

IMPORTANT NOTICE

i. The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of Hua Xia Bank Co., Limited (the "Company") undertake that the information in this report is authentic, accurate and complete and contains no false record, misleading statement or material omission, and assume joint and several liability thereto.

ii. The Annual Report 2024 of Hua Xia Bank Co., Limited and its Summary were reviewed and approved at the 6th Meeting of the Ninth Board of Directors of the Company on 16 April 2025. 9 of the 10 directors that should attend the meeting were present actually. There were 10 valid votes. Director Yang Wei, absent from the meeting due to business engagement, authorized Director Liu Jiarui to exercise the voting right on his behalf. Directors and senior management were present as non-voting attendees.

iii. Profit distribution plan for the reporting period that was reviewed by the Board of Directors:

With 15,914,928,468 ordinary shares outstanding of the Company at the end of 2024 as the base number, it is proposed to distribute a cash dividend of RMB3.05 (before tax) per 10 shares for 2024. With a cash dividend of RMB1.00 (before tax) distributed per 10 shares for the first half of 2024, a total of RMB4.05 (before tax) per 10 shares of cash dividend are distributed for the year.

For details, please see "Section IV Corporate Governance".

iv. The 2024 Financial Statements of the Company have been audited by Ernst & Young Hua Ming LLP in accordance with Chinese auditing standards, with standard unqualified auditor's report being issued.

v. Qu Gang (acting), Legal Representative, Yang Wei, Principal of Financial Affairs and Liu Yue, General Manager of Budget and Finance Department of the Company, hereby warrant that the Financial Statements contained in the Annual Report are authentic, accurate and complete.

vi. Expressions related to the future business plan herein may constitute forward-looking statements, but they are not the Company's actual commitment to investors. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision, but should be fully aware of the risks and properly understand the differences between plan, forecast and commitment.

vii. Important risk notice: The Company has described the risks that may adversely affect the fulfillment of the Company's future development strategies and business objectives. Please refer to risk-related part in "Section III Management Discussion and Analysis".

Should there be any discrepancy between the English version and the Chinese Version, the latter shall prevail.





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LIST OF DOCUMENTS FOR INSPECTION:

- 1. Accounting Statements Bearing Seals and Signatures of the Legal Representative, Principal of Financial Affairs and General Manager of Budget and Finance Department.
- 2. Original of the Auditor's Report Bearing Common Seal of the Accounting Firm and Seals and Signatures of CPAs.
- 3. Original of the Annual Report Bearing the Signature of Chairman of the Company.
- 4. Originals of All Documents and Announcements Disclosed by the Company on the *China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily* during the Reporting Period.
- 5. Articles of Association of Hua Xia Bank Co., Limited.

MESSAGE FROM PRESIDENT





In 2024, the People's Republic of China celebrated the 75th anniversary of its founding, and the 14th Five-Year Plan entered a crucial year toward its end. China set sail again to comprehensive deepen reforms amid the journey of Chinese modernization. Hua Xia Bank remained guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, earnestly studied, publicized and implemented the spirit of the 20th CPC National Congress and the Second and Third Plenary Sessions of the 20th CPC Central Committee and thoroughly implemented the decisions and plans of the CPC Beijing Municipal Committee and the Beijing Municipal Government and the regulatory requirements of the Stateowned Assets Supervision and Administration Commission of Beijing. The Company remained true to its original aspirations in serving the national strategies, shouldered its mission in tapping deep into the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, forged ahead in mapping out high-quality development and delivered an answer sheet to the times with stable and positive results: Total assets were RMB4,376,491 million in assets, an increase of 2.86% compared with the end of the previous year. The realized net profit attributable to shareholders of the listed company stood at RMB27,676 million, an increase of 4.98% over the previous year. The balance and ratio of non-performing loans were lowered and the market capitalization increased significantly. The Company ranked among the top 50 global banks for three consecutive years.

We nourished the lifeblood of the real economy with the aspiration of "finance for the people". In 2024, we precisely channeled financial resource flows into the real economy as a responsible financial institution.

– We were anchored to needs of the country. The Company kept improving the regular support mechanism for key fields and weaker links of the national economy and, in particular, strengthened credit support for manufacturing, technological innovation, Specialization, Refinement, Differentiation and Innovation ("SRDI") enterprises, strategic emerging industries and credit emissions reduction. To accommodate the corporate wave of digital transformation, the Company iteratively upgraded the treasury management functions, expanded the online service ecosystem for corporate clients and improved efficiency of settlement funds management. The payment service facilitation was enhanced in adherence to the original aspiration of "payment for the people".

- We provided regional connectivity. Based in the capital with nationwide presence, the Company provided integrated financial services for state-owned enterprises (SOEs), including central SOEs, in line with China's "Three Regions" development strategy. The corporate e-CNY business was advanced to serve Beijing's drive for the Model City for Global Digital Economy. To further build "a lead bank serving the coordinated development of the Beijing-Tianjin-Hebei Region financially", the Company for the being framework investment and financing services for key projects such as the "Hebei Shouheng Agricultural and Sideline Products Logistics Park" for the coordinated development of the Beijing-Tianjin-Hebei Region. The Company accelerated the high-quality development of branches in the Yangtze River Delta Integration region, actively integrated into the mainstream of innovative development, developed an edge in "commercial banking + investment banking" coordination, built a new matrix of retail services and fostered new growth poles for financial market business. Branches in the Guangdong-Hong Kong-Macao Greater Bay Area gained momentum. They built a multi-level service system focused on mainstream industries and created China's first digital project for carbon emissions-backed financing. In boosting connectivity, the Southbound Connect of the Cross-boundary Wealth Management Connect program was approved to open for business, and the underwriting capabilities for overseas bonds were further upgraded.

- We served the new landscape of opening-up. In deepening high-level opening-up, the four integrations of "domestic and foreign trade", "RMB and foreign currencies", "onshore and offshore", and "settlement + financing + treasury" operations were advanced to continuously improve the global correspondent banking network. Cross-border RMB business development was promoted with vigor. RMB123,086 million was recorded in total cross-border RMB receipts and payments, up 20.20% year-on-year. In facilitating the corporate access to crossborder direct financing, the Company underwrote RMB18,201 million of overseas bonds. We cemented the foundation for high-quality economic development by fulfilling the duty for the five priorities of financial work. In 2024, we enhanced top-level design, improved supporting mechanisms, implemented action plans and overfulfilled the short-term goals of the "five priorities" of financial work, namely, technology finance, green finance, inclusive finance, pension finance and digital finance.

– Technology finance empowered innovation. The network of technology-oriented sub-branches was built at a faster pace to optimize the credit resource allocations and pricing mechanism for tech firms. An expedited credit process was created and the rating system was refined for tech firms. The Company innovatively launched the R&D loan products and promoted the application of products featuring the coordination of investing and lending, including the investment-linked loans and option loans. The balance of loans to tech firms was close to RMB160 billion, outpacing total loans by 4.81 percentage points.

- Green finance sharpened its edge. A full range of products were offered, encompassing green loans, green investment, underwriting of green debt financing instruments, green leasing, green wealth management and green consumption. Breakthroughs were continued to make in the innovation of product and service models. The balance of green loans exceeded RMB300 billion for the first time, with a growth rate 10.06 percentage points higher than that of all loans, achieving the target ahead of schedule.

Inclusive finance added to public wellbeing. The pattern of inclusive finance services was reshaped with digital inclusiveness, improve the modern financial system with high adaptability, a fully digital operations mechanism was created and the inclusive finance services were made increasingly adaptive with a focus on specific customer groups including micro and small businesses, "agriculture, rural areas and farmers", new urban residents and workers in new forms of employment. The Company innovated financial products and service models for micro and small businesses and strengthened the integrated financial service's support for micro and small businesses. The balance of loans to micro and small businesses (MSBs) amounted to RMB601,526 million, an increase of 2.83% compared with the end of the previous year.

- Pension finance gained steam. Senior-friendly transformations were completed for all service channels. More than 270,000 new pension accounts were added, and the number of individual pension customers reached 590,000. Over 7 million elderly customers were served, with their total financial assets amounting to RMB409.8 billion. The total financing of the pension industry increased by RMB23,026 million, representing a growth rate of 109.14%.

- Digital finance drove breakthroughs. The share of digital revenue rose to 21.73%. There were 93,700 customers from core sectors of the digital economy, with RMB81,759 million in outstanding loans, up 30.56% from a year ago. The industrial digital finance cumulatively served over 4,000 ecosystem-based customers with over RMB10 billion in credit granted. The group-wide data management system took shape, data began to empower business, the digital operation, marketing and risk control capabilities improved across the board, and breakthroughs were made in remote banking.

We made deep-going changes to gather momentum for strategic transformation. In 2024, we continued with strategic transformation, strengthened group-wide and fine-grained management and improved the quality and efficiency of operations through reform and development.

- The quality and efficiency of operations showed "four improvements". Operating income increased by 4.23% over the previous year. General and administrative expenses decreased by 0.96% from the previous year. The NPL ratio was 1.60%, reaching a nine-year low, and allowance to NPLs rose by 1.83 percentage points. Net profit increased by 5.03% compared with the previous year, and weighted average return on equity rose by 0.13 percentage points compared with the previous year.

- Strategic transformation went deeper. Corporate finance achieved remarkable results in transformation. The number of corporate customers increased by 4.74% compared with the end of the previous year, and corporate loans (excluding discounted bills) increased by 5.83% compared with the end of the previous year. Retail finance showed stronger core competitiveness. Wealth management and private banking developed in depth. The total number of individual customers (excluding credit cardholders) increased by 4.24% compared with the end of the previous year, and the balance of personal deposits increased by 7.55% compared with the end of the previous year. The profit contribution of the financial market business continued to rise. The discounting and trading volumes of bills reached record highs, and the size and income of custody services both expanded.

- Group-wide coordination boosted efficiency. A Group-wide Collaboration Committee was established and a collaboration and interaction incentive mechanism was set up, ensuring effective transmission of the asset and liability, marketing, and risk control strategies. diversified operation was robust and effective. Huaxia Financial Leasing saw its regulatory rating improved for two consecutive years, and Hua Xia Wealth Management achieved a 18.18% increase in feebased income from wealth management.

We fortified the lines of defense to ensure sound development. In 2024, we kept in mind the principle that "heeding the end no less than the beginning, and your work will not be spoiled", and held the three lines of defense to consolidate the foundation.

- The enterprise risk governance system was upgraded. The risk management system with risk appetite as the core was optimized to strengthen the quantitative transmission, early warning and recalibration of risk appetite. The consolidated management of various risks was enhanced to improve the Group's risk management system. The lifecycle management of assets was furthered and cyclical changes were addressed in a forward-looking manner, thereby effectively preventing risks in key areas and steadily improving the quality of assets. - The professional skills in risk control were enhanced. Risk control was further digitally transformed to upgrade the capability of forestalling risks with technology. Based on data-driven approaches, the digital credit and intelligent risk control models were developed to accommodate the scenario-based and ecosystem-oriented development of business in alignment with industrial chains and ecospheres. Persistent efforts were made to streamline business operations and risk management processes, iteratively update risk measurement models and risk management systems, and enhance the digital level of risk identification, measurement, assessment, monitoring, early warning, reporting and control.

- Compliance and audit management was strengthened. The foundation of compliance management was consolidated and strengthened, the ability to control risks was enhanced, and the digital transformation of compliance gained pace. Audit played a stronger supervisory role, and the digital audit development advanced ahead of schedule.

Looking ahead to 2025, China's economy remains in a complex and volatile environment where increasing imported risks are coupled by internal risk factors. However, China's economy is underpinned by a stable foundation, multiple advantages, strong resilience and great potential. The supporting conditions and fundamental trends for long-term sound economic development have not changed. Commercial banks will continue to function as the main force in serving the real economy and the ballast stone in maintaining financial stability. The new round of technological revolution and industrial transformation has triggered a wave of intelligent transformation in the financial service sector, including artificial intelligence, injecting strong impetus into financial service innovation while also putting forward higher requirements.

A great vision, simple and pure, requires credible actions first. Hua Xia Bank will always take serving the real economy as its fundamental purpose, preventing and controlling business risks as its eternal theme, and keeping to the right path while making innovations in financial services as its driver of development. With a down-to-earth stance and perseverance, we will work together with all stakeholders to write a new chapter of building China into a financial powerhouse on the journey of serving the high-quality financial development of Beijing, the capital city, and serving Chinese modernization.

> President: Qu Gang 16 April 2025

SECTION I DEFINITIONS

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

The Group	Hua Xia Bank Co., Limited and its subsidiaries
The Company, the Bank	Hua Xia Bank Co., Limited
CBRC, CBIRC	China Banking Regulatory Commission, China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
MOF	Ministry of Finance of the People's Republic of China
RMB yuan	Renminbi, the lawful currency of PRC
Beijing-Tianjin-Hebei Region	Region where the Head Office and following tier-one branches of the Group are located: Beijing, Tianjin, Shijiazhuang, Tianjin FTZ and Beijing Municipal Administrative Center
Yangtze River Delta	Region where the following tier-one branches of the Group are located: Nanjing, Hangzhou, Shanghai, Wenzhou, Ningbo, Shaoxing, Changzhou, Suzhou, Wuxi, Hefei and Shanghai FTZ
Guangdong-Hong Kong-Macao Greater Bay Area	Region where the following tier-one branches of the Group are located: Shenzhen, Guangzhou, Hong Kong and Haikou
Central and Eastern China	Region where the following tier-one branches of the Group are located: Jinan, Wuhan, Qingdao, Taiyuan, Fuzhou, Changsha, Xiamen, Zhengzhou and Nanchang
Western China	Region where the following tier-one branches of the Group are located: Kunming, Chongqing, Chengdu, Xi'an, Urumqi, Hohhot, Nanning, Yinchuan, Guiyang, Xining and Lanzhou
Northeastern China	Region where the following tier-one branches of the Group are located: Shenyang, Dalian, Changchun and Harbin
Subsidiaries	Huaxia Financial Leasing Co., Ltd., Huaxia Wealth Management Co., Ltd., Kunming Chenggong Hua Xia Rural Bank Co., Ltd., Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd.
Huaxia Financial Leasing	Huaxia Financial Leasing Co., Ltd.
Huaxia Wealth Management	Huaxia Wealth Management Co., Ltd.

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SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

2.1 COMPANY PROFILE

- 2.1.1 Legal name in Chinese: 华夏银行股份有限公司
 Chinese abbreviation: 华夏银行
 Legal name in English: HUA XIA BANK CO., Limited
- 2.1.2 Legal representative: Qu Gang (acting)
- 2.1.3 Secretary to the Board: Song Jiqing
 Securities affairs representative: Yu Guoqing
 Address: Hua Xia Bank Mansion, 22 Jianguomennei Street, Dongcheng District, Beijing
 Postal code: 100005
 Investor relation contact number: 010-85238570, 85239938
 Fax: 010-85239605
 Email: zhdb@hxb.com.cn
- 2.1.4 Place of registration: 22 Jianguomennei Street, Dongcheng District, Beijing
 Business address: Hua Xia Bank Mansion, 22 Jianguomennei Street, Dongcheng District, Beijing

Postal code: 100005

Website: www.hxb.com.cn

Email: zhdb@hxb.com.cn

Historical change of registered address: In April 2005, the Company's registered address was changed from No. 111, Xidan Beidajie, Xicheng District, Beijing to 22 Jianguomennei Street, Dongcheng District, Beijing.

2.1.5 Newspapers and website for disclosure of the annual report: China Securities Journal (www.cs.com.cn) Shanghai Securities News (www.cnstock.com) Securities Times (www.stcn.com) Securities Daily (www.zqrb.cn)

Website of the stock exchange for disclosure of annual report: www.sse.com.cn Locations where copies of the annual report are kept: Office of the Board of Directors of the Company

2.1.6 Place where share is listed: Shanghai Stock Exchange Stock name of ordinary A-share: 华夏银行 Stock code of ordinary A-share: 600015

2.1.7 Other relevant information:

Name of depository of shares of the Company: Shanghai Branch of China Securities depository and Clearing Corporation Limited.

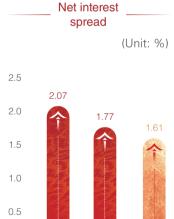
Name of accounting firm the Company engaged: Ernst & Young Hua Ming LLP

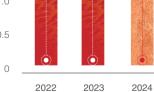
Business address: 19/F, Ernst & Young Tower, Oriental Plaza, No.1 East Chang An Avenue, Dongcheng District, Beijing, China

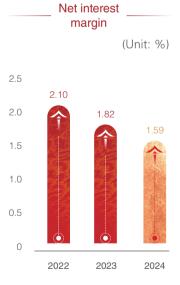
Signed CPAs: Zhang Fan, Sun Lingling

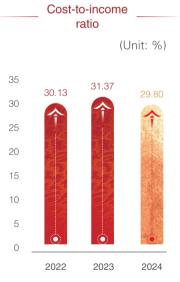
2.2 MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS







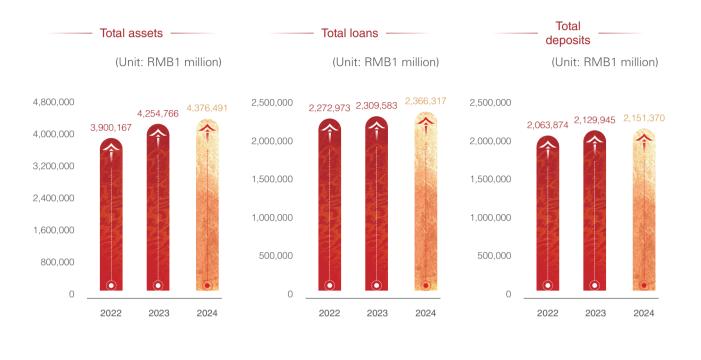


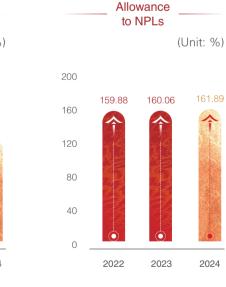


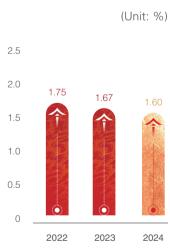
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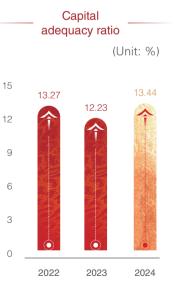
2024







NPL ratio ——



(Unit: RMB1 million)

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Item	2024	2023	Increase/decrease compared with previous year (%)	2022
Main accounting data				
Operating income	97,146	93,207	4.23	93,80
Operating profit	35,942	35,443	1.41	33,69
Total profit	35,879	35,439	1.24	33,58
Net profit attributable to shareholders of the listed company	27,676	26,363	4.98	25,03
Net profit attributable to shareholders of the listed company after deduction of extraordinary profit and loss	27,678	26,273	5.35	25,13
Net cash flows from operating activities	42,495	253,177	-83.22	78,97
Major financial indicators (RMB/share)				
Basic earnings per share	1.62	1.48	9.46	1.4
Diluted earnings per share	1.62	1.48	9.46	1.4
Basic earnings per share after deduction of extraordinary profit and loss	1.62	1.47	10.20	1.4
Net cash flows from operating activities per share	2.67	15.91	-83.22	4.9
Profitability (%)				
Weighted average return on equity	8.84	8.71	Up 0.13 percentage points	9.0
Weighted average return on net assets after deduction of extraordinary profit and loss	8.84	8.68	Up 0.16 percentage points	9.0
Return on assets	0.65	0.66	Down 0.01 percentage points	0.6
Return on capital	8.20	8.32	Down 0.12 percentage points	8.1
Net interest spread	1.61	1.77	Down 0.16 percentage points	2.0
Net interest margin	1.59	1.82	Down 0.23 percentage points	2.1
Cost-to-income ratio	29.80	31.37	Down 1.57 percentage points	30.1



(Unit: RMB1 million)

ltem	End of 2024	End of 2023	Increase/decrease compared with the end of previous year (%)	End of 2022
Scale indicators				
Total assets	4,376,491	4,254,766	2.86	3,900,167
Of which: Total loans	2,366,317	2,309,583	2.46	2,272,973
Total liabilities	4,010,807	3,933,004	1.98	3,576,845
Of which: Total deposits	2,151,370	2,129,945	1.01	2,063,874
Net assets attributable to shareholders of the listed company	361,982	318,579	13.62	320,457
Net assets attributable to ordinary shareholders of the listed company	301,982	278,586	8.40	260,486
Net assets per share attributable to ordinary shareholders of the listed company (in RMB)	18.97	17.50	8.40	16.37
Asset quality indicators (%)				
NPL ratio	1.60	1.67	Down 0.07 percentage points	1.75
Allowance to NPLs	161.89	160.06	Up 1.83 percentage points	159.88
Allowance to total loans ratio	2.59	2.67	Down 0.08 percentage points	2.80

Notes:

1. Relevant indicators are calculated according to the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their* Securities to the Public – Extraordinary Profit and Loss (2023 Revision) and the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings Per Share (2010 Revision). The Company paid interest totaling RMB1,940 million to holders of perpetual bonds in June 2024. While calculating the basic earnings per share and the weighted average return on equity (ROE), the Company takes into account the payment of interest on perpetual bonds.

2. Return on assets is calculated as net profit divided by the average of total assets at the beginning and end of the period.

3. Return on capital is calculated as net profit divided by the average of the total equity at the beginning and end of the period.

4. Net interest spread is the spread between yield on average balance of interest-generating assets and cost on average balance of interestbearing liabilities.

5. Net interest margin is calculated by dividing net interest income by the average balance of interest-generating assets.

6. According to the former CBRC's *Notice on Adjusting the Regulatory Requirements on Allowances for Loan Impairment Losses of Commercial Banks* (Y.J.F. [2018] No. 7), the regulatory policy of differentiated dynamic adjustment of allowances was practiced for joint-stock banks. At the end of the reporting period, the Group's allowance to NPLs and allowance to total loans ratio meet regulatory requirements.

