68
Balance as of 31 December 2022	2,180,000,000.00	4,196,320,754.72	2,088,785,229.52	(4,979,750.73)	3,284,742,136.13	5,663,268,266.88	17,352,635,204.35	34,760,771,840.87

The notes to the financial statements from pages 97 to 220 form an integral part of these financial statements.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 BASIC INFORMATION

The Bank of Dongguan Co., Ltd. (hereinafter referred to as the "Bank"), formerly known as Dongguan Commercial Bank Co., Ltd., is a joint-stock commercial bank incorporated and established on 8 September 1999 in accordance with the "Notice on Incorporation of Urban Cooperative Bank" (GF [1995] No. 25), the "Reply on Preparation of Commercial Banks in Dongguan" (DRYF [1999] No.51) issued by Dongguan Central Branch of the People's Bank of China, the "Reply on Preparation of Commercial Banks in Dongguan" (GZYF (1999) No. 156) issued by Guangzhou Branch of the People's Bank of China and the "Reply on Opening of Dongguan Commercial Bank Co., Ltd." (GZYF (1999) No.383) issued by Guangzhou Branch of the People's Bank of China based on assets and capital verification as well as restructuring of 14 former urban credit cooperatives and 19 independent accounting business departments. On 14 February 2008, upon approval under Reply of the China Banking Regulatory Commission on Rename of Dongguan Commercial Bank (YJF (2008) No.74) issued by the former China Banking Regulatory Commission (hereinafter referred to as the "former CBRC"), the Bank was renamed Bank of Dongguan Co., Ltd. As at 31 December 2023, the Bank's registered capital is RMB2,341,600,000. On 25 June 2023, the Bank obtained the "Reply of Guangdong Office of the China Banking and Insurance Regulatory Commission on Bank of Dongguan's Change to the Registered Capital" (YYBJF [2023] No. 188) issued by Guangdong Office of the China Banking and Insurance Regulatory Commission (hereinafter referred to as the "former CBIRC").

As at 31 December 2023, the unified social credit code/registration number of the Bank is 914419007076883717, and the number of the Financial Institution Permit is B0201H244190001. The Legal Representative is Cheng Jinsong, and the registered address is at No. 21, Tiyu Road, Guancheng District, Dongguan.

As at 31 December 2023, the Bank had one head office and 13 branches (Dongguan Branch, Guangzhou Branch, Shenzhen Branch, Huizhou Branch, Changsha Branch, Foshan Branch, Hefei Branch, Qingyuan Branch, Zhuhai Branch, Shaoguan Branch, Zhongshan Branch and Nansha Branch of Guangdong Pilot Free Trade Zone, Hong Kong Branch).

The scope of business of the Bank and its subsidiaries (the "Group") includes: attracting deposits from enterprises and individuals; lending loans; payment and settlement; treasury business and other commercial bank business approved by the former CBRC. See Note 17 for the relevant information on the Bank's subsidiaries.

2 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

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

(1) Statement of compliance with the Accounting Standards for Business Enterprises

These financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance ("MOF") of the People's Republic of China and present truly and completely the consolidated financial standing and financial position of the Bank as at 31 December 2023, and the consolidated financial performance and financial performance of the Bank and the consolidated cash flow and cash flow of the Bank for the year then ended.

(2) Accounting year

The accounting year of the Group is from 1 January to 31 December.

(3) Functional currency and presentation currency

The functional currencies of the Bank and its subsidiaries are Renminbi (RMB) and these financial statements are presented in Renminbi. The functional currency is determined by the Bank and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.



3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Business combinations and consolidated financial statements

(a) Business combinations not involving entities under common control

A business combination that does not involve any entities under common control is a business combination in which all of the combining entities or businesses are not ultimately controlled by the same party or parties before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the equity interest previously held by the Group (the acquirer) in the acquiree), liabilities incurred or borne, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. If (1) is less than (2), the difference is recognized in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

In case of a business combination that does not involve entities under common control made through multiple transactions, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognizes any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognized in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified into profit or loss are transferred to investment income at the date of acquisition; any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognized in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

(b) Consolidated financial statements

(i) General principles

The scope of the consolidated financial statements is determined on the basis of control, and the consolidated financial statements cover the Bank and its controlled subsidiaries (including structured entities). "Control" exists when the investor has power over the invested entities, and is entitled to receive variable returns through participation in activities related to the invested entities, and has the ability to use its powers over the invested entities and affect the amount of returns on investment. When determining whether the Group has powers over an invested entity, the Group shall only consider the substantive rights associated with the entity, including its own substantive rights and the substantive rights of other parties. The financial standing, operating results and cash flow of its subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A structured entity is the entity that has not been designed with voting rights or similar rights as a determining factor when determining its controlling party. The basis for dominating the relevant activities of the entity is usually a contractual arrangement or other types of arrangements.

Minority interests of the subsidiary are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders of the subsidiary is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders of the subsidiary is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to minority shareholders of a subsidiary exceeds the minority shareholders' share of the opening owners' equity of the subsidiary, the excess is still offset against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognized in the financial statements.



(ii) Merger and acquisition of subsidiaries

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination not involving entities under common control, the identifiable assets and liabilities of the acquired subsidiary are included in the scope of consolidation from the date that the acquisition commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(iii) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period. For the remaining equity investment, the Group re-measures it according to its fair value on the date of loss of control, and any gains or losses arising therefrom are also recognized in the investment income for the period in which control is lost.

(iv) Changes in minority interests

Where the Bank acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed of and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

(2) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, short-term deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(3) Foreign currency business and conversion of foreign currency statements

When the Group receives the capital in foreign currencies from investors, the capital is converted to Renminbi at the spot exchange rate at the date of receipt. Other foreign currency transactions are, on initial recognition, converted to Renminbi at the spot exchange rates.

Monetary items denominated in foreign currencies are converted to Renminbi at the spot exchange rate at the balance sheet date. For monetary item denominated in foreign currencies, classified as financial assets at fair value through other comprehensive income, the resulting exchange differences are decomposed into exchange differences arising from changes in amortized costs and changes in other carrying amounts of such items. The exchange differences arising from changes in amortized costs are recognized in current profit or loss, and exchange differences arising from changes in other carrying amounts are recognized in other comprehensive income. The exchange differences of other monetary items denominated in foreign currencies are recognized in current profit or loss.

Non-monetary items that are measured at historical cost in foreign currencies are converted to Renminbi using the spot exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are converted using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognized in profit or loss, except for the differences arising from the re-conversion of equity investments at fair value through other comprehensive income, which are recognized in other comprehensive income. Other differences are recognized in current profit or loss.

When converting the financial statements of overseas operations, the assets and liabilities items in the balance sheet are converted at the spot exchange rate on the balance sheet date. The shareholders' equity items are converted at the spot exchange rate at the time of occurrence, except for items of exchange differences recorded in foreign currency financial statements in undistributed profits and other comprehensive income. The income and expense items in the income statement are converted at the spot exchange rate on the transaction date. The exchange differences recorded in foreign currency financial statements arising from the above conversion are presented in other comprehensive income. When disposing of overseas operations, the relevant exchange differences recorded in foreign currency financial statements are transferred from other comprehensive income to the current profit or loss of disposal.



(4) Financial instruments

Financial instruments refer to contracts that form financial assets for a given party and financial liabilities or equity instruments for other parties.

(a) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset and financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related transaction costs are included in their initial costs.

(b) Classification and subsequent measurement of financial assets

(i) Classification of financial assets

The Group typically classifies financial assets into different categories at initial recognition based on the business model for managing the financial assets and the contractual cash flow characteristics of financial assets: Financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (FVOCI), and financial assets at fair value through profit or loss (FVTPL).

Financial assets shall not be reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the changes in its business model.

As for financial assets that meet both of the following conditions and are not designated at fair value through profit or loss, the Group classifies them as financial assets measured at amortized cost:

- The Group's objective of business model for managing the financial assets is to collect contractual cash flow;
- The contractual terms for the financial assets provide that, the cash flow generated on a specified date are solely the payments for the principal as well as the interests based on its outstanding principal amount.

As for financial assets that meet both of the following conditions and are not designated at fair value through profit or loss, the Group classifies them as financial assets measured at fair value through other comprehensive income:

- The Group's objective of business model for managing the financial assets is to both collect contractual cash flow and sell such financial assets;
- The contractual terms for the financial assets provide that, the cash flow generated on a specified date are solely the payments for the principal as well as the interests based on its outstanding principal amount.

As for non-trading equity instrument investments, the Group can irrevocably designate them as financial assets at fair value through other comprehensive income at initial recognition. The designation is made on an individual investment basis, and the relevant investment meets the definition of an equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets measured at amortized cost and at fair value through other comprehensive income, the Group classifies all other financial assets as those measured at fair value through profit or loss. At initial recognition, if accounting mismatches can be eliminated or significantly reduced, the Group can irrevocably designate the financial investments that should be measured at amortized cost or at fair value through other comprehensive income as financial assets that are measured at fair value through current profit or loss.



The business model for managing financial assets defines how the Group manages financial assets for the purpose of generating cash flow. The business model determines as to whether the source of cash flow from financial assets managed by the Group is contractual cash flow collected or the sale of financial assets, or both. The Group determines the business model for managing financial assets on the basis of objective facts and the specific business objectives of managing financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flow are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flow such that it would not meet this condition.

(ii) Subsequent measurement of financial assets

Financial assets at FVTPL

After initial recognition, such financial assets are subsequently measured at fair value. The resulting gains and losses (including any interest or dividend income) are recognized in current profit or loss unless the financial assets are part of a hedging relationship.

Financial assets at amortized cost

After initial recognition, such assets are subsequently measured at amortized cost using the effective interest method. The gain or loss on financial assets that are measured at amortized cost and are not part of a hedging relationship shall be included in current profit or loss when the financial assets are derecognized, reclassified, amortized in accordance with the effective interest method or recognized as impairment.

Debt investments at FVOCI

After initial recognition, such assets are subsequently measured at fair value. Interest, impairment losses or gains and foreign exchange gains and losses calculated using the effective interest method are recognized in profit or loss, and other gains/losses are recognized in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings.

Investments in equity instruments designated as FVOCI

After initial recognition, such assets are subsequently measured at fair value. The dividend income is recognized in profit or loss, and other gains/losses are recognized in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities at FVTPL

Such financial liabilities include financial liabilities held for trading (including derivatives that belong to financial liabilities) and financial liabilities designated at FVTPL.

After initial recognition, financial liabilities at FVTPL are subsequently measured at fair value, and the resulting gains or losses, including any interest expense, are recognized in current profit or loss, unless:

- The financial liability is part of a hedging relationship;
- The financial liability is designated as a financial liability at fair value through profit or loss, and the changes in fair value caused by changes in the Group's own credit risk are recognized in other comprehensive income.



Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities and loan commitments (See Note 3(4)(d)) arising from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.

(d) Financial guarantee contracts and loan commitments

Financial guarantee contracts

A financial guarantee contract refers to a contract that requires the Group to pay a specific amount to the contract holder who sustains losses when a specific debtor fails to repay the debt in accordance with the original or revised terms of the debt instrument.

Financial guarantee contracts are initially recognized at fair value on the date of guarantee provision. After the initial recognition, the relevant income of the financial guarantee contract is amortized and recognized in current profit or loss according to the provisions of the accounting policies stated in Note 3(14). The financial guarantee liabilities are subsequently measured at the loss provision amount determined in accordance with the impairment principle (See Note 3(4)(g)) of financial instruments or the balance after deducting the accumulated amortization of the income related to the financial guarantee contract from the initial recognized amount, whichever is higher.

Loan commitments

A loan commitment is a definite commitment to provide credit in accordance with pre-specified terms and conditions.

Loan commitments provided by the Group are assessed for impairment based on expected credit losses (ECLs). The Group has undertaken neither to grant loans at any price below market interest rates, nor to pay cash or issue other financial instruments as a net settlement of loan commitments.

The Group presents the provisions for loss for loan commitments and financial guarantee contracts in estimated liabilities. However, where an instrument contains both loans and unused commitments, and the Group cannot distinguish the ECLs arising from the loan and the unused commitment, the provision for loss of both is presented in provisions for loan loss, but the provision for loss is presented in estimated liabilities when the total provision for loss of the two exceeds the book balance of the loan.

(e) Offsetting

Financial assets and financial liabilities are presented separately in the balance sheet without offsetting each other. However, the net amount after offsetting each other is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognized amounts;
- The Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.



(f) Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

- Termination of the Group's contractual rights to receive the cash flow from the financial assets;
- The financial asset has been transferred and the Group transfers substantially all of the risks and rewards attached to the ownership of the financial asset to the transferee;
- The financial asset has been transferred. Although the Group neither transfers nor retains substantially all of the risks and rewards attached to the ownership of the financial asset, the Group does not retain control over the transferred asset.

Where the financial asset has been transferred, and the Group neither transfers nor retains substantially all of the risks and rewards attached to the ownership of the financial asset, but the Group retains control over the transferred asset, the relevant financial assets and corresponding liabilities are recognized according to the degree of continued involvement in the transferred financial assets.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- The carrying amount of the financial asset transferred at the date of derecognition;
- The sum of the consideration received for the transfer of the financial asset, and the amount corresponding to the derecognized portion of the cumulative amount of changes in fair value which is originally recognized in other comprehensive income (the financial assets involved in the transfer are debt investments measured at fair value through other comprehensive income).

The Group derecognizes a financial liability (or part of it) when the current obligation (or part of it) of a financial liability has been discharged.

(g) Impairment of financial assets

The Group performs impairment accounting disposal and recognizes loss allowances based on expected credit loss (ECL):

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI;
- Credit commitments not measured at FVTPL.

The ECL model does not apply to other financial assets at fair value held by the Group, including debt investments or equity instrument investments at FVTPL, which are designated as equity instrument investments at FVOCI and derivative financial assets.

(i) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flow that the Group expects to receive, discounted at the original effective interest rate).

The Group's method of measuring ECLs of financial instruments reflects the following elements: (i) An unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; (ii) Time value of money; (iii) Reasonable and supportable information that is related to past events, current conditions and forecasts of future economic conditions and available at the balance sheet date without undue cost or effort.



The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group divides each business into three risk stages and accrues provisions for ECLs based on whether the credit risk associated with financial instruments has increased significantly since the initial recognition.

The main definitions of the three risk stages of financial instruments are as follows:

- The first stage: For financial instruments whose credit risk has not increased significantly since the initial recognition, the provision for loss is measured according to the 12-month ECLs.
- The second stage: For financial instruments whose credit risk has increased significantly since the initial recognition but has not yet suffered credit impairment, the provision for loss is measured according to the lifetime ECLs.
- The third stage: For financial instruments with credit impairment after initial recognition, the provision for loss is measured according to the lifetime ECLs.

Financial instruments that have low credit risk

The credit risk associated with a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Significant increases in credit risk

The Group determines the relative change in the risk of default associated with a financial instrument during the expected duration of its existence and whether the credit risk of a financial instrument has increased significantly since initial recognition, by comparing the risk of default associated with the financial instrument on the balance sheet date with the risk of default on the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available without undue cost or effort, including forward-looking information. The information considered by the Group includes:

- The debtor fails to pay the principal and interest on the due date of the contract;
- Serious deterioration in the external or internal credit rating (if any) of the financial instrument that has occurred or is expected;
- Serious deterioration in the debtor's operating results that has occurred or is expected;
- Existing or expected changes in the technological, market, economic or legal environment that have a material adverse effect on the debtor's ability to repay the Group.

Depending on the nature of the financial instruments, the Group assesses whether there is a significant increase in credit risk based on individual financial instruments or a combination of financial instruments. When the assessment is performed based on a combination of financial instruments, the financial instruments are grouped based on common credit risk characteristics, such as overdue status and credit risk ratings.



The Group determines that the credit risk associated with a financial asset has increased significantly if the overdue period is more than 30 days.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay in full what it owes the Group, the assessment does not take into account the Group's recourse actions such as realization of collateral (if held); or
- The financial asset is more than 90 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets measured at amortized cost, loans and advances to customers and debt investments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flow of the financial asset has/have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor or issuer;
- A breach of contract of the debtor, such as a default or overdue payment of interest or principal;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Group has granted to the debtor a concession that would not have made under any other circumstances;
- It is highly likely that the debtor will go into bankruptcy or another form of financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties.

(ii) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk exposure since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. For financial investments that are measured at amortized cost, the loss allowance is used to offset the carrying amount of the financial assets listed in the balance sheet; for debt investments that are measured at FVOCI, the Group recognizes its loss allowance in other comprehensive income and does not offset the carrying amount of the financial asset. For credit commitments that are not measured at fair value through profit or loss, the Group recognized provisions for loss in estimated liabilities (see Note 31).

(iii) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flow to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.



(h) Modification of financial asset contracts

Under certain circumstances, such as restructuring loans, the Group will modify or renegotiate financial asset contracts. The Group will assess whether there is a substantial change in the revised or renegotiated contract terms.

Where there is a substantial change in the terms of the revised contract, the Group will derecognize the original financial asset and at the same time recognize a new financial asset in accordance with the revised terms.

Where there is no substantial change in the revised contract terms, but the contractual cash flow changes, the Group recalculates the book balance of the financial asset and recognizes the relevant gain or loss in current profit or loss. The recalculated book balance of the financial asset shall be determined in accordance with the present value of the revised or renegotiated contractual cash flow discounted at the original effective interest rate of the financial assets (or at the credit-adjusted effective interest rate of purchased or originated credit-impaired financial assets). For all costs or expenses incurred in modifying or renegotiating contracts, the Group adjusts the book value of the modified financial assets and amortizes them over the remaining term of the modified financial assets. When assessing whether the credit risk associated with relevant financial instruments has increased significantly, the Group compares the risk of default at the balance sheet date based on the changed contract terms with the risk of default on initial recognition based on the original contract terms.

(i) Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognized in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

(j) Perpetual Bonds

Based on the contractual terms of Perpetual Bonds issued and the economic substance they reflect, the Group classifies these financial instruments or their components as financial liabilities or equity instruments at the time of initial recognition, taking into account the definitions of financial liabilities and equity instruments.

The Perpetual Bonds issued by the Group that should be classified as equity instruments are included in equity based on the amount actually received. If dividends or interest are distributed during the existence period, it shall be treated as a profit distribution. When the Group redeems Perpetual Bonds, the equity is written off at the redemption price.

(k) Asset-backed securitization

During asset-backed securitization, credit assets are sold to special-purpose entities which then issue asset-backed securities to investors. Interests in securitized financial assets are presented in the form of interests in prime asset-backed securities or subprime asset-backed securities or in other residual interests ("retained interests"). Retained interests are recognized at fair value in the Group's balance sheet. Gain or loss from securitization depends on the carrying amount of the financial asset transferred, and is allocated at fair value at the date of transfer between the derecognized financial asset and retained interests.

When applying asset-based securitization policies, the Group considers the degree at which the risk and rewards associated with the asset are transferred to another entity, as well as the extent to which the Group exercises control over the entity.



(l) Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

Financial assets purchased under resale agreements represents the funds raised by the Group according to the resale agreement to buy and then resell financial assets at fixed prices. Financial assets sold under repurchase agreements represent the funds raised by the Group according to the repurchase agreement to sell and then repurchase financial assets at fixed prices.

The cash advanced or received is recognized as amounts purchased under resale or sold under repurchase agreements in the balance sheet. Underlying assets purchased under resale agreements are reported not as purchase of the assets but recorded off-balance sheet. Underlying assets sold under repurchase agreement are retained in the balance sheet.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognized as interest income and interest expenses respectively, over the life of each agreement using the effective interest method.

(5) Derivative financial instruments

Derivative financial instruments are initially recognized at the fair value of the day when the derivative transaction contract is signed, and measured at their fair value thereafter. Derivative financial instruments with a positive fair value are recognized as an asset, and those with a negative fair value are recognized as liabilities.

Where the main contract contained in a hybrid contract is an asset within the scope of financial instrument standards, the embedded derivative is no longer separated from the main contract of the financial asset, but the hybrid financial instrument, as a whole, is subject to the relevant provisions on the classification of financial assets. Where the main contract contained in the hybrid contract is not an asset within the scope of financial instrument standards, and some embedded derivative financial instruments are not closely related to the economic characteristics and risks of the main contract, a separate instrument with the same terms and conditions as the embedded derivative matches the definition of derivative financial instruments, if the hybrid instrument is not measured at fair value and its changes are recognized in current profit or loss, the embedded derivative financial instrument shall be separated from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at fair value and changes in fair value are recognized in current profit or loss.

Profits and losses derived from changes in the fair value of derivative financial instruments should be directly included in profit or loss if they do not meet the requirements of hedge accounting.

The fair value of derivative financial instruments is typically calculated based on valuation models commonly used in the market. The data of the valuation model uses observable market information as much as possible, including the forward foreign exchange rate and market yield curve.

(6) Long-term equity investments**(a) Investments in subsidiaries**

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles set out in Note 3(1) (b).

In the Bank's separate financial statements, costs of long-term equity investments in subsidiaries are initially measured as follows:

- The initial cost of a long-term equity investment acquired through a business combination not involving entities under common control comprises the aggregate of the fair value of assets transferred, liabilities incurred or borne, and equity securities issued by the Bank, in exchange for control of the acquirees.
- A long-term equity investment in a subsidiary acquired through means other than a business combination is initially recognized in accordance with the principles set out in Note 3(6)(b). A long-term equity investment in an associate is initially recognized at the amount of cash paid if the Group acquires the investment by cash.



In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Bank recognizes its share of the cash dividends or profit distributions declared by the subsidiary as investment income in the current period. The investments in subsidiaries are stated in the balance sheet at cost less allowance for impairment losses (see Note 3(11)). For the impairment test and provisioning of investments in subsidiaries, refer to Note 3(11).

(b) Investment in associates

An associate is an entity over which the Group has significant influence.

A long-term equity investment in an associate is initially recognized at the amount of cash paid if the Group acquires the investment by cash.

A long-term equity investment in an associate is accounted for using the equity method, unless the investment is classified as held for sale.

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in profit or loss.
- After the acquisition of the investment in associates, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the long-term equity investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the long-term equity investment is reduced by the amount attributable to the Bank. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), are recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognizes investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated upon accounting under the equity method to the extent of the Group's interest in the associates. Unrealized losses resulting from transactions between the Group and its associates are eliminated in the same way as unrealized gains but only to the extent that there is no impairment.
- The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the associate achieves net profit thereafter, the Group resumes recognizing the revenue share after using its revenue share to make up the share of the unrecognized loss.

The Bank accrues impairment allowance of long-term equity investments in associates in accordance with the principles set out in Note 3(11).



(c) Criteria for determining joint control and significant influence over the investee

Joint control refers to the common control over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement (namely, activities that have a significant influence on the return on investment concerning the arrangement) must be decided with the unanimous consent of the participants sharing the control right.

When determining whether there is joint control over the investee, the Group usually considers the following matters:

- Whether any of the participant cannot independently control the relevant activities of the investee;
- Whether the decisions involving the relevant activities of the investee require the unanimous consent of the parties sharing control right.

Significant influence means that the Group has the power to participate in the decision-making of the financial and operating policies of the investee, but cannot control or jointly control the formulation of these policies with other parties.

(7) Fixed assets and construction in progress

Fixed assets represent tangible assets held by the Group for administrative purposes with useful lives over one accounting year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and allowance for impairment losses (see Note 3(11)). Construction in progress is stated in the balance sheet at cost less allowance for impairment losses (see Note 3(11)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets, etc. when it is ready for its intended use. No depreciation is provided against construction in progress.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in different patterns, thus necessitating the use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is highly likely that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

The carrying amount of a fixed asset is derecognized:

- When the fixed asset is held for disposal;
- When no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.



The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale. The useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Category of assets	Useful life	Residual value rate	Annual depreciation rate
Buildings and constructions			
Including: property	20 years	4%	4.80%
Including: decoration of fixed assets	5 years	0%	20.00%
Electronic equipment and machinery	5 years	4%	19.20%
Motor vehicles and others	5 years	4%	19.20%

The useful lives, residual values and depreciation methods are reviewed at least once at the end of every year.

(8) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the useful life is finite) and impairment allowance (see Note 3(11)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The respective amortization periods for such intangible assets are as follows:

	Amortization period
Software	5 years
Land use right	20 - 50 years

The Group reviews the useful life and amortization method of intangible assets with limited useful lives at least once at the end of each year.

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. As of the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

(9) Debt-expiated assets

Debt-expiated assets refer to physical assets and property rights provided to the Bank by debtors, guarantors or third parties in compensation for the Bank's creditor's rights or security interests exercised.

For financial debt-expiated assets that are transferred to the Group, the Group conducts initial measurement at their fair value, and conducts classification and subsequent measurement according to the accounting policies set out in Note 3(11).

For the non-financial debt-expiated assets that are transferred to the Group, the Group conducts initial measurement based on the fair value of the relinquished creditor's rights and other costs such as taxes directly attributable to the asset, and performs subsequent measurement based on the carrying amount of the debt-expiated assets or the recoverable amount, whichever is lower. For the impairment test and provision for impairment allowance of the debt-expiated assets of the Group, please refer to Note 3(11).



(10) Long-term deferred expenses

Long-term deferred expense refers to all expenses which have been paid with a benefit period of over one year. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortization and provision for impairment. Expenditures of improvement of fixed assets rented through operating lease shall be evenly amortized over the remaining lease period or the useful years of rented assets, whichever is the shorter. And other long-term deferred expenses are equally amortized over the benefit period.

Long-term deferred expenses are equally amortized over the benefit period. The respective amortization periods for long-term deferred expenses are as follows:

Item	Amortization period
Expenditures of improvement of fixed assets rented	3 – 5 years
Others	3 – 5 years

(11) Provision for impairment of non-financial assets

The following non-financial assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- Fixed assets
- Construction in progress
- Right-of-use assets
- Intangible assets
- Long-term equity investments
- Long-term deferred expenses
- Non-financial debt-expiated assets, etc.

If such indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least once at the end of every year, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset (or asset group or set of asset groups) shall be its fair value (see Note 3(12)) less costs to sell or its present value of expected future cash flow, whichever is higher.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflow that are largely independent of the cash inflow from other assets or asset groups.

The present value of expected future cash flow of an asset is determined by discounting the future cash flow, estimated to be derived from the continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.



An impairment loss is recognized in profit or loss if the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount thus reduced shall not be less than the fair value of the asset less costs to sell (if measurable), its present value of expected future cash flow (if determinable) or zero, whichever is higher.

Once an impairment loss of the Group's non-financial assets is recognized, it cannot be reversed in a subsequent period.

(12) Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(13) Provisions and contingent liabilities

Contingent liabilities refer to potential obligations arising from past transactions or events, the existence of which must be confirmed by the occurrence or non-occurrence of uncertain future events; or current obligations arising from past transactions or events, and the performance of such obligations is not likely to result in an outflow of economic benefits from the Group or the amount of such obligations cannot be reliably measured, the Group will disclose the potential or current obligations as contingent liabilities.

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is highly likely that settling the obligations will entail an outflow of economic benefits.

A provision shall be initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow. All the factors pertaining to a contingency such as the risks, uncertainties and time value of money shall be taken into account in reaching the best estimate. Where there is a continuous range of the expenditure required, and all the possible outcomes are equally likely, the best estimate shall be the mid-point of that range. In other cases, the best estimate is determined as follows:

- Where the contingency involves a single item, the best estimate shall be the most likely outcome.
- Where the contingency involves multiple items, the best estimate shall be determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.



(14) Revenue

(a) Interest income

For all financial assets measured at amortized cost and financial assets measured at FVOCI, interest income is measured at the effective interest rate. The effective interest rate refers to the interest rate that discounts the expected future cash inflow or outflow of the financial instrument to the book balance of the financial asset or the amortized cost of the financial liability during the expected duration of the financial instrument. The calculation of the effective interest rate takes into account contractual terms of the financial instrument (for example, prepayment options) and includes all fees attributable to the effective interest rate component and all transaction costs, but not expected credit losses.

The Group determines interest income and presents it as interest income based on the book balance of financial assets multiplied by the effective interest rate, except for:

- For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortized cost;
- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. the net amount of the book balance after deducting the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to the book balance of financial assets.

(b) Handling fees and commission income

The Group collects handling fees and commissions on the various services provided for customers. The handling fees and commissions recognized by the Group reflect the amount of consideration that it is expected to be entitled to receive for providing services to customers, and the revenue is recognized when the performance obligations in the contract are fulfilled.

When one of the following conditions is met, the Group recognizes revenue according to the performance progress within the period:

- A customer obtains and consumes the economic benefits brought by the Group's performance of the contract during the performance period;
- The customer is able to control the services performed by the Group during the performance of the contract;
- The services provided by the Group during the performance of the contract have irreplaceable purposes, and the Group has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period.

(15) Expenses

(a) Interest expense

The interest expense of financial liabilities is calculated by the effective interest rate method and based on the amortized cost of financial liabilities and the time when funds are tied up, and is recognized in the corresponding period.

(b) Other expenses

Other expenses are recognized on an accrual basis.



(16) Employee benefits

(a) Short-term benefits

The Group recognizes employee wages or salaries, bonuses, social security contributions (such as medical insurance, work injury insurance, maternity insurance) and housing provident fund contributions that are actually accrued, during the period when employees provide services or according to the prescribed benchmarks and proportions as liabilities, and recognizes them in current profit or loss or related asset costs.

(b) Post-employment benefits – defined contribution plans

The defined contribution plans that the Group participates in include:

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participates in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognized as a liability during the period when employees provide services, and are presented in profit or loss or cost of assets where appropriate.

In addition to the participation in the social basic endowment insurance, the Group's employees participate in the annuity plan established by the Group in accordance with the relevant policies of the national enterprise annuity system. The Group pays a certain proportion of the total salary of the employees as contributions to the annuity plan, and the corresponding expenditures are included in current profits and losses.

(c) Post-employment benefits – defined benefit plan

The Group, in accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumption to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, recognize a defined benefit plan liability by the present value of the defined benefit plan.

The Group attributes obligations under a defined benefit plan to periods of service provided by employees, with a corresponding charge to profit or loss for the current period or the cost of a relevant asset which include the service cost and interest expense of under a defined benefit plan, changes as a result of remeasurements of the defined benefit plan liability are recognized in other comprehensive income.

(d) Other long-term employee benefits

Deferred benefits payable to senior management and employees holding positions with substantial influences on risk exposure are recognized as a liability during the period when employees provide services, and are presented in profit or loss or cost of assets where appropriate.

(17) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

If a government grant is in the form of a transfer of monetary asset, it is measured at the amount received or receivable. If a government grant is offered in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are the grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income or non-operating income or offset against related expenses in the periods in which the expenses or losses are recognized; or included in other income or non-operating income or offset against related expenses directly.



(18) Income tax

Current income tax and deferred income tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in shareholders' equity (including other comprehensive income).

Current income tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities arise from deductible and taxable temporary differences respectively being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a single transaction if a transaction is not a business combination and affects neither the accounting profit nor taxable income (or deductible losses) at the time of the transaction, and such transaction is a single transaction in which the initial recognition of assets and liabilities do not result in an equal amount of taxable temporary differences and deductible temporary differences.

At the balance sheet date, deferred income tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred income tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it is highly likely that sufficient taxable profits will be available.

At the balance sheet date, deferred income tax assets and liabilities are offset if all of the following conditions are met:

- The taxable entity has a legally enforceable right to offset current tax liabilities and assets;
- They relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

(19) Leases

A lease is a contract whereby the lessor transfers the right to use the asset to the lessee for consideration within a certain period of time.

On the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. Where a party to a contract transfers its right to control the use of one or more identified assets for a certain period in exchange for consideration, the contract is or contains a lease.



To determine whether a contract transfers the right to control the use of an identified asset for a certain period, the Group conducts the following assessments:

- Whether the contract involves the use of an identified asset. An identified asset may be specified explicitly in the contract or implicitly when the asset is made available to the customer and the asset is physically distinguishable, or when some part of the capacity or other part of the asset is physically indistinguishable but substantially represents the full capacity of the asset, so that the customer obtains almost all the economic benefits arising from the use of the asset. An asset is not an identified asset when the supplier of the asset has a substantial right to substitute the asset throughout the period of use;
- Whether the lessee is entitled to substantially all of the economic benefits arising from the use of the identified asset during the period of use;
- Whether the lessee has the right to control the use of the identified asset during the period of use.

Where the contract simultaneously contains multiple separate leases, the lessee and the lessor shall separate the contract and conduct accounting treatment for each separate lease. Where the contract contains both lease and non-lease parts, the lessee and the lessor shall separate the lease and non-lease parts. When the lease and non-lease parts included in the contract are separated, the lessee shall allocate the contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease parts and the stand-alone prices of the non-lease parts.

(a) The Group as the lessee

On the commencement date of the lease term, the Group recognizes a right-of-use asset and a lease liability for the lease. The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease liability, initial direct costs arising from lease payments (after deducting the amount(s) related to the lease incentives to which the Group is entitled) made on or before the commencement date of the lease term, and the estimated costs to dismantle and remove the leased asset, restore the site on which the leased asset is located, or restore the leased asset to the condition agreed upon in the terms of the lease.

The Group uses the straight-line method to depreciate right-of-use assets. If the acquisition of the ownership of a right-of-use asset can be reasonably determined upon the expiration of the lease term, the Group accrues depreciation over the remaining lifetime of the leased asset. Otherwise, the leased asset is depreciated over the shorter of the lease term and the remaining lifetime of the leased asset. Right-of-use assets are provided for impairment in accordance with the accounting policies set out in Note 3(11).