2.3 MAJOR FINANCIAL DATA IN 2024 BY QUARTER

Item	Q1	Q2	Q3	Q4
Operating income	22,114	26,240	22,781	26,011
Net profit attributable to shareholders of the listed company	5,890	6,570	6,051	9,165
Net profit attributable to shareholders of the listed company after deduction of extraordinary profit and loss	5,863	6,558	6,076	9,181
Net cash flows from operating activities	26,709	-24,371	-9,789	49,946

(Unit: RMB1 million)

2.4 OTHER MAIN REGULATORY INDICATORS

Item (%)	Regulatory value	End of 2024	End of 2023	End of 2022
Core tier-1 capital adequacy ratio	≥7.75	9.77	9.16	9.24
Tier-1 capital adequacy ratio	≥8.75	11.70	10.48	11.36
Capital adequacy ratio	≥10.75	13.44	12.23	13.27
Leverage ratio	≥4.125	6.95	6.16	6.76
Liquidity coverage ratio	≥100	149.16	129.43	150.11
Net stable funding ratio	≥100	105.24	105.14	108.61



Item (%)		Regulatory value	End of 2024	End of 2023	End of 2022
	RMB		92.17	90.24	93.81
Loan-to-deposit ratio	RMB equivalent		77.98	64.15	75.34
	RMB and foreign currency		91.61	89.24	93.35
	RMB	≥25	81.87	68.72	65.49
Liquidity ratio	RMB equivalent	≥25	175.34	162.92	303.33
	RMB and foreign currency	≥25	86.46	72.83	70.78
Loan concentration ratio o	f the largest single borrower	≤10	2.51	2.80	2.83
Loan concentration ratio of top 10 borrowers			14.08	14.12	14.31

Notes:

1. Data on the capital adequacy ratios as at the ends of 2024 are calculated pursuant to the *Rules on Capital Management of Commercial Banks* (NFRA No. 4 Decree in 2023) and relevant regulations. Data on the capital adequacy ratios as at the ends of 2023 and 2022 are calculated pursuant to the *Rules on Capital Management of Commercial Banks (Provisional)* (CBRC No. 1 Decree in 2012).

2. Core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio, capital adequacy ratio, liquidity coverage ratio and net stable funding ratio were calculated on a consolidated basis under regulatory criteria.

3. The leverage ratio at the end of 2024 is under the consolidated regulatory standard, while the leverage ratios at the end of 2023 and 2022 are under the non-consolidated regulatory standard.

4. Loan-to-deposit ratio, liquidity ratio, percentage of loans to single largest borrower and percentage of loans to top 10 borrowers were calculated on an unconsolidated basis under the regulatory standards.

5. Percentage of loans to single largest borrower = Total loans to the largest borrower/total capital, net x 100% Percentage of loans to top 10 borrowers = Total loans to top 10 borrowers/total capital, net x 100%

2.5 HONORS AND AWARDS

On 22 January 2024

the Company was awarded the "Market Influence of the Year" and the "Market Innovation of the Year" for 2023 by the China Foreign Exchange Trading System in its 2023 highquality business development evaluation of inter-bank RMB market members.

华夏银行

On 8 February 2024

the Company was named an "Excellent Commodity Clearing Member" by Shanghai Clearing House in its 2023 annual assessment on high-quality development of central clearing and issuance, registration, custody and settlement services.

On 8 May 2024

the Company's "Compliance Rule Base and Compliance Graph System" project won the grand prize, its "Industrial Digital Finance Technology Platform" and "Data Center Network CT" projects won the first prize, and its "Fault Profiling System" and "Enterprise-level Model Management System" won the second prize in the 2023 winner list of technological innovation project and talent awards published by the National IDC Industrial technological Innovation Strategic Alliance (NIISA).

On 18 July 2024

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the Company was named an "Outstanding Organization in Credit Reporting System Data Quality Work 2023" in the selection of outstanding organizations and individuals in the national banks' credit reporting system data quality work for 2023 conducted by the Credit Reference Center of the People's Bank of China.

On 23 July 2024

the Company's cloud computing platform became one of the first platforms certified for the highest level of one cloud with multiple cores management capabilities at the 2024 Trusted Cloud Conference hosted by the China Communications Standards Association (CCSA).

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On 21 November 2024

The Company won the "Best Digital Banking Innovation Award" and "Innovation Award for Integration of Mobile Banking Channels" at the special event of the 20th Digital Finance Joint Promotion Year - Smart Enjoyment 2024 cosponsored by China Financial Certification Authority (CFCA), Digital Finance Joint Publicity Year and cebnet.com.cn.

On 27 September 2024

the Company won the "Top 20 Banks by Comprehensive ESG Performance" at the Banking ESG Development Forum (2024) hosted by CFMC.

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On 22 November 2024

the Company won the "Best Practice Case" at the "Best Practices of Board of Directors of Listed Companies 2024" and the "Best Practices of Sustainable Development of Listed Companies 2024" at the 5th Meeting of Board of Directors & the 2024 Listed companies Sustainable development conference held by China Association of Listed Companies.

2.5 HONORS AND AWARDS

On 5 December 2024

the Company was honored as the "Best Bank in Industrial Digital Finance" at the 9th China Industrial Digital Finance Annual Conference & 9th China Industrial Digital Finance Industry Benchmark Enterprise Awards Ceremony 2024 jointly held by the *Trade Finance* magazine, m.sinotf.com, China Industrial Digital Finance 50 Forum (CIDF50) and China Transaction Banking 50 Forum (CTB50).

On 20 December 2024

the Company was named the "Outstanding Participant in Digital Supply Chain Financial Service Platform" in 2024 at the 2024 Annual Conference for Digital Supply Chain Financial Service Platform held by the PBOC Clearing Center.

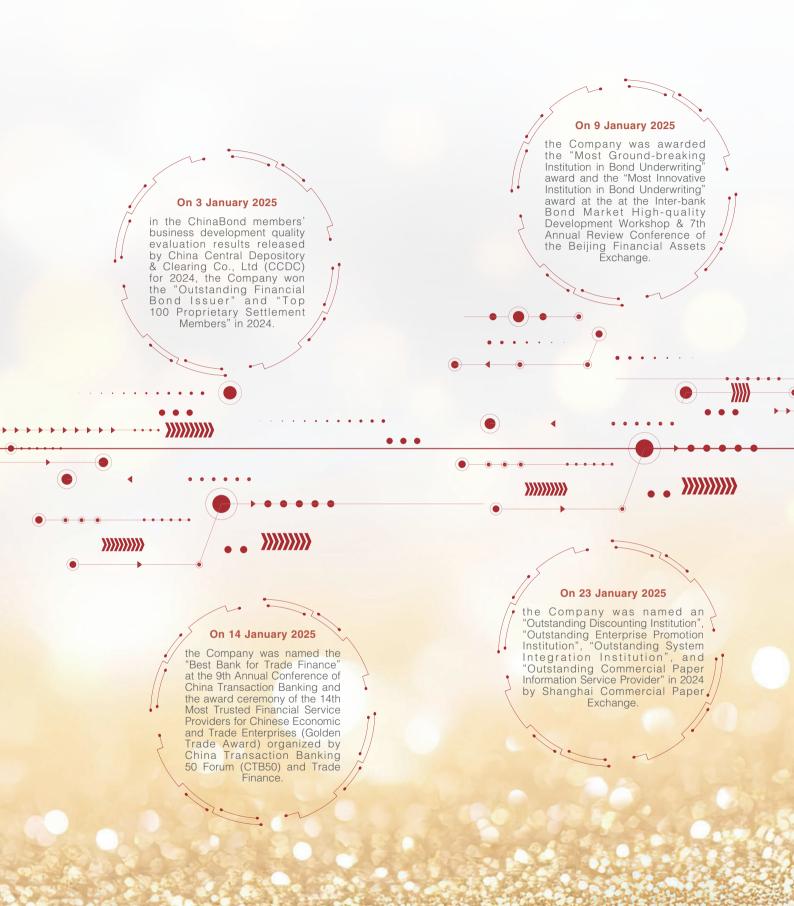
On 24 December 2024

at the 2024 Banking Wealth Management Forum hosted by *China Securities Journal*, Huaxia Wealth Management won the "Golden Bull Award for ESG Investment", and its Fixed Income Enhanced Cycle 30-day Wealth Management Product B won the "Golden Bull Award for Bank Wealth Management Product".

上夏银行

On 31 December 2024

the Company was honored as an "Outstanding Green Bank" in the 2023 annual green bank evaluation of 21 major banks conducted by the China Banking Association.



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SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3.1 BUSINESS OVERVIEW OF THE COMPANY

The Company was founded in October 1992 in Beijing and reorganized into a joint-stock company in April 1996. The Company launched its IPO and went public in September 2003 as China's fifth listed company. As at the end of the reporting period, the Company had set up 44 tier one branches, 78 tier two branches and 963 outlets with 38,300 employees in 120 Chinese cities at prefecture level and above, forming a nationwide service network based on presence in economically central cities. Acting on its five-pronged development philosophy, namely "Innovative, Coordinated, Green, Open and Shared", the Company has defined its ultimate goal as serving the real economy and creating value for customers and shareholders. The Company provides corporate and institutional customers with professional, distinctive and comprehensive financial services, including deposits, loans, investment banking, trade finance, technology finance, green finance, pension finance, internet finance and cash management, and industrial digital finance. The Company provides individual customers with diverse financial products and services, including deposits, loans, debit card, credit card, wealth management, private banking, electronic banking and pension finance, to meet individual' demand for comprehensive financial services. Aiming at operational compliance and innovative development, the Company has continuously pursued coordinated, stable development of financial market, asset management and asset custody, and improved the ability to serve the real economy and customers. Among the Top 1000 World Banks 2023 published by The Banker (UK) in July 2024, the Company ranked 49th by tier-1 capital and 57th by total assets.

3.2 IMPLEMENTATION OF THE COMPANY'S DEVELOPMENT STRATEGIES AND CORE COMPETITIVENESS ANALYSIS

Facing a grim and complex economic and financial situation, the Company remained guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, earnestly studied, publicized and implemented the spirit of the 20th CPC National Congress and the Second and Third Plenary Sessions of the 20th CPC Central Committee and thoroughly implemented the decisions and plans of the CPC Central Committee and the work requirements of Beijing Municipality. It took proactive actions, overcomes difficulties, achieved excellent results in the implementation of plans and took new steps towards high-quality development.

Corporate banking transition advanced steadily, and integrated financial service began to yield results. The Company continued to deepen the hierarchical and categorized customer management system, vigorously developed the corporate customer base and boosted its activity, and further applied the "commercial banking + investment banking" integrated financial service model under the theme of serving the real economy to continuously enhance its customer service capabilities. The Company strengthened the marketing of corporate deposits, kept expanding the sources of deposits, improved the deposit structure, strengthened the pricing management of deposits, stepped up efforts to take settlement deposits and low-cost deposits and vigorously expanded the deposit base of financing customers, institutional customers and non-borrower customers. The Company kept improving the regular support mechanism for key fields and weaker links of the national economy and strengthened credit support for the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, the private sector, manufacturing, strategic emerging industries and rural revitalization. To accommodate the corporate demand for digital transformation, the Company continued to upgrade the treasury management functions, expanded the online service scenarios for corporate clients and enhanced the settlement funds management service. Focusing on the systematic capacity building for investment banking, expanded the size of underwriting, continuously built a matching product system, actively assisted enterprises in cross-border direct financing and improved the corporate wealth management system. Focusing on manufacturing-related financial services and high-level opening-up, trade finance deepened the four integrations of "domestic and foreign trade", "RMB and foreign currencies", "onshore and off-shore", and "settlement + financing + treasury" operations. The industrial digital finance scaled up. The Company made steady progress in the first national project for industrial digital finance, built an agile and flexible matrix-like organizational structure, established a system of core capabilities, and further consolidated the ability to respond quickly to the market and support the stable operation of business. The Company registered a year-on-year growth of 4.74% in number of corporate customers. Corporate loans (excluding discounted bills) grew by 5.83% over the end of the previous year.

Retail finance transition sped up, showing sustained momentum of growth. The Company deepened the tiered and grouped management and service system for retail customers, built a vertical ecosystem of "finance + life" and upgraded the individual customer reward points redemption service system, seeing solid growth in the individual customer base. It further promoted the deposit business' return to its original mission of customer management and service, focused on the integration of digitalization and professionalization, developed an intelligent and scenario-based product matrix, accelerated the technologyempowered deposit taking, expanded the scenarios for attracting customers, and promoted the comprehensive upgrading and transformation of personal deposit business. The Company endeavored to transform the personal loan business, beefed up the property market recovery with the personal housing loan business, expand the scenario layout and fueled consumption upgrading by providing diverse consumer credit services. Under the primary theme of customer management, the wealth management and private banking product offerings were enriched and the professional investment advisory services were enhanced to empower business development. The Company saw growth in total financial assets of wealth management and private banking customers, boosting in-depth development of the wealth management and private banking business. The Company continued to improve the payment and settlement environment and the level of payment convenience, promoted the scenario-based and digitalized development of acquiring business, and optimized the payment environment for transactions involving foreign parties. The credit card business continued to rationalize its structure, incorporated new consumption scenarios and accelerated product innovation. Incorporating consumer scenarios such as culture and tourism, catering, and entertainment, the "Splendid Life" APP, WeChat banking and other self-service channel functions were further optimized to tap deep into the tourism attractions and channel resources with local characteristics. The Company recorded a 1.44% year-onyear increase in balance of personal loans (excluding credit cards), and a 7.55% year-on-year growth in balance of personal deposits. The number of individual customers (excluding credit card holders) rose by 4.24% from the end of the previous vear.



The financial market transition gained steam, contributing more to profits. The Company continued to transform the financial market business and strengthened the market trend analysis. The treasury business dynamically adjusted the trading strategy. The interbank investment further increased standard, online and open product offerings while maintaining compliance. The bills business process was streamlined and the bills product family were continuously improved, reaching record highs in either discounting or trading volume of bills. The financial institution customer service system was deepened. The "Hua Xia e Home" interbank platform functions were improved to enhance the product selling capacity and customer service level. The high-quality development of asset custody services was sped up, with the structure of custody business further improved. With the chain development of custody customers deepened, rapid growth was achieved in securities investment funds, trust assets, and bank wealth management. The asset custody services made increasing contributions to the Bank's overall performance. The innovation in custody business was sped up to develop new growth poles. The digital transition of custody upgraded across the Bank. Huaxia Wealth Management has upgraded the operation mode of its "Wealth Management Factory", kept improving products and services on a customer-centric basis, vigorously expanded sales channels, continuously enhanced investment research capabilities, and actively innovated the asset allocation strategy.

Digital transformation advanced to fortify the foundation of intelligent banking. The Company continued to strengthen the digital technology's ability to empower and serve business development and boost the efficiency of digital management. The digital customer management capabilities were continuously enhanced. The Company promoted the Hua Xia Treasury Cloud, created a business loan module of the personal mobile banking APP, launched an enterprise-level product management platform and optimized multi-channel customer reach features such as mobile banking and remote banking. The efficiency of digital management was continuously enhanced. The Company promoted the digital transformation of outlets, continuously optimized the digital cockpit for operation and management, continuously improved the automation level of RMB clearing, comprehensively promoted digital confirmations business and continuously strengthened the digital risk control capabilities. The supporting capacity of digital technology was steadily enhanced. The new-generation core system was further built, the enterprise-level cloud platform with "one horizontal, five verticals and two technology stacks" was promoted, and a quantum finance cloud platform based on the integration of multiple computing powers was created. A digital talent system was advanced to establish a hierarchical and categorized digital training system. The foundation of digital capabilities was gradually cemented, with the systematic management of data assets strengthened, a unified management and governance system.

The coordinated development of key regions brought about numerous bright spots in serving the economic growth of various regions. Integrated financial services were provided for SOEs and central SOEs based in Beijing and key projects in the capital city, adhering to serving the development of the capital in the new era. In supporting the capital-based tech innovation enterprises, the Company launched distinctive products such as "Research and Development Loan", "Tech Innovation Easy Loan", and "Share Purchase and Buyback Loan". It actively connected with platforms including the Zhongguancun Hi-Tech Industry Promotion Center to expand the coverage of financial services for technology innovation. The Company actively served the building of an International Consumption Center City and launched promotional events including the "Splendid Hua Xia", "Wonderful Consumption Season" and "Tour Beijing", helping stimulate the consumption potential of the capital city. To serve Beijing's drive for the Model City for Global Digital Economy, the Company launched business systems such as digital RMB payroll service and municipal non-tax services, providing financial support for the digital and intelligent transformation and upgrading of enterprises based in the capital. To further build "a lead bank serving the coordinated development of the Beijing-Tianjin-Hebei Region financially", the Company provided comprehensive investment and financing services for key projects such as the "Hebei Shouheng Agricultural and Sideline Products Logistics Park" for the coordinated development of the Beijing-Tianjin-Hebei Region. The Company promoted the high-quality development of branches in the Yangtze River Delta Integration region, actively integrated into the mainstream of innovative development, added to the competitive advantages in "commercial banking + investment banking", built a new pattern of retail banking transformation, and created a new growth pole for financial market business. Branches in the Guangdong-Hong Kong-Macao Greater Bay Area gained momentum. They focused on mainstream industries and sectors, built a multi-level financial service system, vigorously developed green finance, and created China's first digital project for carbon emissions-backed financing. In boosting connectivity, the Southbound Connect of the Cross-boundary Wealth Management Connect program was approved to open for business, and the underwriting capabilities for overseas bonds were continuously strengthened.

Risk management was steadily advanced and asset quality continued to improve. The Company thoroughly implemented the major decisions and plans of the CPC Central Committee by effectively responding to changes in internal and external risk developments, coordinated serving the real economy with risk prevention and control, and strengthened the lifecycle management of assets. The credit and investment and financing policy system was upgraded and the business structure was continuously improved. The risk appetite transmission mechanism was deepened to ensure that business operations are in line with the overall "prudent" risk appetite. The quality and efficiency of approval work were enhanced to empower the operation and development of branches. The process control of events was continuously deepened to ensure that the overall credit risk is under control. The risk screening and situation assessment in key areas were further intensified, with great importance attached to forestalling and defusing risks in key areas. Focusing on value contribution, the Company further reformed the special assets management system and mechanism. The digital risk control project was accelerated to enhance digital risk control.

Progress was made in group-wide and fine-grained management, and the development vitality was unleashed continuously. The group-wide management was strengthened and the group-wide management mechanism was improved to make the management more systematic and targeted, further unleashing the potential and efficiency of development across the Bank. A Group-wide Collaboration Committee was established and a collaboration and interaction incentive mechanism was set up, ensuring effective transmission of the asset and liability, marketing, and risk control strategies and strengthening the industry research system. The structural adjustment and refining project was implemented, attaching equal importance to internal accumulation and external replenishment of capital. Capital-intensive activities were effectively controlled, and RMB60 billion of perpetual bonds were successfully issued, further improving the structure of assets, liabilities and income. Lean costing was strengthened, reorienting middle and back offices from cost to value. The outlet compliance and input/output evaluation were regularly conducted to enhance the operating efficiency of outlets.

3.3 DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

3.3.1 External environment and industry developments

In 2024, the global economy showed a gradual recovery amid fluctuations. Inflationary pressure eased somewhat, but the economic growth remained low. China's economy maintained steady growth in general despite a number of challenges, including lack of effective demand, switchover of growth drivers and emergence of risks and hidden dangers in some fields. The monetary policy shifted from prudent to moderately easy, and the fiscal policy, while remaining moderately expansionary, attached greater importance to improving quality and efficiency. The internal drivers for economic recovery were continuously strengthened. The banking industry continued to rationalize the credit structure and enhanced the quality and efficiency of serving the real economy across the board. Overall, the banking industry showed the development characteristics of "mild expansion in size, moderated decline in interest spreads and stable quality of assets". Commercial banks steadily advanced the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, and persistently increased credit supply for key areas and weaker links in support of the incubation and development of new quality productive forces.

3.3.2 Overview of the Bank's operating results

During the reporting period, the Group adhered to the overarching principle of seeking progress while maintaining stability. Centering on the requirements of high-quality development, the Group deepened the group-wide, fine-grained and differentiated management across the board, continuously strengthened the implementation of strategies and managed to deliver positive results on all fronts of work, demonstrating solid improvements in operating results.

The balance sheet expanded steadily. At the end of the reporting period, the Group's total assets reached RMB4,376,491 million, an increase of RMB121,725 million or 2.86% over the end of the previous year; total loans increased by RMB56,734 million or 2.46% to RMB2,366,317 million; and deposit balance increased by RMB21,425 million or 1.01% to RMB2,151,370 million.

The quality and efficiency of operations were further boosted. During the reporting period, total profit stood at RMB35,879 million, a year-on-year increase of RMB440 million or 1.24%. The net profit attributable to shareholders of the listed company was RMB27,676 million, a year-on-year increase of RMB1,313 million or 4.98%.

Asset quality tended to stabilize and improve. As at the end of the reporting period, the Group's balance of NPLs stood at RMB37,914 million, a decrease of RMB591 million or 1.53% from the end of the previous year. The NPL ratio was 1.60%, down 0.07 percentage points from the end of the previous year. Allowance to NPLs was 161.89%, up 1.83 percentage points over the end of the previous year.

3.3.3 Enhancing the intensity and efficiency of work on the "five priorities"

During the reporting period, the Company resolutely implemented the decisions and plans of the CPC Central Committee for the five priorities of financial work, namely, technology finance, green finance, inclusive finance, pension finance and digital finance, actively practiced the political and people-oriented nature of financial work, strictly implemented regulatory requirements, coordinated fostering new growth drivers with renewing old ones, and exerted every effort to drive the growth of new quality productive forces. The Company took solid steps on the "five priorities", strengthened top-level design, established and improved working mechanisms, set up dedicated teams, accelerated business development and stepped up efforts to serve the real economy, thereby joining the drive to the building China into a financial powerhouse through high-quality development.

Technology finance

The Company strengthened top-level design and strategic coordination, incorporated technology finance into its fiveyear development plan, formulated special action plans, established special teams for technology finance services at the Head Office and branches, defined development goals, and endeavored to improve the technology finance service system. Focusing on the clusters of tech firms, the Company accelerated the building of technology sub-branches and techfeatured sub-branches in the areas where tech firms are concentrated. The allocation of credit resources and preferential loan pricing for tech firms were stepped up. The Company created an expedited approval channel and developed credit approval guidelines for tech firms, continuously improved the rating system applicable to tech firms and kept strengthening the credit support for small and medium-sized tech firms, high-tech firms, SRDI enterprises, national technology innovation demonstration enterprises, and specialist "champion manufacturers". The Company innovatively launched the R&D loan products and promoted the application of products featuring the coordination of investing and lending, including the investment-linked loans and option loans. Group-wide coordination was strengthened to provide "equity + debt" integrated financial services for high-quality tech firms and offering diverse and lifecycle financial support to tech firms. As at the end of the reporting period, the Company had 5,945 customers with outstanding tech firm loans, up 23.49% from the end of the previous year. The balance of tech firm loans reached RMB159,114 million, up 7.20% from the end of the previous year.



Box 1: Developing a Technology Finance Service Model at a Faster Pace Featuring "Specialization, Refinement, Differentiation and Innovation"

In terms of "specialization", the Company accelerated the formation of "professional and dedicated" teams for technology finance. Professional teams were set up at three levels (i.e. sub-branches, branches and Head Office) to serve the growth of technology enterprises, fully manifesting the specialization of personnel, products and assessment, and continuously improving the quality and efficiency of services for technology enterprises.

In terms of "refinement", the capability of "precise and sophisticated" technology finance risk control was continuously enhanced. The capability of technology enterprise research was enhanced by developing precise and sophisticated tech firm risk assessment model based on the analysis of financial position, business operations and market environment of tech firms leveraging on big data and other technologies, so as to achieve reasonable risk pricing.

In terms of "differentiation", the Company continued to develop innovative products dedicated to technology finance with "specialties and characteristics". Focus on key areas of technological innovation, group-wide resources were integrated and coordinated to provide "equity + debt" integrated financial services for tech firms by building the Company into an "integrator of financial resources", offering lifecycle financial support to tech firms.

In terms of "innovation", ongoing innovation was carried out to develop "new concepts and new models" of serving technology finance. The Company built a symbiotic partner ecosystem involving the government, enterprises, research organizations, investment institutions and professional intermediaries, and provided a relay-like financial service model of "direct financing + indirect financing + capital market" for tech firms through an integrated service of investment banking and commercial banking. The Group's resource endowments including financial leasing and wealth management were fully utilized to unleash the synergistic effect and empower the faster growth of tech firms.

Green finance

The Company deepened the green finance strategy, formulated a comprehensive, coordinated, prudent, orderly, categoryspecific and innovation-driven action plan for green finance, and continued to carry out ecosystem-based marketing in key areas. Differentiated green loan marketing strategies were formulated in line with regional characteristics. Green loans for key industries such as energy conservation and environmental protection, and clean energy grew rapidly. Financial standards for the transition of industrial parks were developed to serve their green and low-carbon transformation. The Company contributed to the beautiful China initiative and provided stronger financial support for biodiversity conservation. Continuous improvements were made in such products and services as green loans, green investment, underwriting of green debt financing instruments, green leasing, green wealth management and green consumption. Continuous breakthroughs were made in the product and service model innovation, and the Group's green finance service capabilities were continuously enhanced. The environmental, social and governance (ESG) risk management system was improved and the ESG and climate risk control capabilities of credit business were enhanced. ESG risk was incorporated as a single and separate risk into the enterprise risk management system, and assigned a separate risk appetite and risk management strategy. The climate risk and transition risk stress tests and physical risk stress tests were carried out. The independent green finance information management system developed inhouse by the Company went live across the board, significantly enhancing the digital management capacity for green finance. At the end of the reporting period, outstanding green loans were RMB302,799 million, up 12.45% from the end of the previous year, representing a growing share in total loans. Outstanding loans for the energy conservation and environmental protection industry amounted to RMB49,125 million, up 34.19% from the end of the previous year. Outstanding loans for the clean energy industry stood at RMB46,371 million, up 25.27% from the end of the previous year. Outstanding loans for the clean production industry stood at RMB10,244 million, up 12.73% from the end of the previous year. Outstanding loans for the green upgrading of infrastructures stood at RMB153,516 million, up 6.00% from the end of the previous year.

Inclusive finance

The Company kept pace with the ongoing technological revolution and industrial transformation, reshaped the pattern of inclusive finance services through digital inclusiveness, improve the modern financial system with high adaptability, competitiveness and inclusiveness with a focus on specific customer groups including micro and small businesses, "agriculture, rural areas and farmers", new urban residents and workers in new forms of employment, and increasingly added luster to the brand of "SME financial service provider". Upholding the principle of "customer-centric" principle, the Company enhanced its market sensitiveness and customer service insights, carry out product innovation and service optimization around customer needs, kept improving the adaptability of inclusive finance services, and met the diverse financial needs of micro and small businesses. Adhering to the path of sustainable development, the Company harmonized both "political issues" with "development issues", and promoted the inclusive business transition towards higher quality and efficiency in a bid to obtain reasonable returns in high-quality development. Adhering to systematic thinking, the Company established a "holistic" mindset for Bank-wide planning. The Head Office strengthened the mechanisms for strategic coordination, resource allocation, credit policies and talent development. Branches developed region-specific operating mechanisms, product innovation, technology finance, risk management and team building. In this way, inclusive finance became more systematic, integrated and synergistic. Adhering to digital transformation, the Company promoted digital transformation in an integrated and in-depth manner in terms of risk control, marketing, business development and services. A fully digital operation mechanism for inclusive finance was developed to optimize service models, enhance service efficiency and reduce operating costs, thereby continuously improving customer experience and boosting the quality and efficiency of financial services. Adhering to group-wide collaboration, the Group's resource advantages were leveraged to expand the depth and breadth of inclusive finance development, enhanced business collaboration between banking and non-banking entities with an orientation to integrated services, innovated financial products and service models for micro and small businesses, and continuously strengthened the integrated financial service's support for micro and small businesses. As at the end of the reporting period, the Company's balance of micro and small business (MSB) loans recorded RMB601,526 million, an increase of RMB16,553 million or 2.83% over the end of the previous year. Thanks to efforts to rebalance the customer base and eliminate inactive accounts, the number of MSB borrowers was 498,900, a decrease of 61,900 from the end of the previous year or 11.05%. As at the end of the reporting period, the Company's balance of inclusive MSB loans recorded RMB182,633 million, an increase of RMB7,622 million or 4.35% over the end of the previous year, 1.53 percentage points above the growth of total loans (domestic, excluding bills financing). The number of inclusive MSB loan customers was 404,700, up 52,900 or 15.04% compared with the end of the previous year. The annualized interest rate of inclusive MSB loans was 4.69%, down 46 bps from the previous year. The non-performing ratio of inclusive MSB loans was 1.21%, indicating a stable and controlled risk level in general.

Pension finance

The Company fully implemented the national strategy of responding proactively to population aging and took solid steps for pension finance as a priority of financial work. With a focus on the "trinity" of pension finance, elderly care service finance and elderly care industry finance, the Company moved faster to build pension finance service system under the overarching principle of "closely following policies, getting close to the market, selectively supporting the best, and actively exploring". Pension finance was included in the five-year development plan with enhanced overall planning and greater strategic importance. A special action plan was developed and a leading group was set up for pension finance, clarifying the work approach, quantitative goals and specific measures. An expedited credit approval channel was created to ensure efficient approval for key projects in the field of pension finance. The product line was enriched by optimizing the "Hua Xia Care" pension finance product series and developing personalized and one-stop financial service plans such as "commercial banking + investment banking", "on-balance sheet + off-balance sheet", "RMB + foreign currencies" and "basic accounting services + value maintenance an enhancement" for key customers. The Company extended services to upstream and downstream industrial chains of key customers and actively explored new models of financing services.

The Company actively implemented the national individual pension policy. It expanded service channels, strengthened cooperation with leading Internet platforms, and collaborated with external channels in effective channeling of customer services. Customers were provided with such services as pension account opening, depositing and investing through the Company's own channels, including Pension H5, mobile banking, WeChat applet, personal online banking, smart counters and branch counters. A number of channels, internal and external, were coordinated to provide sound pension customer service. Product supply was enriched. The spectrum of pension finance products covering deposits, funds and insurance was expanded, the minimum subscription amount for Elderly Care pension deposits was lowered, and more high-quality pension funds and pension insurance products were selected to continuously enrich the supply of pension products. The customer base was expanded faster. Branches were organized to establish a reserve of pension customers and introduce pension finance services to the target pre-retirement customer group to enhance customer recognition. After the nationwide implementation of the individual pension business, a number of individual pension reservation customers opened their individual pension accounts. As at the end of the reporting period, the Company had cumulatively opened 593,200 individual pension fund accounts, an increase of 83.88% over the end of the previous year. The pension finance service level was enhanced across the board. The "Elderly VCare" pension asset allocation salon events were carried out, providing customers with high-quality pension planning with a professional team and considerate services. The "FireEye" risk control system for monitoring unusual transactions in mobile banking were created for elderly customers and the "Safekeeper" household financial services were provided to enhance the security of accounts. Individual pension finance training and education were provided through online and offline channels for a large number of elderly customers, thereby fostering their scientific outlook on pension investment. Pension finance services were provided for over 7 million elderly customers.

Digital finance

The Digital Finance Management Department was established to coordinate the work on digital finance. With a focus on serving the digital economy industry and digital transformation, the key tasks in the action plan for digital finance were effectively carried out. Service approaches were refined to support digital industrialization and expand service channels for integration into industrial digitalization. The Company supported the development of digital industrial clusters in the automotive sector, carried out the "Digital Credit Link for Distributors" business and developed online functions for a full range of operations, including digital model approval, online loan disbursement and online repayment. The Company made a foray into intelligent education, fully promoted the "bank + school" model, created a link with the intelligent education platform, and expanded online bill payment and other acquiring services. The Company promoted financial services for new urban residents, and launched the "New Urban Resident Elite Loan, providing financial support for new urban residents in employment, housing, consumption, training, child education, health care and elderly care. The fresh development of digital economy was supported with high-quality digital financial service. As at the end of the reporting period, the Company served 93,658 customers in core sectors of the digital economy was RMB81,759 million, up 30.56% over the end of the previous year.



3.4 INCOME STATEMENT ANALYSIS

During the reporting period, the Group realized net profit of RMB28,196 million, a growth of RMB1,351 million or 5.03% over the previous year.

Item	2024	2023	Increase/ (decrease)	Growth (%)
Operating income	97,146	93,207	3,939	4.23
- Net non-interest income	62,063	70,442	-8,379	-11.89
- Net non-interest income	35,083	22,765	12,318	54.11
Operating expenses	61,204	57,764	3,440	5.96
- Tax and surcharges	1,069	1,066	3	0.28
- General and administrative expenses	28,954	29,236	-282	-0.96
- Impairment losses on credit and other assets	28,791	25,967	2,824	10.88
- Other business costs	2,390	1,495	895	59.87
Net non-operating income and expenditure	-63	-4	-59	N/A
Total profit	35,879	35,439	440	1.24
Income tax	7,683	8,594	-911	-10.60
Net profit	28,196	26,845	1,351	5.03

Extraordinary profit and loss items and amounts

(Unit: RMB1 million)

(Unit: RMB1 million)

Item	2024	2023	2022
Profit/loss from the disposal of assets	24	39	-3
Government subsidies recorded in profit or loss	63	159	78
Other net operating income and expenses	-48	-44	-139
Total extraordinary profit and loss	39	154	-64
Less: Income tax influence of extraordinary profit and loss	34	60	34
Extraordinary profit and loss, net	5	94	-98
Less: Influence of extraordinary profit and loss attributable to minority shareholders of the Company, net (after-tax)	7	4	1
Extraordinary profit and loss attributable to ordinary shareholders of the Company	-2	90	-99

Note: The extraordinary profit and loss are identified and calculated in accordance with the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss (2023 Revision).*

3.4.1 Operating income

During the reporting period, the Group recorded RMB97,146 million in operating income, of which net interest income accounted for 63.89% and net non-interest income accounted for 36.11%. The table below sets out the composition of operating income of the Group in the past three years.

Item (%)	2024	2023	2022
Net non-interest income	63.89	75.58	79.20
Net fee and commission income	5.60	6.87	11.05
Other net incomes	30.51	17.55	9.75
Total	100.00	100.00	100.00

Breakdown of operating income by geography

(Unit: RMB1 million)

Regions	Operating income	Change compared with previous year (%)	Operating profit	Change compared with previous year (%)
Beijing-Tianjin-Hebei Region	43,432	18.10	15,994	65.79
Yangtze River Delta	19,503	-3.77	11,343	-7.34
Guangdong-Hong Kong-Macao Greater Bay Area	6,084	-6.83	-592	-126.97
Central and Eastern China	10,497	-8.73	4,059	16.20
Western China	8,765	-13.45	3,827	-16.73
Northeastern China	977	-27.90	-2,814	-3,031.25
Subsidiaries	7,878	8.21	4,112	8.10
Offset among segments	10	N/A	13	N/A
Total	97,146	4.23	35,942	1.41

During the reporting period, there were no major changes in profit composition, principal operation and structure, or profitability of principal operation from the previous reporting period.



3.4.2 Net non-interest income

During the reporting period, the Group realized net interest income of RMB62,063 million. The table below sets out the average balances and average interest rates of the Group's interest-earning assets and interest-bearing liabilities.

Interest-generating assets, interest-bearing liabilities and average interest rates

					(ont.	RMB1 million)
		2024			2023	
Item	Average balance	Interest	Average interest rate (%)	Average balance	Interest	Average interest rate (%)
Interest-generating assets:						
Loans and advances to customers	2,320,206	101,727	4.38	2,271,112	107,644	4.74
Balances with central banks	155,465	2,173	1.40	171,455	2,545	1.48
Peer assets	195,240	4,510	2.31	215,015	4,702	2.19
Financial investments	1,222,486	38,073	3.11	1,217,919	40,720	3.34
Total interest-generating assets	3,893,397	146,483	3.76	3,875,501	155,611	4.02
Interest-bearing liabilities:						
Deposits taking	2,059,471	40,357	1.96	2,073,981	42,748	2.06
Due to central banks	161,966	4,041	2.49	134,173	3,568	2.66
Debt obligations payable	596,163	14,854	2.49	576,172	15,443	2.68
Peer liabilities and others	1,113,369	25,168	2.26	1,004,396	23,410	2.33
Total interest-bearing liabilities	3,930,969	84,420	2.15	3,788,722	85,169	2.25
Net non-interest income		62,063			70,442	
Net interest spread			1.61			1.77
Net interest margin			1.59			1.82

The table below sets out the changes in the Group's net interest income resulting from changes in the scale and interest rate factors.

		2024 over 2023	
Item	Scale change	Interest rate change	Total
Interest-generating assets:			
Loans and advances to customers	2,327	-8,244	-5,917
Balances with central banks	-237	-135	-372
Peer assets	-432	240	-192
Financial investments	153	-2,800	-2,647
Change of interest income	1,811	-10,939	-9,128
Interest-bearing liabilities:			
Deposits taking	-299	-2,092	-2,391
Due to central banks	739	-266	473
Debt obligations payable	536	-1,125	-589
Peer liabilities and others	2,540	-782	1,758
Change of interest expenses	3,516	-4,265	-749
Change of net interest income	-1,705	-6,674	-8,379

3.4.2.1 Interest income

For the reporting period, the Group realized net interest income of RMB146,483 million, a decrease of RMB9,128 million or 5.87% over last year.

			(Uni	t: RMB1 million)
Item	2024	Percentage (%)	% change	2023
Interest income from loans and advances to customers	101,727	69.45	-5.50	107,644
Interest income from financial investments	38,073	25.99	-6.50	40,720
Interest income on due from central banks	2,173	1.48	-14.62	2,545
Interest income on peer assets	4,510	3.08	-4.08	4,702
Total	146,483	100.00	-5.87	155,611





Interest income from loans and advances to customers

The Group realized RMB101,727 million of interest income from loans and advances to customers for the reporting period, a decrease of RMB5,917 million or 5.50% from last year, primarily because of a lower average rate of return on loans and advances to customers. The table below sets out the average balances and average interest rates of the Group's interest income from loans and advances to customers by business type and maturity structure.

By business type

					(,
		2024			2023	
Category	Average balance	Interest income	Average interest rate (%)	Average balance	Interest income	Average interest rate (%)
Corporate loans	1,624,557	61,719	3.80	1,569,453	65,687	4.19
Personal loans	695,649	40,008	5.75	701,659	41,957	5.98
Total	2,320,206	101,727	4.38	2,271,112	107,644	4.74

Note: Corporate loans include discounted bills.

By maturity structure

(Unit: RMB1 million)

(Unit: RMB1 million)

		2024			2023	
Category	Average balance	Interest income	Average interest rate (%)	Average balance	Interest income	Average interest rate (%)
General short-term loans	826,938	38,482	4.65	765,179	37,258	4.87
Medium and long-term loans	1,493,268	63,245	4.24	1,505,933	70,386	4.67
Total	2,320,206	101,727	4.38	2,271,112	107,644	4.74

Note: General short-term loans include discounted bills.

Interest income from financial investments

During the reporting period, the Group recorded RMB38,073 million in interest income from financial investments, down RMB2,647 million or 6.50% from the previous year, mainly due to lower average rate of return on financial investments.

Interest income on due from central banks

The Group's interest income on due from central banks for the reporting period stood at RMB2,173 million, a drop of RMB372 million or 14.62% from last year, mainly due to the decrease in balances with central banks and average rate of return.

Interest income on peer assets

For the reporting period, the Group recorded RMB4,510 million in interest income from interbank business, down RMB192 million or 4.08% from the previous year, mainly due to the contraction in interbank business.

3.4.2.2 Interest expenses

During the reporting period, the Group recorded RMB84,420 million in interest expenses, a decrease of RMB749 million or 0.88% from the previous year, mainly due to the decline in average cost ratio of interest-bearing liabilities.

Interest expenses on deposits taken

During the reporting period, the Group's interest expenses on deposits taken were RMB40,357 million, a decrease of RMB2,391 million or 5.59% from last year, mainly because of a lower average cost ratio of deposits taken.

(Unit:	RMB1	million)
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	2024			2023		
Category	Average balance	Interest expense	Average interest rate (%)	Average balance	Interest expense	Average interest rate (%)
Corporate demand deposits	517,123	4,536	0.88	564,360	6,317	1.12
Corporate time deposits	1,014,724	25,854	2.55	1,003,374	25,994	2.59
Personal demand deposits	148,150	234	0.16	140,122	295	0.21
Personal time deposits	379,474	9,733	2.56	366,125	10,142	2.77
Total	2,059,471	40,357	1.96	2,073,981	42,748	2.06

Interest expenses on due to central banks

During the reporting period, the Group's interest expenses on amounts due to central banks were RMB4,041 million, an increase of RMB473 million or 13.26% from last year, mainly because of the increase in amounts due to central banks.

Interest expenses on debt obligations payable

During the reporting period, the Group recorded RMB14,854 million in interest expenses on debt obligations payable, a decrease of RMB589 million or 3.81% over the previous year, mainly due to a lower average cost ratio of debt obligations payable.

Peer liabilities and other interest expenses

For the reporting period, the Group recorded RMB25,168 million in interest expenses on peer liabilities and others, an increase of RMB1,758 million or 7.51% from the previous year, mainly due to the bigger size of interbank liabilities.



3.4.3 Net non-interest income

(Unit: RMB1 million)

Item	2024	2023	Increase/ (decrease)	Growth (%)
Net fee and commission income	5,443	6,402	-959	-14.98
Investment gains	15,700	9,425	6,275	66.58
Gains on changes in fair value	7,912	2,609	5,303	203.26
Exchange gains	770	548	222	40.51
Other operating income	5,156	3,623	1,533	42.31
Gains on asset disposal	24	39	-15	-38.46
Other income	78	119	-41	-34.45
Total	35,083	22,765	12,318	54.11

3.4.3.1 Net fee and commission income

For the reporting period, the Group realized net fee and commission income of RMB5,443 million, a decrease of RMB959 million or 14.98% from last year, primarily because of the decline in fee and commission income on bank cards.

				(Uni	it: RMB1 million)	
	2024			2023		
Item	Amount	Percentage (%)	% change	Amount	Percentage (%)	
Bank card business	4,501	40.31	-9.82	4,991	42.96	
Agency business	2,734	24.49	8.15	2,528	21.76	
Credit commitments	1,391	12.46	-12.90	1,597	13.74	
Custody and other fiduciary services	887	7.94	8.83	815	7.01	
Other business	1,653	14.80	-2.07	1,688	14.53	
Total fee and commission income	11,166	100.00	-3.90	11,619	100.00	
Less: Fee and commission expenses	5,723	_	9.70	5,217	-	
Net fee and commission income	5,443	_	-14.98	6,402	-	

3.4.3.2 Investment income, and gains on changes in fair value and exchange gain

For the reporting period, the Group recorded RMB24,382 million in investment income, gains on changes in fair value and exchange gain, up RMB11,800 million or 93.78% from last year, mainly due to increase in investment income and gains on changes in fair value.