The lease liability is initially measured at the present value of the unpaid lease payments at the commencement date of the lease term and discounted at the interest rate implicit in the lease. When the interest rate implicit in the lease cannot be determined, the incremental borrowing rate of the Group is used as the discount rate.

The Group calculates the interest expense of the lease liability in each period of the lease term at a fixed periodic interest rate, and recognizes it in current profit or loss or the cost of related assets. Variable lease payments that are not included in the measurement of lease liabilities are recognized in current profit or loss or the cost of related assets when they are actually incurred.

After the commencement date of the lease term, the Group re-measures the lease liability at the present value of the changed lease payments in the event of any:

- Changes in the estimated payable amount based on the residual value of the guarantee;
- Changes in the index or rate used to determine lease payments;
- Changes in the Group's assessment results of the purchase option, lease renewal option or lease termination option, or discrepancy between the actual exercise and original assessment result of lease renewal option or lease termination option.

When the lease liability is remeasured, the Group adjusts the carrying amount of the right-of-use asset accordingly. Where the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will recognize the excessive amount in current profit or loss.



The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term leases (leases with a lease term not exceeding 12 months) and low-value asset leases, and has recognized the relevant lease payments in current profit or loss or the cost of relevant assets on a straight-line basis over each period of the lease term.

(b) The Group as the lessor

On the lease commencement date, the Group classifies leases into finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

Lease receipts from operating leases are recognized as rental income on a straight-line basis over the lease term. The Group capitalizes the initial direct costs incurred in relation to operating leases, amortizes them on the same basis as rental income recognition during the lease term, and recognizes them in current profit or loss in installments. Variable lease payments not included in lease receipts are recognized in profit or loss for the period when they are actually incurred.

(20) Fiduciary activities

The Group acts as manager, trustee or agent of the client in the course of fiduciary activities. The Group's balance sheet does not include any assets held by the Group for fiduciary business and the commitment to return these assets to customers, as the risks and profits of such assets are borne by the customers.

The entrusted loans services refer to services where the Group signs entrusted loans agreements with clients, and the clients provide funds ("entrusted loan funds") to the Group, and the Group grants loans ("entrusted loans") to the third parties according to the instructions of clients. As the Group does not undertake the risks or rewards of entrusted loans and related entrusted funds, the Group's entrusted loans and funds are recognized as off-balance sheet items based on their principal, and no provision for impairment is made for these entrusted loans.

(21) Profit distributions

Distributions of profit proposed in the profit distribution plan to be approved after the balance sheet date are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

(22) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Bank is under common control only from the State and that have no other related party relationships are not regarded as related parties.

At the same time, the Bank determines the related parties of the Group or the Bank in accordance with the Administrative Measures on Information Disclosure by Listed Companies by the CSRC.

(23) Reporting by segment

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system after taking materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

The Group measures each segment item for the purpose of allocating resources to the segment and evaluating segment performance. The accounting policies used in the preparation of reports by segment are consistent with the accounting policies used in the preparation of the Group's financial statements.



(24) Significant accounting estimates and judgments

The preparation of financial statements requires the management to make estimates and assumptions, which may differ from the actual results, and affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortization of assets such as fixed assets and intangible assets (see Notes 3(7) and 3(8)) and provision for impairment of various types of assets (see Notes 8, 9, 11, 12, 14, 15 and 23). Other significant accounting estimates are as follows:

- (i) Note 22 – Recognition of deferred income tax assets; and
- (ii) Note 55 – Fair value.

The Group made the following important judgments in the application of accounting policies:

- (i) Note 65 – Disclosure of material judgments and assumptions that exercise control over other subjects and have a common control or significant impact.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

In 2023, the Group had no new relevant new provisions or guidelines of accounting standards for business enterprises issued by the MOF that required implementation.

5 TAXATION

The principal taxes and tax rates applicable to the Group are listed below:

(1) Value added tax (VAT) and surcharges

Tax Name	Tax basis and applicable rate
VAT	<p>Output VAT for financial services is 6% of its income, while output VAT for others is 13% of product sales and taxable services. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable. Other taxable income shall be calculated at the applicable VAT rate to pay value-added tax.</p> <p>According to Provisions on Issues Concerning Value-Added Tax on Asset Management Products (CS [2017] No. 56) issued by MOF and the State Taxation Administration, managers of asset management products shall calculate and pay value-added tax for taxable income at a levying rate of 3% from 1 January 2018.</p> <p>According to the “Notice on Further Clarifying Policies Concerning the Financial Industry during the Comprehensive Promotion of the Pilot Program of Replacing Business Tax with Value-Added Tax” (CS [2016] No. 46) issued by MOF and the State Taxation Administration, the subsidiaries of the Bank, namely Chongqing Kaizhou Taiye Village Bank Co., Ltd., Dongyuan Taiye Village Bank Co., Ltd. and Zongyang Taiye Village Bank Co, Ltd. calculated and paid value-added tax at 3% for the income from the financial services provided.</p>
City maintenance and construction tax	Subject to 7% or 5% of the VAT actually paid.
Educational surcharges	Subject to 5% of the VAT actually paid.



(2) Income Tax

The statutory income tax rate of the Bank and its subsidiaries Dongyuan Taiye Village Bank Co., Ltd. and Zongyang Taiye Village Bank Co, Ltd. is 25%. The applicable income tax rate for the year is the statutory rate (2022: 25%).

According to the Circular of the Ministry of Finance, General Administration of Customs and State Taxation Administration on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies (CS [2011] No. 58) and the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Corporate Income Tax Policies for the Large-Scale Development of Western China (Announcement No. 23 [2020] of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission), the corporate income tax is levied on qualified enterprises operating in Western China at a rate of 15% from 1 January 2011 to 31 December 2030. The corporate income tax is levied on the Bank's subsidiary Chongqing Kaizhou Taiye Village Bank Co., Ltd. at a rate of 15%. The tax incentives were effective in both 2022 and 2023.

(3) Taxes payable

	The Group		The Bank	
	2023	2022	2023	2022
VAT payable	196,762,692.78	173,293,898.88	196,376,913.21	173,050,340.33
Income tax payable	110,828.37	26,431,728.28	–	26,431,728.28
City maintenance and construction tax payable	13,724,497.17	12,090,906.87	13,700,241.89	12,075,854.47
Educational surcharges payable	9,822,913.76	8,648,332.53	9,803,627.67	8,636,162.72
Others	15,691,861.15	18,883,652.53	15,664,634.13	18,851,946.26
Total	236,112,793.23	239,348,519.09	235,545,416.90	239,046,032.06

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2023, the consolidated financial statements included the following subsidiaries:

Name of subsidiaries	Principal place of business	Registration place	Business nature	Registered capital (RMB)	Shareholding percentage of the Bank direct/indirect (or percentage of similar equity)	Voting rights of the Bank direct/indirect
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	Kaizhou, Chongqing	Kaizhou, Chongqing	Banking industry	50 million	63.10%	63.10%
Dongyuan Taiye Village Bank Co., Ltd.	Dongyuan, Guangdong	Heyuan, Guangdong	Banking industry	100 million	56.00%	56.00%
Zongyang Taiye Village Bank Co., Ltd.	Zongyang, Anhui	Tongling, Anhui	Banking industry	110 million	84.55%	84.55%

Note 1: As of 31 December 2023, the Bank has established a subsidiary, i.e. Guanyin International Co., Ltd. in Hong Kong according to the "Reply of Guangdong Office of the China Banking and Insurance Regulatory Commission on Bank of Dongguan's Investment and Establishment of the Hong Kong Subsidiary" (YYBJF [2020] No. 659) and Banking Ordinance of Hong Kong, and obtained the "Business Registration Certificate". The Bank has not yet paid up its capital contribution, and its Hong Kong subsidiary needs to obtain a banking license issued by the Hong Kong Monetary Authority before it can start operations in the name of a bank.



7 CASH AND DEPOSITS IN THE CENTRAL BANK

	Notes	The Group		The Bank	
		2023	2022	2023	2022
Cash		694,929,883.52	1,015,833,461.61	687,785,392.26	1,006,963,735.48
Deposits in the central bank					
– Statutory reserves	(i)	27,858,551,946.95	26,335,353,859.31	27,793,499,871.60	26,270,332,144.91
– Excess reserves	(ii)	15,942,092,104.20	12,215,721,921.00	15,896,287,933.94	12,181,753,335.75
– Foreign-exchange risk reserves	(iii)	78,442,657.10	27,618,018.93	78,442,657.10	27,618,018.93
– Fiscal deposits	(iv)	52,562,000.00	9,955,000.00	52,562,000.00	9,955,000.00
Sub-total		43,931,648,708.25	38,588,648,799.24	43,820,792,462.64	38,489,658,499.59
Accrued interest		14,772,649.45	13,392,670.73	14,746,886.07	13,367,193.94
Total		44,641,351,241.22	39,617,874,931.58	44,523,324,740.97	39,509,989,429.01

- (i) The Group places deposit reserve for general deposits with the People's Bank of China (or "PBOC"), including RMB deposit reserve and foreign currency deposit reserve, in accordance with related regulations. Without approval from the PBOC, these statutory deposit reserve must not be used in the regular operation of the Group. The PBOC pays no interest for the placed foreign currency deposit reserve.

As at each balance sheet date, the Bank was subject to the following statutory deposit reserve ratios:

	2023	2022
RMB deposit reserve ratio	7.00%	7.50%
Foreign currency deposit reserve ratio	4.00%	6.00%

The three subsidiaries of the Bank were subject to a statutory RMB reserve ratio set by the PBOC.

- (ii) Excess reserves with the central bank are mainly used in fund settlement and transfers, etc.
- (iii) Foreign-exchange risk reserves with the central bank are reserves deposited with the PBOC in a prescribed proportion for the Group engaging in forward exchange business on behalf of clients.
- (iv) Fiscal deposits in the central bank are fiscal deposits the Group collects under agency services for the central national treasury or the local national treasury, which are placed with the PBOC at a percentage of 100%. No interest is paid on the fiscal deposits, and they cannot be withdrawn without permission. The Bank does not recognize them as cash equivalents.



8 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of institutions

	The Group		The Bank	
	2023	2022	2023	2022
Deposits with domestic				
– Interbanks	836,282,605.64	439,930,159.83	594,547,579.64	325,057,023.30
– Other financial institutions	244,870,912.69	175,985,184.78	216,595,389.60	175,985,184.78
Deposits with overseas				
– Interbanks	890,179,176.30	498,023,657.65	882,028,530.16	498,023,657.65
– Other financial institutions	3,087,529.61	13,929.20	3,087,529.61	13,929.20
Accrued interest	1,026,061.96	123,628.27	126,019.28	15,488.99
Sub-total	1,975,446,286.20	1,114,076,559.73	1,696,385,048.29	999,095,283.92
Less: Provision for impairment	(3,081,569.68)	(2,147,226.32)	(3,059,062.56)	(2,143,582.10)
Total	1,972,364,716.52	1,111,929,333.41	1,693,325,985.73	996,951,701.82

9 LOANS TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of institutions

	The Group and the Bank	
	2023	2022
Banks operating in Mainland China	1,204,059,000.00	-
Other financial institutions operating in Mainland China	7,410,000,000.00	5,800,000,000.00
Accrued interest	83,215,293.78	72,344,402.77
Sub-total	8,697,274,293.78	5,872,344,402.77
Less: Provision for impairment	(6,004,173.53)	(27,515,157.35)
Total	8,691,270,120.25	5,844,829,245.42



10 DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	2023		
	Nominal amount	Fair value	
		Assets	Liabilities
Foreign currency derivatives instruments			
– Forward contracts	3,718,502,905.25	15,661,729.26	(33,677,524.10)
– Swap contracts	20,467,888,649.95	193,544,101.05	(207,999,553.49)
– Option contracts	28,677,586,206.00	92,545,635.46	(92,545,635.46)
Interest rate derivatives instruments			
– Interest rate swap	38,487,061,699.90	378,748,400.76	(451,744,801.70)
Credit derivatives instruments			
– Credit risk mitigation warrant	1,010,000,000.00	-	(450,360.00)
Total	92,361,039,461.10	680,499,866.53	(786,417,874.75)

The Bank

	2023		
	Nominal amount	Fair value	
		Assets	Liabilities
Foreign currency derivatives instruments			
– Forward contracts	3,341,078,808.81	15,303,492.44	(24,546,257.87)
– Swap contracts	20,467,888,649.95	193,544,101.05	(207,999,553.49)
– Option contracts	28,677,586,206.00	92,545,635.46	(92,545,635.46)
Interest rate derivatives instruments			
– Interest rate swap	38,487,061,699.90	378,748,400.76	(451,744,801.70)
Credit derivatives instruments			
– Credit risk mitigation warrant	1,010,000,000.00	-	(450,360.00)
Total	91,983,615,364.66	680,141,629.71	(777,286,608.52)



The Group and the Bank

	Nominal amount	2022	
		Fair value	
		Assets	Liabilities
Foreign currency derivatives instruments			
– Forward contracts	3,975,708,271.18	37,256,602.44	(37,680,692.88)
– Swap contracts	14,516,008,660.46	172,873,966.28	(217,411,267.26)
– Option contracts	27,416,960,000.00	177,612,803.56	(177,612,803.56)
Interest rate derivatives instruments			
– Interest rate swap	41,423,408,502.00	276,166,392.38	(321,187,593.49)
Credit derivatives instruments			
– Credit risk mitigation warrant	840,000,000.00	18,240.00	(35,619,050.00)
Total	88,172,085,433.64	663,928,004.66	(789,511,407.19)

11 FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

(1) Analyzed by type and location of counterparties

	The Group	
	2023	2022
Banks operating in Mainland China	2,074,700,000.00	-
Other financial institutions operating in Mainland China	8,232,485,157.40	10,939,225,000.00
Accrued interest	1,650,599.44	6,282,225.66
Sub-total	10,308,835,756.84	10,945,507,225.66
Less: Provision for impairment	-	-
Total	10,308,835,756.84	10,945,507,225.66

	The Bank	
	2023	2022
Banks operating in Mainland China	2,074,700,000.00	-
Other financial institutions operating in Mainland China	8,191,555,000.00	10,939,225,000.00
Accrued interest	1,603,266.84	6,282,225.66
Sub-total	10,267,858,266.84	10,945,507,225.66
Less: Provision for impairment	-	-
Total	10,267,858,266.84	10,945,507,225.66



(2) Analyzed by classification of collateral

	The Group	
	2023	2022
Bonds	10,307,185,157.40	10,009,405,000.00
Interbank negotiable certificate of deposit	-	929,820,000.00
Accrued interest	1,650,599.44	6,282,225.66
Sub-total	10,308,835,756.84	10,945,507,225.66
Less: Provision for impairment	-	-
Total	10,308,835,756.84	10,945,507,225.66

	The Bank	
	2023	2022
Bonds	10,266,255,000.00	10,009,405,000.00
Interbank negotiable certificate of deposit	-	929,820,000.00
Accrued interest	1,603,266.84	6,282,225.66
Sub-total	10,267,858,266.84	10,945,507,225.66
Less: Provision for impairment	-	-
Total	10,267,858,266.84	10,945,507,225.66



12 LOANS AND ADVANCES TO CUSTOMERS

(1) Analyzed by nature

	The Group		The Bank	
	2023	2022	2023	2022
Loans and advances at amortized cost:				
Loans and advances to corporate customers	199,351,224,398.82	164,376,491,748.10	199,216,446,425.24	164,241,407,636.59
Residential mortgage loans	42,782,803,543.60	47,301,210,880.63	42,607,771,091.65	46,975,440,917.67
Personal business loan	34,352,368,441.13	27,910,424,226.27	34,020,617,953.51	27,541,737,778.25
Personal consumption loan	26,312,674,053.96	21,769,241,999.99	26,080,308,634.51	21,662,395,000.75
Credit card loan	4,422,089,107.18	4,572,083,404.45	4,422,089,107.18	4,572,083,404.45
Other personal loans	451,014.69	584,487.43	451,014.69	584,487.45
Loans and advances to retail customers	107,870,386,160.56	101,553,544,998.77	107,131,237,801.54	100,752,241,588.57
Principal of loans and advances at amortized cost:	307,221,610,559.38	265,930,036,746.87	306,347,684,226.78	264,993,649,225.16
Accrued interest	660,724,319.49	656,324,079.18	658,777,137.56	653,963,657.04
Total loans and advances at amortized cost:	307,882,334,878.87	266,586,360,826.05	307,006,461,364.34	265,647,612,882.20
Less: Impairment provision for losses on loans and advances at amortized cost				
– 12-month expected credit loss	(3,847,489,524.78)	(4,267,423,880.27)	(3,839,388,784.81)	(4,253,599,661.10)
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(1,031,406,690.05)	(642,729,366.93)	(1,026,091,974.30)	(638,350,596.87)
– Credit-impaired loans and advances	(2,613,175,459.40)	(1,851,262,711.05)	(2,593,859,440.54)	(1,825,581,364.50)
Impairment provision for losses on loans and advances at amortized cost	(7,492,071,674.23)	(6,761,415,958.25)	(7,459,340,199.65)	(6,717,531,622.47)
Net loans and advances issued at amortized cost	300,390,263,204.64	259,824,944,867.80	299,547,121,164.69	258,930,081,259.73
Loans and advances at fair value through other comprehensive income:				
Discounted bills	7,885,920,605.50	18,738,086,851.34	7,885,920,605.50	18,738,086,851.34
Loans and advances to corporate customers – Forfeiting	12,619,391,799.56	5,762,406,381.40	12,619,391,799.56	5,762,406,381.40
Principal of loans and advances at fair value through other comprehensive income	20,505,312,405.06	24,500,493,232.74	20,505,312,405.06	24,500,493,232.74
Net loans and advances issued	320,895,575,609.70	284,325,438,100.54	320,052,433,569.75	283,430,574,492.47



(2) Analyzed by collateral

	The Group		The Bank	
	2023	2022	2023	2022
Loans secured by mortgages	179,049,390,157.31	156,711,567,740.21	178,378,750,931.92	155,947,431,731.54
Guaranteed loans	54,406,621,640.03	53,891,892,861.13	54,260,665,046.55	53,767,838,523.79
Pledged loans	23,103,924,500.29	24,520,466,907.68	23,083,250,500.29	24,504,354,907.68
Credit loans	71,166,986,666.81	55,306,602,470.59	71,130,330,153.08	55,274,517,294.89
Carrying amount of loans and advances issued	327,726,922,964.44	290,430,529,979.61	326,852,996,631.84	289,494,142,457.90

(3) Analyzed by industry distribution**The Group**

	2023		2022	
	Total loans	Percentage %	Total loans	Percentage %
Loans and advances to corporate customers				
– Leasing and commercial services	65,252,015,616.53	19.89	48,773,499,869.52	16.79
– Manufacturing	50,228,847,378.95	15.33	40,276,678,704.33	13.87
– Wholesale and retail	27,213,265,285.76	8.30	21,863,837,153.89	7.53
– Real estate	16,895,143,324.08	5.16	16,475,205,162.98	5.67
– Construction	14,373,084,222.28	4.39	13,534,883,428.53	4.66
– Education	4,710,750,033.35	1.44	4,527,234,763.87	1.56
– Transportation, storage and postal services	5,594,459,480.63	1.71	4,323,781,895.69	1.49
– Production and supply of electricity, heating, gas and water	4,685,153,493.73	1.43	3,851,318,078.14	1.33
– Water, environment and public utility management	4,222,023,615.86	1.29	2,325,839,843.06	0.80
– Others	18,795,873,747.21	5.74	14,186,619,229.49	4.88
Total loans and advances to corporate customers	211,970,616,198.38	64.68	170,138,898,129.50	58.58
Total loans and advances to retail customers	107,870,386,160.56	32.91	101,553,544,998.77	34.97
Discounted bills	7,885,920,605.50	2.41	18,738,086,851.34	6.45
Carrying amount of loans and advances issued	327,726,922,964.44	100.00	290,430,529,979.61	100.00



The Bank

	2023		2022	
	Total loans	Percentage	Total loans	Percentage
		%		%
Loans and advances to corporate customers				
– Leasing and commercial services	65,240,215,186.53	19.95	48,767,419,869.52	16.85
– Manufacturing	50,212,657,378.95	15.36	40,256,684,904.33	13.91
– Wholesale and retail	27,180,189,606.16	8.32	21,831,107,153.89	7.54
– Real estate	16,895,143,324.08	5.17	16,475,205,162.98	5.69
– Construction	14,369,404,222.28	4.40	13,527,661,806.75	4.67
– Education	4,710,100,033.35	1.44	4,526,084,763.87	1.56
– Transportation, storage and postal services	5,585,119,430.43	1.71	4,313,338,205.96	1.49
– Production and supply of electricity, heating, gas and water	4,683,153,493.73	1.43	3,849,318,078.14	1.33
– Water, environment and public utility management	4,211,023,615.86	1.29	2,325,839,843.06	0.80
– Others	18,748,831,933.43	5.74	14,131,154,229.49	4.88
Total loans and advances to corporate customers	211,835,838,224.80	64.81	170,003,814,017.99	58.72
Total loans and advances to retail customers	107,131,237,801.54	32.78	100,752,241,588.57	34.80
Discounted bills	7,885,920,605.50	2.41	18,738,086,851.34	6.48
Carrying amount of loans and advances issued	326,852,996,631.84	100.00	289,494,142,457.90	100.00

(4) Analyzed by geographic distribution**The Group**

	2023		2022	
	Total loans	Percentage	Total loans	Percentage
		%		%
Dongguan	182,922,642,108.01	55.82	166,308,752,161.62	57.26
Guangdong province (excluding Dongguan)	80,533,158,720.26	24.57	62,165,667,427.97	21.40
Outside Guangdong province	33,414,366,280.30	10.20	26,296,827,717.51	9.05
Head Office	30,856,755,855.87	9.42	35,659,282,672.51	12.29
Carrying amount of loans and advances issued	327,726,922,964.44	100.00	290,430,529,979.61	100.00



The Bank

	2023		2022	
	Total loans	Percentage	Total loans	Percentage
		%		%
Dongguan	182,922,642,108.01	55.96	166,308,752,161.62	57.45
Guangdong province (excluding Dongguan)	80,326,735,338.09	24.58	61,869,304,557.20	21.37
Outside Guangdong province	32,746,863,329.87	10.02	25,656,803,066.57	8.86
Head Office	30,856,755,855.87	9.44	35,659,282,672.51	12.32
Carrying amount of loans and advances issued	326,852,996,631.84	100.00	289,494,142,457.90	100.00

(5) Analysis of overdue loans by collateral and overdue term

The Group

	2023				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	344,840,131.25	138,316,190.36	33,306,021.32	5,775,485.97	522,237,828.90
Loans secured by mortgages	794,742,218.82	967,610,440.52	375,789,451.84	65,994,717.36	2,204,136,828.54
Guaranteed loans	101,449,926.76	260,385,676.37	117,765,166.97	24,931,823.69	504,532,593.79
Credit loans	395,543,007.60	341,087,071.06	327,614,404.46	95,069,400.75	1,159,313,883.87
Total	1,636,575,284.43	1,707,399,378.31	854,475,044.59	191,771,427.77	4,390,221,135.10
Percentage of carrying amount of loans and advances issued	0.50%	0.52%	0.26%	0.06%	1.34%

	2022				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	75,683,599.86	51,196,241.50	276,673,378.10	9,377,902.13	412,931,121.59
Loans secured by mortgages	800,190,558.54	540,981,751.39	243,526,224.96	41,134,200.00	1,625,832,734.89
Guaranteed loans	281,080,578.80	83,342,356.53	443,803,295.97	23,791,389.03	832,017,620.33
Credit loans	367,737,207.03	208,977,546.84	200,057,835.22	78,779,411.80	855,552,000.89
Total	1,524,691,944.23	884,497,896.26	1,164,060,734.25	153,082,902.96	3,726,333,477.70
Percentage of carrying amount of loans and advances issued	0.52%	0.30%	0.40%	0.05%	1.27%



The Bank

	2023				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	344,840,131.25	138,316,190.36	33,306,021.32	5,775,485.97	522,237,828.90
Loans secured by mortgages	789,858,262.64	962,484,885.76	375,072,380.65	61,739,244.28	2,189,154,773.33
Guaranteed loans	100,526,962.34	258,276,431.01	117,262,029.40	24,888,876.22	500,954,298.97
Credit loans	395,495,694.20	340,905,106.62	327,310,703.88	94,945,883.50	1,158,657,388.20
Total	1,630,721,050.43	1,699,982,613.75	852,951,135.25	187,349,489.97	4,371,004,289.40
Percentage of carrying amount of loans and advances issued	0.50%	0.52%	0.26%	0.06%	1.34%

	2022				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	75,683,599.86	51,196,241.50	276,673,378.10	9,377,902.13	412,931,121.59
Loans secured by mortgages	790,549,504.46	534,393,364.65	238,368,796.95	40,877,163.70	1,604,188,829.76
Guaranteed loans	278,509,907.58	81,226,285.54	443,623,588.74	23,791,389.03	827,151,170.89
Credit loans	367,269,429.54	208,790,627.08	199,649,551.34	78,666,350.23	854,375,958.19
Total	1,512,012,441.44	875,606,518.77	1,158,315,315.13	152,712,805.09	3,698,647,080.43
Percentage of carrying amount of loans and advances issued	0.52%	0.30%	0.40%	0.05%	1.27%

Overdue loans refer to all loans granted by the Group to customers whose principals or interests are completely or partially overdue for one day or above.

(6) Analysis of loans and advances to customers and impairment provision for losses on loans**(a) Loans and advances to customers and provision for losses on loans at amortized cost:**

The Group

	2023			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Total loans and advances issued at amortized cost	301,181,861,866.06	3,649,943,894.39	3,050,529,118.42	307,882,334,878.87
Less: Impairment provision for losses on loans	(3,847,489,524.78)	(1,031,406,690.05)	(2,613,175,459.40)	(7,492,071,674.23)
Net loans and advances issued at amortized cost	297,334,372,341.28	2,618,537,204.34	437,353,659.02	300,390,263,204.64



	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Total loans and advances issued at amortized cost	261,284,468,366.92	2,575,362,941.28	2,726,529,517.85	266,586,360,826.05
Less: Impairment provision for losses on loans	(4,267,423,880.27)	(642,729,366.93)	(1,851,262,711.05)	(6,761,415,958.25)
Net loans and advances issued at amortized cost	257,017,044,486.65	1,932,633,574.35	875,266,806.80	259,824,944,867.80

The Bank

	2023			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Total loans and advances issued at amortized cost	300,349,851,376.24	3,625,837,665.36	3,030,772,322.74	307,006,461,364.34
Less: Impairment provision for losses on loans	(3,839,388,784.81)	(1,026,091,974.30)	(2,593,859,440.54)	(7,459,340,199.65)
Net loans and advances issued at amortized cost	296,510,462,591.43	2,599,745,691.06	436,912,882.20	299,547,121,164.69

	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Total loans and advances issued at amortized cost	260,409,530,107.32	2,543,479,651.40	2,694,603,123.48	265,647,612,882.20
Less: Provision for losses on loans	(4,253,599,661.10)	(638,350,596.87)	(1,825,581,364.50)	(6,717,531,622.47)
Net loans and advances issued at amortized cost	256,155,930,446.22	1,905,129,054.53	869,021,758.98	258,930,081,259.73

(b) Loans and advances to customers and impairment provision for losses on loans at fair value through other comprehensive income:

The Group and the Bank

	2023			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Carrying amount of loans and advances to customers at fair value through other comprehensive income	20,505,228,735.38	83,669.68	-	20,505,312,405.06
Provision for impairment included in other comprehensive income	(214,351,801.38)	(15.49)	-	(214,351,816.87)



	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Carrying amount of loans and advances to customers at fair value through other comprehensive income	24,500,393,433.29	99,799.45	-	24,500,493,232.74
Provision for impairment included in other comprehensive income	(147,471,919.89)	(5.17)	-	(147,471,925.06)

Provision for loans and advances that are measured at FVOCI is recognized in other comprehensive income and the impairment gain or loss is recognized in profit or loss without making corresponding adjustment to financial asset's carrying amount presented in the balance sheet.

(7) Changes in impairment provision for losses on loans

(a) Changes in impairment provision for losses on loans and advances to customers at amortized cost

The Group

	2023			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	4,267,423,880.27	642,729,366.93	1,851,262,711.05	6,761,415,958.25
Transfer to:				
– 12-month expected credit loss	58,696,591.47	(52,044,067.24)	(6,652,524.23)	-
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(24,497,929.01)	32,454,468.10	(7,956,539.09)	-
– Credit-impaired loans and advances	(19,026,645.36)	(267,698,021.22)	286,724,666.58	-
Reversal/(Provision) for the year	(435,861,485.30)	675,964,943.48	1,595,275,439.00	1,835,378,897.18
Written off during the year	-	-	(1,101,117,488.91)	(1,101,117,488.91)
Recovery during the year	-	-	40,622,409.71	40,622,409.71
Other changes	755,112.71	-	(44,983,214.71)	(44,228,102.00)
Balance at the end of the year	3,847,489,524.78	1,031,406,690.05	2,613,175,459.40	7,492,071,674.23



	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	4,127,583,542.82	501,345,376.44	1,983,096,588.92	6,612,025,508.18
Transfer to:				
– 12-month expected credit loss	12,495,711.26	(12,103,681.39)	(392,029.87)	-
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(35,375,072.04)	35,637,151.83	(262,079.79)	-
– Credit-impaired loans and advances	(12,968,030.53)	(134,601,989.16)	147,570,019.69	-
Provision for the year	175,198,465.60	252,452,509.21	696,416,276.84	1,124,067,251.65
Written off during the year	-	-	(981,133,897.27)	(981,133,897.27)
Recovery during the year	-	-	25,455,908.59	25,455,908.59
Other changes	489,263.16	-	(19,488,076.06)	(18,998,812.90)
Balance at the end of the year	4,267,423,880.27	642,729,366.93	1,851,262,711.05	6,761,415,958.25

The Bank

	2023			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	4,253,599,661.10	638,350,596.87	1,825,581,364.50	6,717,531,622.47
Transfer to:				
– 12-month expected credit loss	57,991,126.84	(51,647,943.87)	(6,343,182.97)	-
– Lifetime expected credit loss	-			
– Not credit-impaired loans and advances	(24,439,878.31)	31,729,546.02	(7,289,667.71)	-
– Credit-impaired loans and advances	(18,823,760.83)	(266,718,983.99)	285,542,744.82	-
Reversal/(Provision) for the year	(429,693,476.70)	674,378,759.27	1,596,496,719.54	1,841,182,002.11
Written off during the year	-	-	(1,090,634,594.03)	(1,090,634,594.03)
Recovery during the year	-	-	35,489,271.10	35,489,271.10
Other changes	755,112.71	-	(44,983,214.71)	(44,228,102.00)
Balance at the end of the year	3,839,388,784.81	1,026,091,974.30	2,593,859,440.54	7,459,340,199.65



	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	4,108,663,130.18	496,230,431.45	1,963,021,079.33	6,567,914,640.96
Transfer to:				
– 12-month expected credit loss	12,459,542.79	(12,067,512.92)	(392,029.87)	-
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(34,883,398.41)	35,145,478.20	(262,079.79)	-
– Credit-impaired loans and advances	(12,872,108.68)	(133,630,588.28)	146,502,696.96	-
Provision for the year	179,743,232.06	252,672,788.42	689,662,851.08	1,122,078,871.56
Written off during the year	-	-	(971,941,251.05)	(971,941,251.05)
Recovery during the year	-	-	18,478,173.90	18,478,173.90
Other changes	489,263.16	-	(19,488,076.06)	(18,998,812.90)
Balance at the end of the year	4,253,599,661.10	638,350,596.87	1,825,581,364.50	6,717,531,622.47

(b) Changes in impairment provision for losses on loans and advances at fair value through other comprehensive income

The Group and the Bank

	2023			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	147,471,919.89	5.17	-	147,471,925.06
Provision for the year	66,879,881.49	10.32	-	66,879,891.81
Balance at the end of the year	214,351,801.38	15.49	-	214,351,816.87

	2022			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	119,567,273.74	-	-	119,567,273.74
Provision for the year	27,904,646.15	5.17	-	27,904,651.32
Balance at the end of the year	147,471,919.89	5.17	-	147,471,925.06



13 FINANCIAL INVESTMENT – TRADING FINANCIAL ASSETS

	The Group	
	2023	2022
Bond investment		
– Bonds issued by the Chinese government	-	19,895,291.96
– Bonds issued by local government	71,863,889.31	30,262,048.85
– Policy bank bonds	1,927,002,464.44	2,065,387,842.12
– Corporate bonds	2,453,894,270.97	3,408,783,111.99
– Bonds issued by commercial banks and other financial institutions	5,027,037,694.57	2,228,730,972.55
Sub-total	9,479,798,319.29	7,753,059,267.47
Wealth management product	52,134,558.91	-
Trust schemes	285,021,359.02	292,690,441.83
Interbank certificates of deposit	3,743,067,584.31	245,011,506.98
Asset management plans	716,194,494.11	7,420,221,647.38
Funds	29,435,328,173.90	23,660,489,426.40
Equity investments	371,052,626.56	-
Total	44,082,597,116.10	39,371,472,290.06

	The Bank	
	2023	2022
Bond investment		
– Bonds issued by the Chinese government	-	19,895,291.96
– Bonds issued by local government	71,863,889.31	30,262,048.85
– Policy bank bonds	1,916,703,669.92	2,065,387,842.12
– Corporate bonds	1,931,835,439.36	3,408,783,111.99
– Bonds issued by commercial banks and other financial institutions	3,723,555,511.13	2,228,730,972.55
Total	7,643,958,509.72	7,753,059,267.47
Wealth management product	52,134,558.91	-
Trust schemes	285,021,359.02	292,690,441.83
Interbank certificates of deposit	3,226,015,000.19	245,011,506.98
Asset management plans	9,043,625,790.16	7,420,221,647.38
Funds	29,435,328,173.90	23,660,489,426.40
Total	49,686,083,391.90	39,371,472,290.06