3.4.4 General and administrative expenses

During the reporting period, the Group recorded RMB28,954 million in general and administrative expenses, a decrease of RMB282 million or 0.96% from the previous year, mainly due to the decrease in business expenses. During the reporting period, the cost-to-income ratio was 29.80%, a year-on-year decrease of 1.57 percentage points.

(Unit: RMB1 million)

(Unit: DMR1 million)

		2024			2023		
Item	Amount	Percentage (%)	% change	Amount	Percentage (%)		
Staff remuneration and welfare	16,428	56.74	1.57	16,174	55.32		
Business expenses	7,504	25.92	-11.15	8,446	28.89		
Depreciation and amortization	5,022	17.34	8.80	4,616	15.79		
Total	28,954	100.00	-0.96	29,236	100.00		
Cost-to-income ratio, %		29.80	Down 1.57 percentage points		31.37		

3.4.5 Impairment losses on credit and other assets

During the reporting period, the Group's impairment losses on credit and other assets totaled RMB28,791 million, an increase of RMB2,824 million or 10.88% year-on-year, mainly due to the increase in allowance for impairment losses on financial investments and off-balance-sheet business. The table below sets forth the composition of the Group's impairment losses on credit and other assets and the changes.

	(Unit: RMBT Million			
Item	2024	2023	Increase/ (decrease)	Growth (%)
Loans and advances to customers	25,833	25,520	313	1.23
Financial investments	1,037	-1,383	2,420	N/A
Interbank business	-140	30	-170	-566.67
Projected liabilities	258	-1,015	1,273	N/A
Others	1,803	2,815	-1,012	-35.95
Total	28,791	25,967	2,824	10.88



3.4.6 Income tax expense

(Unit: RMB1 million)

Item	2024	2023
Pre-tax profit	35,879	35,439
Income tax at statutory tax rate of 25%	8,970	8,860
Plus: Tax effect of non-deductible expense	2,624	3,675
Less: Tax effect of tax-exempt income	3,911	3,516
Less: Effect of different tax rates applicable to subsidiaries	_	425
Total	7,683	8,594

3.5 BALANCE SHEET ANALYSIS

3.5.1 Analysis of assets

As at the end of the reporting period, the Group recorded total assets of RMB4,376,491 million, an increase of RMB121,725 million or 2.86% from the end of the previous year, mainly due to increase in the Group's loans and advances to customers and financial investments.

	End of 2024		End of 2023		
Item	Amount	Percentage (%)	Amount	Percentage (%)	
Loans and advances to customers	2,313,356	52.86	2,256,596	53.04	
Financial investments	1,651,055	37.73	1,605,288	37.73	
Cash on hand and balances with central banks	167,699	3.83	202,434	4.76	
Due from and placements with banks and other financial institutions	85,517	1.95	68,072	1.60	
Financial assets purchased under agreements to resell	31,389	0.72	20,157	0.47	
Others	127,475	2.91	102,219	2.40	
Total	4,376,491	100.00	4,254,766	100.00	

Note: Including derivative financial assets, fixed assets, right-of-use assets, intangible assets, deferred income tax assets and other assets.

Overseas assets

At the end of the reporting period, the Group had RMB105,284 million of overseas assets, accounting for 1.71% of total assets.

(Unit: RMB1 million)

3.5.1.1 Loans and advances to customers

At the end of the reporting period, the Group recorded RMB2,366,317 million in total loans and advances to customers, up RMB56,734 million or 2.46% over the end of the previous year. For details of the Group's loans and advances to customers, please refer to the "3.8 Loan Quality Analysis".

3.5.1.2 Financial investments

As at the end of the reporting period, the Group recorded RMB1,645,161 million total financial investments, growing by RMB46,419 million or 2.90% over the end of the previous year, mainly due to increase in fund investment. The table below shows the proportional mix of the Group's financial investments by product.

	End c	of 2024	End c	End of 2023		
Item	Amount	Percentage (%)	Amount	Percentage (%)		
Bond investment	1,165,453	70.84	1,153,977	72.18		
Fund investments	297,975	18.11	194,767	12.18		
Asset management plan of financial institutions	119,813	7.28	145,590	9.11		
Beneficiary rights of assets and others	32,820	2.00	31,789	1.99		
Certificates of deposit with banks and other financial institutions	7,439	0.45	28,057	1.75		
Equity investment	6,233	0.38	6,489	0.41		
Debt financing plans	15,428	0.94	38,073	2.38		
Total	1,645,161	100.00	1,598,742	100.00		
Plus: Accrued interest	17,620	-	19,450	-		
Less: Allowances for impairment losses on debt investments	11,726	-	12,904	-		
Total	1,651,055	-	1,605,288	-		

Financial bonds held

(Unit: RMB1 million)

(Unit: RMB1 million)

	End of	2024
Item	Amount	Percentage (%)
Financial bonds of policy banks	243,753	72.30
Financial bonds of commercial banks	79,665	23.63
Non-banking financial bonds	13,718	4.07
Total	337,136	100.00



Of which, material financial bonds:

(Unit: RMB1 million)

Bond Name	Par value	Annual interest rate (%)	Maturity date	Allowance for impairment losses
Bond 1	7,570	3.07	10 March 2030	_
Bond 2	6,830	2.35	6 May 2034	-
Bond 3	3,530	1.85	24 July 2029	_
Bond 4	3,260	2.64	8 January 2031	_
Bond 5	3,240	3.22	14 May 2026	_
Bond 6	3,150	2.52	25 May 2028	_
Bond 7	3,030	3.26	24 February 2027	_
Bond 8	2,980	4.65	11 May 2028	_
Bond 9	2,900	1.80	23 July 2027	_
Bond 10	2,840	2.67	1 September 2031	_

3.5.1.3 Derivative financial instruments

					(Unit:	RMB1 million)
	E	nd of 2024			End of 2023	
	Contractual/ nominal	Fair v	value	Contractual/ nominal	Fair v	value
Item	amount	Assets	Liabilities	amount	Assets	Liabilities
Foreign exchange forwards	25,955	473	192	20,460	285	257
Foreign exchange swaps	1,273,325	18,207	18,046	432,676	2,943	2,913
Interest rate swaps	245,633	1,084	1,352	133,934	398	550
Option contracts	175,469	293	259	88,210	177	172
Credit risk mitigation warrants	500	_	5	260	_	8
Total		20,057	19,854		3,803	3,900

3.5.1.4 Financial assets purchased under agreements to resell

	End c	of 2024	End of 2023		
Item	Amount	Percentage (%)	Amount	Percentage (%)	
Bonds	25,898	81.76	1,000	4.89	
Bills	5,779	18.24	17,832	87.28	
Certificates of deposit with banks and other financial institutions	-	-	1,599	7.83	
Total	31,677	100.00	20,431	100.00	
Plus: Accrued interest	19	_	33	_	
Less: Allowance for impairment losses	307	_	307	_	
Total	31,389	-	20,157	-	

3.5.1.5 Cash on hand and balances with central banks

At the end of the reporting period, the Group recorded RMB167,699 million in cash on hand and balances with central banks, a decrease of RMB34,735 million or 17.16% from the end of the previous year, mainly due to decrease in the balance of required reserves resulting from the required reserve ratio cut announced by PBOC.

3.5.1.6 Due from and placements with banks and other financial institutions

At the end of the reporting period, the Group registered RMB85,517 million in due from banks and placements with banks and other financial institutions, an increase of RMB17,445 million or 25.63% from the end of the previous year, mainly due to the increase in placements with banks and other financial institutions.

3.5.2 Liability analysis

As at the end of the reporting period, the Group recorded total liabilities of RMB4,010,807 million, up RMB77,803 million or 1.98% from the end of the previous year, primarily due to the increase in debt obligations payable, placements from banks and other financial institutions, deposits taken and due to central banks. The table below shows the proportional mix of the Group's main liability items.

	End of 2024			End of 2023		
Item	Amount	Percentage (%)	Amount	Percentage (%)		
Due to central banks	171,587	4.28	153,561	3.90		
Deposits taking	2,184,137	54.46	2,165,881	55.07		
Due to and placements from banks and other financial institutions	803,231	20.03	781,427	19.87		
Financial assets sold under agreements to repurchase	155,414	3.87	202,827	5.16		
Debt obligations payable	636,989	15.88	592,643	15.07		
Others	59,449	1.48	36,665	0.93		
Total	4,010,807	100.00	3,933,004	100.00		

Note: Others include derivative financial liabilities, staff remunerations payable, tax and fee payable, lease liabilities, projected liabilities and other liabilities.



(Unit: RMB1 million)

(Unit: RMB1 million)

Liability quality management system and quality of liabilities

The Company attaches great importance to liability quality management and has in place a liability quality management system appropriate for the Company's size and complexity of liabilities. First, the organizational structure has been improved. The Board of Directors takes the ultimate responsibility for liability guality management and supervises the Senior Management to effectively manage and control the quality of liabilities. The Senior Management organizes the implementation of liability quality management. Line management departments and branches perform the functions of decision-making, execution and supervision of liability guality management within their respective sphere of responsibility. Second, a system of policies and procedures encompassing strategies, policies, processes, limits and contingency plans and covering the Company and its subsidiaries and domestic and overseas branches has been established to clarify management responsibilities, procedures and methods. The liability guality metrics are in place to monitor and manage the liability business with a full range of factors, under multiple dimensions and throughout the process. Third, the internal control system for liability quality management has been refined. The Company strictly follows relevant laws and regulations and internal policies and procedures, and optimizes the performance assessment system, intensifies internal auditing of liability guality management, highlights the compliance management and risk management requirements and ensures the effective operation of the liability quality management system. Fourth, an information management system is continuously improved and an intelligent asset and liability management system is promoted to provide strong support and guarantee for day-to-day monitoring, measurement, control, analysis and reporting.

During the reporting period, the Company actively implemented the development plan and the asset and liability management strategy to keep enhancing the stability, diversity and cost appropriateness of the sources of liabilities. The Company adhered to the dominant position of deposit growth, increased the proportion of deposits, optimized the deposit structure, strengthened the management of deposit concentration and consolidated the customer base. Various funding channels were used to replenish funds with various maturities by issuing bonds, certificates of deposit with banks and other financial institutions, etc. and maturities of liability products were reasonably distributed in alignment with the structured monetary policy instruments, diversifying the sources of funds. Policy and market developments were closely watched to ensure well-timed adjustments to the structure and maturity of liabilities. The cost management of liabilities was enhanced by developing an incentive policy for low-cost funds and setting limits on high-cost deposits. The management information system was improved for a higher digital and intelligent level, effectively supporting liability quality management. Laws and regulations were strictly followed to ensure authenticity and compliance of the liability business. During the reporting period, the Company saw solid growth of total liabilities with an improved structure, reasonable costs and steady liquidity, manifesting compliance with regulatory requirements.

Next, the Company will continue to strengthen the liability quality management, strengthen the matching management of liability scale and structure, enhance the stability and diversity of liabilities, reasonably control the cost of liabilities, intensify risk control and management, boost the quality and efficiency of the liability business and ensure its compliance and robustness in development.

3.5.2.1 Deposits taken

As at the end of the reporting period, the total deposits with the Group stood at RMB2,151,370 million, an increase of RMB21,425 million or 1.01% over the end of the previous year.

	End c	of 2024	End c	End of 2023		
Item	Amount	Percentage (%)	Amount	Percentage (%)		
Corporate demand deposits	544,903	25.33	601,442	28.24		
Corporate time deposits	909,961	42.30	888,342	41.70		
Personal demand deposits	151,909	7.06	144,310	6.78		
Personal time deposits	399,705	18.58	368,465	17.30		
Other deposits	144,892	6.73	127,386	5.98		
Total	2,151,370	100.00	2,129,945	100.00		
Plus: Accrued interest	32,767	_	35,936	_		
Total	2,184,137	-	2,165,881	_		

(Unit: RMB1 million)

Note: Other deposits include security deposit received, outward remittance, remittances outstanding and others.

3.5.2.2 Financial assets sold under agreements to repurchase

	End c	of 2024	End of 2023		
Item	Amount	Percentage (%)	Amount	Percentage (%)	
Bonds	154,641	99.55	202,261	99.76	
Bills	704	0.45	488	0.24	
Total	155,345	100.00	202,749	100.00	
Plus: Accrued interest	69	_	78	_	
Total	155,414	-	202,827	_	

(Unit: RMB1 million)

(Unit: RMB1 million)

3.5.3 Changes in shareholders' equity

ltem	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Minority interests	Total shareholders' equity
1 January 2024	15,915	39,993	60,737	-803	24,119	48,779	129,839	3,183	321,762
Increase in the reporting period	-	60,000	-	5,577	2,430	1,327	27,676	520	97,530
Decrease in the reporting period	-	39,993	7	-	-	-	13,607	1	53,608
31 December 2024	15,915	60,000	60,730	4,774	26,549	50,106	143,908	3,702	365,684

Reasons for changes in shareholders' equity:

1. Increase and decrease in "other equity instruments" and decrease in "capital reserve" were due to redemption and issuance of perpetual bonds by the Company during the reporting period.

2. "Other comprehensive income" increased due to changes in fair value of financial assets measured at fair value through other comprehensive income during the reporting period.

3. According to the profit distribution plan, the Company set aside surplus reserve and general risk reserve, distributed cash dividends to all of the shareholders and paid interest to holders of perpetual bonds, so "surplus reserve" and "general risk reserve" increased but "retained profit" decreased in the reporting period.

4. The increase of "retained profit" is mainly due to the realization of net profit of the Group during the reporting period.

5. The increase of "minority interests" is mainly due to net profit earned by the Group's non-wholly-controlled subsidiary during the reporting period.

6. The decrease in "minority interests" is due to changes in other comprehensive income of non-wholly-controlled subsidiaries of the Group during the reporting period.

3.6 CASH FLOW STATEMENT ANALYSIS

Net cash inflows from operating activities

The Group's net cash inflows from operating activities registered RMB42,495 million, down RMB210,682 million or 83.22% from the previous year, mainly due to the decline in financial assets sold under agreements to repurchase.

Net cash outflows from investing activities

The Group's net cash outflows from investing activities registered RMB11,164 million, a decrease of RMB256,584 million or 95.83% from last year, mainly due to the increase in proceeds from disposal of investments.

Net cash outflows from financing activities

The Group's net cash outflows from financing activities registered RMB34,707 million, compared with net inflows of RMB28,722 million in the previous year, mainly due to the decrease in cash receipts from issuance of securities.



3.7 MAIN ITEMS WITH OVER 30% CHANGES IN THE COMPARATIVE ACCOUNTING STATEMENTS

(Unit: RMB1 million)

Major accounting item	Reporting period	Increase/ decrease compared with the end of previous year (%)	Main reason
Derivative financial assets	20,057	427.40	Increase in FX swap derivative financial assets
Financial assets purchased under agreements to resell	31,389	55.72	Increase in bonds purchased under agreements to resell
Held-for-trading financial assets	437,994	38.35	Increase in fund investments
Deferred income tax assets	4,885	-48.27	Increase in fair value of financial assets measured at fair value
Derivative financial liabilities	19,854	409.08	Increase in FX swap derivative financial liabilities
Taxes and dues payable	2,234	-35.51	Decrease in corporate income tax payable
Other liabilities	22,835	53.37	Increase in other liabilities
Other equity instruments	60,000	50.03	Issuance of perpetual bonds
Other comprehensive income	4,774	N/A	Changes in fair value of other debt investments and other equity instrument investments

Investment gains15,70066.58 assetsGains on changes in fair value7,912203.26Changes in fair value of held-for-trading financial assetsExchange gains77040.51Increase in exchange gainsOther operating income5,15642.31Increase in leasing gainsProfit/loss from the disposal of assets24-38.46Decrease in gains on asset disposal	Major accounting item	Reporting period	% change	Main reason
Exchange gains77040.51Increase in exchange gainsOther operating income5,15642.31Increase in leasing gainsProfit/loss from the disposal of assets24-38.46Decrease in gains on asset disposalOther income78-34.45Decrease in government subsidies for operating activitiesOther impairment losses on 364-45.35Decrease in other impairment losses on assets	Investment gains	15,700	66.58	Increase in investment gains on held-for-trading financial assets
Other operating income 5,156 42.31 Increase in leasing gains Profit/loss from the disposal of assets 24 -38.46 Decrease in gains on asset disposal Other income 78 -34.45 Decrease in government subsidies for operating activities Other impairment losses on 364 -45.35 Decrease in other impairment losses on assets	Gains on changes in fair value	7,912	203.26	Changes in fair value of held-for-trading financial assets
Profit/loss from the disposal of assets 24 -38.46 Decrease in gains on asset disposal Other income 78 -34.45 Decrease in government subsidies for operating activities Other impairment losses on 364 -45.35 Decrease in other impairment losses on assets	Exchange gains	770	40.51	Increase in exchange gains
assets 24 -38.46 Decrease in gains on asset disposal Other income 78 -34.45 Decrease in government subsidies for operating activiti Other impairment losses on 364 -45.35 Decrease in other impairment losses on assets	Other operating income	5,156	42.31	Increase in leasing gains
Other impairment losses on 364 -45.35 Decrease in other impairment losses on assets		24	-38.46	Decrease in gains on asset disposal
364 -45.35 Decrease in other impairment losses on assets	Other income	78	-34.45	Decrease in government subsidies for operating activities
		364	-45.35	Decrease in other impairment losses on assets
Other business costs 2,390 59.87 Increase in other business costs	Other business costs	2,390	59.87	Increase in other business costs
Non-operating income 112 -32.53 Decrease in non-operating income	Non-operating income	112	-32.53	Decrease in non-operating income

3.8 LOAN QUALITY ANALYSIS

3.8.1 Five-tier loan classification

In accordance with the Rules on *Risk Classification of Financial Assets of Commercial Banks* issued by the former CBIRC and PBOC, the Group classified loans into five categories according to risk level, namely, pass, special mention, substandard, doubtful, and loss, of which pass and special mention loans are regarded performing, while the last three categories are regarded as non-performing loans.

During the reporting period, the Group kept the quality of loans stable overall. As at the end of the reporting period, the balance of special mention loans stood at RMB61,034 million, a decrease of RMB2,197 million over the end of the previous year, and accounted for 2.58% of total loans, down 0.16 percentage points from the end of the previous year. The balance of NPLs stood at RMB37,914 million, down RMB591 million over the end of the previous year, and accounted for 1.60% of total loans, down 0.07 percentage points from the end of the previous year.

(Unit: RMB1 million)

		End of 2023			
ltem	Balance	Percentage (%)	Increase/ decrease in balance compared with the end of previous year (%)	Balance	Percentage (%)
Performing loans	2,267,369	95.82	2.70	2,207,847	95.59
Special-mention loans	61,034	2.58	-3.47	63,231	2.74
Substandard loans	18,176	0.77	9.63	16,580	0.72
Doubtful loans	9,154	0.38	-16.30	10,937	0.47
Loss	10,584	0.45	-3.68	10,988	0.48
Total	2,366,317	100.00	2.46	2,309,583	100.00
Performing loans	2,328,403	98.40	2.52	2,271,078	98.33
NPLs	37,914	1.60	-1.53	38,505	1.67

3.8.2 Distribution of loans and NPLs by product type

As at the end of the reporting period, the Group's balance of corporate loans recorded RMB1,568,235 million, an increase of RMB80,309 million or 5.40% over the end of the previous year. The balance of personal loans reached RMB722,027 million, a decrease of RMB2,843 million or 0.39% over the end of the previous year. The balance of discounted bills was RMB76,055 million, a decrease of RMB20,732 million or 21.42%. Specifically, the balance of corporate NPLs stood at RMB24,896 million, down RMB1,345 million, representing a NPL ratio of 1.59%, down 0.17 percentage points from the end of the previous year. The balance of personal NPLs stood at RMB13,018 million, up RMB754 million, representing a NPL ratio of 1.80%, up 0.11 percentage points from the end of the previous year.

(Unit: RMB1 million)

End of 2024				End of 2023				
Product type	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)
Corporate loans	1,568,235	66.28	24,896	1.59	1,487,926	64.42	26,241	1.76
Personal loans	722,027	30.51	13,018	1.80	724,870	31.39	12,264	1.69
Discounted bills	76,055	3.21	_	_	96,787	4.19	_	_
Total	2,366,317	100.00	37,914	1.60	2,309,583	100.00	38,505	1.67

3.8.3 Distribution of loans and NPLs by industry

During the reporting period, facing a complex and volatile economic situation at home and abroad, the Group actively implemented economic development policies and regulatory requirements of the State, firmly grasped the requirements of high-quality financial development, remained focused on serving the development of the real economy and allocated more resources for the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance. Industry classification management was refined and industry risk identification was strengthened. The asset mix was optimally rebalanced at effectively controlled risks.

As at the end of the reporting period, the Group recorded improved quality of loans to manufacturing, wholesale and retail, real estate, electric power, heat, gas and water production and supply and mining. Driven by the risk exposure to some customers, the NPL ratio rose slightly for leasing and commercial services, water conservancy/environment and public facilities management and transportation, warehousing and post industry compared with the end of the previous year.

	End of 2024				End o	f 2023		
Industry	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)
Leasing and commercial services	481,803	20.36	2,465	0.51	451,697	19.56	1,596	0.35
Manufacturing	256,067	10.82	4,767	1.86	234,265	10.14	4,855	2.07
Water conservancy, environment and public facilities management	135,604	5.73	713	0.53	143,314	6.21	516	0.36
Wholesale and retail	135,387	5.72	3,729	2.75	136,057	5.89	4,914	3.61
Real estate	99,208	4.19	3,728	3.76	96,736	4.19	4,071	4.21
Construction industry	93,858	3.97	2,566	2.73	105,762	4.58	2,710	2.56
Electric power, heat, gas and water production and supply industry	87,989	3.72	975	1.11	68,781	2.98	1,511	2.20
Transportation, warehousing and post industry	80,987	3.42	1,720	2.12	65,982	2.86	1,358	2.06
Financial services	62,999	2.66	20	0.03	55,164	2.39	48	0.09
Mining industry	35,973	1.52	1,131	3.14	32,390	1.40	1,782	5.50
Other corporate industries	98,360	4.17	3,082	3.13	97,778	4.22	2,880	2.95
Discounted bills	76,055	3.21	_	_	96,787	4.19	_	_
Personal loans	722,027	30.51	13,018	1.80	724,870	31.39	12,264	1.69
Total	2,366,317	100.00	37,914	1.60	2,309,583	100.00	38,505	1.67

(Unit: RMB1 million)

Note: Other corporate industries mainly comprise agriculture, forestry, animal husbandry and fishery, information transmission, software and IT services, accommodation and catering, culture, sports and recreation, etc.

3.8.4 Distribution of loans and NPLs by geographical area

During the reporting period, the Group actively implemented major national regional strategies and adhered to the regional development strategy of "Three Regions, Two Lines and Multiple Points"¹. On the basis of fully identifying the regional economic and financial environment and the risk management capacity of branches, the Group deepened the implementation of tiered management of branches and continuously promoted the new pattern of coordinated development led by "Three Regions" and supported by "Two Lines and Multiple Points".

As at the end of the reporting period, the Group recorded RMB2,366,317 million in total loans and advances to customers, up RMB56,734 million or 2.46% over the end of the previous year. By total size, the Yangtze River Delta, the Beijing-Tianjin-Hebei Region and Central and Eastern China were the top three regions by outstanding loans, which were RMB726,525 million, RMB529,624 million and RMB362,562 million, accounting for 30.70%, 22.38% and 15.32%, respectively. By growth rate, the Group recorded faster growth in loans for the Western China, the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta, which reached 8.56%, 6.95% and 5.16%, up 0.74 percentage points, 0.48 percentage points and 0.79 percentage points from the end of the previous year, respectively.

As at the end of the reporting period, the Beijing-Tianjin-Hebei Region, the Guangdong-Hong Kong-Macao Greater Bay Area and the Northeastern China saw a rise in the regional NPL ratio over the end of the previous year. Other regions saw the NPL ratio moving lower.

End of 2024					End of 2023			
Geographical area	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)
Beijing-Tianjin- Hebei Region	529,624	22.38	19,438	3.67	560,832	24.28	20,003	3.57
Yangtze River Delta	726,525	30.70	4,761	0.66	690,854	29.91	5,086	0.74
Guangdong-Hong Kong-Macao Greater Bay Area	270,354	11.43	4,185	1.55	252,791	10.95	3,102	1.23
Central and Eastern China	362,562	15.32	3,922	1.08	354,765	15.36	4,692	1.32
Western China	308,983	13.06	3,003	0.97	284,608	12.32	2,907	1.02
Northeastern China	48,668	2.06	1,180	2.42	50,421	2.19	900	1.78
Subsidiaries	119,601	5.05	1,425	1.19	115,312	4.99	1,815	1.57
Total	2,366,317	100.00	37,914	1.60	2,309,583	100.00	38,505	1.67

(Unit: RMB1 million)

¹ Three Regions refer to the Beijing-Tianjin-Hebei Region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area. Two Lines refer to the areas along the Beijing-Guangzhou rail line and Beijing-Shanghai rail line. Multiple Points refer to other key areas.



3.8.5 Distribution of loans and NPLs by guarantee type

As at the end of the reporting period, the Group kept the security structure of loans basically stable. Its unsecured loans accounted for 29.81%, up 2.04 percentage points over the end of last year; its guaranteed loans took a 29.96% share, down 0.19 percentage points from the end of last year; and its collateral-backed loans made up 40.23%, down 1.85 percentage points from the end of last year.

End of 2024				End of 2023				
Guarantee method	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)
Unsecured loans	705,291	29.81	8,336	1.18	641,308	27.77	8,602	1.34
Guaranteed loans	708,969	29.96	9,324	1.32	696,231	30.15	9,541	1.37
Collateral loans	952,057	40.23	20,254	2.13	972,044	42.08	20,362	2.09
– Mortgage loans	712,452	30.11	17,166	2.41	713,081	30.87	16,501	2.31
- Pledged loans	239,605	10.12	3,088	1.29	258,963	11.21	3,861	1.49
Total	2,366,317	100.00	37,914	1.60	2,309,583	100.00	38,505	1.67

(Unit: RMB1 million)

3.8.6 Distribution of loans by overdue period

As at the end of the reporting period, the balance of overdue loans at the Group was RMB40,277 million, with a ratio of 1.70%. Specifically, loans overdue for up to 90 days amounted to RMB13,491 million, accounting for 0.57%, and loans overdue for more than 90 days stood at RMB26,786 million, accounting for 1.13%. The Group adopted prudential classification standards for overdue loans. At the end of the reporting period, the Group's loans overdue for more than 90 days and NPLs accounted for 70.65% of total overdue loans, staying within 100%.

			, in the second s		
	End	of 2024	End of 2023		
Item	Balance	Percentage (%)	Balance	Percentage (%)	
Performing loans	2,326,040	98.30	2,264,276	98.04	
Overdue loans	40,277	1.70	45,307	1.96	
Of which: Overdue for 1 day to 90 days (inclusive)	13,491	0.57	12,019	0.52	
Overdue for 91 to 360 days (inclusive)	13,193	0.56	20,023	0.87	
Overdue for 361 days to 3 years (inclusive)	10,404	0.44	10,061	0.43	
Overdue for more than 3 years	3,189	0.13	3,204	0.14	
Total	2,366,317	100.00	2,309,583	100.00	
Overdue for more than 90 days	26,786	1.13	33,288	1.44	

(Unit: RMB1 million)

Note: Overdue loans include the loans with overdue principal or interest. If the principal or interest of any period of a loan is overdue for one day or above, the whole loan shall be classified as an overdue loan.

3.8.7 Restructured loans

At the end of the reporting period, the book balance of the Group's restructured loans amounted to RMB10,107 million, an increase of RMB2,477 million and accounting for 0.43%, up 0.10 percentage points over the end of the previous year.

	End o	f 2024	End o	f 2023
Item	Amount	Percentage in total loans (%)	Amount	Percentage in total loans (%)
Restructured loans	10,107	0.43	7,630	0.33

3.8.8 Particulars of top 10 borrowers

During the reporting period, the Company strictly controlled the loan concentration risk. The balance of top 10 borrowers amounted to RMB54,702 million, accounting for 2.43% of total loans and 14.08% of net capital at the end of the period, respectively. The balance of single largest legal-person customer loans of the Company was RMB9,742 million, accounting for 0.43% of total loans of the Company at the end of the reporting period and 2.51% of net capital.

(Unit: RMB1 million)

(Unit: RMB1 million)

(Unit: RMB1 million)

	End o	f 2024	End o	f 2023
Item	Balance	Percentage in total loans (%)	Balance	Percentage in total loans (%)
Top 10 borrowers	54,702	2.43	49,130	2.24

3.8.9 Loan migration

Item (%)	End of 2024	End of 2023	End of 2022
Performing loan migration ratio	1.35	1.52	1.37
Special-mention loan migration ratio	27.11	29.37	29.38
Substandard loan migration ratio	64.62	66.76	53.89
Doubtful loan migration ratio	41.09	67.10	50.96

3.8.10 Basic information on repossessed assets

As at the end of the reporting period, the book balance of repossessed assets of the Group amounted to RMB2,133 million, up RMB210 million or 10.92% from the end of the previous year.

	End of	End of 2024 End Allowance for impairment		2023
				Allowance for impairment
Item	Amount	losses	Amount	losses
Repossessed assets	2,133	1,428	1,923	1,479



3.8.11 Charge and write-off of allowance for impairment losses on loans

Item	End of 2024	End of 2023
Balance at the beginning of the period	61,631	63,744
Charge/(reversal) for the year	25,833	25,520
Less: Write-offs and transfer-out in the year	30,432	30,607
Recovery in the year	4,319	2,965
Change in exchange rate	27	9
Balance at the end of the period	61,378	61,631

Charge method for allowance for impairment losses on loans: The Group sets aside allowances for impairment losses on loans based on expected loss model as required by the new accounting standards in the light of customers' probability of default, loss given default, other quantitative risk parameters and macro forward-looking information, and states them in profit or loss.

3.9 CAPITAL ADEQUACY RATIO AND LEVERAGE RATIO

Since 2024, the Group has calculated the capital adequacy ratios pursuant to the *Rules on Capital Management of Commercial Banks* (NFRA No. 4 Decree in 2023) and relevant regulations. Please see the table below for relevant information. For more details, please refer to the *2024 Pillar III Information Disclosure Report of Hua Xia Bank Co., Limited* disclosed by the Company on the Company's website (www.hxb.com.cn).

	(Unit: RMB1 million)
Item	31 December 2024
Capital adequacy ratios	
Net core tier-1 capital	304,366
Net tier-1 capital	364,696
Net capital	418,820
Core tier-1 capital adequacy ratio (%)	9.77
Tier-1 capital adequacy ratio (%)	11.70
Capital adequacy ratio (%)	13.44
Leverage Ratios	
Adjusted on - and off-balance sheet asset balance	5,249,250
Leverage ratio (%)	6.95

Notes:

1. Data for previous periods are calculated pursuant to the *Rules on Capital Management of Commercial Banks (Provisional)* (CBRC No. 1 Decree in 2012), and are not shown in this table any more.

2. The consolidated capital adequacy ratio is disclosed according to the scope of consolidation specified in the *Rules on Capital Management* of *Commercial Banks* (NFRA No. 4 Decree in 2023).

3. The above indicators remain consistent with regulatory standards.

(Unit: RMB1 million)

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3.10 ANALYSIS OF INVESTMENTS

3.10.1 Material equity investments

Material equity investments Holdings in other listed companies

							(Ur	nit: RMB1 million)
Stock code	Stock name	investment	Shareholding percentage (%)	Book value at the end of the period	Return during the reporting period	Change in owner' s equity during the reporting period	Accounting item	Source of shares
V	Visa Inc.	1	0.0003	18.12	0.04	3.38	Other equity instrument investments	Membership fees converted to shares

Holdings in unlisted companies and companies to be listed

(Unit: RMB1 million)

Name	Initial investment cost	Shares held (Million shares)	Shareholding percentage (%)	Book value at the end of the period	Return during the reporting period	Change in owner's equity during the reporting period	Accounting item	Source of shares
National Financing Guarantee Fund Co., Ltd.	1,000	-	1.51	1,000	_	_	Other equity instrument investments	Investment with self-owned capital
China UnionPay Co., Ltd.	81	212.50	2.13	1,928	36.13	_	Other equity instrument investments	Investment with self-owned capital
Kunming Chenggong Hua Xia Rural Bank Co., Ltd.	35	35	70	35	_	_	Long-term equity investments	Investment with self-owned capital
Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd.	35	52.50	70	35	_	_	Long-term equity investments	Investment with self-owned capital
Huaxia Financial Leasing Co., Ltd.	4,920	-	82	4,920	_	_	Long-term equity investments	Investment with self-owned capital
Huaxia Wealth Management Co., Ltd.	3,000	-	100	3,000	_	_	Long-term equity investments	Investment with self-owned capital

Note: The cost method was adopted for accounting of the Group's long-term equity investments. Except actual payments upon investment or announced but unpaid cash dividends/profits in consideration, cash dividends/profits announced by investees for distribution were recognized as return on investment into current profit or loss.



3.10.2 Analysis of major controlling and equity participation companies 3.10.2.1 Huaxia Financial Leasing Co., Ltd.

The company, with a registered capital of RMB10 billion, started operation in April 2013, in which the Company holds an 82% stake. Its business scope covers financial leasing, transfer of financial leasing assets, fixed-income securities investment and acceptance of lease premium from lessees.

As at the end of the reporting period, the company's total assets and net assets were RMB189,857 million and RMB20,147 million, respectively. For the reporting period, the company realized operating income of RMB6,637 million and net profit of RMB2,865 million.

3.10.2.2 Huaxia Wealth Management Co., Ltd.

The company, with a registered capital of RMB3 billion, started operation in September 2020, in which the Company holds a 100% stake. Its business scope covers issuing wealth management products to the public, and investing and managing the investors' assets as trustee, issuing wealth management products to qualified investors and investing and managing the investors' assets as trustee and financial advisory and consulting services.

As at the end of the reporting period, the company's total assets and net assets were RMB5,590 million and RMB5,406 million, respectively. For the reporting period, the company realized operating income of RMB1,164 million and net profit of RMB620 million.

3.10.2.3 Kunming Chenggong Hua Xia Rural Bank Co., Ltd.

The bank, with a registered capital of RMB50 million, started operation in July 2011, in which the Company holds a 70% stake. Its business scope covers deposits taking, extension of loans on a short-term, medium-term and long-term basis, domestic settlement, bill acceptance and discounting, inter-bank lending, bank card business, commissioned issuance, encashment and underwriting of government bonds, agency payment and insurance, etc.

At the end of the reporting period, the bank's total assets and net assets reached RMB603,013,400, RMB76,591,700, respectively. The deposit balance stood at RMB483,097,700 and total loans at RMB370,877,700. For the reporting period, the bank realized operating income of RMB14,635,800 and net profit of RMB228,000.

3.10.2.4 Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd.

The bank, with a registered capital of RMB75 million, started operation in September 2011, in which the Company holds a 70% stake. Its business scope covers deposits taking, extension of loans on a short-term, medium-term and long-term basis, domestic settlement, bill acceptance and discounting, bank card business, commissioned issuance, encashment, underwriting and trading of government bonds, guarantees, etc.

As at the end of the reporting period, the bank's total assets and net assets reached RMB1,813,099,800 and RMB172,234,700, respectively. The deposit balance stood at RMB1,554,120,800 and total loans at RMB1,409,679,900. For the reporting period, the bank realized operating income of RMB63,070,100 and net profit of RMB12,744,200.

3.10.3 Material non-equity investments

During the reporting period, the Company did not make any material non-equity investment.

3.11 OTHER INFORMATION DISCLOSED PURSUANT TO REGULATORY REQUIREMENTS

3.11.1 Interest receivable

According to the *Notice on Amending and Issuing the Formats of Financial Statements for Financial Enterprises in 2018* (C.K. [2018] No. 36), the interest accrued on financial instruments using the effective interest rate method shall be included in the book balance of relevant financial instruments and presented in relevant statement items. Interest due and receivable but not received is stated under "other assets".

Charge of allowance for bad debts of interest receivables:

During the reporting period, the Group examined interest receivable based on the expected credit loss (ECL) model and accrued the allowance for impairment of financial instruments.

Writing-off procedures and policy of bad debts:

As for the items in line with the conditions of writing-off, the Company mainly adopted the procedures of declaration by the branches and approval by the Head Office: relevant departments of branches organized the declaration and review for the bad debts writing-off, submitted to the president panel of branches for review and approval and then reported it to the Head Office; after being reviewed by relevant departments of the Head Office and approved by the Asset Risk Disposal Committee, the items were written off.

In the process of bad debts writing-off, the Company followed the principles of "confirming to identification conditions, providing effective evidence, filing after writing-off, and maintaining recovery rights". After the bad debts were written off, the management responsibility was strictly carried out and diversified methods were adopted in the continuing recourse.

3.11.2 Financial assets measured at fair value

For financial assets stipulated by standard articles and traded on the active market, the Company determines their fair value separately with reference to the buy-in and sell-out prices available on the market.

As for the financial assets without an active market, the Company adopts valuation techniques to determine their fair value. The valuation technologies include using recent far market transactions (if available) voluntarily conducted by parties to transaction familiar with market conditions, using the present fair value of other financial instruments that are substantially the same for reference and discounted cash flow analysis and option pricing models. The valuation technologies should use market parameters where possible. If market parameters are unavailable, the valuation management department shall estimate its and the counterparty's credit risk, market volatility and relevance, regularly review the above estimates and assumptions and make adjustments where necessary.

Item	Amount at the beginning of the period	Changes in fair value through profit or loss in the year	Accumulated changes in fair value through equity	Allowances for impairment losses during the period	Amount at the end of the period
Derivative financial assets	3,803	16,254	-	-	20,057
Loans and advances to customers measured at fair value through other comprehensive income	83,792	_	147	-13	82,199
Held-for-trading financial assets	316,586	8,436	-	-	437,994
Other debt investments	295,408	-	7,766	92	308,592
Other equity instrument investments	6,489	-	-1,919	-	6,233
Total financial assets	706,078	24,690	5,994	79	855,075
Derivative financial liabilities	3,900	-15,954	-	-	19,854
Total financial liabilities	3,900	-15,954	-	-	19,854

(Unit: RMB1 million)

Note: There is no necessary articulation in the table.



3.11.3 Off-balance-sheet items that may have material impact on financial position and operating results

Item	Balance at the end of 2024	Balance at the end of 2023		
Credit commitments	1,052,765	963,960		
Of which:				
Irrevocable loan commitments	22,763	14,095		
Bank acceptance drafts	478,418	420,564		
L/Gs and other payment commitments issued	45,039	29,173		
L/Cs issued	149,497	149,424		
Unused credit card limit	341,821	343,372		
Financial lease commitments	15,227	7,332		
Capital expenditure commitments	8,225	6,854		

The above-mentioned off-balance-sheet items might have impact on the Group's financial position and operating results, which depends on whether the related matters will occur in the future. Under certain conditions in the future, they may be converted to the actual obligation of the Group in accordance with the recognition principle of contingencies.

3.11.4 Gain/loss on asset securitization in the reporting period

During the reporting period, to effectively broaden the disposal channels for personal non-performing assets secured by collateral and improve the quality and efficiency of disposal, the Company sponsored the Longxing 2024 Non-performing Asset-Backed Security (Series 1), with an issue size of RMB386 million.

3.11.5 Innovative products

The Group responded quickly to national policies and market demand. With a focus on the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, the Group gathered strengths to continuously enrich the product and service system on a customer-centric basis and enhance the customer service capabilities.

Corporate banking focused on serving the real economy, seizing policy and market opportunities to promote the innovation of distinctive and digital products. The share purchase and buyback loan was launched to support listed companies and their major shareholders in repurchasing and increasing their holdings of shares, thereby diving healthy development of the capital market. The R&D loan product was introduced to meet the funding needs in relation to the research and development activities of tech firms and enrich the technology finance product offerings. The "Upgrade Express" product was launched to serve the national policy encouraging equipment upgrade and consumer goods trade-in. The Company promoted the indepth integration of industrial chains and digital finance, created the Digital Credit Link series of digital financing products, and developed special digital products targeted at particular application scenarios, such as Auto Sales Loan, Fine Wine Loan, Cold Chain Loan and Receivables Pool Financing. The financial market business launched the bank guarantee product for electronic commercial acceptance bills to meet the customer demand for credit enhancement service, applying a fully electronic process for guarantee application, endorsement and confirmation and improving the efficiency and quality of customer service.

Retail finance deepened technology-driven development and strengthened differentiated, scenario-based product innovation in key areas such as inclusive consumer credit. The personal deposit product line was broadened. Huixiangying, an online deposit product with differentiated USD pricing, and an exclusive deposit product for payroll service customers were issued. Diverse business scenarios were developed in line with market focus. The Company launched payment products including consumer e-wallets, ecosystem e-account, and scenario-based acquiring, created a distinctive product matrix represented by Long e-Loan, Huan Xin e-Loan, and Elite e-Loan, and introduced exclusive unsecured loan products for new urban residents. A flurry of digital products were introduced as well as the personal and corporate digital products for MSBs were launched, and luster was added to the brand of digital residential mortgage products. Bank cards co-branded with KPL Dream Team were issued in collaboration with the Honor of Kings Professional League. The Hua Xia VISA Paris Olympics-themed credit cards were issued. The Hua Xia-Xinbai Environmental Co-branded Credit Card was issued to promote green finance.

Huaxia Wealth Management innovated the equity investment model for technology innovations, removed the bottlenecks on equity investment of wealth management funds and expanded the channels of technology finance services. It issued the Children Dreams philanthropic wealth management products, the Harmonious and Beautiful Countryside wealth management products for delivery workers, and exclusive products for middle-aged and elderly people to enrich the inclusive finance and pension finance product offerings. Huaxia Financial Leasing launched its financial leasing service for the first batch of charging stations and introduced the user-side operating lease for energy storage and the grid-side financial lease. It is deeply rooted in the industry to support the safe, stable and low-cost operation of the power system and enhance the efficiency of green finance services.

(Unit: RMB1 million)

3.11.6 Structured entities controlled by the Company

For the consolidated structured entities of the Group and the interests and rights enjoyed in structured entities excluded from the consolidated financial statements in detail, please refer to Note "XIII. Structured Entities".

3.11.7 Material asset and stock right sales

During the reporting period, the Group did not make any material asset or stock right sales.

3.12 BUSINESS REVIEW

3.12.1 Corporate banking

During the reporting period, the Company unswervingly pursued high-quality development and moved faster to transform corporate banking toward "commercial banking + investment banking". It strengthened support for serving the real economy, kept deposits at the heart of the Bank and remained customer-centric to continuously improve the hierarchical and categorized customer management system, took solid and fine-grained steps for customer management, enhanced the capacity of digital customer management and accelerated the pace of innovation, showing effective transformation of the development model.

Corporate customers

The Company upheld the "customer-centric" core philosophy of operation and development across the board, continued to deepen the hierarchical and categorized customer management system, vigorously developed the corporate customer base and boosted its activity and fortified the customer base by expanding the size and improving the structure of the customer base. Under the theme of serving the real economy, the Company further applied the "commercial banking + investment banking" integrated financial service model to continuously enhance its customer service capabilities, with a focus on key areas including manufacturing, strategic emerging industries, private economy and agriculture. At the end of the reporting period, the Company had 684,500 corporate accounts, an increase of 4.74% over the end of the previous year.