14 FINANCIAL INVESTMENTS – DEBT INVESTMENTS

	Note	The Group	
		2023	2022
Bond investment			
– Bonds issued by the Chinese government		25,677,850,812.75	16,641,779,841.50
– Bonds issued by local government		38,215,003,973.67	43,259,300,251.94
– Policy bank bonds		45,326,893,434.82	39,270,396,925.41
– Government-backed agency bonds		1,553,989,565.47	1,917,814,763.69
– Bonds issued by commercial banks and other financial institutions		14,865,274,347.59	7,571,094,705.34
– Corporate bonds		6,886,716,273.84	4,543,657,082.98
– Bonds issued by foreign government		382,892,962.50	-
Sub-total of bond investment		132,908,621,370.64	113,204,043,570.86
Interbank certificates of deposit		-	3,364,457,379.12
Income certificate		2,065,202,191.79	1,955,602,191.78
Trust schemes		455,060,000.00	761,465,876.78
Asset management plans		4,802,614,306.70	10,745,880,025.78
Accrued interest		2,103,612,321.09	1,876,318,127.87
Less: Provision for impairment	(1)	(2,417,301,586.15)	(2,759,844,717.35)
Total		139,917,808,604.07	129,147,922,454.84

	Note	The Bank	
		2023	2022
Bond investment			
– Bonds issued by the Chinese government		25,677,850,812.75	16,641,779,841.50
– Bonds issued by local government		36,996,528,380.15	43,259,300,251.94
– Policy bank bonds		38,949,086,140.32	39,270,396,925.41
– Government-backed agency bonds		1,553,989,565.47	1,917,814,763.69
– Bonds issued by commercial banks and other financial institutions		14,089,188,883.38	7,571,094,705.34
– Corporate bonds		6,498,517,834.68	4,543,657,082.98
Sub-total of bond investment		123,765,161,616.75	113,204,043,570.86
Interbank certificates of deposit		-	3,364,457,379.12
Income certificate		2,065,202,191.79	1,955,602,191.78
Trust schemes		455,060,000.00	761,465,876.78
Asset management plans		4,802,614,306.70	10,745,880,025.78
Accrued interest		1,953,560,725.64	1,876,318,127.87
Less: Provision for impairment	(1)	(2,409,526,514.30)	(2,759,844,717.35)
Total		130,632,072,326.58	129,147,922,454.84



(1) Movements of provisions for impairment of debt investment are as follows:**The Group**

	2023			
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	135,561,893.41	131,581,684.95	2,492,701,138.99	2,759,844,717.35
Transfer to:				
– Lifetime ECL				
– Credit-impaired	-	(14,754,527.74)	14,754,527.74	-
(Reversal)/provision for the year	(64,396,371.28)	(116,827,157.21)	855,579,476.62	674,355,948.13
Written off during the year	-	-	(874,292,228.93)	(874,292,228.93)
Recovery during the year	-	-	15,791,457.64	15,791,457.64
Other	503,914.09	-	(158,902,222.13)	(158,398,308.04)
Balance at the end of the year	71,669,436.22	0.00	2,345,632,149.93	2,417,301,586.15

The Bank

	2023			
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	135,561,893.41	131,581,684.95	2,492,701,138.99	2,759,844,717.35
Transfer to:				
– Lifetime ECL				
– Credit-impaired	-	(14,754,527.74)	14,754,527.74	-
(Reversal)/provision for the year	(71,724,786.00)	(116,827,157.21)	855,579,476.62	667,027,533.41
Written off during the year	-	-	(874,292,228.93)	(874,292,228.93)
Recovery during the year	-	-	15,791,457.64	15,791,457.64
Other	57,256.96	-	(158,902,222.13)	(158,844,965.17)
Balance at the end of the year	63,894,364.37	0.00	2,345,632,149.93	2,409,526,514.30



The Group and the Bank

	2022			Total
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – credit-impaired	
Balance at the beginning of the year	153,540,585.08	405,960,499.17	2,668,973,104.98	3,228,474,189.23
Transfer to:				
– Lifetime ECL				
– Not credit-impaired	(192,547.83)	192,547.83	-	-
– Credit-impaired	(1,584,963.26)	(342,179,643.46)	343,764,606.72	-
(Reversal)/provision for the year	(16,224,934.58)	67,608,281.41	1,197,237,566.66	1,248,620,913.49
Written off during the year	-	-	(1,572,449,296.52)	(1,572,449,296.52)
Recovery during the year			4,283,627.53	4,283,627.53
Other	23,754.00	-	(149,108,470.38)	(149,084,716.38)
Balance at the end of the year	135,561,893.41	131,581,684.95	2,492,701,138.99	2,759,844,717.35

15 FINANCIAL INVESTMENTS – OTHER DEBT INVESTMENTS

	The Group and the Bank	
	2023	2022
Bond investment		
– Bonds issued by the Chinese government	5,998,817,055.10	897,142,065.91
– Bonds issued by local government	6,849,882,085.85	1,013,124,360.00
– Policy bank bonds	12,697,591,899.97	8,745,164,748.08
– Government-backed agency bonds	92,361,666.33	62,851,403.24
– Bonds issued by commercial banks and other financial institutions	2,490,852,426.79	1,940,951,188.95
– Corporate bonds	6,070,638,945.14	2,669,536,064.23
– Bonds issued by foreign government	135,386,067.74	30,988,959.08
Sub-total	34,335,530,146.92	15,359,758,789.49
Interbank certificates of deposit	12,837,976,269.44	2,219,463,133.28
Trust schemes	140,644,856.93	465,733,562.40
Asset management plans	9,854,250.78	9,696,047.23
Accrued interest	474,729,245.72	264,814,684.47
Total	47,798,734,769.79	18,319,466,216.87
Provision for impairment recognized in other comprehensive income	165,576,653.67	214,703,091.81



(1) Movements of provisions for impairment of other debt investment are as follows:

	2023			
	Estimated 12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	18,166,174.61	–	196,536,917.20	214,703,091.81
(Reversal)/provision for the year	(1,705,894.57)	–	24,001,159.62	22,295,265.05
Written off during the year	–	–	(71,429,200.00)	(71,429,200.00)
Other	7,496.81	–	–	7,496.81
Balance at the end of the year	16,467,776.85	–	149,108,876.82	165,576,653.67

	2022			
	Estimated 12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – credit-impaired	Total
Balance at the beginning of the year	14,288,116.02	–	411,482,575.20	425,770,691.22
Provision/(reversal) for the year	3,861,944.87	–	(1,886,012.87)	1,975,932.00
Written off during the year	–	–	(213,059,645.13)	(213,059,645.13)
Other	16,113.72	–	–	16,113.72
Balance at the end of the year	18,166,174.61	–	196,536,917.20	214,703,091.81

- (i) Provisions for impairment of other debt investments are recognized in other comprehensive income, and impairment gains or losses are recognized in profit or loss, without decreasing the carrying amount of the financial assets presented in the balance sheet.

16 FINANCIAL INVESTMENTS – OTHER EQUITY INSTRUMENTS INVESTMENTS

	The Group and the Bank	
	2023	2022
Unlisted equity	199,628,982.74	19,149,084.21
Listed equity	–	5,977,261.40
Total	199,628,982.74	25,126,345.61



17 LONG-TERM EQUITY INVESTMENTS

	Notes	The Group		The Bank	
		2023	2022	2023	2022
Investment in subsidiaries	(1)	-	-	168,570,182.25	163,570,182.25
Investment in associates	(2)	1,003,856,241.43	954,207,405.95	1,003,856,241.43	954,207,405.95
Total		1,003,856,241.43	954,207,405.95	1,172,426,423.68	1,117,777,588.20

(1) The Bank's investments in its subsidiaries are analyzed as follows:

	The Bank	
	2023	2022
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	31,550,000.00	31,550,000.00
Dongyuan Taiye Village Bank Co., Ltd.	56,000,000.00	51,000,000.00
Zongyang Taiye Village Bank Co., Ltd.	81,020,182.25	81,020,182.25
Total	168,570,182.25	163,570,182.25

Please refer to Note 6 for information about our subsidiaries.

(2) The Group and the Bank's investments in its associates are analyzed as follows:

	The Group and the Bank	
	2023	2022
Bank of Xingtai Co., Ltd.	828,998,469.39	783,343,633.09
Dongguan Chang'an Village Bank Co., Ltd.	117,636,203.58	115,405,818.74
Lingshan Taiye Village Bank Co., Ltd.	20,067,543.49	19,310,598.72
Dongguan Houjie Huaye Village Bank Co., Ltd.	37,154,024.97	36,147,355.40
Total	1,003,856,241.43	954,207,405.95

(3) Details of immaterial associates accounted for using the equity method are summarized as follows:

	The Group and the Bank	
	2023	2022
Aggregate carrying amount of investments	1,003,856,241.43	954,207,405.95
Aggregate amount of the following items by shareholding ratio		
- Net profits	53,650,852.79	44,131,431.43
- Other comprehensive income	(402,017.02)	596,079.23
Total comprehensive income	53,248,835.77	44,727,510.66



18 FIXED ASSETS

The Group

	Buildings and constructions	Transportation and others	Electronic equipment and machinery	Total
Cost				
Balance as at 1 January 2022	1,300,440,637.66	150,987,085.08	739,140,335.37	2,190,568,058.11
Additions during the year	3,722,300.30	13,804,407.38	113,788,005.12	131,314,712.80
Transfers from construction in progress	798,203,929.26	592,267.13	–	798,796,196.39
Reductions during the year	(846,037.85)	(9,801,813.04)	(24,045,286.88)	(34,693,137.77)
Balance as at 31 December 2022	2,101,520,829.37	155,581,946.55	828,883,053.61	3,085,985,829.53
Additions during the year	–	10,826,693.00	92,719,204.13	103,545,897.13
Transfers from construction in progress	373,786,427.51	–	1,244,898.64	375,031,326.15
Reductions during the year	–	(7,514,566.16)	(54,114,584.55)	(61,629,150.71)
Balance as at 31 December 2023	2,475,307,256.88	158,894,073.39	868,732,571.83	3,502,933,902.10
Accumulated depreciation				
Balance as at 1 January 2022	(655,901,578.69)	(111,038,640.81)	(408,171,068.49)	(1,175,111,287.99)
Provision for depreciation during the year	(81,844,459.46)	(11,585,095.04)	(93,952,732.31)	(187,382,286.81)
Depreciation write-off	–	9,353,113.33	22,520,025.61	31,873,138.94
Balance as at 31 December 2022	(737,746,038.15)	(113,270,622.52)	(479,603,775.19)	(1,330,620,435.86)
Provision for depreciation during the year	(106,524,972.86)	(12,220,049.27)	(106,971,669.90)	(225,716,692.03)
Depreciation write-off	–	7,144,852.48	51,872,823.03	59,017,675.51
Balance as at 31 December 2023	(844,271,011.01)	(118,345,819.31)	(534,702,622.06)	(1,497,319,452.38)
Carrying amounts				
As at 31 December 2023	1,631,036,245.87	40,548,254.08	334,029,949.77	2,005,614,449.72
As at 31 December 2022	1,363,774,791.22	42,311,324.03	349,279,278.42	1,755,365,393.67



The Bank

	Buildings and constructions	Transportation and others	Electronic equipment and machinery	Total
Cost				
Balance as at 1 January 2022	1,270,010,277.27	146,481,533.87	734,905,297.01	2,151,397,108.15
Additions during the year	2,961,638.49	13,511,292.34	113,488,001.42	129,960,932.25
Transfers from construction in progress	798,203,929.26	592,267.13	–	798,796,196.39
Reductions during the year	–	(9,562,333.04)	(23,494,307.88)	(33,056,640.92)
Balance as at 31 December 2022	2,071,175,845.02	151,022,760.30	824,898,990.55	3,047,097,595.87
Additions during the year	–	10,816,364.00	92,546,455.63	103,362,819.63
Transfers from construction in progress	373,786,427.51	–	1,244,898.64	375,031,326.15
Reductions during the year	–	(7,328,141.24)	(54,002,213.55)	(61,330,354.79)
Balance as at 31 December 2023	2,444,962,272.53	154,510,983.06	864,688,131.27	3,464,161,386.86
Accumulated depreciation				
Balance as at 1 January 2022	(645,702,447.19)	(107,128,663.43)	(405,742,369.48)	(1,158,573,480.10)
Provision for depreciation during the year	(79,903,191.18)	(11,438,983.42)	(93,524,166.24)	(184,866,340.84)
Depreciation write-off	–	9,123,212.53	22,508,887.69	31,632,100.22
Balance as at 31 December 2022	(725,605,638.37)	(109,444,434.32)	(476,757,648.03)	(1,311,807,720.72)
Provision for depreciation during the year	(104,793,646.09)	(12,074,795.38)	(106,514,298.13)	(223,382,739.60)
Depreciation write-off	–	6,966,875.77	51,767,863.03	58,734,738.80
Balance as at 31 December 2023	(830,399,284.46)	(114,552,353.93)	(531,504,083.13)	(1,476,455,721.52)
Carrying amounts				
As at 31 December 2023	1,614,562,988.07	39,958,629.13	333,184,048.14	1,987,705,665.34
As at 31 December 2022	1,345,570,206.65	41,578,325.98	348,141,342.52	1,735,289,875.15

Note:

- (i) As at 31 December 2023, the Bank had buildings and constructions with defects of title, with a carrying amount of RMB9,443,700 (31 December 2022: RMB11,145,400). In the opinion of the Bank's management, the Bank has the right to legally and effectively occupy or use these buildings and constructions.
- (ii) As at 31 December 2023, the carrying amount of the buildings and constructions leased out by the Group for operating leases was RMB117,630,600 (31 December 2022: RMB124,256,000).
- (iii) As at 31 December 2023, the Group had no temporarily idle assets of significant amount (31 December 2022: None).



19 CONSTRUCTION IN PROGRESS

The Group

	Total
Cost	
Balance as at 1 January 2022	739,998,421.48
Additions during the year	543,139,454.30
Transfers to fixed assets for the year	(798,796,196.39)
Transfers to intangible assets, long-term deferred expenses and others for the year	(94,288,666.08)
Balance as at 31 December 2022	390,053,013.31
Additions during the year	104,726,431.72
Transfers to fixed assets for the year	(375,031,326.15)
Transfers to intangible assets, long-term deferred expenses and others for the year	(60,658,850.30)
Balance as at 31 December 2023	59,089,268.58
Carrying amounts	
As at 31 December 2023	59,089,268.58
As at 31 December 2022	390,053,013.31

The Bank

	Total
Cost	
Balance as at 1 January 2022	739,998,421.48
Additions during the year	543,139,454.30
Transfers to fixed assets for the year	(798,796,196.39)
Transfers to intangible assets, long-term deferred expenses and others for the year	(94,288,666.08)
Balance as at 31 December 2022	390,053,013.31
Additions during the year	104,016,702.14
Transfers to fixed assets for the year	(375,031,326.15)
Transfers to intangible assets, long-term deferred expenses and others for the year	(60,511,280.30)
Balance as at 31 December 2023	58,527,109.00
Carrying amounts	
As at 31 December 2023	58,527,109.00
As at 31 December 2022	390,053,013.31



20 RIGHT-OF-USE ASSETS

The Group

	Buildings and constructions	Office equipment and other equipment	Others	Total
Cost				
Balance as at 1 January 2022	755,591,563.80	141,916.09	1,749,494.06	757,482,973.95
Additions during the year	233,363,519.47	–	70,552.23	233,434,071.70
Reductions during the year	(69,842,214.36)	(35,466.30)	(315,681.76)	(70,193,362.42)
Balance as at 31 December 2022	919,112,868.91	106,449.79	1,504,364.53	920,723,683.23
Additions during the year	220,737,615.91	84,940.64	1,505,525.32	222,328,081.87
Reductions during the year	(147,124,997.46)	(83,725.18)	(1,439,356.48)	(148,648,079.12)
Balance as at 31 December 2023	992,725,487.36	107,665.25	1,570,533.37	994,403,685.98
Accumulated depreciation				
Balance as at 1 January 2022	(157,611,909.60)	(53,549.68)	(649,478.99)	(158,314,938.27)
Provision for the year	(174,151,645.60)	(32,169.40)	(620,419.94)	(174,804,234.94)
Reductions during the year	31,551,946.15	35,466.30	86,068.60	31,673,481.05
Balance as at 31 December 2022	(300,211,609.05)	(50,252.78)	(1,183,830.33)	(301,445,692.16)
Provision for the year	(163,902,356.01)	(25,974.73)	(281,087.57)	(164,209,418.31)
Reductions during the year	116,922,507.34	52,891.51	1,252,738.38	118,228,137.23
Balance as at 31 December 2023	(347,191,457.72)	(23,336.00)	(212,179.52)	(347,426,973.24)
Carrying amounts				
Balance as at 31 December 2022	618,901,259.86	56,197.01	320,534.20	619,277,991.07
Balance as at 31 December 2023	645,534,029.64	84,329.25	1,358,353.85	646,976,712.74



The Bank

	Buildings and constructions	Office equipment and other equipment	Others	Total
Cost				
Balance as at 1 January 2022	751,907,787.85	141,916.09	1,749,494.06	753,799,198.00
Additions during the year	233,363,519.47	–	70,552.23	233,434,071.70
Reductions during the year	(69,742,126.99)	(35,466.30)	(315,681.76)	(70,093,275.05)
Balance as at 31 December 2022	915,529,180.33	106,449.79	1,504,364.53	917,139,994.65
Additions during the year	220,183,903.95	84,940.64	1,505,525.32	221,774,369.91
Reductions during the year	(147,124,997.46)	(83,725.18)	(1,439,356.48)	(148,648,079.12)
Balance as at 31 December 2023	988,588,086.82	107,665.25	1,570,533.37	990,266,285.44
Accumulated depreciation				
Balance as at 1 January 2022	(156,983,706.53)	(53,549.68)	(649,478.99)	(157,686,735.20)
Provision for the year	(173,371,821.45)	(32,169.40)	(620,419.94)	(174,024,410.79)
Reductions during the year	31,451,858.78	35,466.30	86,068.60	31,573,393.68
Balance as at 31 December 2022	(298,903,669.20)	(50,252.78)	(1,183,830.33)	(300,137,752.31)
Provision for the year	(163,072,420.20)	(25,974.73)	(281,087.57)	(163,379,482.50)
Reductions during the year	116,922,507.34	52,891.51	1,252,738.38	118,228,137.23
Balance as at 31 December 2023	(345,053,582.06)	(23,336.00)	(212,179.52)	(345,289,097.58)
Carrying amounts				
Balance as at 31 December 2022	616,625,511.13	56,197.01	320,534.20	617,002,242.34
Balance as at 31 December 2023	643,534,504.76	84,329.25	1,358,353.85	644,977,187.86



21 INTANGIBLE ASSETS

	The Group and the Bank		
	Software	Land use right	Total
Cost			
As at 1 January 2022	718,786,855.52	297,935,988.42	1,016,722,843.94
Additions during the year	174,248,897.79	–	174,248,897.79
Reductions during the year	(80,727,207.91)	–	(80,727,207.91)
As at 31 December 2022	812,308,545.40	297,935,988.42	1,110,244,533.82
Additions during the year	188,396,570.46	65,592.00	188,462,162.46
Reductions during the year	(42,204,630.88)	–	(42,204,630.88)
As at 31 December 2023	958,500,484.98	298,001,580.42	1,256,502,065.40
Accumulated amortization			
As at 1 January 2022	(312,468,633.10)	(59,969,665.04)	(372,438,298.14)
Additions during the year	(154,122,230.44)	(9,426,618.23)	(163,548,848.67)
Reductions during the year	79,350,845.03	–	79,350,845.03
As at 31 December 2022	(387,240,018.51)	(69,396,283.27)	(456,636,301.78)
Additions during the year	(126,190,109.46)	(9,426,845.93)	(135,616,955.39)
Reductions during the year	40,139,421.55	–	40,139,421.55
As at 31 December 2023	(473,290,706.42)	(78,823,129.20)	(552,113,835.62)
Carrying amounts			
As at 31 December 2023	485,209,778.56	219,178,451.22	704,388,229.78
As at 31 December 2022	425,068,526.89	228,539,705.15	653,608,232.04

22 DEFERRED INCOME TAX ASSETS

(1) Analyzed by nature

Item	The Group			
	2023		2022	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Provisions for impairment of loans and advances to customers and other assets	7,677,265,850.29	1,918,902,830.56	8,036,141,025.07	2,007,805,162.36
Employee benefits payable	832,150,610.93	207,784,710.32	728,808,183.96	181,921,260.95
Provisions	101,552,891.28	25,388,222.82	293,726,571.80	73,431,642.95
Lease-related deductible and taxable temporary differences	47,357,540.83	11,839,578.00	37,102,711.91	9,274,630.51
Changes in fair value of financial instruments	(332,971,820.72)	(83,242,955.18)	2,389,221.12	597,305.28
Others	122,673,253.45	29,873,306.31	34,945,435.53	7,915,809.06
Total	8,448,028,326.06	2,110,545,692.83	9,133,113,149.39	2,280,945,811.11



Item	The Bank			
	2023		2022	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Provisions for impairment of loans and advances to customers and other assets	7,626,613,304.48	1,906,653,326.12	7,974,878,590.12	1,993,719,647.53
Employee benefits payable	825,928,257.08	206,482,064.27	720,922,797.24	180,230,699.31
Provisions	101,552,891.28	25,388,222.82	293,726,571.80	73,431,642.95
Lease-related deductible and taxable temporary differences	47,779,970.64	11,944,992.66	37,588,558.48	9,397,139.62
Changes in fair value of financial instruments	(332,971,820.72)	(83,242,955.18)	2,389,221.12	597,305.28
Others	114,723,182.92	28,680,795.73	26,739,937.40	6,684,984.35
Total	8,383,625,785.68	2,095,906,446.42	9,056,245,676.16	2,264,061,419.04

The deferred income tax assets mentioned above are the tax implications of the difference between the related pre-tax accounting profits estimated by the management of the Group to be able to bring tax profits for the Group and the taxable income. The management's estimate was based on the principle of prudence with consideration of the related requirements and realities of prevailing tax regulations.

(2) Analyzed by change

Item	The Group			
	2023			
	Balance at the beginning of the year	Current year increase/decrease recognized in profit or loss	Current year increase/decrease recognized in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	2,007,805,162.36	(84,463,968.38)	(4,438,363.42)	1,918,902,830.56
Employee benefits payable	181,921,260.95	25,863,449.37	–	207,784,710.32
Provisions	73,431,642.95	(48,043,420.13)	–	25,388,222.82
Lease-related deductible and taxable temporary differences	9,274,630.51	2,564,947.49	–	11,839,578.00
Changes in fair value of financial instruments	597,305.28	(32,367,974.19)	(51,472,286.27)	(83,242,955.18)
Others	7,915,809.06	21,957,497.25	–	29,873,306.31
Total	2,280,945,811.11	(114,489,468.59)	(55,910,649.69)	2,110,545,692.83

Item	The Group			
	2022			
	Balance at the beginning of the year	Current year increase/decrease recognized in profit or loss	Current year increase/decrease recognized in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,964,978,456.98	(2,964,031.64)	45,790,737.02	2,007,805,162.36
Employee benefits payable	147,751,888.08	34,169,372.87	–	181,921,260.95
Provisions	61,350,277.37	12,081,365.58	–	73,431,642.95
Lease-related deductible and taxable temporary differences	5,406,526.71	3,868,103.80	–	9,274,630.51
Changes in fair value of financial instruments	(40,530,665.61)	27,817,885.79	13,310,085.10	597,305.28
Others	(34,911,708.91)	42,827,517.97	–	7,915,809.06
Total	2,104,044,774.62	117,800,214.37	59,100,822.12	2,280,945,811.11



Item	The Bank			
	2023			
	Balance at the beginning of the previous year	Current year increase/decrease recognized in profit or loss	Current year increase/decrease recognized in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,993,719,647.53	(82,627,957.99)	(4,438,363.42)	1,906,653,326.12
Employee benefits payable	180,230,699.31	26,251,364.96	–	206,482,064.27
Provisions	73,431,642.95	(48,043,420.13)	–	25,388,222.82
Lease-related deductible and taxable temporary differences	9,397,139.62	2,547,853.04	–	11,944,992.66
Changes in fair value of financial instruments	597,305.28	(32,367,974.19)	(51,472,286.27)	(83,242,955.18)
Others	6,684,984.35	21,995,811.38	–	28,680,795.73
Total	2,264,061,419.04	(112,244,322.93)	(55,910,649.69)	2,095,906,446.42

Item	The Bank			
	2022			
	Balance at the beginning of the previous year	Current year increase/decrease recognized in profit or loss	Current year increase/decrease recognized in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,949,790,661.15	(1,861,750.64)	45,790,737.02	1,993,719,647.53
Employee benefits payable	146,201,077.43	34,029,621.88	–	180,230,699.31
Provisions	61,350,277.37	12,081,365.58	–	73,431,642.95
Lease-related deductible and taxable temporary differences	5,598,250.97	3,798,888.65	–	9,397,139.62
Changes in fair value of financial instruments	(40,530,665.61)	27,817,885.79	13,310,085.10	597,305.28
Others	(35,554,251.37)	42,239,235.72	–	6,684,984.35
Total	2,086,855,349.94	118,105,246.98	59,100,822.12	2,264,061,419.04

(3) The deductible losses of unrecognized deferred income tax assets will expire in the following years

The Group

Year	2023	2022
2025	31,284,057.36	31,284,057.36
2026	–	–
2027	4,653,050.67	4,653,050.67
2028	13,307,436.60	–
Total	49,244,544.63	35,937,108.03



23 OTHER ASSETS

	Notes	The Group		The Bank	
		2023	2022	2023	2022
Other receivables		1,229,026,296.23	780,526,373.55	1,219,290,967.89	779,290,642.84
Prepayment for purchase of fixed assets	(1)	1,209,000,000.00	882,000,000.00	1,209,000,000.00	882,000,000.00
Long-term deferred expenses	(2)	212,833,725.30	216,428,953.33	212,656,584.28	216,271,644.32
Interest receivable	(3)	147,163,036.59	128,958,823.57	147,108,839.26	128,809,517.40
Debt-expiated assets	(4)	14,837,528.00	14,837,528.00	6,165,000.00	6,165,000.00
Continuously involved assets	(5)	557,024,393.82	557,024,393.82	557,024,393.82	557,024,393.82
Others		22,200,787.69	1,262,798.00	21,852,781.34	1,022,138.00
Sub-total		3,392,085,767.63	2,581,038,870.27	3,373,098,566.59	2,570,583,336.38
Provision for impairment losses	24	(186,560,767.97)	(188,986,580.42)	(183,859,146.46)	(186,327,240.95)
Total		3,205,524,999.66	2,392,052,289.85	3,189,239,420.13	2,384,256,095.43

(1) On 31 December 2023, the amount represented the prepayment of RMB1.209 billion (31 December 2022: RMB882 million) for the acquisition of the new headquarters building of the Group.

(2) Long-term deferred expenses

The Group

	1 January 2023	Additions during the year	Amortization during the year	31 December 2023
Expenditures of improvement of fixed assets rented	101,049,222.33	9,149,045.66	(29,321,851.14)	80,876,416.85
Others	115,379,731.00	55,936,929.65	(39,359,352.20)	131,957,308.45
Total	216,428,953.33	65,085,975.31	(68,681,203.34)	212,833,725.30

	1 January 2022	Additions during the year	Amortization during the year	31 December 2022
Expenditures of improvement of fixed assets rented	72,214,914.79	54,233,203.99	(25,398,896.45)	101,049,222.33
Others	95,257,698.94	49,859,584.81	(29,737,552.75)	115,379,731.00
Total	167,472,613.73	104,092,788.80	(55,136,449.20)	216,428,953.33



The Bank

	1 January 2023	Additions during the year	Amortization during the year	31 December 2023
Expenditures of improvement of fixed assets rented	101,049,222.33	9,149,045.66	(29,321,851.14)	80,876,416.85
Others	115,222,421.99	55,789,359.65	(39,231,614.21)	131,780,167.43
Total	216,271,644.32	64,938,405.31	(68,553,465.35)	212,656,584.28

	1 January 2022	Additions during the year	Amortization during the year	31 December 2022
Expenditures of improvement of fixed assets rented	72,210,957.95	54,233,203.99	(25,394,939.61)	101,049,222.33
Others	94,965,645.46	49,859,584.81	(29,602,808.28)	115,222,421.99
Total	167,176,603.41	104,092,788.80	(54,997,747.89)	216,271,644.32

(3) The interest receivable presented in others assets includes interest that is due but not yet received as at the balance sheet date.

(4) Debt-expiated assets**Analyzed by category of debt-expiated assets**

	The Group		The Bank	
	2023	2022	2023	2022
Land, buildings and constructions	14,837,528.00	14,837,528.00	6,165,000.00	6,165,000.00
Provision for impairment losses	(6,945,243.20)	(6,579,343.20)	(4,500,900.00)	(4,135,000.00)
Total	7,892,284.80	8,258,184.80	1,664,100.00	2,030,000.00

The Group did not dispose of any debt-expiated assets in 2023 (2022: None).

The Group plans to dispose of the debt-expiated assets as of 31 December 2023 through auctions, bids and transfers in the future.

(5) Continuously involved assets

Regarding the first-phase property rights trust project of Guangdong Finance Trust Co., Ltd. • Bank of Dongguan for 2020 and Guanxin's first-phase personal housing mortgage securitization project for 2020 issued by the Bank in 2020, the Bank neither transferred nor retained the ownership of the underlying credit assets. For all risks and rewards, the Bank still retains control over the transferred underlying credit assets together with the consolidated asset securitization trust, and shall continue to recognize the relevant financial assets according to the degree of continued involvement in the transferred underlying credit assets, and recognize relevant debts accordingly. Changes in the value of financial assets have caused the Bank to face risks mainly due to the inability to recover the funds invested in the secondary asset-backed securities and trust beneficiary rights. Therefore, the Bank recognized its continuously involved assets and continuously involved liabilities of RMB557,024,400.00 on 31 December 2023 (2022: RMB557,024,400.00).



24 PROVISION FOR IMPAIRMENT OF ASSETS

The Group

	Notes	1 January 2023	Provision/(Reversal) for the year	Written off during the year	Others	31 December 2023
Items of impaired assets						
Deposits with banks and other financial institutions	8	2,147,226.32	928,945.82	-	5,397.54	3,081,569.68
Loans to banks and other financial institutions	9	27,515,157.35	(21,510,983.82)	-	-	6,004,173.53
Loans and advances at amortized cost	12	6,761,415,958.25	1,835,378,897.18	(1,101,117,488.91)	(3,605,692.29)	7,492,071,674.23
Loans and advances at fair value through other comprehensive income		147,471,925.06	66,879,891.81	-	-	214,351,816.87
Debt investment	14	2,759,844,717.35	674,355,948.13	(874,292,228.93)	(142,606,850.40)	2,417,301,586.15
Other debt investment		214,703,091.81	22,295,265.05	(71,429,200.00)	7,496.81	165,576,653.67
Other assets	23	188,986,580.42	13,658,581.98	(16,445,154.26)	360,759.83	186,560,767.97
Total		10,102,084,656.56	2,591,986,546.15	(2,063,284,072.10)	(145,838,888.51)	10,484,948,242.10

	Notes	1 January 2022	(Reversal)/provision for the year	Written off during the year	Others	31 December 2022
Items of impaired assets						
Deposits with banks and other financial institutions	8	4,578,450.73	(2,434,296.05)	-	3,071.64	2,147,226.32
Loans to banks and other financial institutions	9	19,528,236.13	7,986,414.41	-	506.81	27,515,157.35
Loans and advances at amortized cost	12	6,612,025,508.18	1,124,067,251.65	(981,133,897.27)	6,457,095.69	6,761,415,958.25
Loans and advances at fair value through other comprehensive income		119,567,273.74	27,904,651.32	-	-	147,471,925.06
Debt investment	14	3,228,474,189.23	1,248,620,913.49	(1,572,449,296.52)	(144,801,088.85)	2,759,844,717.35
Other debt investment		425,770,691.22	1,975,932.00	(213,059,645.13)	16,113.72	214,703,091.81
Other assets	23	364,772,513.40	140,246,844.62	(316,421,547.19)	388,769.59	188,986,580.42
Total		10,774,716,862.63	2,548,367,711.44	(3,083,064,386.11)	(137,935,531.40)	10,102,084,656.56



The Bank

	Notes	1 January 2023	Provision/(Reversal) for the year	Written off during the year	Others	31 December 2023
Items of impaired assets						
Deposits with banks and other financial institutions	8	2,143,582.10	910,082.92	-	5,397.54	3,059,062.56
Loans to banks and other financial institutions	9	27,515,157.35	(21,510,983.82)	-	-	6,004,173.53
Loans and advances at amortized cost	12	6,717,531,622.47	1,841,182,002.11	(1,090,634,594.03)	(8,738,830.90)	7,459,340,199.65
Loans and advances at fair value through other comprehensive income		147,471,925.06	66,879,891.81	-	-	214,351,816.87
Debt investment	14	2,759,844,717.35	667,027,533.41	(874,292,228.93)	(143,053,507.53)	2,409,526,514.30
Other debt investment		214,703,091.81	22,295,265.05	(71,429,200.00)	7,496.81	165,576,653.67
Other assets	23	186,327,240.95	13,592,990.69	(16,421,845.01)	360,759.83	183,859,146.46
Total		10,055,537,337.09	2,590,376,782.17	(2,052,777,867.97)	(151,418,684.25)	10,441,717,567.04

	Notes	1 January 2022	(Reversal)/provision for the year	Written off during the year	Others	31 December 2022
Items of impaired assets						
Deposits with banks and other financial institutions	8	4,567,881.45	(2,427,370.99)	-	3,071.64	2,143,582.10
Loans to banks and other financial institutions	9	19,528,236.13	7,986,414.41	-	506.81	27,515,157.35
Loans and advances at amortized cost	12	6,567,914,640.96	1,122,078,871.56	(971,941,251.05)	(520,639.00)	6,717,531,622.47
Loans and advances at fair value through other comprehensive income		119,567,273.74	27,904,651.32	-	-	147,471,925.06
Debt investment	14	3,228,474,189.23	1,248,620,913.49	(1,572,449,296.52)	(144,801,088.85)	2,759,844,717.35
Other debt investment		425,770,691.22	1,975,932.00	(213,059,645.13)	16,113.72	214,703,091.81
Other assets	23	362,709,090.34	139,690,360.88	(316,316,308.87)	244,098.60	186,327,240.95
Total		10,728,532,003.07	2,545,829,772.67	(3,073,766,501.57)	(145,057,937.08)	10,055,537,337.09

25 BORROWINGS FROM CENTRAL BANK

	The Group		The Bank	
	2023	2022	2023	2022
Borrowings from central bank	25,503,543,600.00	12,168,652,100.00	25,498,443,600.00	12,124,234,100.00
Re-discounted bills	651,958,756.24	375,019,264.44	651,958,756.24	375,019,264.44
Accrued interest	45,280,463.94	7,784,843.53	45,280,463.94	7,758,077.24
Total	26,200,782,820.18	12,551,456,207.97	26,195,682,820.18	12,507,011,441.68



26 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of institutions

	The Group		The Bank	
	2023	2022	2023	2022
Banks operating in Mainland China	310,589,736.86	526,352,742.71	671,007,659.68	969,389,271.24
Other financial institutions operating in Mainland China	7,253,523,264.99	5,999,006,477.97	7,253,523,264.99	5,999,006,477.97
Accrued interest	49,197,828.04	13,311,284.79	49,661,060.61	13,506,110.43
Total	7,613,310,829.89	6,538,670,505.47	7,974,191,985.28	6,981,901,859.64

27 LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of institutions

	The Group and the Bank	
	2023	2022
Banks operating in Mainland China	10,749,274,900.00	7,597,241,390.00
Banks operating outside Mainland China	1,508,959,289.33	558,832,539.40
Accrued interest	62,102,213.97	23,348,019.17
Total	12,320,336,403.30	8,179,421,948.57

28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(1) Analyzed by category of financial assets sold under repurchase agreements

	The Group	
	2023	2022
Bills	-	2,578,659,975.72
Bonds	24,398,757,989.22	8,100,000,000.00
Accrued interest	20,807,075.03	16,122,820.02
Total	24,419,565,064.25	10,694,782,795.74

	The Bank	
	2023	2022
Bills	-	2,578,659,975.72
Bonds	20,626,156,805.80	8,100,000,000.00
Accrued interest	17,949,247.98	16,122,820.02
Total	20,644,106,053.78	10,694,782,795.74



(2) Analyzed by type of counter-parties

	The Group	
	2023	2022
Banks operating in Mainland China	24,398,757,989.22	10,678,659,975.72
Accrued interest	20,807,075.03	16,122,820.02
Total	24,419,565,064.25	10,694,782,795.74

	The Bank	
	2023	2022
Banks operating in Mainland China	20,626,156,805.80	10,678,659,975.72
Accrued interest	17,949,247.98	16,122,820.02
Total	20,644,106,053.78	10,694,782,795.74

29 CUSTOMER DEPOSITS

	Note	The Group		The Bank	
		2023	2022	2023	2022
Demand deposits					
– Corporate customers		86,181,891,074.31	79,070,262,763.81	85,981,715,067.72	78,789,842,606.14
– Retail customers		56,674,895,021.62	54,048,473,161.52	56,619,083,293.36	53,997,036,714.72
Sub-total		142,856,786,095.93	133,118,735,925.33	142,600,798,361.08	132,786,879,320.86
Time deposits (Note)					
– Corporate customers		153,691,511,585.69	137,127,024,221.85	153,586,442,607.14	137,023,819,841.85
– Retail customers		92,139,243,596.07	70,088,532,757.16	91,244,444,332.94	69,288,909,124.59
Sub-total		245,830,755,181.76	207,215,556,979.01	244,830,886,940.08	206,312,728,966.44
Fiscal deposits		1,232,833,654.20	499,282,815.05	1,232,833,654.20	499,282,815.05
Remittances outstanding and outward remittances		1,224,685,215.13	1,329,656,666.19	1,218,961,694.39	1,329,651,665.54
Margin deposits	(1)	27,325,420,076.72	21,434,866,835.74	27,310,614,572.68	21,411,962,997.79
Accrued interest		8,535,497,413.24	5,990,128,954.45	8,493,526,473.44	5,955,264,340.70
Total		427,005,977,636.98	369,588,228,175.77	425,687,621,695.87	368,295,770,106.38

Note: Time deposits of the Group and the Bank include notice deposits and structured deposits.



(1) Customer deposits include deposits for guarantees received as indicated below:

	The Group		The Bank	
	2023	2022	2023	2022
– Deposits for acceptance bills	21,385,521,975.09	16,512,861,124.51	21,385,521,975.09	16,512,861,124.51
– Deposits for secured loans	1,360,142,875.06	1,783,472,871.52	1,346,322,689.49	1,761,556,066.63
– Deposits for letters of guarantee	563,480,373.91	748,548,044.97	563,480,373.91	748,548,044.97
– Deposits for letters of credit	3,069,177,221.39	1,981,176,066.92	3,069,177,221.39	1,981,176,066.92
– Others	947,097,631.27	408,808,727.82	946,112,312.80	407,821,694.76
Total	27,325,420,076.72	21,434,866,835.74	27,310,614,572.68	21,411,962,997.79

30 EMPLOYEE BENEFITS PAYABLE

	Notes	The Group		The Bank	
		2023	2022	2023	2022
Short-term employee benefits	(1)	843,735,948.16	918,624,278.92	839,052,995.42	912,310,525.08
Post-employment benefits	(2)	158,178,313.31	143,235,298.78	158,178,313.31	143,235,298.78
Other long-term employee benefits	(3)	416,921,884.60	251,835,885.64	411,500,149.70	246,910,359.50
Total		1,418,836,146.07	1,313,695,463.34	1,408,731,458.43	1,302,456,183.36

(1) Short-term employee benefits

	The Group			
	1 January 2023	Accrued during the year	Decrease during the year	31 December 2023
Salaries, bonuses, allowances and subsidies	893,328,124.55	1,402,764,883.99	(1,465,841,737.76)	830,251,270.78
Staff welfare	180,097.95	97,274,567.26	(97,232,786.31)	221,878.90
Social insurance				
– Medical insurance	10,439,741.69	57,839,990.12	(68,279,731.81)	–
– Work-related injury insurance	1,626.27	2,415,885.67	(2,417,511.94)	–
– Maternity insurance	1,264,907.01	5,125,783.87	(6,390,690.88)	–
Housing fund	3,688,359.72	131,221,121.24	(130,987,774.28)	3,921,706.68
Labor union fee, staff and workers' education fee	9,703,864.87	47,079,043.19	(47,460,533.90)	9,322,374.16
Other short-term employee benefits	17,556.86	19,889,504.35	(19,888,343.57)	18,717.64
Total	918,624,278.92	1,763,610,779.69	(1,838,499,110.45)	843,735,948.16



	The Group			
	1 January 2022	Accrued during the year	Decrease during the year	31 December 2022
Salaries, bonuses, allowances and subsidies	784,847,983.16	1,491,822,154.34	(1,383,342,012.95)	893,328,124.55
Staff welfare	49,056.00	94,086,878.69	(93,955,836.74)	180,097.95
Social insurance				
– Medical insurance	–	48,137,497.18	(37,697,755.49)	10,439,741.69
– Work-related injury insurance	–	1,779,333.59	(1,777,707.32)	1,626.27
– Maternity insurance	–	5,089,453.36	(3,824,546.35)	1,264,907.01
Housing fund	–	126,393,557.21	(122,705,197.49)	3,688,359.72
Labor union fee, staff and workers' education fee	10,146,939.84	47,410,272.18	(47,853,347.15)	9,703,864.87
Other short-term employee benefits	17,266.66	18,232,678.37	(18,232,388.17)	17,556.86
Total	795,061,245.66	1,832,951,824.92	(1,709,388,791.66)	918,624,278.92

	The Bank			
	1 January 2023	Accrued during the year	Decrease during the year	31 December 2023
Salaries, bonuses, allowances and subsidies	887,159,486.52	1,390,128,692.88	(1,451,605,005.44)	825,683,173.96
Staff welfare	178,097.95	96,385,584.42	(96,341,803.47)	221,878.90
Social insurance				
– Medical insurance	10,439,741.69	56,815,840.44	(67,255,582.13)	–
– Work-related injury insurance	1,626.27	2,383,867.86	(2,385,494.13)	–
– Maternity insurance	1,264,907.01	5,125,783.87	(6,390,690.88)	–
Housing fund	3,688,359.72	129,547,027.24	(129,313,680.28)	3,921,706.68
Labor union fee, staff and workers' education fee	9,560,749.06	46,766,924.90	(47,120,155.72)	9,207,518.24
Other short-term employee benefits	17,556.86	19,658,680.37	(19,657,519.59)	18,717.64
Total	912,310,525.08	1,746,812,401.98	(1,820,069,931.64)	839,052,995.42

	The Bank			
	1 January 2022	Accrued during the year	Decrease during the year	31 December 2022
Salaries, bonuses, allowances and subsidies	778,749,632.99	1,476,325,525.09	(1,367,915,671.56)	887,159,486.52
Staff welfare	49,056.00	93,225,340.70	(93,096,298.75)	178,097.95
Social insurance				
– Medical insurance	–	47,129,114.75	(36,689,373.06)	10,439,741.69
– Work-related injury insurance	–	1,750,357.38	(1,748,731.11)	1,626.27
– Maternity insurance	–	5,089,453.36	(3,824,546.35)	1,264,907.01
Housing fund	–	124,706,114.21	(121,017,754.49)	3,688,359.72
Labor union fee, staff and workers' education fee	10,009,964.90	46,988,462.08	(47,437,677.92)	9,560,749.06
Other short-term employee benefits	17,266.66	18,004,820.05	(18,004,529.85)	17,556.86
Total	788,825,920.55	1,813,219,187.62	(1,689,734,583.09)	912,310,525.08



(2) Post-employment benefits

	The Group			
	1 January 2023	Accrued during the year	Decrease during the year	31 December 2023
Basic pension insurance	407,867.42	152,527,322.25	(152,513,755.19)	421,434.48
Unemployment insurance	763.90	6,419,604.86	(6,420,368.76)	–
Enterprise annuity contributions	3,733,653.61	123,252,820.69	(122,700,864.71)	4,285,609.59
Supplementary retirement benefits	139,093,013.85	26,310,891.01	(11,932,635.62)	153,471,269.24
Total	143,235,298.78	308,510,638.81	(293,567,624.28)	158,178,313.31

	The Group			
	1 January 2022	Accrued during the year	Decrease during the year	31 December 2022
Basic pension insurance	286,201.13	141,052,782.20	(140,931,115.91)	407,867.42
Unemployment insurance	3,091.23	3,010,120.98	(3,012,448.31)	763.90
Enterprise annuity contributions	–	119,520,077.18	(115,786,423.57)	3,733,653.61
Supplementary retirement benefits	128,202,952.70	19,883,979.21	(8,993,918.06)	139,093,013.85
Total	128,492,245.06	283,466,959.57	(268,723,905.85)	143,235,298.78

	The Bank			
	1 January 2023	Accrued during the year	Decrease during the year	31 December 2023
Basic pension insurance	407,867.42	150,477,971.27	(150,464,404.21)	421,434.48
Unemployment insurance	763.90	6,348,356.18	(6,349,120.08)	–
Enterprise annuity contributions	3,733,653.61	123,252,820.69	(122,700,864.71)	4,285,609.59
Supplementary retirement benefits	139,093,013.85	26,310,891.01	(11,932,635.62)	153,471,269.24
Total	143,235,298.78	306,390,039.15	(291,447,024.62)	158,178,313.31

	The Bank			
	1 January 2022	Accrued during the year	Decrease during the year	31 December 2022
Basic pension insurance	286,201.13	139,044,499.43	(138,922,833.14)	407,867.42
Unemployment insurance	–	2,961,033.95	(2,960,270.05)	763.90
Enterprise annuity contributions	–	119,520,077.18	(115,786,423.57)	3,733,653.61
Supplementary retirement benefits	128,202,952.70	19,883,979.21	(8,993,918.06)	139,093,013.85
Total	128,489,153.83	281,409,589.77	(266,663,444.82)	143,235,298.78

(i) Social insurance

Social insurance includes basic pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. The Group pays contributions to the above-mentioned social insurance for the benefits of its employees in accordance with related laws, regulations and policies of the Chinese authorities in charge of labor and social insurance. The Group pays the above-mentioned social insurance contributions to related authorities in a certain proportion of the contribution base.



(ii) Annuity plan

In addition to basic endowment insurance, the Bank also set up an annuity plan for qualified employees in accordance with the Labor Law of the People's Republic of China, the Measures for Enterprise Annuity (Decree No. 36 of the Ministry of Labor and Social Security), the Administrative Measures on Enterprise Annuity Funds (Decree No. 24 of the Ministry of Human Resources and Social Security), the Notification of Guangdong Province on Establishing Enterprise Annuity System (YFB [2004] No. 81), the Opinions on Implementation of Enterprise Annuity in Guangdong Province (YLS [2005] No. 98), and the Notification on Establishing Enterprise Annuity System in Dongguan (DFB [2007] No. 82). The Bank started to operate the annuity plan in 2006 and paid annuity based on the actual performance of the Bank and individual employees.

(3) Other long-term employee benefits

	The Group		The Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred payment for compensation				
Balance at the beginning of the year	251,835,885.64	217,754,542.08	246,910,359.50	213,592,219.96
Provision for the year	278,546,556.08	131,869,801.13	276,519,261.10	130,447,126.15
Paid during the year	(113,460,557.12)	(97,788,457.57)	(111,929,470.90)	(97,128,986.61)
Balance at the end of the year	416,921,884.60	251,835,885.64	411,500,149.70	246,910,359.50

Note: Other long-term employee benefits are mainly in-arrears payment of remuneration accrued in accordance with the requirements of regulatory authorities and relevant regulations of the Group. The deferred payment period is three years.

31 PROVISIONS**The Group and the Bank**

	Note	31 December 2023	31 December 2022
Expected credit losses of off-balance sheet credit operations	(i)	101,552,891.29	293,726,571.78
Others		3,443,636.00	3,283,588.51
Total		104,996,527.29	297,010,160.29

(i) Expected credit losses of off-balance sheet credit operations

The Group and the Bank

	2023			
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	Total
Balance at the beginning of the year	248,294,950.53	2,009,834.02	43,421,787.23	293,726,571.78
Transfer to:				
– Lifetime expected credit loss				
– Not credit-impaired	(36,921.81)	36,921.81	–	–
– Credit-impaired	–	(22,149.75)	22,149.75	–
Reversal for the year	(146,975,877.95)	(1,753,865.56)	(43,443,936.98)	(192,173,680.49)
Balance at the end of the year	101,282,150.77	270,740.52	–	101,552,891.29



	2022			Total
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	
Balance at the beginning of the year	244,633,652.48	–	767,457.00	245,401,109.48
Provision for the year	3,661,298.05	2,009,834.02	42,654,330.23	48,325,462.30
Balance at the end of the year	248,294,950.53	2,009,834.02	43,421,787.23	293,726,571.78

32 BONDS PAYABLE

	Notes	The Group and the Bank	
		2023	2022
Tier-2 capital bonds payable	(ii)	10,996,609,171.30	8,996,447,985.61
Financial bonds payable	(iii)	16,997,422,821.13	13,996,946,855.33
Interbank certificates of deposit payable	(iv)	57,880,465,210.39	68,100,434,717.24
Accrued interest		425,656,643.47	371,713,972.60
Total		86,300,153,846.29	91,465,543,530.78

Changes in bonds payable:

	1 January 2023	Issued during this year	Repaid during this year	Amortization of discount and premium	31 December 2023
Tier-2 capital bonds payable	8,996,447,985.61	2,000,000,000.00	–	161,185.69	10,996,609,171.30
Financial bonds payable	13,996,946,855.33	7,000,000,000.00	(4,000,000,000.00)	475,965.80	16,997,422,821.13
Interbank certificates of deposit payable	68,100,434,717.24	94,630,000,000.00	(104,870,000,000.00)	20,030,493.15	57,880,465,210.39
Total	91,093,829,558.18	103,630,000,000.00	(108,870,000,000.00)	20,667,644.64	85,874,497,202.82

	1 January 2022	Issued during this year	Repaid during this year	Amortization of discount and premium	31 December 2022
Tier-2 capital bonds payable	8,996,004,782.02	–	–	443,203.59	8,996,447,985.61
Financial bonds payable	9,997,331,080.72	4,000,000,000.00	–	(384,225.39)	13,996,946,855.33
Interbank certificates of deposit payable	66,266,068,815.22	111,440,000,000.00	(109,780,000,000.00)	174,365,902.02	68,100,434,717.24
Total	85,259,404,677.96	115,440,000,000.00	(109,780,000,000.00)	174,424,880.22	91,093,829,558.18

(i) Changes in bonds payable do not include accrued interest.

(ii) Approved by the “Decision on Administrative Approval from the People’s Bank of China” (YXZYJZ [2023] No. 80) issued by the People’s Bank of China, the Bank issued tier-2 capital bonds of RMB2 billion in total on 21 September 2023, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.80%, and the value date is 25 September 2023.



Approved by the "Decision on Administrative Approval from the People's Bank of China" (YXZYJZ [2021] No. 15) issued by the People's Bank of China, the Bank issued tier-2 capital bonds of RMB2 billion in total on 27 April 2021, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.75%, and the value date is 29 April 2021.

Approved by the "Decision on Administrative Approval from the People's Bank of China" (YXZYJZ [2021] No. 15) issued by the People's Bank of China, the Bank issued tier-2 capital bonds of RMB3 billion in total on 25 March 2021, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.80%, and the value date is 29 March 2021.

Approved by the "Decision on Administrative Approval from the People's Bank of China" (YSCXZYZ [2019] No. 198) issued by the People's Bank of China, the Bank issued tier-2 capital bonds of RMB4 billion in total on 26 November 2019, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.50%, and the value date is 28 November 2019.

- (iii) The Bank issued financial bonds of RMB3 billion in total on 15 August 2023, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 2.64%, and the value date is 17 August 2023.

The Bank issued financial bonds of RMB4 billion in total on 12 July 2023, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 2.72%, and the value date is 14 July 2023.

The Bank issued financial bonds of RMB4 billion in total on 25 February 2022, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 2.88%, and the value date is 1 March 2022.

The Bank issued financial bonds of RMB3 billion in total on 5 November 2021, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.10%, and the value date is 9 November 2021.

The Bank issued financial bonds of RMB3 billion in total on 23 September 2021, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.09%, and the value date is 27 September 2021.

The Bank issued financial bonds of RMB4 billion in total on 9 September 2020, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.79%, and the value date is 11 September 2020. The bond was due and paid on 11 September 2023.

- (iv) During 2023, the Bank accumulatively issued to the national interbank bond market 200 interbank CDs with a total face value of RMB94.630 billion and a coupon rate ranging from 1.98% to 2.90%.

During 2022, the Bank accumulatively issued to the national interbank bond market 303 interbank CDs with a total face value of RMB111.44 billion and a coupon rate ranging from 1.50% to 2.80%.



33 LEASE LIABILITY

Analysis of lease liabilities by maturity date – Undiscounted analysis:

	The Group		The Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Within one year	142,457,139.98	172,614,347.66	141,833,669.78	171,908,477.46
One to two years	122,978,326.98	114,034,530.88	122,736,856.78	113,516,660.68
Two to three years	111,558,158.23	99,307,414.54	111,327,701.03	99,177,544.34
Three to five years	180,224,626.68	153,387,899.68	179,882,664.80	153,102,185.28
Over five years	220,928,049.73	197,363,896.00	220,928,049.73	197,351,991.32
Total undiscounted lease liabilities	778,146,301.60	736,708,088.76	776,708,942.12	735,056,859.08
Lease liabilities on the balance sheet	690,668,414.98	652,864,437.27	689,313,522.50	651,307,212.33

34 OTHER LIABILITIES

	Notes	The Group		The Bank	
		2023	2022	2023	2022
Other payables	(1)	547,386,951.84	373,528,555.36	537,306,201.30	372,635,815.78
Payables for fund settlement		86,395,107.58	236,822,920.65	86,080,391.91	236,746,451.09
Deferred income		53,490,341.52	74,489,773.96	53,490,341.52	74,489,773.96
Dividends payable		6,014,854.96	5,117,959.50	6,014,854.96	5,117,959.50
Continuously involved debt	23(5)	557,024,393.82	557,024,393.82	557,024,393.82	557,024,393.82
Others		114,060.10	7,266,958.89	114,060.10	7,266,958.89
Total		1,250,425,709.82	1,254,250,562.18	1,240,030,243.61	1,253,281,353.04

(1) Other payables

	The Group		The Bank	
	2023	2022	2023	2022
Asset-backed securitization payments to be transferred	59,765,914.93	61,531,727.51	59,765,914.93	61,531,727.51
Pending accounts for subscription	261,074,660.53	71,225,396.50	261,074,660.53	71,225,396.50
Amounts to be transferred	12,183,646.27	14,091,603.24	12,181,248.14	14,087,850.91
Long-suspended and pending customers' deposits	5,784,746.54	6,330,125.45	5,561,458.01	6,253,601.28
Temporary receipt of risk reserve for wealth management as an agency	–	23,243,486.77	–	23,243,486.77
Others	208,577,983.57	197,106,215.89	198,722,919.69	196,293,752.81
Total	547,386,951.84	373,528,555.36	537,306,201.30	372,635,815.78



35 SHARE CAPITAL

The share capital structures of the Bank as at each balance sheet date are as follows:

	Balance as at 1 January 2023	Additions during the year	Reductions during the year	Balance as at 31 December 2023
Registered capital and share capital (ordinary share with a face value of RMB1 per share)	2,180,000,000.00	161,600,000.00	–	2,341,600,000.00

	Balance as at 1 January 2022	Additions during the year	Reductions during the year	Balance as at 31 December 2022
Registered capital and share capital (ordinary share with a face value of RMB1 per share)	2,180,000,000.00	–	–	2,180,000,000.00

Historical verification results of the Bank's share capital:

According to the Capital Verification Report (DSSYZ [1999] No. 0355) issued on 26 July 1999 by Dongguan Auditing Firm, the Bank had share capital of RMB1,089,218,723;

According to the Capital Verification Report (SPSYZ [2006] No. 033) issued on 29 April 2006 by Shenzhen Pengcheng Accounting Firm Co., Ltd. (former Shenzhen Pengcheng Accounting Firm Co., Ltd.), the Bank increased its share capital by RMB547,581,277 to RMB1,636,800,000;

According to the Capital Verification Report (XKSBZ [2011] No. 300019) issued on 13 December 2011 by BDO China Shu Lun Pan Certified Public Accountants LLP, the Bank increased its share capital by RMB343,200,000 to RMB1,980,000,000, and increased the capital reserve (share premium) by RMB1,201,200,000;

According to the Capital Verification Report (XKSBZ [2014] No. 130015) issued on 21 January 2014 by BDO China Shu Lun Pan Certified Public Accountants LLP, the Bank increased its share capital by RMB200,000,000 to RMB2,180,000,000, and increased the capital reserve (share premium) by RMB866,000,000.

According to the Capital Verification Report (BMWHZYZ No. 2300728) issued on 30 March 2023 by KPMG Huazhen LLP, the Bank increased its share capital by RMB161,600,000 to RMB2,341,600,000, and increased the capital reserve (share premium) by RMB1,973,136,000.



36 CAPITAL RESERVE

Changes in capital reserve are as follows:

	The Group			
	Balance as at 1 January 2023	Additions during the year	Reductions during the year	Balance as at 31 December 2023
Share premium	2,102,221,024.35	1,974,678,820.48	–	4,076,899,844.83
Other capital reserve	(12,685,892.94)	–	–	(12,685,892.94)
Total	2,089,535,131.41	1,974,678,820.48	–	4,064,213,951.89

	The Group			
	Balance as at 1 January 2022	Additions during the year	Reductions during the year	Balance as at 31 December 2022
Share premium	2,102,221,024.35	–	–	2,102,221,024.35
Other capital reserve	(12,685,892.94)	–	–	(12,685,892.94)
Total	2,089,535,131.41	–	–	2,089,535,131.41

	The Bank			
	Balance as at 1 January 2023	Additions during the year	Reductions during the year	Balance as at 31 December 2023
Share premium	2,101,471,122.46	1,973,136,000.00	–	4,074,607,122.46
Other capital reserve	(12,685,892.94)	–	–	(12,685,892.94)
Total	2,088,785,229.52	1,973,136,000.00	–	4,061,921,229.52

	The Bank			
	Balance as at 1 January 2022	Additions during the year	Reductions during the year	Balance as at 31 December 2022
Share premium	2,101,471,122.46	–	–	2,101,471,122.46
Other capital reserve	(12,685,892.94)	–	–	(12,685,892.94)
Total	2,088,785,229.52	–	–	2,088,785,229.52

For details of changes in capital reserve of the Group and the Bank, please see Note 35.



37 OTHER EQUITY INSTRUMENTS

(1) Table of other equity instruments issued at the end of the year

Issuing Perpetual Bonds	Issue date	Accounting classification	Initial interest rate	Offering price	Number (shares)	Amount	Maturity date	Share transfer conditions	Transfer situation
Undated capital bonds	8 August 2022	Equity instrument	3.52%	RMB100/piece	20,000,000.00	2,000,000,000.00	Permanent	None	None
Less: issue expenses						1,037,735.85			
Undated capital bonds	20 May 2020	Equity instrument	4.25%	RMB100/piece	22,000,000.00	2,200,000,000.00	Permanent	None	None
Less: issue expenses						2,641,509.43			
Carrying value						4,196,320,754.72			

(2) Main terms

Approved by "Decision on Administrative Approval from the People's Bank of China" (YXZY [2022] No. 133), the Bank issued a total of RMB2 billion of write-down undated capital bonds ("Perpetual Bonds") in the national interbank bond market on 8 August 2022. The unit face value of the bond is RMB100, and the coupon rate for the first five years is 3.52%, with every five years thereafter set as a coupon rate adjustment period. During a coupon rate adjustment period, interest is paid at the same coupon rate as agreed.

Approved by "Decision on Administrative Approval from the People's Bank of China" (YSCXZY [2020] No. 72), the Bank issued a total of RMB2.2 billion of write-down undated capital bonds ("Perpetual Bonds") in the national interbank bond market on 20 May 2020. The unit face value of the bond is RMB100, and the coupon rate for the first five years is 4.25%, with every five years thereafter set as a coupon rate adjustment period. During a coupon rate adjustment period, interest is paid at the same coupon rate as agreed.

The duration of the bonds is consistent with the duration of the Bank's continuing operations. The bond issuance sets the Bank's conditional redemption clause. The Bank has the right to redeem the bonds in full or in part on the payment date of annual interest (including the interest payment date in the fifth year after the issuance date) five years after the issuance date. The Bank must exercise the redemption rights subject to the approval of the former CBIRC and the following conditions: Replace the redeemed instruments with equivalent or higher quality capital instruments, only if the income capacity is sustainable; or after the exercise of the redemption rights, the capital level is still significantly higher than the regulatory capital requirements stipulated by the former CBIRC.

The Bank has the right to cancel part or all of the bond dividends, which shall not constitute a default event. If the Bank completely or partially cancels the dividend distribution of these bonds, the Bank will not make any income distribution to ordinary shareholders from the day after the resolution of the general meeting of shareholders is passed until it decides to restart the full dividend payment to the bondholders. The bonds adopt the non-cumulative interest payment method, i.e., the difference of the full dividend not paid to the bondholders will not accumulate to the next interest accrual year.

After deducting the issuance costs, the proceeds from the bond offering will be used to supplement other Tier-1 capital of the Bank in accordance with applicable laws and the approval of the competent authorities.

(3) Changes

	Balance as at 1 January 2023		Additions during the year		Reductions during the year		Balance as at 31 December 2023	
	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value
Issuing Perpetual Bonds								
Undated capital bonds	42,000,000.00	4,196,320,754.72	-	-	-	-	42,000,000.00	4,196,320,754.72

	Balance as at 1 January 2022		Additions during the year		Reductions during the year		Balance as at 31 December 2022	
	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value
Issuing Perpetual Bonds								
Undated capital bonds	22,000,000.00	2,197,358,490.57	20,000,000.00	1,998,962,264.15	-	-	42,000,000.00	4,196,320,754.72



38 OTHER COMPREHENSIVE INCOME

	The Group and the Bank	
	2023	2022
Balance at the beginning of the year	(4,979,750.73)	190,080,309.80
Other comprehensive income will not be reclassified into profit or loss		
– Changes in fair value of other equity instruments investments	201,672,007.13	(11,978,347.98)
Other comprehensive income will be reclassified into profit or loss		
– Changes in fair value of debt instruments measured at FVOCI	26,640,297.25	93,174,356.94
– Losses of debt instruments in FVOCI	17,753,453.67	(183,162,948.09)
– Net amount of reclassifications from previous other comprehensive income to current profit or loss	179,248,847.83	(146,414,697.34)
– Other comprehensive income that can be reclassified into profit or loss under equity method	(402,017.31)	596,079.23
– Exchange differences recorded in foreign currency financial statements	(1,464,886.42)	(6,375,325.41)
Income tax implications	(55,910,649.69)	59,100,822.12
Balance at the end of the year	362,557,301.73	(4,979,750.73)

39 SURPLUS RESERVE

	The Group and the Bank Statutory surplus reserve
Balance as at 1 January 2022	2,900,713,599.82
Provision for the year	384,028,536.31
Balance as at 31 December 2022	3,284,742,136.13
Provision for the year	407,697,418.66
Balance as at 31 December 2023	3,692,439,554.79

In accordance with the Articles of Association, the Bank needs to appropriate 10% of the net profit to the statutory surplus reserve after making up the losses sustained in the previous years. When the accumulated amount of the statutory surplus reserve reaches 50% of the registered capital of the Bank, it can no longer be appropriated. The Bank's statutory surplus reserve has reached 50% of the Bank's registered capital.

The Bank has not appropriated discretionary surplus reserve.



40 GENERAL RISK RESERVE

In accordance with the “Administrative Measures on Accrual of Provisions by Financial Enterprises” (CJ [2012] No. 20) issued by MOF, apart from provisions for impairment of assets, the Bank accrued general risk reserves to compensate for potential losses in association with risk assets yet to be identified by the Bank. Such general risk reserves are treated as profit distribution, forms part of owners’ equity, and in principle should not be less than 1.5% of the closing balance of risk assets.

41 PROFIT DISTRIBUTION

(1) Appropriation to surplus reserve and general risk reserves

- (i) In accordance with the Articles of Association, the Bank made an appropriation to its statutory surplus reserve for 2023 and 2022 at 10% of the net profit.
- (ii) The Bank’s profit distribution plan for the year ended 31 December 2022 approved by the Annual General Meeting of Shareholders for the Year 2022 held on 28 April 2023 is as follows:
 - Appropriate 10% of the net profit as statutory surplus reserve
 - Appropriate RMB700 million as general risk reserve

(2) Profit distribution to investors

- (i) As approved by the Annual General Meeting of Shareholders held on 28 April 2023, based on the retained earnings at the end of 2022, the Bank distributed a cash dividend totaling RMB654,000,000 to all shareholders of 2,180,000,000 capital shares.
- (ii) As approved by the Annual General Meeting of Shareholders for the Year 2022 held on 7 April 2023, Dongyuan Taiye Village Bank Co., Ltd., a subsidiary of the Bank distributed a total cash dividend of RMB1,300,000 out of the 2022 profit distribution to its investors, among which the Bank received a cash dividend of RMB663,000.
- (iii) The Bank paid the interest of RMB70,400,000 for the perpetual bond during the interest-bearing period according to the relevant provisions of the 2023 Interest Payment Announcement for 2022 Undated Capital Bonds in August 2023.

The Bank paid the interest of RMB93,500,000 for the perpetual bond during the interest-bearing period according to the relevant provisions of the 2023 Interest Payment Announcement for 2020 Undated Capital Bonds in May 2023.

(3) Undistributed profit at the end of the year

As at 31 December 2023, the undistributed profit attributable to the parent company included an appropriation of RMB11,513,344.62 (As at 31 December 2022: RMB11,268,956.49) to surplus reserve made by the Bank’s subsidiaries.