With an orientation to serving the "five priorities" and new quality productive forces, the Company unswervingly served the real economy and maintained close ties to the mainstream industries and leading sectors in the market. The Company signed "headquarters-to-headquarters" strategic partnership agreements with nine corporations and government agencies, including China Energy Conservation and Environmental Protection Group (CECEP), China Banknote Printing and Minting Corporation (CBPM), Beijing Energy Holding Co., Ltd., Western Mining Co., Ltd., Huawei Technologies Co., Ltd. and Nation Healthcare Security Administration, actively deepening the overall business cooperation. As at the end of the reporting period, the Company had 143 Head Office-level strategic customers. The balance of corporate deposits of the above-mentioned customers was RMB175,454 million, averaging RMB184,444 million a day. The balance of corporate loans stood at RMB185,078 million.

Adhering to the technology-empowered approach to scenario-based customer acquisition, the Company continued to deepen the bank-government cooperation, launched distinctive IT projects in key fields including finance, medical insurance, education, tobacco, public security, procuratorates and courts, providing innovative and scenario-based financial service solutions and enhancing the stickiness of customers. The Company proceeded with building the treasury centralized electronic payment system, optimized the non-tax business system of central and local governments, rated as "excellent" by the Ministry of Finance in its comprehensive evaluation of non-tax revenue collection service for the central government for eight consecutive years. The Company furthered its cooperation with the National Healthcare Security Administration, awarded the certificate of "Outstanding Partner in Medical Insurance E-certificate". The Company intensified the development of scenarios for digital RMB application and became qualified for the first batch of digital currency pilot banks in Beijing to handle non-tax payment services on behalf of customers. The institutional customer marketing was further strengthened to expand the ecosphere of institutional customers and comprehensively enhance the service level.

Corporate deposits

The Company strengthened the marketing of corporate deposits, kept expanding the sources of deposits, improved the deposit structure, strengthened the use of product portfolios, strengthened the management of deposit pricing, properly managed the volume and pricing of high-cost deposits, intensified the organization of settlement deposits and low-cost deposits, deepened hierarchical and categorized customer marketing, vigorously expanded the deposit base of financing customers, institutional customers and non-borrower customers, carried out ecosystem-based customer marketing on an ongoing basis and enhanced the customer service capacity. The corporate deposits remained basically stable in size at lowered costs. As at the end of the reporting period, the balance of corporate deposits of the Company fell by 1.08% year-on-year to RMB1,599,171 million. The cost of corporate deposits was 1.99%, down 0.07 percentage points from the end of the previous year.

Corporate loans

Always giving top priority to serving the real economy, the Company implemented the national regional development strategies, kept improving the regular support mechanism for key fields and weaker links of the national economy and strengthened credit support for the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, the private sector, manufacturing, strategic emerging industries and rural revitalization. It closely aligned with the city-specific real estate financing coordination mechanism, promoted the approval and implementation of whitelisted projects under the market-oriented and law-based principle and supported the reasonable financing needs of these projects. As at the end of the reporting period, the Company recorded RMB1,457,694 million in outstanding corporate loans (excluding discounted bills), up 5.83% over the end of the previous year. Outstanding corporate loans (excluding discounted bills) at branches in the Three Regions amounted to RMB958,042 million, up 5.72% compared with the end of the previous year.



Corporate settlement

To accommodate the corporate demand for digital transformation, the Company continued to upgrade the treasury management functions, launched the professional version of Hua Xia Treasury Cloud and the Internet client to accelerate product innovation and promotion. Through digital channels such as client terminals and open interconnection interfaces, the Company provided enterprises with comprehensive financial services including group-wide multi-bank account management, unified payment and settlement, centralized treasury management and fund monitoring, effectively promoted the marketing of key projects in the treasury field and assisted enterprises in the integrated and coordinated operation of business, accounting and funding.

The online corporate service scenarios were continuously expanded to enhance digital service capabilities and intelligent risk control. Corporate internet banking, corporate mobile banking and bank-corporate direct link were further coordinated to enhance the user experience of customers. The Group version of online banking was innovatively launched to accommodate the corporate demand for the digital transformation of financial management and the financial shared service center (FSSC) model. The corporate mobile banking app compatible with Huawei HarmonyOS was released. The online banking limit assessment model based on big data analysis was actively explored to improve the accuracy of account fund risk prevention and control. As at the end of the reporting period, the Company had 467,100 corporate internet banking customers, an increase of 4.55% over the end of the previous year, and the number of monthly active users (MAU) was 279,800, up 2.38% year-on-year. Corporate mobile banking had 183,900 customers, up 10.49% year-on-year.

The management of settlement funds was strengthened and the Company's internet finance settlement product series was further applied. As at the end of the reporting period, the Company's internet finance settlement series products registered 297 new clients, providing services for 2,671 customers from 23 industries such as leasing and commercial services, wholesale and retail, construction and manufacturing, and assisted customers in managing RMB42,092 million of funds in aggregate.

Investment banking

The "commercial banking + investment banking" transition strategy was implemented unswervingly. With a focus on professional capacity building, the investment banking mechanism was improved to strengthen the organizational capacity and deepen business coordination in pursuit of high-quality investment banking. The market competitiveness and customer recognition were further enhanced.

At the end of the reporting period, the Company recorded RMB896,610 million in size of investment banking, up 16.19% yearon-year, and registered 1,736 customers served. Thanks to the persistent efforts to expand the corporate customer base with a better structure and higher level, the domestic underwritings totaled RMB145,288 million (including asset securitizations), ranked 25 among the 86 underwriters².

During the reporting period, the Company's advisory and matchmaking services amounted to RMB423,150 million. The Company kept building five matchmaking products, namely insurance matchmaking, lease matchmaking, brokerage matchmaking, trust matchmaking and equity matchmaking.

The bond underwriting business was oriented to the implementation of major strategies. In implementing the state plans and decisions for "carbon peak and carbon neutrality", the Company accelerated the development of green bond and sustainability-linked bond business. During the reporting period, the Company served as the lead underwriter for RMB1,253 million of green bonds and RMB1,100 million of sustainability-linked bonds. In supporting the development of advanced manufacturing, the Company strengthened the development of technological innovation notes and led the underwriting of technological innovation notes worth RMB7,904 million. In supporting key areas of rural revitalization and contributing to China's drive for a strong agricultural power, the Company intensified the development of rural revitalization bills, and led the underwriting of rural revitalization bills worth 800 million.

In facilitating the corporate access to cross-border direct financing, the Company fully leveraged the collaboration between the Hong Kong branch and domestic branches. During the reporting period, the Company participated in 157 overseas bond underwriting deals with an aggregate size of RMB18,201 million. In implementing the national strategy of green and low-carbon transformation, the Company assisted enterprises in cross-border green and sustainable direct financing, and underwrote 54 green, blue, sustainability and social bonds for 50 enterprises in overseas markets, with an aggregate issue size equivalent to approximately RMB7,680 million.

The corporate wealth management system was improved. The Group gave full play to its hub of collaboration, further implemented the hierarchical customer marketing service mechanism and continuously built a full range of corporate wealth management products to fully meet the wealth allocation needs of corporate customers. At the end of the reporting period, the Company distributed RMB77,909 million of corporate wealth management products, up 40.02% year-on-year.

² Ranked according to the underwritings of bonds published by Wind (NAFMII).

Trade finance

Focusing on manufacturing-related financial services and high-level opening-up, trade finance deepened the four integrations of "domestic and foreign trade", "RMB and foreign currencies", "onshore and off-shore", and "settlement + financing + treasury" operations. The global correspondent banking network has been continuously improved, and the ability to serve the real economy has been further enhanced. The cross-border RMB business was vigorously promoted in response to the policy call for RMB internationalization. During the reporting period, the Company recorded RMB123,086 million in total cross-border RMB receipts and payments, up 20.20% year-on-year.

Box 2: Promoting High-quality Development of Cross-border RMB Business and Enhancing the Ability to Serve the Real Economy

The Company fully implemented the work plans laid out at Central Financial Work Conference and the Third Plenary Session of the 20th CPC Central Committee for expanding high-level opening-up of the financial sector and steadily and prudently promoting RMB internationalization. Always taking financially serving the real economy as the fundamental purpose, the Company enriched the scenarios of cross-border RMB use, actively supported the use of RMB in goods trade, service trade and cross-border investment and financing, and kept increasing the share of cross-border receipts and payments in RMB in the total cross-border receipts and payments in RMB and foreign currencies. During the reporting period, the amount of cross-border receipts and payments in RMB of the Company accounted for 28.52% of the total cross-border receipts and payments in RMB percentage points year-on-year.

Focusing on trade and investment facilitation policies, the Company carried out multi-dimensional, multi-channel and multiform policy promotion events through WeChat official account, self-regulatory mechanism platforms, publicity symposiums and one-on-one visits, helping all market entities understand relevant policies. It also promoted the implementation of facilitation policies, streamlined the cross-border RMB service process and facilitated more business entities in using the RMB in crossborder trade and investment based on the needs of the real economy. Taking the efficient and convenient service for the firsttime users of cross-border RMB services as the entry point, the Company proactively located and explored the cross-border RMB service needs of enterprises. The service capacity was expanded for commodity trade, overseas projects and other key fields in key regions, including the Belt and Road, ASEAN, and RCEP. During the reporting period, the Company recorded RMB123,086 million in total cross-border RMB receipts and payments, up 20.20% year-on-year.

Industrial digital finance

The Company fully promoted theoretical research and innovative practice in industrial digital finance with a focus on expanding the industrial digital finance business and developing it faster into a new feature and new pacesetter of Hua Xia Bank. A multi-dimensional, integrated organizational management system was built, and the theories, organizations, mechanisms and capabilities commensurate with the development of industrial digital finance were established. While maintaining the momentum for rapid business growth, the Company continued to enhance its market influence and industry recognition, providing a solid foundation for securing a favorable market position and achieving high-quality business growth in the fierce competition in the future. The Company steadily advanced the first national research project regarding industrial digital finance. The related tasks in theory development, technological breakthroughs, product creation, platform building, and application pilots were all completed on time and with good quality, and successfully passed the annual review. The Company continued to strengthen the support for sustainable development of industrial digital finance, built an agile and flexible matrixlike organizational structure suitable for digital transformation, and established a framework of six core capabilities, namely project management, product research and development, digital risk control, system development, monitoring and operation, and compliance management. Industrial digital finance persistently enhanced its capabilities of responding quickly to market and supporting stable business operation. As at the end of the reporting period, the Company's industrial digital finance accumulatively served 4,030 ecosystem customers, up 209.05% from the end of the previous year. Specifically, the financing business had 2,521 ecosystem customers, an increase of 283.13% over the end of the previous year, with RMB11,222 million of credit granted accumulatively. The settlement business had 1,509 ecosystem customers, an increase of 133.59% compared with the end of the previous year, with 11,460,600 transactions conducted in an aggregate amount was RMB296,268 million.



3.12.2 Retail finance

During the reporting period, the Company firmly adhered to the retail transformation strategy, continuously improved the product and service system with an orientation to customer demand, strengthened fine-grained management, kept deepening digital transformation and intelligent digital operation, endeavored to enhance the quality and efficiency of serving the real economy and effectively promoted the high-quality development of retail business.

Retail customers

The Company exerted every effort to build a three-tiered service ecosystem composed of the Head Office, branches and sub-branches, deepened the tiered and grouped management and service system for retail customers and upgraded the individual customer reward points redemption service system. First, a three-tiered service ecosystem composed of the Head Office, branches and sub-branches was built. With a focus on "housing, automobile, school, healthcare, travel and shopping", the "finance + life" vertical ecosystem was developed. The "Hua Xia Bank-KPL Dream Team Co-branded Card Launch" was held to build an "Esports + finance" ecosystem. In implementing the policy arrangements for "expanding domestic demand and boosting consumption", the "consumption + finance" ecosystem was developed to build Beijing into an international consumption center city. Branches carried out key ecosystem projects with local characteristics, including the Kunming public rental housing funds supervision, Guiyang culture and tourism, Zhengzhou Didi gas refuel service. Sub-branches tapped deep into the "Three Milometers Around Outlets" to develop distinctive forms of outlet business featuring Esports, family events and elderly care. Second, the tiered service system for retail customers was deepened. A tiered management and service system was built for retail customers, with digital operation carried out for long-tail customers, value chain enhancement promoted for wealth management customers and a professional management system built for private banking customers. The tiered customer services enhanced the customer service level. Third, the individual customer reward points redemption service system was upgraded. Encompassing the entire customer lifecycle, the Company launched dedicated events for key customer groups such as the youth, the elderly and car owners. The reward points redemption system platform was continuously iterated and the event operations were continuously improved. The "Energy Station" reward points redemption platform won the "2024 IAI Financial Marketing Award/Banking Excellence Award" awarded by the Executive Committee of the IAI International Advertising Award. The "Little Dragon Treasure Hunt Series" won the "Bronze Award in Public Relations/ Public Relations Event".

Individual customers showed steady growth. At the end of the reporting period, the Company had 34,163,900 individual customers (excluding credit card holders), up 4.24% from the end of the previous year. Specifically, the Company had 16,600³ private banking customers, up 12.97% over the end of last year, 565,100⁴ consumer credit customers, up 0.18% over the end of last year, 701,000 acquiring customers, up 14.84% over the end of last year.

Personal deposits

In response to market developments, the Company focused on the integration of digitalization and specialization, enhanced the level and efficiency of fine-grained management, and promoted the comprehensive upgrading and transformation of the personal deposit business. The Company accelerated innovation in products and services, built an intelligent and scenario-based product matrix and enhanced the targeted customer service capabilities of products. The Huixiangying USD online product was launched. The Happy Years online special deposit product and the Elderly Care pension deposit product were optimized. The call deposits and the time/demand optional deposit product were moved online. The product series and customization approach for structured deposits were enriched. The Company accelerated the technological empowerment of deposit taking. Oriented to customer experience, the deposit service zones were set up for key customer groups including new customers and payroll customers. Data analysis and monitoring were strengthened. Digital tools were used to predict the growth trends of deposits and organize marketing, further enhancing the efficiency of fine-grained management. As at the end of the reporting period, the balance of personal deposits of the Company stood at RMB550,196 million, up 7.55% from the end of the previous year.

Personal loans

The Company earnestly implemented the national policies to boost consumption, actively practiced the digital development strategy and endeavored to transform the personal loan business. It adapted to the changes in the overall environment, fully implemented the guiding principle from the Central Economic Work Conference that new guality productive forces should be developed, earnestly put into practice the requirements on financial services for new urban residents, and continued to increase personal credit issuance to meet the reasonable credit demand of consumers. First, the personal housing loan business beefed up the property market recovery. The Company strictly implemented the national requirements for the down payment ratio and interest rate, adopted city-specific housing credit policies, fully applied the online home mortgage process, effectively enhanced product competitiveness and business processing efficiency, and efficiently completed the bulk interest rate adjustment for personal housing loans and the conversion of fixed interest rates to floating ones. Second, consumer scenarios were expanded to boost consumption upgrades. In implementing the state policy encouraging consumption upgrading and trade-in of consumer goods, the Company accelerated transformation and increased asset allocation, fully boosting the pioneering role of retail transformation. With a focus on innovation of digital products and services, the Company exerted every effort to develop "Long e-Loan" consumer credit product, moving towards the "five new directions" of new market positioning, new product features, new service experience, new marketing channels and new brand building. The Company actively embraced the transformation and upgrading of new quality productive forces, promoted the development of diverse ecosystem scenarios, attracted customers through such consumer scenarios as platforms and affiliated enterprises and provided diverse personal consumer credit services, playing a sustained and positive role in expanding domestic demand, boosting consumption and ensuring stable growth. As at the end of the reporting period, the balance of personal loans (excluding credit cards) granted by the Company was RMB543,683 million, up 1.44% from the end of the previous year. The balance of personal consumer loans reached RMB111,220 million, up 6.40% from the end of the previous year.

³ Private banking customer means a customer with an average daily AUM worth at least RMB6 million in the previous month.

⁴ Consumer credit customers refer to non-platform consumer credit customers.

Wealth management and private banking

Under the primary theme of customer management, the Company made sustained efforts on tiered operation, product offerings and professional services under the philosophy of asset allocation, boosting in-depth development of the wealth management and private banking business. First, the tiered customer group management was intensified to enhance customer relationship. Focusing on the business logic for wealth management and private banking and the value chain upgrade, the Company accelerated the customer segmentation, strategy guidance, product application and channel operation for the wealth management and private banking customers, effectively enhancing the capability of managing wealth management and private banking clients. Second, the wealth management and private banking product portfolio was improved to meet the asset allocation needs of customers. Through market-based screening, the scope of cooperation was expanded and external partners (e.g. funds, securities companies, trusts and insurers) were selected to build an open platform offering a full spectrum of products to all customer groups. The Bank's first philanthropic wealth management product was launched, and the "Petty Cash Pool" collective cash management product zone was brought on stream. Third, investment advisory services became more professional and accessible. The Head Office-level investment advisor team and expert resources were consolidated to create a Head Office-branch collaboration mechanism for Head Office-level private banking clients. and standard workflows were established for vertical services for key private banking clients. Releasing the private banking service commitment of being "with you all the way", the Company promoted the professional companionship services that run throughout the family lifecycle of private banking clients. The "Hui Xin" project was launched for entrepreneurs that are SRDI enterprises, in a bid to develop comprehensive financial service solutions integrating wealth management, funding and advisory services.

As at the end of the reporting period, the total financial assets of personal customers of the Company stood at RMB1,001,774 million, up 7.42% from the end of the previous year. Due to lower overall fee rate of product distribution, the Bank recorded a net fee and commission income of RMB959 million from wealth management, down 5.65% year-on-year.

Acquiring and payment services

Rooted in the real economy for the public wellbeing, the Company put the "payment for the people" philosophy into action, the Company continued to improve the payment settlement environment and convenience. First, the scenario-based and digital transition of acquiring services were persistently pursued. The cooperation with leading payment service providers was enhanced. The industry ecosystem scenarios were further developed, and the "business-technology integration" was strengthened in terms of product refining, marketing support, risk compliance, and system optimization, so as to keep improving the capacity of comprehensive and differentiated payment services. Second, the payment environment for foreign cards was refined. The work arrangements made by the State Council and PBOC for "optimizing payment services, enhancing payment facilitation" were actively implemented to build the capacity for merchants to accept foreign cards. Foreign payment services such as supermarkets, hotels and restaurants were set up to enhance the payment service level for overseas visitors to China. Third, the Company actively promoted the third-generation Beijing social security cards to fulfil its social security cards were carried out on the premises of government agencies, business entities and public institutions, providing customers with professional, quality and efficient one-stop financial services in relation to the third-generation social security cards.

Credit card

In response to the state call for "expanding domestic demand and boosting consumption", the credit card business served the real economy on a customer-centric basis while staying true to the original nature of consumer services. It deepened customer management and ecosystem scenarios to foster solid business growth.

First, product innovation was accelerated through an integration of consumer scenarios. Eying the hotspots of cultural and tourism consumption and tapping the potential of sports and cross-border consumer demands, the Company issued the Hua Xia VISA Paris Olympics-themed Credit Card. To promote green finance as one of the five priorities of financial work, the Hua Xia-Xinbai Environmental Co-branded Credit Card was issued. It serves green consumption with a core feature of "trade-in of consumer goods". Focusing on the coffee ecosystem, the Company kept improving the product series co-branded with Luckin Coffee. It launch the Dragon Year China-Chic Edition and the VISA Cross-border Edition of the Hua Xia-Luckin Co-branded Credit Card to meet the consumer needs of different customer groups.

Second, consumption was vitalized with a focus on themed scenarios. Incorporating consumer scenarios such as culture and tourism, catering, and entertainment and tapping deep into the tourism attractions and channel resources with local characteristics. The card user events in various scenarios themed by "Splendid Hua Xia, Tour Beijing" were carried out on an ongoing basis, enhancing the integrated ecosystem-based marketing ranging from customer acquisition to customer activation. Centering on promoting consumption, the Company designed the brand theme events including "Heart and Soul" and "Hua Xia Star Club" to increase rewards for credit cardholders. Seizing the opportunities of "trade-in of consumer advanced.

Third, self-service channels were optimized to enhance customer experience. Continuous improvements were made in selfservice channels, including "Splendid Life" APP and WeChat banking. Oriented to customer needs, scenario design was refined and a wider range of marketing events were carried out to provide customers with better online services and enhance user experience of cardholders. As at the end of the reporting period, 22,178,500 users were registered for the credit card "Splendid Life" APP, up 17.79% from the end of the previous year. The number of monthly active users (MAU) was 3,939,200, up 15.94% over the end of the previous year.

As at the end of the reporting period, the Company had issued a cumulative number of 41,978,000 credit cards, an increase of 6.33% over the end of the previous year, and recorded RMB169,284 million in balance of credit card loans, down 8.05% from the end of the previous year. There were 19,490,900 ending valid credit cards, a decrease of 8.47% over the previous year. The number of valid credit card holders was 17,353,400, down 7.99% year-on-year. During the reporting period, value of credit card-based transactions totaled RMB828,717 million, representing a decrease of 15.89% year-on-year. The Company realized RMB17,142 million income from credit card business, down 3.11% year-on-year.



Transformation of retail business towards digital operation

An intelligent customer service matrix was built. The Company upgraded the four-in-one online mobile marketing service matrix was built, integrating "mobile banking, corporate WeChat, account manager APP and cloud studio" on an ongoing basis. The new digital channels including WeChat banking, remote banking, SMS, and AI outbound call service were integrated to build an enterprise-level digital customer management service platform, the retail data middle-office platform and the direct management of long-tail customers model, in a bid to create a high-quality and efficient digital and intelligent customer service system.