42 NET INTEREST INCOME

	The Group		The Bank	
	2023	2022	2023	2022
Interest income				
Loans and advances to customers	14,221,911,015.85	13,484,174,452.78	14,173,077,264.71	13,427,477,903.89
– Corporate loans and advances	9,044,575,729.40	8,032,051,483.43	9,034,948,319.52	8,020,890,250.34
– Individual loans and advances	4,945,673,461.97	5,034,129,624.80	4,906,467,120.71	4,988,594,309.00
– Discounted bills	231,661,824.48	417,993,344.55	231,661,824.48	417,993,344.55
Financial investment	5,267,706,836.03	4,298,687,019.28	5,012,813,077.62	4,298,687,019.28
Deposits in the central bank	462,660,988.47	426,707,798.46	461,464,638.25	425,529,336.78
Loans to banks and other financial institutions	218,940,390.15	136,881,516.36	218,940,390.15	136,881,516.36
Financial assets purchased under resale agreements	197,606,934.23	234,925,569.67	195,524,409.04	234,925,569.67
Deposits with banks and other financial institutions	28,079,694.59	8,527,417.22	20,317,452.02	6,716,246.15
Sub-total of interest revenue	20,396,905,859.32	18,589,903,773.77	20,082,137,231.79	18,530,217,592.13
Interest expense				
Customer deposits	(8,448,750,846.17)	(7,282,941,009.77)	(8,417,707,914.28)	(7,253,158,906.78)
Bonds payable	(2,222,270,584.57)	(2,617,603,010.14)	(2,222,270,584.57)	(2,617,603,010.14)
Loans from banks and other financial institutions	(420,753,287.86)	(230,103,233.61)	(420,753,287.86)	(230,103,233.61)
Financial assets sold under repurchase agreements	(458,432,380.84)	(329,243,456.29)	(375,885,483.83)	(329,243,456.29)
Borrowings from central bank	(323,624,111.45)	(235,671,411.40)	(322,994,809.79)	(234,916,593.22)
Deposits from banks and other financial institutions	(166,625,341.36)	(95,279,376.32)	(172,515,196.37)	(104,180,622.53)
Interest expense on lease liability	(23,752,138.62)	(24,019,120.83)	(23,696,712.84)	(23,950,930.66)
Sub-total of interest expense	(12,064,208,690.87)	(10,814,860,618.36)	(11,955,823,989.54)	(10,793,156,753.23)
Net interest income	8,332,697,168.45	7,775,043,155.41	8,126,313,242.25	7,737,060,838.90



43 NET HANDLING FEES AND COMMISSION INCOME

	The Group		The Bank	
	2023	2022	2023	2022
Handling fees and commission income				
Agency service charges	301,028,681.27	287,310,578.76	302,972,309.97	289,860,618.95
Settlement charges	122,456,670.17	79,309,480.91	122,568,820.15	79,305,127.89
Guarantee service charges	119,405,582.79	158,287,704.80	119,405,582.79	158,287,704.80
Bank card charges	70,617,389.35	70,984,036.53	70,654,812.69	70,980,263.89
Entrusted service charges	66,842,644.13	137,694,381.20	66,842,644.13	137,694,381.20
Consulting service charges	37,105,331.39	45,089,303.69	37,104,787.69	45,083,381.39
Security lending service charges	12,975,863.67	9,178,185.06	12,975,863.67	9,178,185.06
Custody service charges	2,075,977.72	2,213,154.76	2,075,977.72	2,212,863.50
Other charges	260,618,315.54	243,273,155.30	260,576,488.18	243,362,839.39
Sub-total of handling fees and commission income	993,126,456.03	1,033,339,981.01	995,177,286.99	1,035,965,366.07
Handling fees and commission expenses				
Settlement charges	(100,022,940.28)	(77,129,434.99)	(100,014,101.81)	(76,995,082.41)
Bank card charges	(11,914,990.03)	(9,369,026.83)	(11,894,427.31)	(9,342,758.14)
Agency service charges	(3,972,191.73)	(1,432,717.48)	(3,972,191.73)	(1,432,717.48)
Security lending service charges	(1,471,282.11)	(7,334,520.57)	(1,471,282.11)	(7,334,520.57)
Other charges	(38,758,143.95)	(48,247,934.14)	(38,741,895.72)	(48,361,779.70)
Sub-total of handling fees and commission expenses	(156,139,548.10)	(143,513,634.01)	(156,093,898.68)	(143,466,858.30)
Net handling fees and commission income	836,986,907.93	889,826,347.00	839,083,388.31	892,498,507.77



44 INVESTMENT INCOME

	The Group		The Bank	
	2023	2022	2023	2022
Realized profits/(losses) from disposal of investment				
– Precious metals	1,072,329.07	–	1,072,329.07	–
– Trading financial assets	(80,272,152.71)	177,081,428.94	(94,946,776.98)	177,081,428.94
– Debt investments	138,297.27	18,919,844.79	838,477.27	18,919,844.79
– Other debt investments	43,286,107.19	101,641,146.63	43,286,107.19	101,641,146.63
– Derivative financial instruments	2,171,870.40	(79,555,689.87)	4,881,494.93	(79,555,689.87)
– Financial liabilities held for trading	(5,827,406.61)	–	(5,827,406.61)	–
Profits realized during the period				
– Net interest income from financial investments	413,346,810.95	308,971,116.21	389,241,287.88	308,971,116.21
– Dividends for financial assets	1,102,320,745.76	766,316,117.40	1,124,385,745.76	766,316,117.40
– Dividend income	4,765,135.71	6,530,429.92	4,765,135.71	6,530,429.92
– Dividend from subsidiaries	–	–	663,000.00	2,040,000.00
– Income from investment in associates	53,650,852.79	44,131,431.43	53,650,852.79	44,131,431.43
Others	38,931.22	12,761.17	38,931.22	12,761.17
Total	1,534,691,521.04	1,344,048,586.62	1,522,049,178.23	1,346,088,586.62

45 NET (LOSS)/GAINS FROM CHANGES IN FAIR VALUE

	The Group	
	2023	2022
Trading financial assets	(65,332,130.77)	(72,817,824.81)
Derivative financial instruments	10,264,142.10	(35,162,150.32)
Total	(55,067,988.67)	(107,979,975.13)

	The Bank	
	2023	2022
Trading financial assets	109,779,394.65	(72,817,824.81)
Derivative financial instruments	18,511,632.65	(35,162,150.32)
Total	128,291,027.30	(107,979,975.13)

46 NET LOSSES FROM DISPOSAL OF ASSETS

	The Group		The Bank	
	2023	2022	2023	2022
Net losses from the disposal of fixed assets and other long-term assets	(3,050,662.68)	(1,227,689.29)	(3,042,828.31)	(1,286,850.87)
Total	(3,050,662.68)	(1,227,689.29)	(3,042,828.31)	(1,286,850.87)



47 OTHER INCOME

Government Grants

	The Group		The Bank	
	2023	2022	2023	2022
Government grants related to income	196,579,460.96	137,565,255.77	196,246,079.63	136,683,275.24

In 2023, government subsidies received by the Group totaled RMB196,579,460.96, of which the Bank received RMB175,068,869.81 for loan support, RMB18,106,145.22 of loan risk compensation, RMB2,496,320.76 for loan extension support, RMB276,213.58 in one-time allowance for job expansion, RMB155,886.84 fixed asset purchase subsidies, RMB60,517.59 of doctoral workstation construction grant, RMB50,198.00 of the balance of bank loans increment for reward projects, RMB28,355.00 in one-time retention subsidies, RMB3,572.83 in unemployment insurance return for job stabilization; the subsidiary Dongyuan Taiye Village Bank Co., Ltd. received RMB129,126.21 for loan support and RMB7,377.67 in "Shui Rong Tong" (税融通) loan interest subsidies; and the subsidiary Chongqing Kaizhou Taiye Village Bank Co., Ltd. received RMB159,218.45 for loan extension support, RMB37,659.00 in unemployment insurance return for job stabilization.

In 2022, government subsidies received by the Group totaled RMB137,565,255.77, of which the Bank received RMB110,177,886.79 for loan support, RMB14,478,207.54 for loan extension support, RMB5,171,356.83 of loan risk compensation, RMB4,040,984.03 in job stabilization subsidies, RMB2,327,970.00 in one-time retention subsidies, RMB250,000.00 in financial innovation achievement award, RMB100,000.00 in post-subsidies for inclusive technology credit, RMB58,500.00 in one-time allowance for job expansion, RMB40,000.00 in post-subsidies for major innovation platform construction technology credit service, RMB31,970.05 of doctoral workstation construction grant, RMB4,000.00 in outstanding residential enterprise award, and RMB2,400.00 of job subsidies for disabled people in enterprises; the subsidiary Dongyuan Taiye Village Bank Co., Ltd. received RMB136,677.67 for loan support, RMB16,424.61 in job stabilization subsidies and RMB1,500.00 of one-time allowance for job expansion; the subsidiary Zongyang Taiye Village Bank Co., Ltd. received RMB18,000.00 for loan extension support and RMB1,000.00 of one-time allowance for job expansion; and the subsidiary Chongqing Kaizhou Taiye Village Bank Co., Ltd. received RMB547,365.04 for loan extension support, RMB128,326.21 for loan support and RMB32,687.00 in job stabilization subsidies.

48 TAXES AND SURCHARGES

	The Group		The Bank	
	2023	2022	2023	2022
City maintenance and construction tax	58,020,652.32	54,890,606.90	57,906,728.88	54,834,294.03
Education surcharges	41,511,612.84	39,257,459.66	41,424,270.39	39,211,819.59
Others	32,289,150.72	26,981,243.65	31,974,373.98	26,703,857.73
Total	131,821,415.88	121,129,310.21	131,305,373.25	120,749,971.35



49 OPERATING AND ADMINISTRATIVE EXPENSES

	The Group		The Bank	
	2023	2022	2023	2022
Employee benefits expenses				
– Short-term employee benefits	1,763,610,779.69	1,832,951,824.92	1,746,812,401.98	1,813,219,187.62
– Post-employment benefits	308,510,638.81	283,466,959.57	306,390,039.15	281,409,589.77
– Other long-term employee benefits	278,546,556.08	131,869,801.13	276,519,261.10	130,447,126.15
Sub-total	2,350,667,974.58	2,248,288,585.62	2,329,721,702.23	2,225,075,903.54
Depreciation and amortization	594,224,269.07	580,871,819.62	590,932,642.84	577,437,348.19
Lease and property management fees	18,358,057.33	20,731,332.24	17,713,948.13	20,148,411.63
Other office and administrative expenses	850,893,446.61	770,694,738.12	832,943,784.95	760,838,840.08
Total	3,814,143,747.59	3,620,586,475.60	3,771,312,078.15	3,583,500,503.44

50 CREDIT LOSSES

	The Group		The Bank	
	2023	2022	2023	2022
Loans and advances to customers	1,902,258,788.99	1,151,971,902.97	1,908,061,893.92	1,149,983,522.88
Debt investments	674,355,948.13	1,248,620,913.49	667,027,533.41	1,248,620,913.49
Other debt investments	22,295,265.05	1,975,932.00	22,295,265.05	1,975,932.00
Deposits with banks and other financial institutions	928,945.82	(2,434,296.05)	910,082.92	(2,427,370.99)
Loans to banks and other financial institutions	(21,510,983.82)	7,986,414.41	(21,510,983.82)	7,986,414.41
Credit commitments	(192,173,680.49)	48,325,462.30	(192,173,680.49)	48,325,462.30
Financial assets purchased under resale agreements	–	–	–	–
Others	13,292,681.97	139,202,702.82	13,227,090.69	139,254,360.88
Total	2,399,446,965.65	2,595,649,031.94	2,397,837,201.68	2,593,719,234.97

51 NON-OPERATING INCOME AND EXPENSES

(1) Non-operating income

	The Group		The Bank	
	2023	2022	2023	2022
Income from long-suspended and pending customers' deposits	911,613.05	681,298.48	911,613.05	681,298.48
Others	1,061,713.16	1,569,204.55	981,644.42	1,565,983.95
Total	1,973,326.21	2,250,503.03	1,893,257.47	2,247,282.43



(2) Non-operating expenses

	The Group		The Bank	
	2023	2022	2023	2022
Fines and overdue fines	1,000,389.23	2,383,041.95	988,760.45	2,383,041.95
Donation outlay	7,800,914.84	8,471,631.67	7,762,756.64	8,407,781.67
Others	1,958,022.42	2,465,329.44	1,951,008.08	2,456,505.19
Total	10,759,326.49	13,320,003.06	10,702,525.17	13,247,328.81

52 INCOME TAX EXPENSE**(1) Income tax expense for the year represents:**

	The Group		The Bank	
	2023	2022	2023	2022
Current income tax measured in accordance with tax laws and relevant regulations	53,975,564.42	240,457,394.84	53,410,964.26	239,399,288.11
Adjustment of differences in final settlement	(1,915,674.26)	(26,339,546.48)	(2,087,438.28)	(26,300,235.46)
Changes in deferred income tax	114,489,468.59	(117,800,214.37)	112,244,322.93	(118,105,246.98)
Total	166,549,358.75	96,317,633.99	163,567,848.91	94,993,805.67

(2) Reconciliation between income tax expense and income tax calculated based on statutory tax rates:

	Notes	The Group		The Bank	
		2023	2022	2023	2022
Profit before tax		4,232,742,441.49	3,929,590,096.48	4,240,542,035.52	3,935,279,168.73
Expected income tax at statutory rate		1,058,185,610.37	982,397,524.12	1,060,135,508.88	983,819,792.18
Effect of different tax rates applied by subsidiaries		369,209.84	1,010,504.85	-	-
Income tax implications of the following items:					
Income from non-taxable items	(i)	(947,667,788.29)	(904,835,749.86)	(949,640,329.79)	(905,345,749.86)
Non-tax-deductible expenses	(ii)	55,318,142.09	42,926,522.75	55,160,108.10	42,819,998.81
Differences in final settlement		(1,915,674.26)	(26,339,546.48)	(2,087,438.28)	(26,300,235.46)
Others		2,259,859.00	1,158,378.61	-	-
Income tax expenses		166,549,358.75	96,317,633.99	163,567,848.91	94,993,805.67

- (i) This mainly includes interest income from bonds issued by the Chinese government, income from equity investment between qualified resident enterprises, and income from distributions by security investment funds.
- (ii) This mainly refers to the hospitality expenses, donation expenses and other expenses irrelevant to the obtained income, which cannot be fully deducted before tax according to the tax law or exceed the deduction standard stipulated by the tax law.



53 SUPPLEMENT TO CASH FLOW STATEMENT

(1) Reconciliation of net profit to cash flow from operating activities:

	The Group		The Bank	
	2023	2022	2023	2022
Net profit	4,066,193,082.74	3,833,272,462.49	4,076,974,186.61	3,840,285,363.06
Add: Credit impairment losses	2,399,446,965.65	2,595,649,031.94	2,397,837,201.68	2,593,719,234.97
Impairment loss of other assets	365,900.00	1,044,141.80	365,900.00	436,000.00
Depreciation of fixed assets	225,716,692.03	187,382,286.81	223,382,739.60	184,866,340.84
Amortization of intangible assets	135,616,955.39	163,548,848.67	135,616,955.39	163,548,848.67
Depreciation of right-of-use assets	164,209,418.31	174,804,234.94	163,379,482.50	174,024,410.79
Amortization of long-term deferred expenses	68,681,203.34	55,136,449.20	68,553,465.35	54,997,747.89
Interest expense on lease liability	23,752,138.62	24,019,120.83	23,696,712.84	23,950,930.66
Interest income from credit-impaired loans	(203,885,436.84)	(168,596,546.44)	(203,885,436.84)	(168,596,546.44)
Losses from disposal of fixed assets, intangible assets and other long-term assets	3,050,662.68	1,227,689.29	3,042,828.31	1,286,850.87
Net Losses/(gains) from changes in fair value	55,067,988.67	107,979,975.13	(128,291,027.30)	107,979,975.13
Interest income from financial investments	(5,267,706,836.03)	(4,298,687,019.28)	(5,012,813,077.62)	(4,298,687,019.28)
Investment income	(1,534,691,521.04)	(1,344,048,586.62)	(1,522,049,178.23)	(1,346,088,586.62)
Unrealized foreign exchange gains and losses	(146,409,274.08)	190,199,937.08	(149,499,905.88)	190,199,937.08
Bond interest expense payable	2,222,270,584.57	2,617,603,010.14	2,222,270,584.57	2,617,603,010.14
Net increase in deferred income tax assets	114,489,468.59	(117,800,214.37)	112,244,322.93	(118,105,246.98)
Increase in operating receivable	(41,702,410,160.57)	(26,667,575,363.25)	(41,645,494,562.67)	(26,775,858,192.50)
Increase in operating payables	86,619,480,314.59	44,036,737,681.66	86,557,104,940.18	44,149,739,265.30
Net cash flow generated from operating activities	47,243,238,146.62	21,391,897,140.02	47,322,436,131.42	21,395,302,323.58

(2) Net change in cash and cash equivalents:

	The Group		The Bank	
	2023	2022	2023	2022
Cash at the end of the year	694,929,883.52	1,015,833,461.60	687,785,392.26	1,006,963,735.48
Less: Cash at the beginning of the year	(1,015,833,461.60)	(997,805,369.71)	(1,006,963,735.48)	(991,121,849.39)
Add: Cash equivalents at the end of the year	29,588,756,486.13	24,244,899,852.30	29,362,860,962.95	24,120,058,130.68
Less: Cash equivalents at the beginning of the year	(24,244,899,852.30)	(23,183,582,534.24)	(24,120,058,130.68)	(23,047,158,277.37)
Net increase in cash and cash equivalents	5,022,953,055.75	1,079,345,409.95	4,923,624,489.05	1,088,741,739.40



(3) Cash and cash equivalents are as follows:

	The Group		The Bank	
	2023	2022	2023	2022
Cash on hand	694,929,883.52	1,015,833,461.61	687,785,392.26	1,006,963,735.48
Excess reserves with central bank	15,942,092,104.20	12,215,721,921.00	15,896,287,933.94	12,181,753,335.75
With an original maturity of three months or less				
– Deposits with banks and other financial institutions	1,835,420,224.24	1,089,952,931.29	1,696,259,029.01	999,079,794.93
– Loans to banks and other financial institutions	1,504,059,000.29	–	1,504,059,000.00	–
– Financial assets purchased under resale agreements	10,307,185,157.40	10,939,225,000.00	10,266,255,000.00	10,939,225,000.00
Total of cash and cash equivalents	30,283,686,369.65	25,260,733,313.90	30,050,646,355.21	25,127,021,866.16

54 RISK MANAGEMENT

The Group has exposure to the following main risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

This note presents the information about the Group's exposure to each of the above risks and their sources, and their changes during the year, as well as the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Board of Directors is the top decision maker with regards to the Bank's risk management policy, and supervises the Group's risk management functions through the risk management committee. The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyze risks facing the Group, to set appropriate risk limits and controls, and to monitor risks and compliance with the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the supreme implementer of our risk management framework and reports directly to the Board of Directors. According to the risk management preferences established by the Board of Directors, senior management is responsible for establishing and implementing risk management policies and systems, and for monitoring, identifying and controlling risks confronting different businesses.

(1) Credit risk

Credit risk refers to the risk that a customer or counterparty is unable or unwilling to perform contractual obligations. Changes in the economic environment or the quality of credit assets in a particular industry in the Group's asset portfolio will result in possible losses to the Group. The credit risk exposures in the balance sheet include customer loans, securities investment and interbank transactions, and there are also off-balance-sheet credit risk exposures, such as loan commitments. The Group's main business operations are currently concentrated in Guangdong Province, which indicates that there is a concentration risk in the Group's credit portfolio and it is relatively vulnerable to changes in regional economic conditions. Therefore, the management cautiously manages its exposure to credit risks. The risk management department at the head office is responsible for managing the overall credit risk associated with the Bank (including loans, securities investment and interbank transactions), and reports regularly to the senior management of the Group. The Group has established relevant mechanisms to set relevant credit risk limits, and regularly monitors the above credit risk limits and conducts audits at least once a year.



Credit operations

Based on the Guidelines for Loan Risk Classification issued by the China Banking Regulatory Commission, the Group has developed a risk classification and management system to measure and manage the quality of credit assets at the Bank. According to the Guidelines for Loan Risk Classification, the Group classifies on-balance sheet and off-balance sheet credit assets into five categories: pass, special mention, substandard, doubtful and loss. Loans in the latter three categories are considered non-performing credit assets.

The core definitions of five categories of loans are as follows:

Pass: Borrowers can honor the terms of the contracts. There is no reason to doubt their ability to repay the principals and interests of loans in full and on time.

Special Mention: Borrowers are able to service their loans at present, although repayment may be adversely affected by specific factors.

Substandard: Borrowers' abilities to service their loans are questionable. Borrowers cannot depend on their normal business revenues to pay back the principals and interests. Losses may ensue, even when guarantees are invoked.

Doubtful: Borrowers are unable repay the principals and interests of the loans in full, and significant losses will incur, even when guarantees are invoked.

Loss: Principals and interests of loans cannot be recovered or only a small portion can be recovered after taking all possible measures and resorting to necessary legal procedures.

Capital business

The credit risk facing the Group's capital business is generated by the investment business and the interbank business. The group implements the access management of interbank credit for the business of banks and non-bank financial institutions, and verifies the interbank credit line; and the credit extension and control model of corporate clients for non-financial institutions.

(a) Measurement of ECLs

Risk stages of financial instruments

The Group divides each business into three risk stages and accrues provisions for ECLs based on whether the credit risk associated with financial instruments has increased significantly since the initial recognition. Please refer to Note 3(g)(i) for the main definitions of the three risk stages of financial instruments.

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures allowances for loss of different assets with 12-month ECL or lifetime ECL, respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months, and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses:

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.

(i) Significant increase in credit risk

When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk associated with financial instruments has increased significantly.



If the counterparty is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly
- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status
- Application of a grace period or debt-restructuring
- Significant changes with an adverse effect in the counterparty's operating conditions
- Depreciation of the value of the collateral (applicable to collateralized loans only)
- Early signs of problems in cash flow/liquidity, such as late payment of accounts payable/repayment of loans
- The payment is more than 30 days past due.

The Group uses an early warning list to monitor credit risk in financial instruments related to loans and advances and capital operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly and the appropriateness thereof are regularly monitored and reviewed by the management.

As at 31 December 2023, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk.

(ii) Definitions of "default" and "credit-impaired assets"

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default, and the criteria are consistent with the definition of credit-impaired assets:

(a) Quantitative criterion.

The borrower has not paid more than 90 days after the contract payment date.

(b) Qualitative criterion.

The borrower meets the criterion of "having debt-servicing difficulties", which indicates that the borrower has significant financial difficulty, including:

- The loan has been in the grace period for a long time
- The borrower is deceased
- The borrower goes into bankruptcy
- The borrower breaches (one or more) terms of the contract that the debtor shall be subject to
- The disappearance of an active market for the related financial asset because of financial difficulties facing the borrower
- The creditor makes concessions due to the financial difficulties facing the borrower
- It is highly likely that the borrower will go into bankruptcy
- A higher discount was obtained during the acquisition of assets, and the assets have incurred credit loss when they are acquired

The above criteria apply to all financial instruments of the Bank and they are consistent with the definition of "default" adopted for internal credit risk management.



Risk Groups

To calculate the relevance between ECL allowance modelled on a collective basis and macro-economic indicators, a grouping of exposure is performed on the basis of shared risk characteristics, so that risk exposures within a group are homogenous. According to the credit risk characteristics such as product types, customer types, and the industry in which the customers belong, the risk exposures are grouped. The Group reviews the reasonableness of the groups on a regular basis, conducts qualitative and quantitative assessment on the risk groups, and timely reviews the reasonableness of the groups when the credit risk characteristics of the risk exposure within the portfolio changes, and re-classifies the groups according to the risk characteristics of the relevant credit risk exposure if necessary.

Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the guarantee;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the guarantee;
- LGD refers to the Group's prediction as to the degree of loss arising from the exposure at default. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collateral or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data, and is applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collateral under the different time limits.

Forward-looking information incorporated in the ECL

The assessment of whether the credit risk of a financial instrument has increased significantly since initial recognition and the measurement of ECL both incorporate forward-looking information.

The Group conducts forecast of multiple macroeconomic variables under three domestic macro scenarios, namely positive, neutral and negative, and determines the weight of multiple scenarios of the macro economy by the Group. Of which, the neutral scenario is defined as the most likely scenario in the future, which serves as a comparison basis for other scenarios. Positive and negative scenarios are those that fluctuate better and worse on the basis of the neutral scenario respectively, and can also be used as a source of sensitivity analysis.

The Group has performed historical analysis and identified the key economic variables related to credit risks and expected credit losses that affect each asset portfolio, including the CPI growth rate on year-on-year basis, M1 money supply growth rate on year-on-year basis, and provision for impairment of loans of commercial banks.

As at 31 December 2023, the Group's rating for the positive scenario is 10%, the neutral scenario is 50%, and the negative scenario is 40%.

(b) Maximum credit risk exposure

Regardless of collateral and other credit enhancements, the maximum exposure to credit risk at the Group and the Bank is the sum of the carrying amount of each financial asset and the contract amount of each credit commitment. Except for the credit commitments given by the Group and the Bank as set out in Note 58, the Group and the Bank do not provide any other guarantees which would expose the Group or the Bank to credit risk. The maximum exposure to credit risk in respect of these credit commitments at the end of the reporting period is disclosed in Note 58.

The carrying amounts of financial instruments on the balance sheet have reflected their maximum credit risks.



(c) Credit quality analysis of financial assets

		As at 31 December 2023						
		The Group			Provisions for ECL			
		Book balance		Total	Stage I (12-month ECL)			Stage III (Lifetime ECL - credit-impaired)
		Stage I (Lifetime ECL)	Stage II (Lifetime ECL - credit-impaired)		Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	
Loan		321,887,090,601.44	3,650,027,564.07	328,387,647,283.33	(4,061,841,326.16)	(1,031,406,705.54)	(2,613,175,459.40)	(7,706,423,491.10)
Investment (ii)		186,150,087,608.67	-	190,133,844,960.01	(88,137,213.07)	-	(2,494,741,026.75)	(2,582,878,239.82)
Others (iii)		23,403,774,173.09	-	23,525,768,179.64	(66,707,261.43)	-	(121,994,006.55)	(188,701,267.98)
		As at 31 December 2022						
		The Group			Provisions for ECL			
		Book balance		Total	Stage I (12-month ECL)			Stage III (Lifetime ECL - credit-impaired)
		Stage I (Lifetime ECL)	Stage II (Lifetime ECL - credit-impaired)		Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	
Loan		285,784,861,800.21	2,575,462,740.73	291,086,854,058.79	(4,267,423,880.27)	(642,729,366.93)	(1,851,262,711.05)	(6,761,415,958.25)
Investment (ii)		144,013,859,282.17	649,730,882.25	150,227,233,389.06	(135,561,893.41)	(131,581,684.95)	(2,492,701,138.99)	(2,759,844,717.35)
Others (iii)		19,609,438,477.86	-	19,723,413,385.28	(98,094,713.47)	-	(113,974,907.42)	(212,069,620.89)



As at 31 December 2023

	The Bank							
	Book balance			Provisions for ECL				
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total
Loan	320,855,080,111.62	3,625,921,335.04	3,030,772,322.74	327,511,773,769.40	(4,053,740,586.19)	(1,026,091,988.79)	(2,593,859,440.54)	(7,673,692,016.52)
Investment (ii)	176,856,576,259.33	-	3,983,757,351.34	180,840,333,610.67	(80,362,141.22)	-	(2,494,741,026.75)	(2,575,103,167.97)
Others (iii)	23,114,929,331.09	-	121,988,084.97	23,236,917,416.06	(66,433,397.58)	-	(121,988,084.97)	(188,421,462.55)

As at 31 December 2022

	The Bank							
	Book balance			Provisions for ECL				
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total
Loan	284,909,923,540.61	2,543,579,450.85	2,694,603,123.48	290,148,106,114.94	(4,253,599,661.10)	(638,350,596.87)	(1,825,591,364.50)	(6,717,531,622.47)
Investment (ii)	144,013,859,292.17	649,730,892.25	5,563,643,224.64	150,227,233,389.06	(135,561,893.44)	(131,581,684.95)	(2,492,701,138.96)	(2,759,844,717.35)
Others (iii)	19,493,081,825.54	-	113,965,247.05	19,607,047,072.59	(97,885,733.35)	-	(113,965,247.05)	(211,860,980.40)

- (i) Overdue loans refer to all loans owed by loan customers to the Bank, for which the full or partial amount of the principal or interest has been overdue for one day or above.
- (ii) As at 31 December 2023 and 31 December 2022, investments include debt investments and other debt investments.
- (iii) Others include deposit with banks and other financial institutions, loans to banks and other financial institutions, financial assets purchased under resale agreements, interests receivable, and other receivables.



(d) Credit risk rating of bond investments

The Group adopts the credit rating method to monitor the credit risk status of the debt instrument investment portfolio held by the Group. The debt instrument investment rating refers to the rating of the rating agency recognized by the People's Bank of China. On the balance sheet date, the analysis of the Group's bond investment according to the debt rating is as follows:

	The Group	
	2023	2022
Credit-impaired financial assets		
Carrying value	13,377,563.89	38,912,822.70
Provision for impairment	(86,265,882.42)	(135,300,700.00)
Overdue		
Carrying value	-	-
Provision for loss	-	-
Financial assets neither overdue nor credit-impaired (including accrued interest)		
AAA	45,866,748,862.66	34,957,170,026.58
AA – to AA+	5,186,991,791.61	2,267,570,726.85
A – to A+	3,538,688,497.09	3,043,370,100.38
A3 to A1	1,659,852,750.82	116,299,568.77
BBB – to BBB+	2,818,277,263.76	1,137,731,321.86
Baa3 to Baa1	584,284,452.21	246,653,190.87
Not rated	110,111,367,833.26	88,810,582,482.13
Provision for impairment	(65,828,924.62)	(84,680,671.03)
Sub-total of carrying value	169,700,382,526.79	130,494,696,746.41
Total	169,713,760,090.68	130,533,609,569.11



	The Bank	
	2023	2022
Credit-impaired financial assets		
Carrying value	13,377,563.89	38,912,822.70
Provision for impairment	(86,265,882.42)	(135,300,700.00)
Overdue		
Carrying value	-	-
Provision for loss	-	-
Financial assets neither overdue nor credit-impaired (including accrued interest)		
AAA	36,573,237,513.32	34,957,170,026.58
AA – to AA+	5,186,991,791.61	2,267,570,726.85
A – to A+	3,538,688,497.09	3,043,370,100.38
A3 to A1	1,659,852,750.82	116,299,568.77
BBB – to BBB+	2,818,277,263.76	1,137,731,321.86
Baa3 to Baa1	584,284,452.21	246,653,190.87
Not rated	110,111,367,833.26	88,810,582,482.13
Provision for impairment	(58,053,852.77)	(84,680,671.03)
Sub-total of carrying value	160,414,646,249.30	130,494,696,746.41
Total	160,428,023,813.19	130,533,609,569.11

Overdue means that all or part of the principal or interest is overdue for one day or more.

(e) Credit risk concentration analysis of financial assets

The credit risk concentration of loans and advances granted by the Bank refers to the fact that borrowers are concentrated in a certain industry or region, or share certain economic characteristics, which usually increases the credit risk accordingly. Please refer to Note 12 for the industry concentration analysis of loans and advances granted by the Bank.

(2) Market risk

Market risk refers to the risk of loss of on – and off-balance-sheet businesses of the Group due to adverse changes in market prices (interest rates, exchange rates, product prices, stock prices, and other prices). The market risk facing the Group mainly comes from the interest rate risk and exchange rate risk associated with various asset-liability businesses and products involved in market operations.

The Group establishes a market risk management system based on the “Guidelines for Market Risk Management of Commercial Banks” promulgated by the former CBRC. The Board of Directors of the Bank assumes the ultimate responsibility for monitoring market risk management, is responsible for approving market risk management policies and procedures, and determines the tolerable level of market risk. The senior management is responsible for implementing the market risk management policy and market risk appetite decided by the Board of Directors, and for coordinating efforts to align the total risk with business objectives. The risk management department is responsible for the identification, measurement, monitoring, controlling, and reporting of market risk at the company level. Business departments are responsible for monitoring and reporting market risks associated with the businesses managed by them respectively.

The Group’s risk monitoring techniques include risk detection measurement and monitoring management of market risks in each business by means of long-term monitoring exposure analysis, sensitivity analysis, scenario analysis, etc. The financial market department has set up the trading limit, stop loss limit, derivatives risk limit and other market risk limit systems and monitored the use of market risk limit. The stress test of market risk has been carried out under prudent conditions according to the requirements of the former CBRC.



(a) Interest rate risk

Interest rate risk refers to the possibility of losses caused by changes in factors such as interest rate level and term structure to the overall return and economic value of bank accounts. With respect to the Bank's exposure to interest rate risk, the Group determines the future interest rate trend by investigating various macroeconomic indicators. It also forecasts the future trends for changes in Group's funding activities based on factors such as the Group's capital cost, capital adequacy ratio, and the growth of deposits and loans to analyze the Group's tolerance towards interest rate risk.

The Group manages interest rate risk mainly through asset portfolio construction and adjustment. The purpose of the portfolio is to diversify risk and increase profitability through asset diversification.

The Group's interest rate risk management mainly involves:

- (i) The Group stepping up the analysis and prediction of interest rate fluctuations, predicting the future interest rate trends taking into account the interest rate trends for SHIBOR, treasury bonds and policy financial bonds, and using the internal fund transfer pricing (FTP) system to concentrate interest rate risk to "Treasurer" conducts unified management, guiding business structure optimization and improving the pricing level by formulating scientific and reasonable FTP price transmission policy guidance;
- (ii) Using the asset-liability management (ALM) system to measure and manage interest rate risk exposure, through scenario simulations, stress tests and repricing gap analysis to simulate the Group's net interest income and economic value under different interest rate scenarios – this way, reasonable management suggestions are made, and timely strategic adjustments are made to avoid the negative impact of interest rate fluctuations on the Group's financial standing.

The Group uses sensitivity analysis to measure the possible impact of changes in interest rates on the Group's net profit and equity. The following table shows the sensitivity of the Group's net profit and equity to possible and reasonable changes in interest rates when other variables are fixed.

	Net profit sensitivity			
	The Group		The Bank	
	2023 (Decrease)/Increase	2022 Increase/(Decrease)	2023 (Decrease)/Increase	2022 Increase/(Decrease)
Interest rate change (basis point)				
+100	(699,843,568.60)	(205,137,850.15)	(673,848,469.49)	(208,612,446.26)
-100	699,843,568.60	205,137,850.15	673,848,469.49	208,612,446.26

	Equity sensitivity			
	The Group		The Bank	
	2023 (Decrease)/Increase	2022 (Decrease)/Increase	2023 (Decrease)/Increase	2022 (Decrease)/Increase
Interest rate change (basis point)				
+100	(1,052,933,135.25)	(669,580,911.28)	(1,026,938,036.14)	(673,055,507.39)
-100	1,064,347,687.17	686,752,860.19	1,038,352,588.06	690,227,456.30



The above sensitivity analysis is based on the static interest rate risk structure of assets and liabilities. The relevant analysis only measures changes in interest rates within one year and reflects the impact of re-pricing of the Group's assets and liabilities on the Group's annualized net profit and equity within one year based on the following assumptions:

- (i) All assets and liabilities re-priced or due within one year are assumed to be re-priced or expire at the beginning of the relevant period;
- (ii) The yield curve moves parallel to the changes in interest rates;
- (iii) There is no other change in the portfolio of assets and liabilities.

The sensitivity of net profit is based on the impact of certain interest rate changes on the net interest income from financial assets and liabilities held at the end of the year and whose interest rate is expected to be redefined within the next year.

Equity sensitivity is calculated based on the effect of revaluation of all financial instruments held at the end of the year when a certain interest rate changes.

The sensitivity analysis on above interest rate is provided only as an example, based on the simplification of the scenario. The analysis shows the estimated changes in net profit and equity under each expected revenue curve and the current interest rate risk facing the Group. However, the analysis of the impact does not consider the risk management activities that the management may take to reduce interest rate risk. The above estimation assumes that the interest rates for all the years will change at the same rate. Therefore, it does not reflect the potential impact on net profit or equity if some interest rates change while others remain unchanged.

Based on the above assumptions, the actual change in the net profit and equity of the Group due to the increase or decrease in interest rates may differ from the findings of this sensitivity analysis.



The table below presents the distribution of the effective interest rates of assets and liabilities for the relevant year and by the next expected repricing date (or maturity date, whichever is earlier) at the end of the reporting period.

The Group						
2023						
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest-free
Assets						
Cash and deposits in the central bank	44,641,351,241.22	43,624,688,662.22	-	-	-	1,016,662,579.00
Deposits with and loans to banks and other financial institutions	10,663,634,836.77	4,530,825,258.82	5,864,666,673.04	-	-	288,141,904.91
Financial assets purchased under resale agreements	10,308,835,756.84	10,307,185,157.40	-	-	-	1,650,599.44
Loans and advances to customers	320,895,575,609.70	99,600,931,910.43	155,235,850,599.31	57,480,224,486.47	7,917,844,294.00	660,724,319.49
Investments (I)	231,998,769,472.70	32,930,366,341.01	24,488,839,963.58	70,015,353,942.76	72,086,845,739.47	32,477,363,485.88
Derivative financial assets	680,499,866.63	5,468,722.13	18,516,280.07	354,763,398.56	-	301,751,465.77
Other assets	9,735,995,594.74	-	-	-	-	9,735,995,594.74
Total assets	628,924,662,378.50	190,999,467,062.01	185,607,873,516.00	127,850,341,827.79	80,004,690,033.47	44,462,289,949.23
Liabilities						
Borrowings from central bank	(26,200,782,820.18)	(5,471,951,453.97)	(20,683,550,902.27)	-	-	(45,280,463.94)
Deposits and loans from banks and other financial institutions	(19,933,647,233.19)	(9,473,355,657.64)	(3,045,643,689.33)	(7,300,000,000.00)	-	(114,647,886.22)
Financial assets sold under repurchase agreements	(24,419,565,064.25)	(24,174,757,989.22)	-	-	-	(244,807,075.03)
Customer deposits	(427,005,977,636.98)	(235,654,028,761.24)	(69,371,108,464.61)	(113,440,032,565.74)	(5,159,399.11)	(8,535,648,452.28)
Bonds payable	(86,300,153,846.29)	(24,996,327,539.55)	(42,881,816,178.96)	(17,996,353,484.31)	-	(425,656,643.47)
Derivative financial liabilities	(786,417,874.75)	(528,483.56)	(19,013,233.47)	(432,203,084.67)	-	(334,673,073.05)
Lease liability	(690,668,414.98)	(38,474,730.61)	(101,535,534.86)	(377,234,537.99)	(173,423,611.53)	-
Other liabilities	(3,010,371,176.41)	-	-	-	-	(3,010,371,176.41)
Total liabilities	(688,347,584,067.03)	(299,809,424,615.79)	(136,102,668,003.50)	(139,545,823,672.70)	(178,583,004.64)	(12,711,084,770.40)
Exposure to assets and liabilities	40,577,078,311.47	(108,809,957,563.78)	49,505,205,512.50	(11,695,481,844.91)	79,826,107,028.83	31,751,205,178.83
Nominal amount of derivative financial instruments	92,361,039,461.10	250,000,000.00	1,767,061,699.90	36,470,000,000.00	-	53,873,977,761.20



	The Group					
	2022					
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest-free
Assets						
Cash and deposits in the central bank	39,617,874,931.58	38,049,871,756.19	-	-	-	1,568,003,175.39
Deposits with and loans to banks and other financial institutions	6,956,758,578.83	1,492,387,861.10	5,274,743,870.78	-	-	189,626,846.95
Financial assets purchased under resale agreements	10,945,507,225.66	10,939,225,000.00	-	-	-	6,282,225.66
Loans and advances to customers	284,325,438,100.54	90,272,988,213.39	144,333,200,540.41	40,367,749,517.11	8,695,175,750.49	656,324,079.14
Investments (i)	186,863,987,307.38	29,747,884,618.40	33,237,485,876.46	66,750,284,719.85	54,798,184,507.31	2,330,147,585.86
Derivative financial assets	663,928,004.66	26,209.70	4,184,159.26	159,332,863.29	-	500,384,772.41
Other assets	9,045,510,137.00	-	-	-	-	9,045,510,137.00
Total assets	538,419,004,285.65	170,502,383,658.78	182,849,614,446.91	107,277,367,099.75	63,493,360,257.80	14,296,278,822.41
Liabilities						
Borrowings from central bank	(12,551,456,207.97)	(5,118,856,030.73)	(7,277,328,000.00)	-	-	(155,272,177.24)
Deposits and loans from banks and other financial institutions	(14,718,092,454.04)	(8,445,246,247.46)	(3,250,435,418.00)	(2,980,000,000.00)	-	(42,410,788.58)
Financial assets sold under repurchase agreements	(10,694,782,795.74)	(10,329,754,235.41)	(348,905,740.31)	-	-	(16,122,820.02)
Customer deposits	(369,588,228,175.77)	(193,304,548,823.82)	(71,896,217,076.07)	(98,384,588,343.29)	(5,462,162.99)	(5,997,411,769.60)
Bonds payable	(91,465,543,530.78)	(27,878,935,986.52)	(44,221,325,209.33)	(18,993,568,362.33)	-	(371,713,972.60)
Derivative financial liabilities	(789,511,407.19)	(26,209.70)	(1,415,159.48)	(197,719,596.82)	-	(590,350,441.19)
Lease liability	(652,864,437.27)	(48,701,100.98)	(119,392,602.33)	(332,830,359.68)	(151,840,374.28)	-
Other liabilities	(3,104,304,704.90)	-	-	-	-	(3,104,304,704.90)
Total liabilities	(603,564,783,713.66)	(245,126,068,634.62)	(127,115,019,205.52)	(120,888,806,662.12)	(157,302,537.27)	(10,277,586,674.13)
Exposure to assets and liabilities	34,854,220,571.99	(74,623,684,975.84)	55,734,595,241.39	(13,611,439,562.37)	63,336,057,720.53	4,018,692,148.28
Nominal amount of derivative financial instruments	88,172,085,433.84	80,000,000.00	608,115,000.00	40,735,293,502.00	-	46,748,676,931.64



The Bank

2023

	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest-free
Assets						
Cash and deposits in the central bank	44,523,324,740.97	43,513,832,416.61	-	-	-	1,009,492,324.36
Deposits with and loans to banks and other financial institutions	10,384,596,105.98	4,276,879,508.86	5,864,614,186.78	-	-	253,102,410.34
Financial assets purchased under resale agreements	10,267,858,266.84	10,266,255,000.00	-	-	-	1,603,266.84
Loans and advances to customers	320,052,433,569.75	99,218,663,451.42	154,838,187,981.19	57,425,062,129.14	7,911,742,870.44	688,777,137.56
Investments (i)	228,316,519,471.01	33,369,806,234.11	25,863,528,425.64	70,959,177,570.61	65,905,367,470.48	32,218,639,770.17
Derivative financial assets	680,141,629.71	5,468,722.13	18,516,280.07	354,763,398.56	-	301,393,228.95
Other assets	9,853,170,482.21	-	-	-	-	9,853,170,482.21
Total assets	624,078,044,266.47	190,650,905,333.13	186,574,846,873.68	128,739,003,098.81	73,817,110,340.92	44,296,178,620.43
Liabilities						
Borrowings from central bank	(26,195,682,820.18)	(5,471,951,453.97)	(20,678,450,902.27)	-	-	(45,280,463.94)
Deposits and loans from banks and other financial institutions	(20,294,528,388.58)	(9,834,236,813.03)	(3,045,643,689.33)	(7,300,000,000.00)	-	(114,647,886.22)
Financial assets sold under repurchase agreements	(20,644,106,053.78)	(20,626,156,805.80)	-	-	-	(17,949,247.98)
Customer deposits	(425,687,621,695.87)	(235,055,577,278.89)	(69,122,222,235.27)	(113,011,150,411.12)	(4,994,258.11)	(8,493,677,512.48)
Bonds payable	(86,300,153,846.29)	(24,996,327,539.55)	(42,881,816,178.96)	(17,996,353,484.31)	-	(425,656,643.47)
Derivative financial liabilities	(777,286,608.52)	(528,483.56)	(19,013,233.47)	(432,203,084.67)	-	(325,541,806.82)
Lease liability	(689,313,522.50)	(38,442,354.70)	(100,958,275.63)	(376,489,280.64)	(173,423,611.53)	-
Other liabilities	(2,989,303,646.23)	-	-	-	-	(2,989,303,646.23)
Total liabilities	(583,577,996,581.95)	(296,023,220,729.50)	(135,848,104,514.93)	(139,116,196,260.74)	(178,417,869.64)	(12,412,057,207.14)
Exposure to assets and liabilities	40,500,047,684.52	(105,372,315,396.37)	50,726,742,358.75	(10,377,193,162.43)	73,638,692,471.28	31,884,121,413.29
Nominal amount of derivative financial instruments	91,983,615,264.66	250,000,000.00	1,767,061,699.90	36,470,000,000.00	-	53,496,553,664.76



The Bank						
2022						
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest-free
Assets						
Cash and deposits in the central bank	39,509,989,429.01	37,950,855,979.75	-	-	-	1,559,133,449.26
Deposits with and loans to banks and other financial institutions	6,841,780,947.24	1,377,432,211.65	5,274,743,870.78	-	-	189,604,864.81
Financial assets purchased under resale agreements	10,945,507,225.66	10,939,225,000.00	-	-	-	6,282,225.66
Loans and advances to customers	283,430,574,492.47	90,213,881,923.96	143,543,155,276.98	40,335,450,424.63	8,684,123,209.90	653,963,657.00
Investments (i)	186,863,987,307.38	29,747,884,618.40	33,237,485,876.46	66,750,284,719.35	54,798,184,507.31	2,330,147,585.86
Derivative financial assets	663,928,004.66	26,209.70	4,184,159.26	159,332,863.29	-	500,384,772.41
Other assets	9,162,048,465.51	-	-	-	-	9,162,048,465.51
Total assets	537,417,815,871.93	170,229,305,943.46	182,059,569,183.48	107,245,068,007.27	63,482,307,717.21	14,401,565,020.51
Liabilities						
Borrowings from central bank	(12,507,011,441.68)	(5,108,749,264.44)	(7,242,990,000.00)	-	-	(155,272,177.24)
Deposits and loans from banks and other financial institutions	(15,161,323,808.21)	(8,888,282,775.99)	(3,250,435,418.00)	(2,980,000,000.00)	-	(42,605,614.22)
Financial assets sold under repurchase agreements	(10,694,782,795.74)	(10,329,754,235.41)	(348,905,740.31)	-	-	(16,122,820.02)
Customer deposits	(368,295,770,106.38)	(192,914,967,488.06)	(71,638,326,923.02)	(97,774,466,396.46)	(5,462,162.99)	(5,962,547,155.85)
Bonds payable	(91,465,543,530.78)	(27,878,935,986.52)	(44,221,325,209.33)	(18,993,568,362.33)	-	(371,713,972.60)
Derivative financial liabilities	(789,511,407.19)	(26,209.70)	(1,415,159.48)	(197,719,596.82)	-	(590,350,441.19)
Lease liability	(651,307,212.33)	(48,668,725.07)	(118,735,367.73)	(332,072,740.02)	(151,830,379.51)	-
Other liabilities	(3,091,793,728.75)	-	-	-	-	(3,091,793,728.75)
Total liabilities	(602,657,044,031.06)	(245,169,384,665.19)	(126,822,133,817.87)	(120,277,827,095.63)	(157,292,542.50)	(10,230,405,909.87)
Exposure to assets and liabilities	34,760,771,840.87	(74,940,078,721.73)	55,237,435,365.61	(13,032,759,088.36)	63,325,015,174.71	4,171,159,110.64
Nominal amount of derivative financial instruments	88,172,085,433.64	80,000,000.00	608,115,000.00	40,735,293,502.00	-	46,748,676,931.64

(i) As at 31 December 2023 and 31 December 2022, the investments include trading financial assets, debt investments, other debt investments and other equity instruments investments.



(b) Exchange rate risk

The Group is mainly engaged in Renminbi business. Some transactions involve US dollar or Hong Kong dollar, while few transactions involve other currencies. The Group's exchange rate risks include the transactional foreign currency exposure risk resulting from the routine capital transaction business, and the non-RMB-denominated loans and advances to customers, interbank payments and customer deposits, etc. held by the Group.

The exchange rate risk facing the Group mainly arises from the foreign exchange purchase and sale transactions provided by the Group for customers, when it has not been able to immediately hedge the exposure risk posed by the overall position of purchase and sale of foreign exchange. This type of the foreign exchange position may be subject to exchange rate fluctuations resulting in losses or profits. As the Group mainly manages the foreign exchange position, closely monitors foreign exchange market prices, and implements real-time position squaring for large-scale transactions, the impact of exchange rate changes on the Group's financial standing and cash flow is limited, and the exchange rate risk is not significant. For this type of risks, measures taken by the Group include: strict implementation of overall position management of foreign exchange purchases and sales, and ensuring that the overall position reserved on a daily basis conform to relevant requirements set by the State Administration of Foreign Exchange (SAFE).

The non-transactional risks mainly refer to the risks arising from mismatches between foreign currency assets and liabilities, which are difficult to avoid in the Group's operations. For this type of risks, the Group measures the value in use, the purpose of clearing, and the risk bearing capacity of each currency, and tries to match the assets and liabilities of each currency in terms of currency and maturity, so as to prevent foreign currency and maturity mismatch from causing losses to the Group due to exchange rate fluctuations.

	Net profit sensitivity	
	The Group	
	2023	2022
	(Decrease)/Increase	(Decrease)/Increase
Exchange rate change		
Appreciation against Renminbi by 1%	(3,257,997.86)	(15,857,545.67)
Depreciation against Renminbi by 1%	3,257,997.86	15,857,545.67

	Net profit sensitivity	
	The Bank	
	2023	2022
	(Decrease)/Increase	(Decrease)/Increase
Exchange rate change		
Appreciation against Renminbi by 1%	(14,175,854.48)	(15,857,545.67)
Depreciation against Renminbi by 1%	14,175,854.48	15,857,545.67

The analysis is based on the following assumptions:

- (i) The exchange rate sensitivity of all currencies refers to the exchange gains and losses resulting from the 1% fluctuation in the closing exchange rates (middle prices) of all currencies against Renminbi on the reporting date;
- (ii) Changes in exchange rate of all currencies refer to the simultaneous fluctuations in the same direction in the exchange rates of all currencies against Renminbi;
- (iii) The calculation of foreign exchange exposure includes spot foreign exchange exposure and forward foreign exchange exposure.

The above sensitivity analysis is based on the static exchange rate risk structure of assets and liabilities, and has not considered the measures that the Group may take to eliminate the negative impact of foreign exchange exposure on profits. Therefore, the above impact may be different from the actual situation.



The exchange rate risk exposure of the Group on each balance sheet date is as follows:

	The Group					Total
	RMB	Conversion of USD into RMB	Conversion of HKD into RMB	Conversion of other currencies into RMB		
Assets						
Cash and deposits in the central bank	44,350,614,385.25	199,012,535.77	91,724,320.20	-	-	44,641,351,241.22
Deposits with and loans to banks and other financial institutions	8,573,816,025.69	1,711,586,563.84	70,356,307.25	307,875,939.99	-	10,663,634,836.77
Financial assets purchased under resale agreements	10,308,835,756.84	-	-	-	-	10,308,835,756.84
Loans and advances to customers	316,528,917,307.15	838,592,670.53	3,476,715,632.92	51,349,999.10	-	320,895,575,609.70
Investments (i)	220,960,273,031.66	11,038,496,441.04	-	-	-	231,998,769,472.70
Derivative financial assets	500,803,573.51	-	179,696,293.02	-	-	680,499,866.53
Other assets	19,495,014,673.23	(3,954,376,849.52)	(5,500,385,657.06)	(304,256,571.91)	-	9,735,995,594.74
Total assets	620,718,274,753.33	9,833,311,361.66	(1,681,893,103.67)	54,969,367.18	-	628,924,662,378.50
Liabilities						
Borrowings from central bank	(26,200,782,820.18)	-	-	-	-	(26,200,782,820.18)
Deposits and loans from banks and other financial institutions	(14,925,969,488.56)	(4,997,842,966.36)	(9,834,778.27)	-	-	(19,933,647,233.19)
Financial assets sold under repurchase agreements	(23,576,928,056.51)	(842,637,007.74)	-	-	-	(24,419,565,064.25)
Customer deposits	(423,186,863,693.12)	(3,203,645,653.35)	(561,601,729.62)	(63,866,560.89)	-	(427,005,977,636.98)
Bonds payable	(86,300,153,846.29)	-	-	-	-	(86,300,153,846.29)
Derivative financial liabilities	(767,275,884.29)	-	(19,141,990.46)	-	-	(786,417,874.75)
Lease liability	(689,340,419.78)	-	(1,327,995.20)	-	-	(690,668,414.98)
Other liabilities	(2,998,570,162.24)	(4,064,372.82)	(7,695,809.39)	(40,831.96)	-	(3,010,371,176.41)
Total liabilities	(578,645,884,370.97)	(9,048,190,000.27)	(599,602,302.94)	(63,907,392.85)	-	(588,347,584,067.03)
Net position of assets and liabilities	42,072,390,382.36	785,121,361.39	(2,281,495,406.61)	1,061,974.33	-	40,577,078,311.47



	The Group					Total
	RMB	Conversion of USD into RMB	Conversion of HKD into RMB	Conversion of other currencies into RMB		
Assets						
Cash and deposits in the central bank	39,070,392,565.46	321,872,243.56	225,610,122.56	-	-	39,617,874,931.58
Deposits with and loans to banks and other financial institutions	6,453,001,517.40	391,951,798.31	94,928,973.87	16,876,289.25	-	6,956,758,578.83
Financial assets purchased under resale agreements	10,945,507,225.66	-	-	-	-	10,945,507,225.66
Loans and advances to customers	279,314,122,025.40	2,354,081,149.61	2,612,888,935.72	44,545,989.81	-	284,325,438,100.54
Investments (i)	177,221,912,399.85	8,869,985,890.31	772,089,017.22	-	-	186,863,987,307.38
Derivative financial assets	548,604,403.96	8,802,321.42	106,521,279.28	-	-	663,928,004.66
Other assets	8,999,141,999.06	1,098,206.06	45,269,931.88	-	-	9,045,510,137.00
Total assets	522,552,682,136.79	11,947,791,609.27	3,857,108,260.53	61,422,279.06	-	538,419,004,285.65
Liabilities						
Borrowings from central bank	(12,551,456,207.97)	-	-	-	-	(12,551,456,207.97)
Deposits and loans from banks and other financial institutions	(13,176,797,498.01)	(1,202,687,181.02)	(338,607,775.01)	-	-	(14,718,092,454.04)
Financial assets sold under repurchase agreements	(10,694,782,795.74)	-	-	-	-	(10,694,782,795.74)
Customer deposits	(365,179,854,266.64)	(4,042,947,253.96)	(344,583,062.54)	(20,843,592.63)	-	(369,588,228,175.77)
Bonds payable	(91,465,543,530.78)	-	-	-	-	(91,465,543,530.78)
Derivative financial liabilities	(773,165,861.85)	(15,337,204.07)	(1,008,341.27)	-	-	(789,511,407.19)
Lease liability	(319,934,077.59)	-	(332,930,359.68)	-	-	(652,864,437.27)
Other liabilities	8,577,412,096.04	(8,324,399,707.53)	(3,316,076,069.62)	(41,241,023.79)	-	(3,104,304,704.90)
Total liabilities	(485,584,122,142.54)	(13,585,371,346.58)	(4,333,205,608.12)	(62,084,616.42)	-	(503,564,783,713.66)
Net position of assets and liabilities	36,968,559,994.25	(1,637,579,737.31)	(476,097,347.59)	(662,337.36)	-	34,854,220,571.99



The Bank						
2023						
	RMB	Conversion of USD into RMB	Conversion of HKD into RMB	Conversion of other currencies into RMB	Total	
Assets						
Cash and deposits in the central bank	44,232,587,865.00	199,012,535.77	91,724,320.20	-	-	44,523,324,740.97
Deposits with and loans to banks and other financial institutions	8,302,927,954.88	1,703,435,903.86	70,356,307.25	307,875,939.99	-	10,384,596,105.98
Financial assets purchased under resale agreements	10,267,858,266.84	-	-	-	-	10,267,858,266.84
Loans and advances to customers	315,685,775,267.20	838,592,670.53	3,476,715,632.92	51,349,999.10	-	320,052,433,569.75
Investments (i)	217,664,674,229.46	10,651,845,241.55	-	-	-	228,316,519,471.01
Derivative financial assets	500,445,336.69	-	179,696,293.02	-	-	680,141,629.71
Other assets	19,612,189,560.70	(3,954,376,849.52)	(5,500,385,657.06)	(304,256,571.91)	-	9,853,170,482.21
Total assets	616,266,458,500.77	9,438,509,502.19	(1,681,893,103.67)	54,969,367.18	-	624,078,044,266.47
Liabilities						
Borrowings from central bank	(26,195,682,820.18)	-	-	-	-	(26,195,682,820.18)
Deposits and loans from banks and other financial institutions	(15,286,850,643.95)	(4,997,842,966.36)	(9,834,778.27)	-	-	(20,294,528,388.58)
Financial assets sold under repurchase agreements	(19,801,469,046.04)	(842,637,007.74)	-	-	-	(20,644,106,053.78)
Customer deposits	(421,868,507,752.02)	(3,203,645,653.35)	(561,601,729.62)	(53,866,560.88)	-	(425,687,621,695.87)
Bonds payable	(86,300,153,846.29)	-	-	-	-	(86,300,153,846.29)
Derivative financial liabilities	(758,144,618.06)	-	(19,141,990.46)	-	-	(777,286,608.52)
Lease liability	(687,985,527.30)	-	(1,327,995.20)	-	-	(689,313,522.50)
Other liabilities	(2,977,502,632.06)	(4,064,372.82)	(7,695,809.39)	(40,831.96)	-	(2,989,303,646.23)
Total liabilities	(573,876,296,885.90)	(9,048,190,000.27)	(599,602,302.94)	(53,907,392.84)	-	(583,577,996,581.95)
Net position of assets and liabilities	42,390,161,614.87	390,319,501.92	(2,281,495,406.61)	1,061,974.34	-	40,500,047,684.52



The Bank					
2022					
	RMB	Conversion of USD into RMB	Conversion of HKD into RMB	Conversion of other currencies into RMB	Total
Assets					
Cash and deposits in the central bank	38,962,507,062.89	321,872,243.56	225,610,122.56	-	39,509,989,429.01
Deposits with and loans to banks and other financial institutions	6,338,023,885.81	391,951,798.31	94,928,973.87	16,876,289.25	6,841,780,947.24
Financial assets purchased under resale agreements	10,945,507,225.66	-	-	-	10,945,507,225.66
Loans and advances to customers	278,419,258,417.33	2,354,081,149.61	2,612,688,935.72	44,545,989.81	283,430,574,492.47
Investments (i)	177,221,912,399.85	8,869,985,890.31	772,089,017.22	-	186,863,987,307.38
Derivative financial assets	548,604,403.96	8,802,321.42	106,521,279.28	-	663,928,004.66
Other assets	9,115,680,327.57	1,098,206.06	45,269,931.88	-	9,162,048,465.51
Total assets	521,551,493,723.07	11,947,791,609.27	3,857,108,260.53	61,422,279.06	537,417,815,871.93
Liabilities					
Borrowings from central bank	(12,507,011,441.68)	-	-	-	(12,507,011,441.68)
Deposits and loans from banks and other financial institutions	(13,620,028,852.18)	(1,202,687,181.02)	(338,607,775.01)	-	(15,161,323,808.21)
Financial assets sold under repurchase agreements	(10,694,782,795.74)	-	-	-	(10,694,782,795.74)
Customer deposits	(363,887,396,197.25)	(4,042,947,253.97)	(344,563,062.54)	(20,843,592.62)	(368,295,770,106.38)
Bonds payable	(91,465,543,530.78)	-	-	-	(91,465,543,530.78)
Derivative financial liabilities	(773,165,861.85)	(15,337,204.07)	(1,008,341.27)	-	(789,511,407.19)
Lease liability	(318,376,852.65)	-	(332,930,359.68)	-	(651,307,212.33)
Other liabilities	8,589,923,072.19	(8,324,399,707.53)	(3,316,076,069.62)	(41,241,023.79)	(3,091,793,728.75)
Total liabilities	(484,676,382,459.94)	(13,585,371,346.59)	(4,333,205,608.12)	(62,084,616.41)	(502,657,044,031.06)
Net position of assets and liabilities	36,875,111,263.13	(1,637,579,737.32)	(476,097,347.59)	(662,337.35)	34,760,771,840.87

(i) As at 31 December 2023 and 31 December 2022, investments include trading financial assets, debt investments, other debt investments and other equity instruments investments.



(3) Liquidity risk

Liquidity risk refers to the risk of failures to obtain sufficient funds in a timely manner at reasonable prices for repaying mature debts, honoring other payment obligations, or supporting regular business activities.

The Group applies liquidity management principles of comprehensive coverage, dynamic prevention, cost-effectiveness, and scientific management. At the head office level, the Board of Directors is the supreme governing body for liquidity risk management, and assumes the ultimate responsibility for liquidity risk management, and reviews and approves liquidity risk management preferences, policies and procedures. The Asset and Liability Committee is responsible for the effective management and control of liquidity risk, which formulates liquidity management policies and strategies, coordinates the fulfillment of management objectives, and ensures the effective implementation of the policy objectives; the Asset and Liability Management Department is the liquidity risk management department, which implements specific liquidity risk management policies according to the resolution of the Asset and Liability Committee, issues various liquidity indicators, specializes in risk detection, measurement, monitoring and controlling to ensure the Bank's liquidity safety.

The main measures of the Group's liquidity management are: Closely tracking market trends, formulating and dynamically adjusting the Bank's financing arrangements on a daily basis, strictly implementing large capital position management and cash management systems, preventing day-to-day liquidity risks, and maintaining adequate payment; continuously monitoring changes in the ratio of asset-liability structure and the increasing size of high-liquidity assets to ensure that the Group's liquidity needs are met; conducting liquidity risk limit management to ensure that the indicators are in good quality and meet management requirements; establishing multi-level liquidity guarantees; consolidating liabilities Business foundation, increasing the ratio of core liabilities, and maintaining good market financing capabilities; establishing a liquidity risk early warning mechanism and emergency plan; regularly carrying out liquidity risk stress tests to identify factors that may trigger liquidity risk in a timely manner.