The main online service platform for retail business was built. The Mobile Banking 6.0 was launched, including a HarmonyOS version, to optimize the customer experience with "new products, new experience, new ecosystems, new services, and new security". A digital and intelligent operation system for online channels was developed to enhance the management efficiency of mobile banking resource-niche. The precise customer reach strategy for online channels was implemented, the local living service scenarios for mobile banking were furthered, and the collaborative operation of digital channels and the interaction between online and offline scenarios were strengthened to make progress in activating existing customers and tapping value potential. As at the end of the reporting period, the Hua Xia Bank mobile banking APP had 28,981,200 registered users, a year-on-year growth of 7.57%. The number of monthly active users (MAU) was 5,021,100, a year-on-year increase of 17.11%.

An enterprise-level retail digital ecosphere platform was built. The Company moved forward with building an enterpriselevel digital ecosphere platform. The platform aims to build a digital account system covering personal accounts, e-wallets and open benefits in a scenarios-based ecosystem, so as to shape a closed loop of digital customer management and ecosystem-based customer acquisition. The development of ecosystem scenarios was strengthened. 42 distinctive scenarios were created in the fields of housing, culture and tourism, travel, medical care and education. A number of outlet-specific ecosystems were developed, including the "Hua Xia Qingyun Hui" consumption ecosystem of Qingdao Branch and the "Zhejia Hui" community ecosystem of Hangzhou Branch.

Inclusive finance

The service level of inclusive finance was enhanced through digital transformation. High-quality financial services for key strategies, key areas and weaker links were continuously enhanced. A new pattern of comprehensive inclusive finance services featuring "overall planning, endogenous expansion, intensive management and digital impetus" was built. First, the marketing model was refined. A work plan was developed for promoting the high-quality development of inclusive finance, further clarifying the development direction and implementation path of financial inclusion and strengthening policy guidance. The coordination mechanism for supporting financing of MSBs was implemented and refined, ensuring early and effective financing of MSBs through early planning, strong implantation by dedicated teams and quick visits. Customer acquisition followed the principle of "upstream-downstream combination, park/sphere/chain promotion and online processing". A series of marketing strategies were developed, such as industry-specific financial service priorities for tech firms and financial service solutions for MSBs based at industrial parks, thus strengthening guided marketing. Second, digital empowerment was enhanced. Innovative digital inclusive products suitable for MSBs were introduced. The "Hua Xia Inclusive Express" digital product brand was successfully built, and launch different product series such as digital inclusive finance, key areas, ecosphere and chain scenarios and regional characteristics. The business channels were optimized, with the "Hua Xia Inclusive Express" mobile client developed to provide remote video interview and audiovisual recording of live-video contract signing features for digital inclusive finance services. The "Hua Xia Inclusive Express" product family was awarded the "China Selected Cases of Financial Services for Small and Medium-sized Commercial and Trade Enterprises in 2024" by the China Association of Small and Medium-sized Commercial Enterprises. Third, stronger support was provided for key fields. To accommodate the high-quality development of SRDI enterprises and tech firms, the inclusive finance segment developed a financial service plan for tech firms. The credit access and authorization management were improved and the policy support and resource allocations were enhanced for SRDI enterprises. The risk control system for tech firms was improved and the implementation rules for due diligence were revised. The exemption eligibility criteria and scope for tech MSBs were added to address the problem of "not daring to do business" with them.

3.12.3 Financial market business

During the reporting period, the Company continued to promote financial market business transformation based on effective risk control, made in-depth analysis on the economic and financial situations at home and abroad and the monetary and fiscal policies of major economies, strengthened market researches and forecasts, increased investment and trading, advanced digital transition and enhanced the business efficiency and customer experience. Riding on the upswing of the asset management industry, the Company managed to achieve an overall improvement in scale, efficiency and quality, thanks to its persistent efforts to upgrade the operation mode, ensure well-focused business strategies, implement fine-grained management throughout the process and promote group-wide synergy and coordination. With the chain development of asset custody customers deepened, the custody business structure was further improved and the custody size of mutual funds maintained positive growth. The custody service made increasing contributions to the Bank's overall performance.

Financial market business

During the reporting period, the global financial market mainly followed the pace of the Federal Reserve's interest rate cuts. Geopolitical conflicts and the US presidential election sent ripples to prices of major asset classes. The US Dollar Index (DXY) fluctuated upwards on repeated adjustments to expectations of the Federal Reserve's interest rate cuts. US bond vields remained in a bumpy upturn throughout the year. The price of gold rose sharply to refresh its record highs frequently. The crude oil began the year with a rise in price, which then weakened amid fluctuations through the rest of the year. The domestic monetary policy further eased to keep the liquidity prudently loose. The interest rates on funds, bonds and interbank certificates of deposit declined significantly. RMB depreciated against the US dollar, yet appreciating steadily against a basket of currencies. The Company strengthened the market trend analysis. The treasury business dynamically adjusted the trading strategy, increased the frequency and intensity of trading and strictly controlled exposure limit to guard against trading risks. The interbank investment further increased standard, online and open product offerings while maintaining compliance. innovated business models and extended service chains. The bills business process was streamlined and the bills product family were continuously improved, reaching record highs in either discounting or trading volume of bills and increasingly active in the national bills market. The interbank liability business advanced the digital transformation continuously. The Head Office and branches collaborate in work to control the cost and improve the quality and efficiency of financing. The financial institution customer service system was deepened. The "Hua Xia e Home" interbank platform functions were improved to enhance the product selling capacity and customer service level. At the end of the reporting period, the Company carried out business cooperation with about 2,400 financial institution customers.

During the reporting period, the Company conducted 79,384 unsecured inter-bank lending and pledge-style repurchase transactions totaling RMB63,636,771 million, down 6.47% from the previous year. The RMB and foreign-currency transactions totaled RMB87,437,363 million, up 2.96% from the previous year. Specifically, the Company's derivatives trading volume reached RMB8,784,350 million cumulatively.

Box 3: Self-service Commercial Paper Discounting Empowered by Digital and Intelligent Technologies: Enhancing the Quality and Efficiency of Serving the Real Economy

During the reporting period, the Company developed a full-chain service mechanism for commercial paper (CP) discounting service to meet the diverse service demand of corporate customers, focusing on the entire ecosystem of the bills business. The Self-service CP Discounting service platform was iteratively upgraded to be digital and intelligent. The digital products and intelligent services were combined to tap deep into the potential of "self-service + scenario-based financing", ushering in a new stage of serving the real economy. The Self-service CP Discounting service platform, following the approach of tapping deep into core enterprises and reaching broadly for customers along the industrial chains to shape a partner-based ecosystem, offered an integrated solution of "payment and settlement + credit financing". It removed barriers to financing across the chain, addressed the difficulties and high costs of financing for real-sector businesses, helped corporate customers cut costs and boost efficiency and provided them with easier access to services in the new-generation systems. The Self-service CP Discounting service platform has been promoted to all branch offices of the Bank. The number of corporate customers served and the scale of CP discounting continued to grow. With this platform, the Company successfully created a new model of bank-corporate cooperation featuring product optimization, digital empowerment and intelligent operation, adding credit flow and digital luster to the transformation and upgrading of enterprises.

Asset management services

Huaxia Wealth Management upgraded the operation mode of its "Wealth Management Factory" and kept improving products and services. 12 new products and features were launched in line with customers' risk appetite and investment needs, including Wealth Management Night Fair, low-volatility products themed by deposit alternatives, and Children Dreams philanthropic wealth management products. Sales channels were expended. At the end of the reporting period, there were 123 third-party distributors, an increase of 11 compared with the end of the previous year. Internet-based digital marketing was carried out, reaching more than 800,000 customers. Investment research provided a stronger guiding role. The asset allocation strategies were innovated and the stable income streams were expanded in an effort to meet the goal of absolute returns. In fulfilling its social responsibilities, the Group took solid steps on the "five priorities" of finance, stepped up the development of ESG assets, held the sixth China Asset Management Industry ESG Investment Summit and released the annual ESG investment report and investment white paper. The Group strengthened risk control and compliance management, intensified the monitoring of risk indicators, improved the internal control management system, endeavored to promote digital transformation and enhance the level of FinTech empowerment in support of business innovation and development.

As at the end of the reporting period, there were 904 existing wealth management products with a balance of RMB833,293 million, up 40.77% over the end of the previous year. During the reporting period, the Company realized RMB1,638 million of fee-based income from wealth management, a growth of 18.18% over the previous year.



Box 4: Upgrade the Wealth Management Factory 2.0 to Foster Core Competencies

Huaxia Wealth Management upgraded the Wealth Management Factory 2.0 in response to customer demand and market developments. The upgrade focused on seven major characteristics, namely, customized production, systematic operation, standardized processes, centralized control, ESG integration, digital transformation, and equal emphasis on products and services. It aimed to foster core competencies on an ongoing basis to provide investors with more high-quality and reliable wealth management services.

Wealth Management Factory 2.0 attaches importance to specialization and collaboration of front, middle and back offices, showing remarkable performance in professional and systematic operation. The tree independent operation units integrating investment and sales achieved a high level of coordination in investment and sales, rapid response to customer demand and agile capture of market opportunities. The three major asset creation units achieved unified and effective asset exploration and supply, providing high-quality and stable income streams for the Company's products. The five specialized middle offices, namely the product marketing middle-office, investment allocation middle-office, risk control and compliance middle-office, operations middle-office and digital middle-office, are subject to centralized management and control to empower business development.

Asset custody services

The high-quality development of asset custody services was sped up, with the structure of custody business further improved. Intra-group coordination was enhanced, marketing was intensified with a focus on key products, and visits were paid to peer institutions. With the chain development of custody customers deepened, the chain-like marketing and ecosystem-based customer acquisition were promoted across the board. Rapid growth was achieved in securities investment funds, trust assets bank wealth management and other custody services. The asset custody services made significantly greater contributions to the Bank's overall performance. The innovation in custody business was sped up to develop new growth poles. The digital transition of custody services was further implemented, the smart management platform and the smart customer service platform optimized and upgraded across the Bank. Efforts were stepped up to improve the capacity of professional custody operations, accelerate straight-through processing and provide customers with convenient, efficient, safe and reliable services. The compliance management of asset custody development was enhanced to improve the overall capability of asset custody risk prevention and control.

During the reporting period, the Company had a total of 162 mutual funds under custody with an aggregate size of RMB410,640 million, up 25.40% from the end of the previous year. They generated RMB293 million of fee-based income, up 25.65% year-on-year. The Company registered 10,690 products under custody, covering securities investment funds, securities dealers' asset management plans, banks' wealth management, insurance-related asset management schemes, asset-backed special plans, and equity investment funds. The assets under custody reached RMB3,417,411 million, up 1.50% year-on-year, and custody fee income was RMB887 million, up 8.83% year-on-year.

3.12.4 Digital operation

During the reporting period, the Company adhered to the fundamental strategic orientation of "making the Bank stronger with technology" in pursuit of the transformation goal of being a "first-class smart eco-bank", continued to strengthen the digital technology's ability to empower and serve business development and boost the efficiency of digital management.

The capability of digital customer management was further enhanced. The Company promoted the Hua Xia Treasury Cloud, provided enterprises with integrated financial services including comprehensive account management, unified payment and settlement, centralized fund management, treasury management and fund monitoring, helping enterprises cut costs and increase efficiency. The personal mobile banking APP developed a new zone for business loans. The "Hua Xia Inclusive Express" went live to offer a range of digital inclusive finance products, including business loans, merchant loans, and market loans, to enhance the customer experience. Based on the enterprise-level digital customer management service platform, the intelligent customer group strategies such as wealth management, payroll service and acquiring service were developed to effectively enhance the customer reach rate. An enterprise-level product management platform was launched to achieve unified management of products across the Bank and support the marketing service needs of customers in various scenarios and ecosystems. The multi-channel customer reach functions, including mobile banking and remote banking, were optimized to materialize "online products, online services and online customer managers", enhance the granularity of customer management and service.

Digital management contributed more to efficiency and performance. The digital transformation of business outlets was advanced, the "Lobby Steward" system features were refined and the interactive scenarios for smart screens were deepened, making lobbies more digital and intelligent. The digital cockpit for operation and management was continuously optimized. With the goal of building and applying full and all-domain data, a data indicator system covering all aspects of operations was created to support the shift from extensive to intensive operations management. The RMB clearing was increasingly automated to enable full systematization of the option business process, automatic verification of fund transaction details and general ledger accounts, and the online verification of multi-channel payment accounts, effectively improving the quality and efficiency of business processing. The digital confirmations business was promoted across the board, giving full play to the advantages of digital confirmation including reliability, traceability, tamper-proofing and standardization, thus providing customers with more high-quality and convenient service experience. An enterprise-level anti-fraud real-time risk control platform was developed, with model rules and risk strategies were built to enhance digital risk control capabilities continuously.

The supporting capacity of digital technology steadily increased. During the reporting period, the Group's IT investment reached RMB3,425 million, accounting for 3.53% of operating income. The new-generation core system development was advanced, and the distributed core and essential technology platform was brought on stream. The enterprise-level cloud platform with "one horizontal, five verticals and two technology stacks" was promoted. Over 90% of information systems were moved onto the cloud. The cloud computing platform was certified for the highest level of "functions, performance, stability and cloud management" for "one cloud with multiple cores" by the China Academy of Information and Communications Technology (CAICT). The cloud platform for the fee-based business of branches was continuously optimized to bolster the development of branch-specific businesses and enhance the service capacity of branches. The operations and maintenance monitoring system was improved to ensure full monitoring of all important external business connections, fortifying the foundation for operational security. The large language models and quantum technology and other emerging technologies were further applied to such scenarios as intelligent customer service and Al-assisted research and development. A quantum financial cloud platform integrating multiple computing powers was built. The digital talent system development was promoted. A hierarchical and categorized digital training system. Through internal training, 11,700 people were certified for by Data Cube, low-code platforms, etc.

The foundation of digital capabilities was gradually consolidated. The systematic management of data assets was enhanced to unleash the value of data elements. A unified management and governance system for data assets was established to manage internal and external data as resources. It covered data assets in over 230 systems of the Bank, covering a full variety of business and data. An enterprise-level data dictionary was compiled on a demand-oriented basis to effectively improve data quality. Efforts were coordinated to turn data into elements of production across the Bank, include the value of data assets in the balance sheet and create a bank value growth model driven by data assets. A data intelligence service ecosystem was constructed to deepen the agile data application model. The Company continued to optimize the enterprise-level data service platform, built a data product system, establish an enterprise-level management cockpit, developed proprietary report templates and transformed data services from traditional services to self-service.

Box 5: Innovative Practices Unleashed the Value of Data Elements

Expirations were advanced in turning data into assets. Based on a review of the status quo of data asset management, the action plan and accounting methodology were developed for including data resources in the balance sheet. Taking the opportunity of promoting the inclusion of data assets in the balance sheet, explorations were made for the valuation of data assets. In pursuit of financial innovation in data assets to tap the potential of data elements, the data asset-backed loans were issued by branches in Beijing, Zhengzhou and Chongqing in succession, facilitating the in-depth integration of the digital economy and the real economy.

The business model of data trust was innovated. The "Guizhou Power Grid Data Trust" business was launched. By integrating key information such as data orders and data rights into unified management as an important basis for the settlement of data products, the business created a close link between data and funds, ensuring the dual security of data products and fund flows and enhancing the transparency and credibility of data circulation. The relevant project deliverables were released at the 2024 China International Big Data Industry Expo.

Data analysis applications empowered business development. A business empowerment system driven by data analysis and mining was developed to unleash the value of data in such scenarios as customer growth, value enhancement and risk prevention and control. The Group implemented the national action plan for "Data Element X" and participate in the 2024 "Data Element X" competition. The project "Unleashing the Value of Big Data in Auditing to Facilitate High-Quality Risk Control in Finance" won the third prize in the Beijing sub-competition.

Box 6: Smart Operations Helped Improve Cost Efficiency

The capability of digital operations was strengthened. To improve the public access to financial services, self-service cash machines were transformed to accept foreign cards allow small-value banknote withdrawal, effectively enhancing the convenience of payments. The elderly-friendly and elderly care financial services were stepped up, the features of smart counters were diversified and the channel business process was refined to improve customer experience. An enterprise-level business parameters management system was developed. A new intelligent and centralized operation model featuring "one-point configuration for network-wide use" was created for basic and public business parameters, enabling data sharing, and effectively reducing the workload of business parameter configuration staff at the Head Office and branches. Remote banking comprehensively deepened the smart operations system. During the reporting period, the intelligent task dispatch rate reached 81.96%. The intelligent customer service scenarios were expanded to a total number of 493. During the reporting period, approximately 516,000 working hours were saved, improving cost efficiency remarkably.

The quality and efficiency enhancement of business was empowered. A robotic process automation (RPA) system was developed. Four-pronged effort was made in terms of organization, process, platform and product to build an efficient, flexible and intelligent enterprise-level digital workforce core in accordance with branding standards, providing customized RPA solutions for the Bank and facilitating business process automation. As at the end of the reporting period, the Bank had a total of 1,701 online scenarios, cumulatively reducing 457,500 working hours and generating digital revenue of RMB43,445,400. The low-code platform was promoted. During the reporting period, over a thousand application scenarios were launched at the Head Office and branches, supporting mobile access to applications anytime and anywhere. This empowers in-house development among all employees of the Bank to quickly meet business needs.



3.13 RISKS AND RISK MANAGEMENT

During the reporting period, the Company thoroughly implemented the decisions and plans of the State by effectively responding to changes in internal and external risk developments, coordinated serving the real economy with risk prevention and control, improved the group-wide risk management system and strengthened asset lifecycle management. Risk prevention and control in key fields were enhanced and digital transition of risk control was accelerated to effectively control various risks and maintain steady operation of the Company.

3.13.1 Credit risk status

Credit risk refers to the possibility of loss and uncertainty of income caused by customer default or decreased credit standing to the Company, when the bank operates credit, inter-bank lending and investment businesses. The credit risk of the Company mainly exists in the on-balance-sheet and off-balance-sheet businesses including loans and advances, placements with banks and other financial institutions, interbank lending, bond investments, bill acceptance, letters of credit, and letters of guarantee.

3.13.1.1 Organizational framework and division of responsibilities of credit risk management

The Company has established a credit risk management organizational framework with reasonable duty division and definite responsibilities. Established under the Board of Directors, the Related Party Transactions Control Committee is responsible for managing related party transactions and the Risk Compliance and Consumer Protection Committee is responsible for formulating risk management policies and supervising the management of various risks by the senior management. Established under the senior management, the Credit Investment and Financing Policy Committee of the Head Office is responsible for managing the credit and non-credit investment and financing policies of the Bank; the Asset Risk Disposal Committee is responsible for researching and approving matters on asset risk handling; the risk management departments of the Head Office and branches are responsible for credit risk management of the whole bank and local branches; according to the authorization system and businesses; the Company strengthens functions of each link of credit business, and sets up positions with definite responsibilities and smooth operation.

3.13.1.2 Risk classification procedures and methods

In accordance with the *Rules on Risk Classification of Financial Assets of Commercial Banks* issued by regulators, the Company conducted risk classification of assets using a "preliminary classification, final classification and approval" process, taking into account the borrowers' financial position, willingness to pay and track record of debt service as well as a number of financial and non-financial factors, including the overdue days of financial assets and guarantees.

3.13.1.3 Credit risk profile

Credit exposures: As at the end of the reporting period, without regard to the available collateral or other credit enhancements, total on- and off-balance-sheet credit exposures of the Group amounted to RMB4,996,337 million, including on-balance sheet business exposure of RMB3,945,268 million, representing 78.96% of the total, and off-balance sheet business exposure of RMB1,051,069 million, representing 21.04% of the total.

Large-value risk exposure management. Pursuant to the *Administrative Measures for Large Risk Exposures of Commercial Banks*, the Company carried out large risk exposure management, monitored and reported large risk exposures on a quarterly basis, proceeded with building of the large risk exposure system and kept enhancing large client risk control at the Head Office and branches. At the end of the reporting period, the Company and the Group saw all their non-banking single customers, non-banking related customers, interbank single customers and interbank group customers meeting the regulatory requirements.

For further details of credit risk management of the Company, please refer to "3.14.1 Loan quality management".

3.13.2 Liquidity Risk status

Liquidity risk is the risk that the Company may be potentially unable to meet the asset growth and debt obligations when due at a reasonable cost. Main factors affecting the liquidity risk include: sudden tightening of market liquidity, substantial deposit runoff and the debtor's default and weakening financing capacity.

The Company's goal of liquidity risk management is to maintain sufficient funds in either normal or stressed business environment to accommodate asset growth and debt service, so as to harmonize "liquidity, safety and efficiency". The Company has in place a sound system of liquidity risk management. First, the governance framework was improved. The decision-making system consists of the Board of Directors and its special committees as well as the Asset and Liability Management Committee of the Head Office. The Board of Supervisors supervises and evaluates the performance of the Board of Directors and senior management in liquidity risk management. The execution system consists of the Budget and Finance Department and other specialized management departments of the Head Office and branches. Each of these systems performs corresponding decision making, supervision and execution functions according to division of responsibilities. Second, the system of policies and procedures have been refined. The Company has in place a complete set of liquidity risk appetite, strategy, procedures, and measures, and introduced specific management responsibilities, flows and methods. Third, management measures have been optimized. The Company set a system of liquidity risk monitoring indicators, conducted stress tests and emergency drills, created a liquidity risk assessment mechanism, established an information management system, and effectively managed the identification, measurement, monitoring and control of liquidity risk.