(a) Remaining maturity analysis

An analysis of the assets and liabilities based on the remaining maturities is as follows:

The Group

	2023							Total
	Overdue/repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	
Assets								
Cash and deposits in the central bank	16,651,794,637.17	-	-	78,442,657.10	-	-	-	27,911,113,946.95
Deposits with and loans to banks and other financial institutions	1,759,032,040.41	1,387,217,024.98	1,637,699,182.01	5,879,686,589.37	-	-	-	-
Financial assets purchased under resale agreements	-	10,308,835,756.84	-	-	-	-	-	-
Loans and advances to customers (i)	4,458,643,843.98	5,629,471,072.26	15,461,950,973.52	68,784,543,560.41	89,296,064,867.80	136,156,427,430.76	1,108,473,800.97	320,895,575,602.70
Investments (ii)	24,970,204,919.10	15,588,850,234.13	20,088,816,488.94	26,234,259,066.15	71,139,952,650.18	72,086,845,739.47	1,889,838,373.73	231,998,769,472.70
Derivative financial assets	-	41,570,916.40	110,197,090.99	173,968,460.58	354,763,398.56	-	-	680,489,866.53
Other assets	842,986,392.52	9,348,677.12	677,253.12	1,564,578,798.06	53,251,080.09	5,278,345.89	7,259,875,037.94	9,735,995,594.74
Total assets	48,682,661,833.18	32,965,283,861.73	37,239,342,989.58	102,715,479,131.67	160,844,032,006.63	209,248,551,576.12	38,169,301,159.59	628,924,662,376.50
Liabilities								
Borrowings from central bank	-	(971,812,838.46)	(4,545,419,079.45)	(20,683,559,902.27)	-	-	-	(26,200,782,820.18)
Deposits with and loans to banks and other financial institutions	(2,469,649,789.29)	(4,177,746,358.00)	(2,900,597,370.29)	(3,065,663,735.61)	(7,300,000,000.00)	-	-	(19,933,647,233.19)
Financial assets sold under repurchase agreements	(223,976,240.85)	(23,542,585,953.05)	(653,002,870.25)	-	-	-	-	(24,419,565,064.25)
Customer deposits	(164,263,646,291.33)	(40,709,220,673.92)	(35,516,793,689.37)	(70,775,254,216.20)	(115,735,797,146.46)	(5,265,439.70)	-	(427,005,977,636.98)
Bonds payable	-	(4,892,511,658.71)	(20,309,807,347.27)	(43,101,481,356.00)	(17,996,353,484.31)	-	-	(86,300,153,846.29)
Derivative financial liabilities	-	(45,472,380.94)	(175,391,601.24)	(137,473,087.90)	(430,080,804.67)	-	-	(786,417,874.75)
Lease liability	-	(14,710,547.96)	(23,764,182.65)	(101,535,534.86)	(377,234,537.98)	(173,423,611.53)	-	(693,688,414.98)
Other liabilities	(695,199,712.65)	(4,400,375.39)	(241,703,611.18)	(983,967,686.14)	(544,425,473.77)	(51,041,041)	(560,623,273.04)	(3,010,371,176.41)
Total liabilities	(167,672,472,014.42)	(74,356,460,787.43)	(64,366,469,931.70)	(138,828,926,518.98)	(142,383,891,449.19)	(178,740,092.27)	(560,623,273.04)	(588,347,584,067.03)
Exposure to assets and liabilities	(118,989,810,181.24)	(41,391,167,105.70)	(27,067,126,942.12)	(36,113,447,387.31)	18,460,140,557.44	209,089,811,483.85	37,808,677,886.55	40,577,078,311.47
Nominal amount of derivative financial instruments	-	13,951,667,069.23	17,066,136,883.37	24,453,235,508.50	36,890,000,000.00	-	-	92,361,039,461.10



	2022							Total
	Overdue/repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	
Assets								
Cash and deposits in the central bank	13,244,948,063.35	-	-	27,618,018.92	-	-	-	26,945,308,659.31
Deposits with and loans to banks and other financial institutions	1,067,809,349.36	20,051,849.69	531,194,675.28	5,337,702,704.50	-	-	-	6,956,758,578.83
Financial assets purchased under resale agreements	-	10,945,507,225.66	-	-	-	-	-	10,945,507,225.66
Loans and advances to customers (i)	4,928,258,405.57	11,316,039,182.33	14,234,359,673.79	63,376,259,468.53	88,463,387,168.57	120,782,205,248.15	1,244,944,963.60	284,325,488,100.54
Investments (ii)	23,973,028,198.25	3,587,338,461.83	3,101,214,378.23	34,566,847,394.87	66,758,647,856.33	54,851,784,702.26	25,126,945.61	186,863,987,307.38
Derivative financial assets	-	146,095,380.06	76,892,883.99	171,140,943.51	269,998,817.10	-	-	663,928,004.66
Other assets	831,382,529.90	4,748,132.46	1,376,212.14	36,913,387.84	908,888,517.62	5,460,018.83	7,258,761,338.21	9,046,510,137.00
Total assets	44,045,426,536.43	26,019,780,232.03	17,944,837,803.43	103,516,461,988.17	136,398,882,359.62	175,619,453,989.24	34,874,141,466.73	538,419,004,285.65
Liabilities								
Borrowings from central bank	-	(148,463,274.59)	(5,125,618,167.09)	(7,277,354,766.29)	-	-	-	(12,551,456,207.97)
Deposits with and loans to banks and other financial institutions	(3,871,359,220.68)	(1,668,163,747.93)	(2,941,004,474.32)	(3,257,595,011.11)	(2,980,000,000.00)	-	-	(14,718,892,454.04)
Financial assets sold under repurchase agreements	-	(9,789,080,554.17)	(557,324,727.27)	(949,377,514.30)	-	-	-	(10,694,782,795.74)
Customer deposits	(148,309,359,689.55)	(31,351,241,201.51)	(15,223,224,732.45)	(73,761,313,452.53)	(100,397,485,278.57)	(5,603,791.16)	-	(369,588,228,175.77)
Bonds payable	-	(5,273,914,287.74)	(22,811,277,041.25)	(44,366,763,839.46)	(18,993,588,362.33)	-	-	(91,465,543,530.78)
Derivative financial liabilities	-	(65,559,769.34)	(107,417,530.76)	(196,503,284.39)	(420,030,822.70)	-	-	(789,511,407.19)
Lease liability	-	(8,214,289.11)	(39,466,811.87)	(119,392,602.33)	(332,930,359.68)	(151,840,374.28)	-	(652,864,437.27)
Other liabilities	(914,183,824.40)	(23,323,919.72)	(246,071,250.69)	(1,103,478,940.54)	(292,111,366.00)	(123,603,144.74)	(401,526,256.81)	(3,104,304,704.90)
Total liabilities	(153,094,902,744.63)	(48,327,951,044.11)	(47,051,424,755.70)	(130,451,799,410.95)	(123,956,126,191.28)	(281,053,310.18)	(401,526,256.81)	(503,564,783,713.66)
Exposure to assets and liabilities	(109,049,476,208.20)	(22,308,170,812.08)	(29,106,586,952.27)	(26,935,317,522.78)	12,442,766,166.34	175,338,400,659.06	34,472,615,239.92	34,854,220,571.99
Nominal amount of derivative financial instruments	-	10,612,838,695.94	10,571,202,583.58	23,865,186,302.12	43,122,857,852.00	-	-	88,172,085,435.64



The Bank

2023

	Overdue/repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Assets								
Cash and deposits in the central bank	16,598,820,212.27	-	-	78,442,657.10	-	-	27,846,061,871.60	44,523,324,740.97
Deposits with and loans to banks and other financial institutions	1,693,215,374.76	1,291,394,391.48	1,545,372,152.96	5,654,614,166.78	-	-	-	10,394,596,105.98
Financial assets purchased under resale agreements	-	10,267,858,266.84	-	-	-	-	-	10,267,858,266.84
Loans and advances to customers (i)	4,456,185,989.40	5,607,944,103.67	15,410,195,646.59	68,539,421,535.98	89,153,761,653.88	135,808,259,451.31	1,106,664,308.92	320,052,433,669.75
Investments (ii)	24,892,076,933.09	15,581,257,184.13	20,433,805,616.79	27,470,297,614.76	72,083,776,278.03	65,905,367,470.48	1,893,838,373.73	228,316,519,471.01
Derivative financial assets	-	41,532,997.18	110,197,090.99	173,628,142.98	354,763,398.56	-	-	680,141,629.71
Other assets	833,777,885.55	9,348,677.12	677,233.12	1,564,578,798.06	53,251,090.09	5,278,345.89	7,386,258,632.38	9,853,170,482.21
Total assets	48,474,076,175.07	32,799,355,620.42	37,560,948,760.45	103,660,982,385.66	161,645,532,120.56	201,718,905,267.68	38,228,823,366.63	624,078,044,266.47
Liabilities								
Borrowings from central bank	-	(971,812,888.46)	(4,545,419,079.45)	(20,678,450,902.27)	-	-	-	(26,195,692,820.18)
Deposits with and loans to banks and other financial institutions	(2,850,530,924.68)	(4,177,746,358.00)	(2,900,587,370.29)	(3,065,663,735.61)	(7,300,000,000.00)	-	-	(20,294,528,388.58)
Financial assets sold under repurchase agreements	-	(19,998,642,257.03)	(647,463,796.75)	-	-	-	-	(20,644,106,053.78)
Customer deposits	(163,276,191,805.81)	(40,609,265,171.26)	(35,286,331,242.60)	(70,517,835,174.77)	(115,292,903,206.69)	(5,095,094.74)	-	(425,687,621,686.67)
Bonds payable	-	(4,892,511,658.71)	(20,309,807,347.27)	(43,101,481,356.00)	(17,996,353,484.31)	-	-	(66,300,153,846.29)
Derivative financial liabilities	-	(43,472,380.94)	(175,299,872.58)	(128,438,550.33)	(430,080,804.67)	-	-	(777,286,608.52)
Lease liability	-	(14,678,172.05)	(23,764,182.65)	(100,958,275.63)	(376,489,280.64)	(173,423,611.53)	-	(689,313,522.50)
Other liabilities	(666,622,772.68)	(4,398,876.39)	(241,052,007.35)	(957,716,394.45)	(638,990,190.70)	(51,041,041)	(560,472,363.62)	(2,989,303,646.23)
Total liabilities	(167,513,345,503.17)	(70,710,527,712.84)	(64,129,724,898.94)	(138,550,539,980.06)	(141,093,816,967.01)	(178,566,747.31)	(560,472,363.62)	(583,571,996,581.95)
Exposure to assets and liabilities	(119,039,269,328.10)	(37,911,172,092.42)	(26,569,376,138.49)	(94,899,556,453.40)	19,710,735,153.55	201,540,335,520.37	37,668,351,023.01	40,500,047,684.52
Nominal amount of derivative financial instruments	-	13,944,984,703.23	17,025,116,889.37	24,123,513,792.06	36,880,000,000.00	-	-	91,983,615,384.66



	2022							Total
	Overdue/repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	
Assets								
Cash and deposits in the central bank	13,202,084,265.18	-	-	27,618,018.92	-	-	-	26,280,287,144.91
Deposits with and loans to banks and other financial institutions	999,936,212.83	-	507,142,029.91	5,337,702,704.50	-	-	-	6,841,780,947.24
Financial assets purchased under resale agreements	-	10,945,507,225.66	-	-	-	-	-	10,945,507,225.66
Loans and advances to customers (i)	4,925,544,502.46	11,289,675,106.42	14,201,690,251.28	63,067,649,209.55	88,333,482,540.21	120,373,171,318.97	1,239,461,583.58	283,430,574,482.47
Investments (ii)	23,973,028,198.25	3,587,338,461.83	3,101,214,378.23	34,566,847,364.87	66,758,647,856.33	54,851,784,702.26	25,126,345.61	166,863,987,307.38
Derivative financial assets	-	146,095,380.06	76,692,863.99	171,140,943.51	269,998,817.10	-	-	663,928,004.66
Other assets	831,392,529.60	4,748,132.46	1,376,212.14	36,913,387.84	906,868,517.62	5,460,018.83	7,315,299,667.02	9,162,048,465.51
Total assets	43,928,975,708.32	25,975,364,306.43	17,888,015,735.55	103,207,871,629.19	136,269,997,731.26	175,230,416,040.06	34,920,174,721.12	537,417,815,871.93
Liabilities								
Borrowings from central bank	-	(146,483,274.59)	(5,115,538,167.09)	(7,242,990,000.00)	-	-	-	(12,507,011,441.68)
Deposits with and loans to banks and other financial institutions	(4,314,393,749.21)	(1,668,133,747.93)	(2,941,199,289.96)	(3,257,595,011.11)	(2,980,000,000.00)	-	-	(15,161,323,806.21)
Financial assets sold under repurchase agreements	-	(9,789,080,654.17)	(557,324,727.27)	(349,377,514.30)	-	-	-	(10,694,782,795.74)
Customer deposits	(147,945,739,529.86)	(31,324,507,945.88)	(15,214,432,120.67)	(73,465,832,484.72)	(100,309,654,234.09)	(5,603,791.16)	-	(368,295,770,106.38)
Bonds payable	-	(5,275,914,287.74)	(22,811,277,041.25)	(44,366,783,839.46)	(18,996,588,362.33)	-	-	(91,465,543,530.78)
Derivative financial liabilities	-	(65,589,769.34)	(107,417,530.76)	(196,503,284.39)	(420,030,822.70)	-	-	(789,511,407.19)
Lease liability	-	(9,181,913.20)	(39,466,811.87)	(118,735,367.73)	(332,072,740.02)	(151,800,379.51)	-	(651,307,212.33)
Other liabilities	(914,183,824.40)	(23,322,719.72)	(245,768,763.66)	(1,069,720,707.18)	(287,172,291.69)	(123,609,144.74)	(401,016,277.36)	(3,091,793,728.75)
Total liabilities	(153,174,319,103.47)	(48,301,184,212.57)	(47,032,444,462.53)	(130,144,538,208.89)	(123,322,498,450.83)	(281,043,315.41)	(401,016,277.36)	(502,657,044,031.06)
Exposure to assets and liabilities	(109,245,343,385.15)	(22,327,819,906.14)	(29,144,428,726.98)	(26,336,666,579.70)	12,946,499,280.43	174,949,372,724.65	34,519,158,443.76	34,760,771,840.87
Nominal amount of derivative financial instruments	-	10,612,838,695.94	10,571,202,583.58	23,865,186,302.12	43,122,857,852.00	-	-	88,172,085,433.64

(i) The "no maturity" category under loans and advances refers to the granted loans and advances to customers that have been credit-impaired/impaired, or the loans that have been overdue by more than one month. For the loans that are neither credit-impaired nor impaired even under the overdue-status of no more than one month, they shall be included in the "Overdue/repayment on demand" category. Such amount is stated after deducting the appropriate provision for impairment loss.

(ii) As at 31 December 2023 and 31 December 2022, investments include trading financial assets, debt investments, other debt investments and other equity instruments investments.



(b) Analysis of undiscounted contractual cash flow

The following table shows an analysis of the undiscounted contractual cash flow of its financial liabilities and credit commitments on balance sheet dates. The actual cash flow of these financial instruments may be significantly different from this analysis.

The Group		2023									
		Carrying amount	Undiscounted contractual cash flow	No maturity	Overdue/Repay immediately	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Non-derivative financial liabilities											
Borrowings from central bank	26,200,782,820.18	26,574,408,578.82	-	-	1,041,884,383.28	4,604,438,342.41	20,928,075,873.13	-	-	-	
Deposits and loans from banks and other financial institutions	19,893,647,233.19	20,288,169,301.74	-	2,489,649,769.28	4,170,196,172.67	2,910,770,433.85	3,215,067,042.93	7,332,485,883.01	-	-	
Financial assets sold under repurchase agreements	24,419,585,064.25	24,422,426,052.56	-	223,976,240.94	23,543,637,528.42	654,812,283.20	-	-	-	-	
Customer deposits	427,005,977,636.98	437,406,205,698.58	-	164,263,646,291.33	40,743,342,533.18	35,857,774,350.03	72,049,808,486.25	124,685,624,850.86	6,008,166.93	-	
Bonds payable	86,300,153,946.29	88,620,405,303.90	-	-	4,981,991,667.00	20,487,983,133.43	44,357,260,352.16	18,793,170,151.31	-	-	
Lease liability	680,688,414.98	778,146,301.60	-	-	14,735,616.44	23,914,914.04	103,806,608.50	414,761,111.89	220,928,049.73	-	
Other liabilities	2,720,995,360.12	2,720,995,360.12	560,623,273.04	695,189,712.85	4,400,376.39	5,970,126.45	910,432,547.35	544,318,283.00	51,041.04	-	
Total	587,271,790,375.99	600,810,756,597.32	560,623,273.04	167,672,472,014.40	74,500,198,257.38	64,345,663,603.41	141,584,450,911.32	151,940,361,280.07	226,987,277.70	-	
Credit commitments	91,161,145,431.50	91,161,145,431.51	-	20,153,139,033.71	8,915,860,836.09	20,943,547,049.05	25,743,436,329.59	15,278,342,867.24	126,829,315.83	-	
2022											
Non-derivative financial liabilities											
Borrowings from central bank	12,551,456,207.97	12,667,410,984.72	-	-	168,892,287.53	5,152,710,604.64	7,345,808,092.55	-	-	-	
Deposits and loans from banks and other financial institutions	14,718,092,454.04	14,833,540,936.17	-	3,871,359,220.68	1,672,566,491.21	2,951,198,847.38	3,326,487,308.41	3,011,929,688.49	-	-	
Financial assets sold under repurchase agreements	10,694,782,795.74	10,715,407,863.19	-	-	9,895,250,143.57	559,180,018.45	350,977,701.17	-	-	-	
Customer deposits	389,886,228,175.77	378,840,659,054.49	-	148,309,359,669.55	31,385,647,913.21	15,267,830,705.22	75,193,393,849.62	108,677,905,078.66	6,521,806.23	-	
Bonds payable	91,465,543,530.78	92,026,939,763.78	-	-	5,280,072,624.74	22,896,327,967.25	44,856,011,359.46	18,994,517,812.33	-	-	
Lease liability	662,864,437.27	736,708,088.76	-	-	9,219,598.74	39,708,031.31	123,866,717.61	366,729,845.10	197,383,886.00	-	
Other liabilities	2,613,155,205.25	2,613,155,205.25	401,526,256.81	914,183,462.40	21,863,048.96	4,754,664.40	1,013,640,244.40	257,187,166.28	-	-	
Total	592,284,122,806.82	512,433,811,896.36	401,526,256.81	153,094,902,744.63	48,323,512,107.96	46,891,710,838.65	132,210,005,273.22	131,308,268,970.86	203,885,704.23	-	
Credit commitments	71,769,346,462.79	71,769,346,462.80	-	17,772,588,450.36	2,282,343,405.33	1,455,174,671.07	4,543,976,729.51	3,191,015,744.05	42,524,247,462.48	-	



The Bank

		2023							
	Carrying amount	Undiscounted contractual cash flow	No maturity	Overdue/Repay immediately	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities									
Borrowings from central bank	26,195,682,820.18	26,569,206,298.37	-	-	1,041,885,979.72	4,604,421,575.29	20,922,888,744.36	-	-
Deposits and loans from banks and other financial institutions	20,294,528,388.58	20,665,967,986.19	-	2,850,530,924.67	4,170,196,172.67	2,910,588,607.35	3,232,166,398.49	7,532,485,863.01	-
Financial assets sold under repurchase agreements	20,644,106,053.78	20,646,367,042.09	-	-	19,997,693,832.39	648,273,209.70	-	-	-
Customer deposits	425,887,621,695.87	436,056,307,096.38	-	163,976,191,805.81	40,643,274,289.72	35,426,329,989.00	71,787,801,932.57	124,216,888,660.23	5,810,419.05
Bonds payable	86,300,153,846.29	86,620,405,303.90	-	-	4,981,891,667.00	20,487,983,133.43	44,357,260,352.16	18,793,170,151.31	-
Lease liability	689,313,522.50	776,708,942.12	-	-	14,703,148.89	23,914,914.04	103,215,606.85	413,947,222.61	220,928,049.73
Other liabilities	2,700,267,887.81	2,700,267,887.81	560,472,363.62	686,622,772.68	4,398,876.39	5,506,630.45	904,226,052.93	538,990,190.70	51,041.04
Total	582,511,674,215.01	596,036,830,537.86	560,472,363.62	167,513,345,603.16	70,854,143,986.78	64,108,018,019.26	141,307,269,087.36	151,465,492,087.86	226,789,509.82
Credit commitments	91,161,145,431.50	91,161,145,431.51	-	20,153,189,033.71	8,915,850,836.09	20,943,547,049.05	25,743,436,329.59	15,278,342,867.24	128,829,315.83
2022									
	Carrying amount	Undiscounted contractual cash flow	No maturity	Overdue/Repay immediately	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities									
Borrowings from central bank	12,507,011,441.68	12,621,977,028.02	-	-	168,820,288.56	5,142,198,231.68	7,310,958,507.78	-	-
Deposits and loans from banks and other financial institutions	15,161,323,808.21	15,276,512,121.85	-	4,314,385,749.21	1,672,566,491.21	2,951,133,504.53	3,326,487,308.41	3,011,929,068.49	-
Financial assets sold under repurchase agreements	10,684,782,756.74	10,715,407,863.19	-	-	9,805,250,143.57	559,180,016.45	350,377,701.17	-	-
Customer deposits	368,295,770,106.38	377,477,222,446.35	-	147,945,739,529.86	31,338,904,926.22	15,279,006,822.15	74,922,383,451.68	107,984,665,900.21	6,521,808.23
Bonds payable	91,465,543,530.78	92,026,929,763.78	-	-	5,280,072,624.74	22,896,327,967.25	44,856,011,359.46	18,994,517,812.33	-
Lease liability	651,807,212.33	735,056,859.08	-	-	9,187,131.19	39,708,031.31	123,013,314.96	365,796,390.30	197,351,991.32
Other liabilities	2,600,644,229.10	2,600,644,229.10	401,016,277.36	914,183,824.40	21,861,848.96	4,452,177.37	1,006,832,011.04	252,248,089.97	-
Total	501,376,393,124.22	511,453,750,313.37	401,016,277.36	153,174,319,103.47	48,296,663,454.45	46,872,006,762.74	131,896,713,654.50	130,609,157,281.30	203,873,799.55
Credit commitments	71,769,346,462.79	71,769,346,462.80	-	17,772,588,450.36	2,282,343,405.33	1,455,174,671.07	4,543,976,729.51	3,191,015,744.05	42,524,247,462.48



(4) Operational risk

Operational risk refers to the risk of losses caused by incomplete or problematic internal procedures, employees and information technology systems, and external events, including legal risks, but excluding strategic risks and reputational risks.

The Group has developed a series of policies and procedures to identify, evaluate, control, manage and report risks focusing on internal control measures. This set of mechanisms cover all aspects of business ranging from finance, credit, accounting, settlement, savings, fund, intermediate business, application and management of computer systems and asset preservation to legal affairs. The Group relies on these mechanisms to identify and monitor the inherent operational risks in all major products, activities, processes and systems.

55 FAIR VALUE

(1) Determination method of the fair value of financial instruments

The following table presents the fair value information and the fair value hierarchy as of the end of the current reporting period of the Group's assets and liabilities which are measured at fair value at each balance sheet date on recurring and non-recurring basis. The level in which fair value measurement is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The three levels of inputs are defined as follows:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs: unobservable inputs for the asset or liability.

The Group has established relevant policies and internal monitoring mechanisms for the measurement of fair value, and standardized the fair value measurement methods and procedures of the fair value measurement framework of financial instruments.

The following summarizes the major methods and assumptions used in estimating the fair value of financial instruments:

(i) Bond investments

The fair value of debt securities that are traded in an active market is based on their quoted market prices at the balance sheet date.

(ii) Other financial investments and other non-derivative financial assets

The fair value is estimated as the present value of the future cash flow, discounted at the market interest rates at the balance sheet date.

(iii) Debentures payable and other non-derivative financial liabilities

The fair value of debentures payable is based on quoted market prices at the balance sheet date or estimated as the present value of the future cash flow. The fair value of other non-derivative financial liabilities is estimated as the present value of the future cash flow. It is discounted at the market interest rates at the balance sheet date.

(iv) Derivative financial instruments

Derivative financial instruments that are valued using valuation techniques that only include observable market data mainly include interest rate swaps, currency forwards, and swaps. The most common valuation techniques include discounted cash flow models. Model parameters include forward foreign exchange rate, foreign exchange rate volatility, and interest rate curve.



(a) Financial assets measured at fair value

The following table presents the analysis of financial instruments measured at fair value by fair value levels:

The Group

	2023			Total
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	
Assets				
Loans and advances at fair value through other comprehensive income	-	-	20,505,312,405.06	20,505,312,405.06
Trading financial assets	572,223,940.63	34,070,881,592.18	9,439,491,583.29	44,082,597,116.10
Other debt investments	-	47,646,239,430.57	152,495,339.22	47,798,734,769.79
Other equity instruments investments	-	-	199,628,982.74	199,628,982.74
Derivative financial assets	-	680,499,866.53	-	680,499,866.53
Total assets measured at fair value on a recurring basis	572,223,940.63	82,397,620,889.28	30,296,928,310.31	113,266,773,140.22
Liabilities				
Derivative financial liabilities	-	(786,417,874.75)	-	(786,417,874.75)

The Bank

	2023			Total
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	
Assets				
Loans and advances at fair value through other comprehensive income	-	-	20,505,312,405.06	20,505,312,405.06
Trading financial assets	572,223,940.63	40,045,420,494.54	9,068,438,956.73	49,686,083,391.90
Other debt investments	-	47,646,239,430.57	152,495,339.22	47,798,734,769.79
Other equity instruments investments	-	-	199,628,982.74	199,628,982.74
Derivative financial assets	-	680,141,629.71	-	680,141,629.71
Total assets measured at fair value on a recurring basis	572,223,940.63	88,371,801,554.82	29,925,875,683.75	118,869,901,179.20
Liabilities				
Derivative financial liabilities	-	(777,286,608.52)	-	(777,286,608.52)



The Group and the Bank

	2022			Total
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	
Assets				
Loans and advances at fair value through other comprehensive income	-	-	24,500,493,232.74	24,500,493,232.74
Trading financial assets	453,487,469.93	31,658,560,200.85	7,259,424,619.28	39,371,472,290.06
Other debt investments	-	17,843,259,601.17	476,206,615.70	18,319,466,216.87
Other equity instruments investments	5,977,261.40	-	19,149,084.21	25,126,345.61
Derivative financial assets	-	486,315,201.10	177,612,803.56	663,928,004.66
Total assets measured at fair value on a recurring basis	459,464,731.33	49,988,135,003.12	32,432,886,355.49	82,880,486,089.94
Liabilities				
Derivative financial liabilities	-	(611,898,603.63)	(177,612,803.56)	(789,511,407.19)

(i) There is no significant transfer between Level 1 and Level 2 of the Bank's financial instruments measured at fair value.

(b) Level 2 fair value measurement

Most of the financial assets classified onto Level 2 are investments in RMB-denominated bonds. The fair value of these bonds is determined based on the results of valuation conducted by China Central Depository & Clearing Co., Ltd., and all significant valuation parameters adopted in its valuation techniques are observable market information.

As at 31 December 2023, there was no change in the valuation techniques used by the Group for the recurring Level 2 fair value measurements.

(c) Level 3 fair value measurement

The Group has a dedicated team performing valuation of assets and liabilities for Level 3 fair value measurements. The significant and unobservable inputs and valuation adjustments are reviewed regularly by the valuation team. If third-party information (such as broker quotes or pricing service) is applied in fair value measurement, the valuation team will assess the evidence obtained from third parties to support the conclusion that the related valuation conforms to the provisions of the Accounting Standards for Business Enterprises, including the requirement that the related valuation has been classified onto the appropriate level of the fair value hierarchy.



Quantitative information about Level 3 fair value measurements is as follows:

The Group

	Fair value in 2023	Valuation techniques	Unobservable inputs
Loans and advances at fair value through other comprehensive income	20,505,312,405.06	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Trading financial assets	9,439,491,583.29	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other debt investments	152,495,339.22	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other equity instruments investments	199,628,982.74	Comparison of listed companies/Net asset method	Market data calibration
Derivative financial assets	–	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Derivative financial liabilities	–	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount

The Bank

	Fair value in 2023	Valuation techniques	Unobservable inputs
Loans and advances at fair value through other comprehensive income	20,505,312,405.06	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Trading financial assets	9,068,438,956.73	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other debt investments	152,495,339.22	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other equity instruments investments	199,628,982.74	Comparison of listed companies/Net asset method	Market data calibration
Derivative financial assets	–	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Derivative financial liabilities	–	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount

The Group and the Bank

	Fair value in 2022	Valuation techniques	Unobservable inputs
Loans and advances at fair value through other comprehensive income	24,500,493,232.74	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Trading financial assets	7,259,424,619.28	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other debt investments	476,206,615.70	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other equity instruments investments	19,149,084.21	Comparison of listed companies	Market data calibration
Derivative financial assets	177,612,803.56	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Derivative financial liabilities	(177,612,803.56)	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount



Reconciliation between the opening and closing balances of the assets and liabilities under the recurring Level 3 fair value measurements is as follows:

The Group

	As at 1 January 2023		Total gains or losses for the year			Purchases, sales and settlements		As at 31 December 2023		Unrealized gains or losses for the year included in profit or loss for the above assets held at the reporting date
	Transfers out of Level 3	Included in profit or loss	Included in other comprehensive income	Purchases	Sales and Settlements	As at 31 December 2023	As at 31 December 2023			
Loans and advances at fair value through other comprehensive income	24,500,498,232.74	-	421,762,389.07	114,734,701,271.28	(119,141,080,961.38)	20,505,312,405.06	20,505,312,405.06	(214,351,816.87)		
Trading financial assets	7,259,424,619.28	-	172,009,926.99	3,262,843,094.01	(1,254,786,056.99)	9,439,491,583.29	9,439,491,583.29	172,009,926.99		
Other debt investments	476,206,615.70	-	(944,311.18)	140,511,185.40	(463,570,025.78)	152,495,339.22	152,495,339.22	(987,359.04)		
Other equity instruments investments	191,490,084.21	-	-	180,479,888.63	-	199,628,982.74	199,628,982.74	-		
Derivative financial assets	177,612,803.56	(177,612,803.56)	-	-	-	-	-	-		
Total financial assets	32,432,886,355.49	(177,612,803.56)	592,828,004.88	118,138,055,550.69	(120,859,437,044.15)	30,286,928,310.31	30,286,928,310.31	(43,329,248.92)		
Derivative financial liabilities	(177,612,803.56)	-	-	-	-	-	-	-		

The Bank

	As at 1 January 2023		Total gains or losses for the year			Purchases, sales and settlements		As at 31 December 2023		Unrealized gains or losses for the year included in profit or loss for the above assets held at the reporting date
	Transfers out of Level 3	Included in profit or loss	Included in other comprehensive income	Purchases	Sales and Settlements	As at 31 December 2023	As at 31 December 2023			
Loans and advances at fair value through other comprehensive income	24,500,498,232.74	-	421,762,389.07	114,734,701,271.28	(119,141,080,961.38)	20,505,312,405.06	20,505,312,405.06	(214,351,816.87)		
Trading financial assets	7,259,424,619.28	-	138,522,153.81	2,925,278,240.63	(1,254,786,056.99)	9,068,438,966.73	9,068,438,966.73	138,522,153.81		
Other debt investments	476,206,615.70	-	(944,311.18)	140,511,185.40	(463,570,025.78)	152,495,339.22	152,495,339.22	(987,359.04)		
Other equity instruments investments	191,490,084.21	-	-	180,479,888.63	-	199,628,982.74	199,628,982.74	-		
Derivative financial assets	177,612,803.56	(177,612,803.56)	-	-	-	-	-	-		
Total financial assets	32,432,886,355.49	(177,612,803.56)	559,340,231.70	117,800,490,697.31	(120,859,437,044.15)	29,925,875,683.75	29,925,875,683.75	(76,817,022.10)		
Derivative financial liabilities	(177,612,803.56)	-	-	-	-	-	-	-		



The Group and the Bank

	Total gains or losses for the year		Purchases, sales and settlements		Unrealized gains or losses for the year included in profit or loss for the above assets held at the reporting date		
	As at 1 January 2022	Included in profit or loss	Included in other comprehensive income	Purchases		Sales and Settlements	As at 31 December 2022
Loans and advances at fair value through other comprehensive income	27,898,680,163.96	505,700,497.01	(37,904,001.81)	117,069,165,325.60	(120,935,148,752.02)	24,500,493,232.74	(147,471,925.06)
Trading financial assets	6,206,016,082.30	406,564,060.97	-	735,000,000.00	(88,155,523.99)	7,259,424,619.28	265,848,796.42
Other debt investments	787,647,466.94	(120,903,058.61)	106,869,820.72	420,000,000.00	(717,407,613.35)	476,206,615.70	120,087,583.80
Other equity instruments investments	14,697,248.61	-	4,451,835.60	-	-	19,149,084.21	-
Derivative financial assets	209,812,554.42	(32,199,750.86)	-	-	-	177,612,803.56	177,612,803.56
Total financial assets	35,116,853,516.23	759,161,748.51	73,417,664.51	118,224,165,325.60	(121,740,711,889.36)	32,432,886,355.49	416,077,258.72
Derivative financial liabilities	(209,814,185.49)	32,201,381.93	-	-	-	(177,612,803.56)	(177,612,803.56)

(2) Reasons for transfers between different levels, and the policy about the timing of those transfers for recurring fair value measurements

During 2023, there were no transfers between different levels of the Group's above assets and liabilities which are measured at fair value on a recurring basis. The Group recognizes transfers between different levels at the end of the current reporting period during which such transfers are made.

(3) Current changes in valuation techniques and the reasons

During 2023, there were no changes in valuation techniques used to measure the recurring and non-recurring fair value.



(4) Financial instruments not measured at fair value

The following table presents the bond financial investments measured at amortized cost, carrying amount and fair value of held-to-maturity investments and bonds payable, and disclosure of fair value hierarchy. Except for the following items, there is no significant difference between the carrying amount and fair value of the Group's other financial assets and financial liabilities not measured at fair value on each balance sheet date.

The Group

	2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Bond investments	134,905,496,929.55	137,749,594,425.25	-	137,749,594,425.25	-
Financial liabilities					
Bonds payable	86,300,153,846.29	86,694,070,380.00	-	86,694,070,380.00	-

The Bank

	2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Bond investments	125,619,760,652.06	128,338,540,714.02	-	128,338,540,714.02	-
Financial liabilities					
Bonds payable	86,300,153,846.29	86,694,070,380.00	-	86,694,070,380.00	-

The Group and the Bank

	2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Bond investments	118,277,281,424.27	116,992,829,054.71	-	116,992,829,054.71	-
Financial liabilities					
Bonds payable	91,465,543,530.78	91,654,065,100.00	-	91,654,065,100.00	-



56 REPORTING BY SEGMENT

Based on the business lines, the Group divides its businesses into different operating groups to perform business management. The assets and liabilities, revenues, expenses and operating results of the various segments are measured in accordance with the Group's accounting policies. The transfer pricing of transactions between segments is determined by reference to the market price and has been reflected in the performance of each segment. The net interest income and expense generated by internal charges and transfer pricing adjustments are presented as "net interest income/expense between segments".

The operating segments have presented information in a manner consistent with that of internal information submission, and this internal reporting information is provided to the management of the Group for the purpose of allocating resources and assessing segment performance. In this financial report, the following reportable segments are determined based on operating segments in the Group:

Corporate banking

The segment provides corporate clients, government offices and financial institutions with various financial products and services, including corporate loans and other credit services, entrusted loans, deposit services, agency services, cash management services, financial advisory and consulting services, remittance and settlement services, custody and guarantee services, etc.

Retail banking

The segment provides retail customers with various financial products and services, including services of loans and deposit, wealth management service, remittance, securities agency service, etc.

Capital business

Capital business includes interbank borrowing trading, repurchase trade, bonds investment and transaction, equity investments and foreign exchange trading in the interbank market. This segment also manages the liquidity level of the Group, including the issuance of bonds.

Other business

This segment includes the business that is not directly attributable to or cannot be reasonably allocated to the above-mentioned segments.

Segment accounting policies are consistent with those for the financial statements of the Group.

The income, expenses, assets and liabilities of the segments include the items managed directly by the segments and allocated to the segments based on appropriate benchmark criteria. Capital expenditures of the segments refer to the total amount of the acquisition of fixed assets, intangible assets and other long-term assets as well as the expenses incurred in new construction in progress during the accounting period.



The Group

Item	2023				
	Capital business	Corporate banking	Retail banking	Other business	Total
Interest income	6,099,909,453.68	9,351,322,943.67	4,945,673,461.97	-	20,396,905,859.32
Interest expense	(3,594,090,864.12)	(5,713,435,303.62)	(2,756,682,523.13)	-	(12,064,208,690.87)
Net interest (expense)/income between segments	(1,493,165,303.28)	778,500,437.73	714,664,865.55	-	-
Net interest income	1,012,653,286.28	4,416,388,077.78	2,903,655,804.39	-	8,332,697,168.45
Net handling fees and commission income	53,936,037.20	445,242,889.38	337,807,981.35	-	836,986,907.93
Income arising from investment	1,534,691,521.04	-	-	-	1,534,691,521.04
(Including: Income from investment in associates	53,650,852.79	-	-	-	53,650,852.79
Income arising from derecognition of financial assets measured at amortized cost)	138,297.27	-	-	-	138,297.27
Net losses from changes in fair value	(55,067,988.67)	-	-	-	(55,067,988.67)
Foreign exchange gains and losses	7,814,631.31	(267,173,192.59)	-	-	(259,358,561.28)
Income from other business	6.00	-	-	3,829,797.95	3,829,803.95
Net losses from disposal of assets	-	-	-	(3,050,662.68)	(3,050,662.68)
Other income	-	91,063,856.55	104,736,605.45	778,998.96	196,579,460.96
Operating income	2,554,027,493.16	4,685,521,631.12	3,346,200,391.19	1,558,134.23	10,587,307,649.70
Taxes and surcharges	(9,299,630.61)	(57,925,329.35)	(32,333,002.17)	(32,263,453.75)	(131,821,415.88)
Operating and administrative expenses	(536,318,561.44)	(1,961,843,073.08)	(1,315,982,113.07)	-	(3,814,143,747.59)
Credit impairment losses	(610,166,194.81)	(1,885,295,305.43)	101,295,646.78	(5,281,112.19)	(2,399,446,965.65)
Impairment losses of other assets	-	-	-	(365,900.00)	(365,900.00)
Other business cost	-	-	-	(1,178.81)	(1,178.81)
Operating expenses	(1,155,784,386.86)	(3,905,063,707.86)	(1,247,019,468.46)	(37,911,644.75)	(6,345,779,207.93)
Operating profits/(losses)	1,398,243,106.30	780,457,923.26	2,099,180,922.73	(36,353,510.52)	4,241,528,441.77
Add: non-operating income	-	-	-	1,973,326.21	1,973,326.21
Less: non-operating expenses	-	-	-	(10,759,326.49)	(10,759,326.49)
Total profits/(losses)	1,398,243,106.30	780,457,923.26	2,099,180,922.73	(45,139,510.80)	4,232,742,441.49
Assets of segment	300,668,301,130.27	219,120,105,062.78	108,028,201,419.98	1,108,054,765.47	628,924,662,378.50
Liabilities of segment	(158,509,342,260.73)	(276,775,491,970.63)	(153,060,882,621.13)	(1,867,214.54)	(588,347,584,067.03)
Other information of segments:					
Depreciation and amortization expenses	(143,347,597.95)	(262,980,047.30)	(187,809,171.83)	(87,451.99)	(594,224,269.07)
Capital expenditure					
Including: Expenses on construction in progress	(25,263,664.26)	(46,347,756.90)	(33,099,597.97)	(15,412.59)	(104,726,431.72)
Expenses on acquisition of fixed assets	(24,978,878.18)	(45,825,299.20)	(32,726,480.89)	(15,238.86)	(103,545,897.13)
Expenses on acquisition of intangible assets	(48,253,823.35)	(88,524,627.74)	(63,220,526.40)	(29,438.18)	(200,028,415.67)
Expenses on acquisition of right-of-use assets	(53,633,279.81)	(98,393,573.82)	(70,268,508.21)	(32,720.03)	(222,328,081.87)
New long-term deferred expenses	(1,148,557.95)	(2,107,100.70)	(1,504,801.76)	(700.69)	(4,761,161.10)
Total	(153,278,203.55)	(281,198,358.36)	(200,819,915.23)	(93,510.35)	(635,389,987.49)



The Group

Item	2022				Total
	Capital business	Corporate banking	Retail banking	Other business	
Interest income	5,043,265,920.99	8,512,508,227.98	5,034,129,624.80	-	18,589,903,773.77
Interest expense	(3,509,656,135.86)	(5,069,650,264.49)	(2,235,554,218.01)	-	(10,814,860,618.36)
Net interest (expense)/income between segments	(977,445,052.61)	764,474,304.46	212,970,748.15	-	-
Net interest income	556,164,732.52	4,207,332,267.95	3,011,546,154.94	-	7,775,043,155.41
Net handling fees and commission income	72,014,814.03	502,512,542.11	315,298,990.86	-	889,826,347.00
Income arising from investment	1,344,048,586.62	-	-	-	1,344,048,586.62
(Including: Income from investment in associates	44,131,431.43	-	-	-	44,131,431.43
Income arising from derecognition of financial assets measured at amortized cost)	18,919,844.79	-	-	-	18,919,844.79
Net losses from changes in fair value	(107,979,975.13)	-	-	-	(107,979,975.13)
Foreign exchange gains and losses	23,555,999.89	216,168,085.77	-	-	239,724,085.66
Income from other business	-	-	-	2,068,790.02	2,068,790.02
Net losses from disposal of assets	-	-	-	(1,227,689.29)	(1,227,689.29)
Other income	-	73,924,747.51	50,731,346.82	12,909,161.44	137,565,255.77
Operating income	1,887,804,157.93	4,999,937,643.34	3,377,576,492.62	13,750,262.17	10,279,068,556.06
Taxes and surcharges	(7,630,382.13)	(55,458,680.33)	(31,059,004.09)	(26,981,243.66)	(121,129,310.21)
Operating and administrative expenses	(389,176,762.07)	(1,883,989,611.97)	(1,347,420,101.56)	-	(3,620,586,475.60)
Credit impairment losses	(831,838,816.47)	(1,077,521,444.92)	(667,215,574.61)	(19,073,195.94)	(2,595,649,031.94)
Impairment losses of other assets	-	-	-	(1,044,141.80)	(1,044,141.80)
Operating expenses	(1,228,645,960.67)	(3,016,969,737.22)	(2,045,694,680.26)	(47,098,581.40)	(6,338,408,959.55)
Operating profits/(losses)	659,158,197.26	1,982,967,906.12	1,331,881,812.36	(33,348,319.23)	3,940,659,596.51
Add: non-operating income	-	-	-	2,250,503.03	2,250,503.03
Less: non-operating expenses	-	-	-	(13,320,003.06)	(13,320,003.06)
Total profits/(losses)	659,158,197.26	1,982,967,906.12	1,331,881,812.36	(44,417,819.26)	3,929,590,096.48
Assets of segment	247,126,844,066.84	188,783,657,693.49	101,466,947,306.59	1,041,555,218.73	538,419,004,285.65
Liabilities of segment	(130,848,068,822.37)	(245,225,154,210.98)	(127,482,867,989.10)	(8,692,691.21)	(503,564,783,713.66)
Other information of segments:					
Depreciation and amortization expenses	(106,680,117.01)	(282,547,281.50)	(190,867,391.58)	(777,029.53)	(580,871,819.62)
Capital expenditure					
Including: Expenses on construction in progress	(99,750,372.77)	(264,193,529.63)	(178,468,996.78)	(726,555.12)	(543,139,454.30)
Expenses on acquisition of fixed assets	(24,116,626.86)	(63,874,014.67)	(43,148,412.20)	(175,659.07)	(131,314,712.80)
Expenses on acquisition of intangible assets	(32,001,712.22)	(84,758,032.17)	(57,256,061.47)	(233,091.93)	(174,248,897.79)
Expenses on acquisition of right-of-use assets	(42,871,375.82)	(113,546,844.83)	(76,703,587.38)	(312,263.67)	(233,434,071.70)
New long-term deferred expenses	(1,800,577.90)	(4,768,914.81)	(3,221,515.09)	(13,114.94)	(9,804,122.74)
Total	(200,540,665.57)	(531,141,336.11)	(358,798,572.92)	(1,460,684.73)	(1,091,941,259.33)



The Bank

Item	2023				
	Capital business	Corporate banking	Retail banking	Other business	Total
Interest income	5,833,974,577.29	9,341,695,533.79	4,906,467,120.71	-	20,082,137,231.79
Interest expense	(3,516,787,559.38)	(5,708,605,900.67)	(2,730,430,529.49)	-	(11,955,823,989.54)
Net interest (expense)/income between segments	(1,475,141,187.83)	769,221,594.94	705,919,592.89	-	0.00
Net interest income	842,045,830.08	4,402,311,228.06	2,881,956,184.11	-	8,126,313,242.25
Net handling fees and commission income	53,936,037.20	447,322,144.31	337,825,206.80	-	839,083,388.31
Income arising from investment	1,522,049,178.23	-	-	-	1,522,049,178.23
(Including: Income from investment in associates	53,650,852.79	-	-	-	53,650,852.79
Income arising from derecognition of financial assets measured at amortized cost)	838,477.27	-	-	-	838,477.27
Net losses from changes in fair value	128,291,027.30	-	-	-	128,291,027.30
Foreign exchange gains and losses	4,723,999.51	(267,173,192.59)	-	-	(262,449,193.08)
Income from other business	-	-	-	3,682,140.78	3,682,140.78
Net losses from disposal of assets	-	-	-	(3,042,828.31)	(3,042,828.31)
Other income	-	90,965,798.30	104,705,537.49	574,743.84	196,246,079.63
Operating income	2,551,046,072.32	4,673,425,978.08	3,324,486,928.40	1,214,056.31	10,550,173,035.11
Taxes and surcharges	(9,164,614.10)	(57,904,535.80)	(32,261,849.37)	(31,974,373.98)	(131,305,373.25)
Operating and administrative expenses	(511,636,126.54)	(1,959,030,951.04)	(1,300,645,000.57)	-	(3,771,312,078.15)
Credit impairment losses	(602,818,653.98)	(1,890,320,595.26)	100,513,829.68	(5,211,782.12)	(2,397,837,201.68)
Impairment losses of other assets	-	-	-	(365,900.00)	(365,900.00)
Other business cost	-	-	-	(1,178.81)	(1,178.81)
Operating expenses	(1,123,619,394.62)	(3,907,256,082.10)	(1,232,393,020.26)	(37,553,234.91)	(6,300,821,731.89)
Operating profits/(losses)	1,427,426,677.70	766,169,895.98	2,092,093,908.14	(36,339,178.60)	4,249,351,303.22
Add: non-operating income	-	-	-	1,893,257.47	1,893,257.47
Less: non-operating expenses	-	-	-	(10,702,525.17)	(10,702,525.17)
Total profits/(losses)	1,427,426,677.70	766,169,895.98	2,092,093,908.14	(45,148,446.30)	4,240,542,035.52
Assets of segment	296,542,310,466.05	218,975,339,772.46	107,285,762,283.34	1,274,631,744.62	624,078,044,266.47
Liabilities of segment	(155,077,012,024.55)	(276,424,238,458.15)	(152,074,992,536.89)	(1,753,562.36)	(583,577,996,581.95)
Other information of segments:					
Depreciation and amortization expenses	(142,888,310.22)	(261,766,319.39)	(186,210,011.93)	(68,001.30)	(590,932,642.84)
Capital expenditure					
Including: Expenses on construction in progress	(25,151,378.90)	(46,076,434.61)	(32,776,918.96)	(11,969.67)	(104,016,702.14)
Expenses on acquisition of fixed assets	(24,993,269.23)	(45,786,783.29)	(32,570,872.69)	(11,894.42)	(103,362,819.63)
Expenses on acquisition of intangible assets	(48,367,140.75)	(88,606,887.40)	(63,031,369.34)	(23,018.18)	(200,028,415.67)
Expenses on acquisition of right-of-use assets	(53,625,341.82)	(98,239,725.37)	(69,883,782.13)	(25,520.59)	(221,774,369.91)
New long-term deferred expenses	(1,151,255.18)	(2,109,058.68)	(1,500,299.36)	(547.89)	(4,761,161.11)
Total	(153,288,385.88)	(280,818,889.35)	(199,763,242.48)	(72,950.75)	(633,943,468.46)



The Bank

Item	2022				Total
	Capital business	Corporate banking	Retail banking	Other business	
Interest income	5,040,276,288.24	8,501,346,994.89	4,988,594,309.00	-	18,530,217,592.13
Interest expense	(3,517,788,884.15)	(5,064,051,292.34)	(2,211,316,576.74)	-	(10,793,156,753.23)
Net interest (expense)/income between segments	(966,867,886.28)	755,120,874.47	211,747,011.81	-	-
Net interest income	555,619,517.81	4,192,416,577.02	2,989,024,744.07	-	7,737,060,838.90
Net handling fees and commission income	72,014,522.77	505,162,498.09	315,321,486.91	-	892,498,507.77
Income arising from investment	1,346,088,586.62	-	-	-	1,346,088,586.62
(Including: Income from investment in associates	44,131,431.43	-	-	-	44,131,431.43
Income arising from derecognition of financial assets measured at amortized cost)	18,919,844.79	-	-	-	18,919,844.79
Net losses from changes in fair value	(107,979,975.13)	-	-	-	(107,979,975.13)
Foreign exchange gains and losses	23,555,999.89	216,168,085.77	-	-	239,724,085.66
Income from other business	-	-	-	1,896,456.68	1,896,456.68
Net losses from disposal of assets	-	-	-	(1,286,850.87)	(1,286,850.87)
Other income	-	73,924,747.51	50,731,346.82	12,027,180.91	136,683,275.24
Operating income	1,889,298,651.96	4,987,671,908.39	3,355,077,577.80	12,636,786.72	10,244,684,924.87
Taxes and surcharges	(7,630,382.14)	(55,439,658.25)	(30,976,073.23)	(26,703,857.73)	(120,749,971.35)
Operating and administrative expenses	(375,651,396.17)	(1,883,187,391.28)	(1,324,661,715.99)	-	(3,583,500,503.44)
Credit impairment losses	(831,846,004.74)	(1,080,783,746.90)	(661,967,743.68)	(19,121,739.65)	(2,593,719,234.97)
Impairment losses of other assets	-	-	-	(436,000.00)	(436,000.00)
Operating expenses	(1,215,127,783.05)	(3,019,410,796.43)	(2,017,605,532.90)	(46,261,597.38)	(6,298,405,709.76)
Operating profits/(losses)	674,170,868.91	1,968,261,111.96	1,337,472,044.90	(33,624,810.66)	3,946,279,215.11
Add: non-operating income	-	-	-	2,247,282.43	2,247,282.43
Less: non-operating expenses	-	-	-	(13,247,328.81)	(13,247,328.81)
Total profits/(losses)	674,170,868.91	1,968,261,111.96	1,337,472,044.90	(44,624,857.04)	3,935,279,168.73
Assets of segment	246,902,690,800.83	188,641,551,762.10	100,670,927,579.15	1,202,645,729.85	537,417,815,871.93
Liabilities of segment	(131,246,724,935.20)	(244,797,138,845.54)	(126,604,845,683.40)	(8,334,566.92)	(502,657,044,031.06)
Other information of segments:					
Depreciation and amortization expenses	(106,489,522.28)	(281,128,025.07)	(189,107,533.68)	(712,267.16)	(577,437,348.19)
Capital expenditure					
Including: Expenses on construction in progress	(100,164,392.21)	(264,429,937.91)	(177,875,163.38)	(669,960.80)	(543,139,454.30)
Expenses on acquisition of fixed assets	(23,967,063.50)	(63,272,076.77)	(42,561,485.59)	(160,306.39)	(129,960,932.25)
Expenses on acquisition of intangible assets	(32,134,537.09)	(84,833,876.20)	(57,065,549.04)	(214,935.47)	(174,248,897.80)
Expenses on acquisition of right-of-use assets	(43,049,315.84)	(113,648,449.94)	(76,448,365.72)	(287,940.20)	(233,434,071.70)
New long-term deferred expenses	(1,808,051.29)	(4,773,182.18)	(3,210,795.90)	(12,093.35)	(9,804,122.72)
Total	(201,123,359.93)	(530,957,523.00)	(357,161,359.63)	(1,345,236.21)	(1,090,587,478.77)



57 CAPITAL MANAGEMENT

The Group's capital management takes capital adequacy ratio and core capital adequacy ratio at the core, with the aim of ensuring compliance with the requirements for external supervision, credit rating, risk compensation and shareholder returns, as well as facilitating the Group's risk management and striking a balance between business scale expansion and profitability, total capital and structure optimization, and optimal capital scale and capital returns while taking the development plan into account.

In accordance with the requirements of the Measures for Capital Management of Commercial Banks (For Trial Implementation) (Order of the former CBRC, [2012] No. 1) and other relevant laws and regulations, the Group monitors the capital adequacy ratio on a regular basis, and submits information required by the former CBRC at the end of each year and each quarter. Moreover, the Group forecasts, plans and manages the capital adequacy ratio by scenario simulation and stress testing according to factors such as strategic development planning, business expansion and risk trends.

The former CBRC requires commercial banks to meet requirements of capital adequacy ratio prescribed in the Measures for Capital Management of Commercial Banks (For Trial Implementation) by the end of 2018. As to the systemically important banks, the former CBRC requires that core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio shall not be less than 8.50%, 9.50% and 11.50%, respectively. As to non-systemically important banks, the former CBRC requires that their core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio shall not be less than 7.50%, 8.50% and 10.50%, respectively. The Group complies with all relevant regulatory requirements.

Credit risk weighted assets include on-balance sheet credit risk weighted assets, off-balance sheet credit risk weighted assets and counterparty credit risk weighted assets from OTC derivatives. The on-balance sheet credit risk weighted assets are calculated adopting different risk weightings, which are determined by credit risks of each asset and counterparty, market risk and other relevant risk, while taking the effects of qualified mortgages and guarantees into consideration. The off-balance sheet exposures are calculated using the same method, and adjusted according to characteristics of the contingent loss. Market risk weighted assets are measured by adopting standard method. Operational risk weighted assets are measured based on the basic indicator method.

According to the Measures on Capital Adequacy Ratio Management of Commercial Banks (For Trial Implementation) promulgated by the former CBRC and other relevant regulations, the Group's capital adequacy ratios are measured as follows:

RMB'0,000	2023	2022
Net amount of core tier-1 capital	3,580,365.25	3,020,832.38
Net amount of tier-1 capital	4,000,250.84	3,440,739.88
Net amount of tier-2 capital	1,554,023.61	1,293,989.74
Total net capital	5,554,274.45	4,734,729.62
Total risk-weighted assets	40,382,884.44	35,292,292.49
– Credit risk weighted assets	37,322,446.30	31,904,039.98
– Market risk weighted assets	1,167,273.04	1,584,446.24
– Operational risk weighted assets	1,893,165.10	1,803,806.28
Core tier-1 capital adequacy ratio	8.87%	8.56%
Tier-1 capital adequacy ratio	9.91%	9.75%
Capital adequacy ratio	13.75%	13.42%



58 CREDIT COMMITMENTS

Credit commitments of the Group include the approved and contracted irrevocable loan commitments, financial guarantees and letters of credit. The Group assesses its contingent losses of credit commitments regularly and makes provisions when necessary.

The Group provides financial guarantees and letters of credit so as to guarantee the performance of customers toward third parties. The contract amount for letters of guarantee and letters of credit represents the maximum loss incurred if counterparties default. Acceptance bills comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

As the facilities may expire without being used, the following contractual amount is not indicative of expected future cash outflow.

	The Group and the Bank	
	2023	2022
Loan commitments	14,525,086,895.05	8,112,595,731.33
Unused overdraft limit of credit cards	6,687,769,940.48	8,545,119,661.16
Sub-total	21,212,856,835.53	16,657,715,392.49
Bank acceptance bill	38,426,946,704.49	45,235,227,217.47
Letters of credit	15,557,804,531.19	9,207,802,046.09
Letters of guarantee	15,463,498,740.29	15,555,400,039.26
Other	500,038,620.00	174,115,000.00
Sub-total	69,948,288,595.97	70,172,544,302.82
Total	91,161,145,431.50	86,830,259,695.31

Credit risk weighted amount

	The Group and the Bank	
	2023	2022
Credit risk weighted amount of credit commitments	2,033,876,693.30	1,355,549,835.17

The credit risk weighted amounts of credit commitments are calculated in accordance with the "Measures on Capital Management of Commercial Banks (For Trial Implementation)" issued by the former CBRC. The risk weights are determined based on credit conditions of counterparties, term to maturity and other factors. The risk weights of credit commitments range from 0% to 100%.



59 COMMITMENTS

Capital commitments

As at the balance sheet date, the capital commitments of the Group and the Bank are summarized as follows:

	The Group and the Bank	
	2023	2022
Agreement of capital expenditure		
Contracted but unpaid	2,194,438,169.05	2,560,994,528.46

As of 31 December 2023, the capital expenditure commitments which are approved but not yet contracted of the Group and the Bank is RMB187,564,056.58 (31 December 2022: RMB192,308,830.00).

60 CONTINGENCIES

As at 31 December 2023, there are no contingent assets and liabilities for the Group (As at 31 December 2022: Nil).

As at the balance sheet date, the Bank or its subsidiaries do not have any material pending legal proceedings as a defendant.

61 ENTRUSTED LENDING BUSINESS

The Group's entrusted lending business refers to activities where the Group accepts the entrustment of government departments, business entities and individuals, and grants entrustment loans with the funds provided by them. In the Group's entrusted lending business, the Group does not need to bear any bank credit risk, and only manages the assets and liabilities as instructed by clients and charges commission fees as an agent. Entrusted lending are not assets of the Group and are not recognized in the balance sheet. Excess funds are reflected in accepted deposit.

As at the balance sheet date, the entrusted loans and their funds for the Group and the Bank were as follows:

	The Group and the Bank	
	2023	2022
Entrusted loans	3,066,816,738.28	3,817,258,674.00
Funds for entrusted loans	3,066,816,738.28	3,817,258,674.00



62 ASSETS USED AS PLEDGE

	The Group	
	2023	2022
Classified by the types of collateral:		
Bonds	51,454,507,583.42	21,906,311,200.00
Bank acceptance bills	651,958,756.24	2,953,679,240.16
Remortgage	7,278,214,050.80	366,153,000.00
Total	59,384,680,390.46	25,226,143,440.16
Classified by item of asset:		
Other debt investments	6,971,393,849.91	1,187,592,819.26
Debt investments	44,296,182,528.91	20,718,718,380.74
Trading financial assets	186,931,204.60	
Loans	7,930,172,807.04	3,319,832,240.16
Total	59,384,680,390.46	25,226,143,440.16

	The Bank	
	2023	2022
Classified by the types of collateral:		
Bonds	47,681,906,400.00	21,906,311,200.00
Bank acceptance bills	651,958,756.24	2,953,679,240.16
Remortgage	7,278,214,050.80	366,153,000.00
Total	55,612,079,207.04	25,226,143,440.16
Classified by item of asset:		
Other debt investments	6,971,393,849.91	1,187,592,819.26
Debt investments	40,710,512,550.09	20,718,718,380.74
Loans	7,930,172,807.04	3,319,832,240.16
Loans	55,612,079,207.04	25,226,143,440.16



63 TRANSACTIONS WITH RELATED PARTIES

1 Major related parties of the Bank

(1) Related parties as the principal shareholders of the Bank

Since the Bank does not have a controlling shareholder, the related parties as principal shareholders refer to shareholders holding more than 5% shares of the Bank. The names of the principal shareholders and the information on shareholding are as follows:

Name of shareholders	31 December 2023		31 December 2022	
	Number of shares	Ratio %	Number of shares	Ratio %
Dongguan Municipal Finance Bureau	495,504,000.00	21.16%	484,396,000.00	22.22%
Dongguan Financial Holdings Group Co., Ltd.	238,812,174.00	10.20%	238,812,174.00	10.95%

(2) Subsidiaries of the Bank

For details of the Bank's subsidiaries, please see Note 6.

(3) Associates of the Bank

For details of the Bank's associates, please see Note 17(2) and 17(3).

(4) Other related parties

Other related parties include key management personnel (Directors, Supervisors and senior executives) and their intimate family members, as well as the enterprises controlled, jointly controlled or significantly influenced by key management personnel or their intimate family members.

Key management personnel of the Group and the Bank refer to persons who have power and responsibilities to directly and indirectly plan, instruct and control activities of the Group and the Bank, including Directors, Supervisors and senior executives.

2 Transactions with related parties of the Group and the Bank

Proceeds arising from transactions with related parties during the year:

	2023	2022
Interest income	106,244,719.53	86,192,047.76
Interest expense	1,716,527,513.07	1,574,950,562.68
Investment income	863,400.00	-
Losses or gains from changes of fair value	-	-
Other comprehensive income	-	-
Handling fees and commission income	8,783,771.14	6,247,559.70



The balances of transactions with related parties as at the balance sheet date are as follows:

	2023	2022
On-balance sheet items:		
Loans and advances to customers	1,960,639,307.26	1,856,497,892.72
Customer deposits	55,868,566,287.83	50,066,023,180.48
Trading financial assets	–	–
Deposits from banks and other financial institutions	263,968,464.05	488,631,702.50
Off-balance sheet items:		
Credit commitments	5,759,856.97	6,508,181.40
Letters of guarantee	–	–
Loan balance guaranteed by related parties (ii)	2,340,239,104.82	2,213,222,687.94
Entrusted loan	–	–

(i) According to the requirements of Caikuai [2018] No. 36, as at 31 December 2023, the interest of the financial instrument calculated based on the effective interest rate method is reflected in the book balance of the corresponding financial instruments. The interest due but not received on the balance sheet date is listed in other assets. The interest due but not paid on the balance sheet date is listed in other liabilities.

(ii) In the total amount, the same loan that guaranteed by multiple related parties is only counted once by the amount of the loan.

3 Transactions between key management personnel and the Group

	The Group and the Bank	
	2023	2022
Remuneration of key management personnel	20,909,372.31	28,145,962.64

(i) The Directors, Supervisors and senior executives did not receive any incentive payment or termination compensation for joining the Group in 2023 and 2022.

4 Transactions between the Bank and its subsidiaries

The significant inter-company balances and transactions with subsidiaries are eliminated on the consolidated financial statement.

Proceeds arising from transactions with subsidiaries during the year:

	2023	2022
Interest income	146,666.67	2,180.56
Interest expense	5,889,855.01	8,901,246.22
Handling fees and commission income	2,227,744.15	2,867,244.80



The balances of transactions with subsidiaries as at the balance sheet date are as follows:

	2023	2022
Deposits from banks and other financial institutions	360,881,155.39	443,231,354.17

64 INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiaries

As of 31 December 2023, the background information of the subsidiary is as follows:

	Registration and establishment date	Establishment, registration and operation place	Registered capital	Shareholding percentage of the Bank	Business scope
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	27 August 2009	Kaizhou, Chongqing	50 million	63.10%	Banking industry
Dongyuan Taiye Village Bank Co., Ltd.	11 May 2011	Heyuan, Guangdong	100 million	56.00%	Banking industry
Zongyang Taiye Village Bank Co., Ltd.	17 March 2011	Tongling, Anhui	110 million	84.55%	Banking industry

Note: In 2021, the Bank has established a subsidiary, i.e. Guanyin International Co., Ltd. in Hong Kong according to the "Reply of Guangdong Office of the China Banking and Insurance Regulatory Commission on Bank of Dongguan's Investment and Establishment of the Hong Kong Subsidiary" (YYBJF [2020] No. 659) and Banking Ordinance of Hong Kong, and obtained the "Business Registration Certificate". As at 31 December 2023, the Bank has not yet paid up its capital contribution, and its Hong Kong subsidiary needs to obtain a banking license issued by the Hong Kong Monetary Authority before it can start operations in the name of a bank.

(2) Interests in associates

	31 December 2023	31 December 2022
Immaterial associates	1,003,856,241.43	954,207,405.95
Less: Provision for impairment	—	—
Total	1,003,856,241.43	954,207,405.95

Details of immaterial associates accounted for using the equity method are summarized as follows:

	31 December 2023	31 December 2022
Aggregate carrying amount of investments	1,003,856,241.43	954,207,405.95
Aggregate amount of the following items by shareholding ratio		
– Net profits	53,650,852.79	44,131,431.43
– Other comprehensive income	(402,017.02)	596,079.23
Total comprehensive income	53,248,835.77	44,727,510.66



(3) Interests in structured entities included in the consolidated financial statements

The Group manages or invests in various structured entities, primarily including fund investments, trust schemes and asset management plans, asset-backed securities and wealth management products. To determine whether the Group controls such structured entities, the Group mainly assesses the aggregate economic interests (including direct investment income and expected management fees) of the structured entities and the decision-making authority of the structured entities through participation in the decision-making process and relevant contractual arrangements.

The Group controls and included these structured entities in the consolidated financial statements when the Group has power over structured entities through arrangements such as investment contracts, it is exposed to, or has rights to, variable returns from its involvement with the structured entities and has the ability to affect those returns through its power over the structured entities.

(4) Interests in structured entities not included in the consolidated financial statements

(i) Interest in the structured entities sponsored by third-party institutions

The Group directly holds interests in some structured entities sponsored by third-party institutions through investments in the notes issued by these structured entities. Such structured entities include wealth management products, asset management plans, trust schemes, funds and asset-backed securities, and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to manage assets on behalf of investors and earn management fees. These structured entities are financed through the issuance of investment products to investors.

The following table sets out the carrying amounts of interests directly held by the Group as at 31 December 2023 and 31 December 2022 in the structured entities sponsored by third-party institutions, and the line items in the balance sheet in which assets are recognized relating to the interests of the Group and the Bank in structured entities sponsored by third parties:

The Group

	2023				Maximum exposure to loss
	Carrying amount			Total	
	Trading financial assets	Other debt investments			
Wealth management products	52,134,558.91	–		52,134,558.91	52,134,558.91
Trust schemes	3,800,000.00	140,789,858.47		144,589,858.47	144,589,858.47
Funds	29,435,328,173.90	–		29,435,328,173.90	29,435,328,173.90
Asset-backed securities	1,838,243,002.51	294,037,186.67		2,132,280,189.18	2,132,280,189.18
Total	31,329,505,735.32	434,827,045.14		31,764,332,780.46	31,764,332,780.46

	2022				Maximum exposure to loss
	Carrying amount			Total	
	Trading financial assets	Debt investments	Other debt investments		
Asset management plans	7,420,221,647.38	10,888,630,021.03	11,114,531.69	18,319,966,200.10	18,319,966,200.10
Trust schemes	292,690,441.83	772,015,882.26	466,510,568.47	1,531,216,892.56	1,531,216,892.56
Funds	23,660,489,426.40	–	–	23,660,489,426.40	23,660,489,426.40
Asset-backed securities	3,346,504,359.15	–	285,344,050.00	3,631,848,409.15	3,631,848,409.15
Total	34,719,905,874.76	11,660,645,903.29	762,969,150.16	47,143,520,928.21	47,143,520,928.21



The maximum exposures to loss in the above unconsolidated structured entities directly held by the Group are the amortized cost or fair value of assets at the balance sheet date.

(ii) Interest in the unconsolidated structured entities sponsored by the Group

The unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products issued by the Group. The nature and purposes of these structured entities are to charge management fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interest in the unconsolidated structured entities held by the Group mainly represents management fees charged on managing these structured entities.

As at 31 December 2023, the balance of the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was approximately RMB26.018 billion (as at 31 December 2022: RMB46.051 billion).

(iii) Unconsolidated structured entities in which the Group holds no interest at the end of each year

In 2023, the handling fees and commission earned by the Group from such non-principal guaranteed wealth management products were RMB57 million (2022: RMB128 million).

The Group's non-principal guaranteed wealth management products due in 2023 amounted to RMB79.620 billion in total (2022: RMB103.317 billion).

65 TRANSFER OF FINANCIAL ASSETS

During routine business operations, the Group conducts certain transactions in which recognized financial assets are transferred to third parties or special-purpose trust schemes. When the transfer of these financial assets meets the derecognition conditions set out in the Accounting Standards for Business Enterprises, the relevant financial assets are derecognized in full or in part. When the Group retains most of the risks and rewards of the transferred assets, the transfer of related financial assets do not meet the conditions for derecognition, and the Group will continue to recognize the above assets in the balance sheet.

(i) Credit asset securitization

The Group enters into asset securitization, credit or circulation transactions in the normal course of business. The Group sells credit assets to special-purpose trusts which then issue asset-backed securities to investors, or carries out trust beneficial rights registration and circulation business in Banking Credit Asset Registration and Circulation Center (BCARC). During this process, the Group may hold some senior asset-backed securities or subordinate asset-backed securities or trust beneficial rights, retaining certain risk and return on the transferred credit assets. The Group determines, based on the extent of the retained risk and return, whether to derecognize related credit assets.

In 2020, the Group initiated one credit asset securitization business and one credit asset transfer businesses, namely Guanxin's first phase of personal housing mortgage securitization project for 2020 in the interbank market, for which the trust was established on 15 December 2020, with a total size of RMB2 billion; and the first phase of property rights trust of Guangdong Finance Trust Co., Ltd. • Bank of Dongguan for 2020 in BCARC, for which the trust was established on 2 December 2020, with a total size of RMB2.001 billion. The Group confirmed its continued involvement in assets and continued involvement in liabilities of RMB557 million based on the amount of self-owned inferior assets. The carrying value of the asset-backed securities or trust beneficiary rights invested by the Group on 31 December 2023 in these credit asset securitization and circulation transactions was RMB593 million (as at 31 December 2022: RMB604 million), and its maximum exposure to losses is similar to the carrying value.

(ii) Securities lending transactions

The transferred financial assets not derecognized mainly included securities under securities lending transactions, and the counterparties may sell the securities or use them as collateral as long as the Group does not default, but it shall return the securities to the Group upon the maturity dates set forth in the related agreements. For the above-mentioned transactions, the Group did not derecognize the securities as it believes that it has retained most risks and returns thereon.

As at 31 December 2023, the carrying value of the securities lent in such lending transactions was nil (carrying value as at 31 December 2022: Nil).



66 POST-BALANCE SHEET DATE EVENTS

Description of significant non-adjusting events after the balance sheet date

1 Description of profit distribution after the balance sheet date

According to the resolution made by the Board of Directors of the Bank on 12 March 2024, the profit distribution plan of the Bank in 2023 is as follows:

- (1) Appropriate 10% of net profit as statutory surplus reserve in 2023;
- (2) In accordance with the Administrative Measures on Accrual of Provisions by Financial Enterprises (CJ [2012] No. 20) issued by MOF, appropriate a general risk reserve of RMB900 million based on the difference of 1.5% of the balance of risk assets;
- (3) Based on the retained earnings at the end of 2023, distribute a cash dividend totaling RMB725,896,000 to all shareholders of 2,341,600,000 capital shares.

The profit distribution plan is subject to approval by the General Meeting of Shareholders.

Except for the above events, the Group has no other significant post-balance sheet date events that should be disclosed.



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Bank of Dongguan
WeChat public account



东莞银行
BANK OF DONGGUAN

Add.: No. 21 Tiyu Road, Guancheng District, Dongguan, Guangdong, China
Fax: (+86)-0769-22116029
Post code: 523000
Service lines: 956033
www.dongguanbank.cn