During the reporting period, the Company adhered to a prudent liquidity risk appetite, strengthened group-wide, fine-grained management across the Board and kept liquidity generally stable. First, the liquidity risk appetite transmission system was deepened. The liquidity risk limits for business lines, branches and affiliates were set, and the front-office responsibility for liquidity risk management was enhanced. Second, the Group's liquidity risk management was strengthened. The Group's policies and procedures for liquidity risk management were refined. The size, structure, term and liquidity risk indicators of affiliates were regularly monitored to warrant timely adjustments and controls. Third, asset and liability management was enhanced. The liquidity and profitability were balanced. Branch-specific loan-to-deposit ratio targets and maturity mismatch limits were set. Process control and assessment were strengthened. Branches with excessive mismatches were subject to stronger regulation. Fourth, the deployment of funds was enhanced. Deposit scheduling was enhanced to maintain expansion and structural improvement of deposits. Stronger efforts were made to expand active liabilities, including bond issuance and central bank lending facilities, to broaden the channels for interbank funds. Fifth, the management of intraday funds was enhanced, the capabilities of active management and expectations management were improved, and a reasonable reserve of funds was maintained. Sixth, fine-grained management was enhanced. Such systems as the smart operation platform and intelligent position management were further developed to enhance the efficiency of liquidity risk management. Seventh, emergency management was enhanced. The Company conducted special stress tests and emergency drills, enhanced the awareness of liquidity risk and improved the ability to tackle liquidity crisis. During the reporting period, the Company underwent to payment difficulties, default or deferred payment. All regulatory indicators relating to liquidity reached the prescribed standards. As at the end of the reporting period, liquidity coverage ratio was 149.16%, and net stable funding ratio was 105.24%.

Information on liquidity coverage ratio

(Unit: RMB1 million)

(Unit: RMB1 million)

Item	31 December 2024	30 September 2024
Stock of high-quality liquid assets	468,324	386,892
Net cash outflows over a 30-day time period	313,970	265,055
Liquidity coverage ratio (%)	149.16	145.97

Note: The above are consolidated data calculated according to the Notice of the National Financial Regulatory Administration on 2024 Offsite Regulatory Statements Preparation and Reporting (J.F. [2023] No. 16) and the Liquidity Risk Management Measures of Commercial Banks (CBIRC No. 3 Decree in 2018).

Information on net stable funding ratio

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Item	31 December 2024	30 September 2024
Available stable funding	2,318,260	2,231,830
Required stable funding	2,202,919	2,161,229
Net stable funding ratio (%)	105.24	103.27

Note: The above are consolidated data calculated according to the Notice of the National Financial Regulatory Administration on 2024 Offsite Regulatory Statements Preparation and Reporting (J.F. [2023] No. 16) and the Liquidity Risk Management Measures of Commercial Banks (CBIRC No. 3 Decree in 2018).



3.13.3 Market risk status

Market risk is defined as the risk of loss to the Company's on – and off-balance sheet activities caused by adverse movements in market rates (including interest rates, exchange rates, stock prices and commodity prices). The main market risk confronting the Company includes interest rate risk, exchange rate risk and commodity risk. The Company established a sound market risk management system appropriate for the Company's business, size and complexity and spanning the entire process of identification, measurement, monitoring and control.

In 2024, the global economy lacked momentum of growth amid ongoing geopolitical conflicts. Most central banks around the world, including the Federal Reserve of the United States, started a cycle of interest rate cuts. China's monetary policy remained flexible and moderate, the RMB depreciated against the US dollar in a volatile manner, and interest rates stayed low. In view of the macro-economic and financial complexities at home and abroad, the Company executed the market risk appetite and strategy and flexibly used the limit stress testing, and other management tools to effectively manage market risk. During the reporting period, the business activities exposed to market risk were sound, and the market risk was controlled.

3.13.3.1 Interest rate risk management

As for the trading book, the Company set limit indicators for interest rate trading instruments such as bonds, funds and interest rate swaps in line with the market risk appetite and risk management strategy, including exposure, stop loss, interest rate sensitivity and value at risk (VaR) and strengthened monitoring of limits, ensuring the stability of business on every front. With close attention to the Federal Reserve's interest rate hike, major fluctuations in financial markets and other events, stress testing was conducted in response to market changes. During the reporting period, all the Company's interest rate-related transactions in the trading book fell within the market risk appetite and limit and the interest rate risk in the trading book remained under control.

In the banking book, the Company adhered to a prudent interest rate risk appetite, kept a close eye on interest rate movements at home and abroad and the business operations within the Group, strengthened interest rate expectations management, dynamically adjusted the interest rate risk management strategy and improved the asset and liability structure. The Company became more capable of quantitatively managing interest rate risk indicators and the overall interest rate risk, and intensified the control over interest rate risk. The measurement was increasingly fine-grained. The gap analysis, sensitivity analysis, scenario simulation and stress testing were used to regularly monitor and analyze the impact of interest rate changes on net interest income and economic value indicators, ensuring proper management of interest rate risk in the banking book. During the reporting period, the Company maintained stability in all monitoring indicators and the IRRBB was basically kept under control.

3.13.3.2 Exchange rate risk management

In the trading book, the Company set such limit indicators as exposure, stop-loss and VaR to strengthen limit monitoring and risk alerts and actively control exchange rate risk. The foreign exchange business system was improved to reinforce the foreign exchange business process management. The risk identification of new trading strategies was strengthened in line with the risk characteristics of foreign exchange derivatives, increasingly enhancing the measurement capability. During the reporting period, all the Company's foreign exchange-related transactions in the trading book fell within the market risk appetite and the exchange rate risk in the trading book remained under control.

In the banking book, the Company reasonably matched assets and liabilities in RMB and foreign currencies and controlled the currency mismatches through such methods as scenario analysis and stress testing. During the reporting period, the Company's banking-book currency mismatch was mild and the overall foreign exchange exposure was low, so exchange rate changes had a controlled adverse effect on the Company.

3.13.4 Operational risk status

Operational risk is defined as the risk of loss resulting from problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic and reputational risk.

During the reporting period, the Company actively strengthened operational risk control and kept boosting the effectiveness of risk identification, assessment, measurement, control, mitigation, monitoring and reporting. First, the new regulatory rules were implemented and the operational risk management system was comprehensively improved. The Company completed revision of the operational risk management policies and measures and reporting rules, set up a sound governance structure, clarified the responsibilities for operational risk governance and management, optimized management processes and tools and further enhanced the soundness of the operational risk management system. Second, the operational risk appetite indicators were refined and their transmission was enhanced. Various operational risk management tools were effectively used and key risk indicators were optimally adjusted to strengthen risk monitoring in key areas and ensure early warning of risks. Self-assessment of operational risks was conducted to fully reveal the risk status and strengthen closed-loop management. A matrix-like regular internal reporting mechanism was created, and the monitoring, early warning, handling and reporting mechanism for significant operational risk events was improved to make risk control more proactive and forward-looking. Third, the Company deepened the governance of operational risk loss data, refined the standards for incident identification and reporting, improved the quality control mechanism for loss data, improved the system functions including incident clue check and data statistics, regularly conducted loss data screening and comprehensively enhanced data guality. Fourth, the Company strengthened the development of operational risk culture, established an operational risk management assessment and evaluation system that emphasizes both incentives and constraints, provided training on management of operational risk and employee behaviors, organized self-assessment of employee conduct management and guided all at the Bank to maintain professional integrity. During the reporting period, the operational risk management system of the Company enjoyed stable operation, placing operational risk under control in the overall sense.

3.13.5 Explanation on status of other risks

Compliance risk status

Compliance risk is the risk of legal sanction, regulatory punishment, material financial losses or reputational damage arising from the failure to comply with laws, rules and standards.

The Company has in place an organizational structure for compliance management commensurate with its scope of business, organizational framework and business scale. The Board of Directors is ultimately responsible for the compliance of business operations. The Board of Supervisors supervises the performance of compliance management duties by the Board of Supervisors and the Senior Management. The senior management effectively managed compliance risk. The compliance chief is responsible for organizing the management of compliance risk across the board and supervising the duty performance of the compliance management department according to the annual compliance work arrangements. The compliance management in effectively managing compliance risks facing the Company. The head of a business line, branch or subsidiary is primarily responsible for the compliance of the business activities of the business line, branch or subsidiary.

During the reporting period, the Company operated in accordance with laws and regulations to ensure full compliance. It took a range of steps to improve the compliance management system, deepen the compliance culture development and kept enhancing the quality and efficiency of compliance risk management. First, the compliance management system was reviewed and reengineered. With a focus on the core workflows of compliance management, the Company strove for a compliance system where the three lines of defense operate effectively in coordination with each other. Second, the Company advanced the digital compliance initiative, started to implement the compliance system platform project and completed the go-live of the group-wide policies and procedures management tool. Third, the Company kept up the pressure against noncompliances, improved the case risk prevention and control management system, broadened the channels for case risk screening, and strictly controlled the abnormal behaviors of employees. Fourth, the Company strengthened supervision and inspection management, conducted compliance inspections in key areas of internal control and enhanced the ability to perform compliance duties and prevent and control risks. Fourth, the working mechanism for rectification was improved and the rectification standards were refined to make rectification more problem-oriented. Sixth, forward-looking guidance on due diligence was enhanced across the Bank, the secondary due diligence management was deepened and the guality and efficiency of due diligence work were boosted. Seventh, the money laundering risk assessment management was enhanced, the assessment indicator system was optimized and the product-related money laundering risk assessment system went live to improve the money laundering risk management. Eighth, the compliance culture development was advanced with vigor. The lecture series titled "enhancing integrity across the Bank, practicing the financial culture with Chinese characteristics" was launched to foster the awareness of integrity among employees. The professional training on legal compliance was strengthened in an ongoing effort to enhance employees' ability to perform their duties while ensuring compliance and cement the foundation of compliance.

IT risk status

IT risk means operational, legal and reputational risk arising from natural factors, man-made factors, technical vulnerabilities or management deficiencies in the use of information technology by the Company. During the reporting period, the Company continued to strengthen the ability to prevent and control IT risk. Smart operation and security management were intensified. The switchover and takeover of real business operations of the local disaster recovery center were completed, providing effective protection for continuity of business systems. The cyber-security defense-in-depth system was further fortified to enhance operational security management. The screening and rectification of security vulnerabilities were enhanced. Cybersecurity was assured for special periods such as the 75th anniversary of the founding of the new China. The ability to prevent and control cyber-security risks was increasingly boosted. During the reporting period, the Company kept its information systems running stably and maintained a 100% overall availability of important information systems and established and improved the data security management system. The IT risk was kept under control overall.

Reputational risk status

Reputation risk refers to the risk of negative assessment or comments on Company from stakeholders, the public and media as a result of the Company's behavior, employee behavior or external events, thus undermining its brand value, adversely affecting its normal operation and even affecting the market stability and social stability. During the reporting period, the Company followed the principles of forward-looking, matching, full coverage and effectiveness, established and improved the reputational risk management system and mechanism, carried out full-process and regular management of reputational risks covering pre-event assessment, risk monitoring, vulnerabilities screening, information synchronization, collaborative response, risk handling, root cause analysis and assessment and included reputational risk management in corporate governance and enterprise risk management. The Company attached great importance to consolidating the management foundation, conducted ongoing training on reputational risk management and fostered the reputational risk management culture. Positive publicity and brand building were carried out to build up reputation capital and maintain the Company's brand and market image.

Country risk status

Country risk refers to the risk that the debtor in a country or region is unable or refuses to repay any debts to the Company due to any political, economic or social changes or events in that country or region, or the Company suffers a loss of its business presence or any other loss in that country or region as a result of such changes or events. During the reporting period, the Company kept strengthening the management of country risk limit, paid timely and due attention to the sovereign credit ratings of relevant countries and regions published by external rating agencies, kept a close eye on the country risk and allocated sufficient reserves. The Company's country risk exposure accounted for a low proportion of the on-balance-sheet assets. So the country risk remained under control on the whole.



3.14 KEY CONCERNS IN OPERATION

3.14.1 Loan quality management

As at the end of the reporting period, the Group recorded 2.58% and 1.60% in ratio of special mention loans and NPLs respectively, down 0.16 and 0.07 percentage points from the end of the previous year, respectively. The loans overdue for more than 90 days and NPLs accounted for 70.65% of total overdue loans, staying within 100%.

During the reporting period, the Company resolutely implemented decisions and plans of the State, maintained strategic resolve and continued to enhance support for the real economy. Meanwhile, it enhanced lifecycle management of assets and worked for ongoing improvement of asset quality by addressing both symptoms and root causes of problems at the stages of credit access, continuation and exit.

First, credit policies and strategies provided effective guidance for ongoing optimization of business structure. The Company actively implemented national policies and regulatory requirements, made persistent efforts on the "five priorities" of finance and improved the credit and investment and financing policies of the Bank. It enhanced the quality and broadened the coverage of credit industry research, upgraded the regional credit strategy, enhanced the quality and efficiency of credit approval, and strengthened the project pipeline and credit extension to empower the operation and development of branches.

Second, the process control of events was continuously deepened to ensure that the overall credit risk is under control. By operating the real-time credit supervision mechanism, continuously strengthening the compliance and risk control of loan disbursements, intensified post-disbursement supervision and direct inspection and improving the risk monitoring system. The risk process management and forward-looking control of risks were consolidated to ensure early detection, identification, prevention and control of risks.

Third, risk prevention in key fields was strengthened to cement the business fundamentals. The risk screening and situation assessment in key areas were further intensified, with great importance attached to forestalling and defusing risks in key areas. Focusing on group customers on the watch list, the Company analyzed the impact of the local government financing vehicle (LGFV) debt risk mitigation policy and forestalled and defused the risks in key fields such as real estate, LGFVs and retail credit in an ongoing manner, so as to effectively prevent and defuse potential risks.

Fourth, focusing on value contribution, the Company further reformed the special assets management system and mechanism. It strengthened professional organizational push and process management, built a business ecosystem for special assets, increased their disposal channels and comprehensively enhanced the capacity for intensive and professional risk disposal as well as the quality and efficiency of relevant work. During the reporting period, RMB41,619 million of NPAs were recovered or disposed of, including RMB9,970 million of cash collection, RMB30,714 million of bad debt write-offs and RMB935 million of repossessed assets.

Fifth, the digital risk control project was accelerated to enhance digital risk control. The Company continued to upgrade the enterprise-level big data-based risk identification and warning system, enrich the risk information library, iterated risk control rules and models and deepened the application of the risk-related big data in the entire credit process of enterprises. The measurement tools for internal ratings-based models were continuously optimized and a regular optimization mechanism was created, so as to boost the accuracy and reasonableness of internal ratings on an ongoing basis. The special asset management system went live in an ongoing effort to digitally transform the special asset operation and management.

The Company will continue with fine-grained management, unswervingly serve the real economy and combine seizing business opportunities with preventing risks. Keeping to the philosophy of prudent risk management, the Company will intensify credit risk control, strengthen the full-process management of credit, accelerate the digital transition of risk control, improve the quality and efficiency of risk control and continuously consolidate the stability of asset quality.

3.14.2 Net interest margin

During the reporting period, the Group's net interest margin (NIM) was 1.59%, down 0.23 percentage points from the previous year.

On the asset side, the return on assets continued to fall due to the loan prime rate (LPR) cuts, home mortgage rate policy and insufficient effective demand for credit. The Group stepped up financial services for key areas, key industries and key businesses, and supported the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance. In accordance with the new capital regulation, the Group endeavored to put idle assets to good use, rationalize the mix of new assets and expand asset flows, so as to improve asset allocations and capital efficiency. The comprehensive pricing management of customers was deepened, the development of customer chains and affiliates was enhanced to enhance the overall value contribution of customers. A range of steps were taken to slow down the decline in return on assets.

On the liability side, in the context of the ongoing liberalization of deposit rates and better-regulated deposit pricing in competition, the Group strengthened the basic work on customers, products and services and increased the resource support for the growth of settlement deposits. The management of high-cost deposits was enhanced and coordinated with the growth of low-cost deposits. The market windows were seized to replenish funds through multiple channels, driving down the costs of liabilities.

The Group will maintain strict control over interest spreads, rebalance assets and liabilities with value creation at the core, strengthen fine-grained management of pricing and stabilize the interest spreads.

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3.14.3 Management of real estate loans

During the reporting period, the Company earnestly implemented the decisions and plans of the CPC Central Committee and the State Council for the work on real estate, actively carried out the work requirements of regulatory authorities, contributed to the supply-side reform of real estate finance and promoted the positive interaction between and healthy development of finance and real estate. The Company adapted itself to the real estate market developments, strengthened the property market analysis and forecasts, and organized orderly lending for selected "regions, customers, forms of business and projects" while ensuring legality, compliance and controlled risks. The service and product system was continuously improved in line with the transformation of the real estate industry, focusing on the "Three Major Projects", including affordable housing and urban villages redevelopment, as well as key fields including rental housing, and integrated financial services were effectively provided. For whitelisted projects, the loan approval, disbursement and management policies and procedures commensurate with the city-specific real estate financing coordination mechanism were established, so as to support the reasonable financing needs of projects under the market-oriented and law-based principle, and the coordination mechanism was effectively implemented. City-specific and targeted policies were introduced to support the loan demand of first-time homebuyers, owner-occupied property owners and home upgraders. At the end of the reporting period, the Company recorded RMB99,171 million in balance of corporate loans to the real estate industry, with a NPL ratio of 3.76%, and registered RMB307,759 million in balance of residential mortgages with a NPL ratio of 0.94%.

The Company will continue to implement the national macro-control policies on real estate finance, gain in-depth understanding of the new development model of real estate and step up the financial support for the "market-based + affordable" housing supply system. It will continue to implement the work requirements regarding urban real estate financing coordination mechanism, reasonably distinguish project risk and enterprise risk and meet the reasonable financing needs of real estate projects. The Company will maintain sound closed-loop management of real estate project loans, including their issuance, use and repayment, so as to keep the real estate business stable on course.

3.15 DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

3.15.1 Development trends, risks and challenges in the future banking sector

The global economy will continue its slow growth throughout 2025, with the US economy still resilient, the European economy expected to recover and Japan in a continued recovery. The Federal Reserve's monetary policy will be cautiously loose. Trade protectionism will intensify. The international economic and trade environment will become more complex and severe. China's economic growth is challenged by external uncertainties and the ongoing shift to new growth drivers. On the whole, however, the fundamentals sustaining China's sound economic growth in the long run remain unchanged. High-guality development has been steadily advanced, providing a solid backing for the stable operation and sustainable development of commercial banks. With incremental policies effective and credit demand picking up, the credit scale is expected to maintain steady growth. The five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance and the new quality productive forces will make solid progress. The credit structure of banks will continue to improve. Credit resources will be gradually refocused on such key areas as "equipment upgrade and consumer goods trade-in", "implementing major national strategies and strengthening security capacity in key areas", manufacturing, green finance, inclusive MSB finance, as well as innovative and high-growth enterprises. The interest rate spread will narrow at a slower pace, with the interest income expected to improve marginally. The policies to stabilize the real estate market and the work to defuse the debt risks of financing platforms will move forward in an orderly manner. The expectations for risks in the local government financial vehicles (LGFVs) and real estate will improve. The asset quality of banks will remain stable. Commercial banks will continue to function as the main force in serving the real economy and the ballast stone in maintaining financial stability. In terms of opportunities, new quality productive forces, consumer finance and other fields are embracing broad space for growth. The debut economy, the silver economy and the trade-in of consumer goods will become important areas for consumer finance development. There is huge room for business growth in relation to the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance. Supporting the development of new quality productive forces and building a modern industrial system will bring numerous opportunities, including new infrastructure, new energy, new materials, advanced manufacturing, new-generation information technology, and the intelligent transformation and digital transition of traditional industries. The new round of technological revolution and industrial transformation is being carried out in depth and the digital and intelligent transformation of the commercial system is accelerating, providing technical support for commercial banks to enhance the digital and intelligent levels of financial services. In terms of challenges, the internal and external environments remain complex and volatile, the interest rate spread still faces downward pressure, the growth of non-interest income is uncertain, and risk prevention and control in key areas such as real estate remains arduous. In the context of increasingly fierce competition, commercial banks should proactively adapt to changes in the market environment, accurately grasp policy guidance and market opportunities and enhance their comprehensive financial service capabilities to achieve sustainable and high-quality development.

3.15.2 Operating plan and measures

In 2025, the Company will thoroughly implement the guiding principles from the 20th CPC National Congress, the second and third plenary sessions of the 20th CPC Central Committee and the Central Economic Work Conference. The Company will act on the general principle of "pursuing progress while ensuring stability", and make solid progress toward high-quality and sustainable development on the backing of systematic, group-wide and fine-grained management under the theme of serving the real economy, with a focus on the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance and toward the goal of sharpening competitive edge.



3.15.2.1 Focusing on the core business

Stronger financial support will be provided for expanding domestic demand. The Company will seize the opportunities in government investment funds, industrial investment funds and upstream and downstream projects driven by them, and keep close track of project proposal and implementation with a focus on "equipment upgrade and consumer goods trade-in", "implementing major national strategies and strengthening security capacity in key areas" and public wellbeing. Asset allocations will be properly managed for key fields including manufacturing, green industry, private enterprises, agriculture and rural revitalization. The Company will rush to seize opportunities in the "Three 100" key projects, the RMB100 billion worth of investment in the Beijing Municipal Administrative Center and the modern industrial system of the capital city and intensify integrated financial services. New engines of growth will be developed at appropriate time, and the high-quality residential mortgages and consumer loans will be pursued.

The Company will pursue development led by technological innovation. A new edge in technology finance will be developed. Technological innovation will be served with the idea of "specialization, refinement, differentiation and innovation", giving a boost to the development of the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance. The edge in green finance will be sustained and sharpened, with ongoing effort to deepen and consolidate the brand features and international cooperation. The digital transition of inclusive finance will be accelerated, the digital inclusive product offerings will be optimized and the lending to tech MSBs will be increased, adding cluster to the brand of "SME financial service provider". Pension finance development will be accelerated by tapping deep into technology, tourism and health, thereby promoting development of to increase support for core industries in the digital economy.

Solid steps will be taken to expand and rebalance the deposit base. With a focus on key customer groups, key channels, key products and key projects, the Company will strengthen asset allocation and scenario development and expand payment and payroll services to drive the scaling of deposits. Transaction banking will be promoted, such products as supply chain finance will be further applied and the opportunities of mega wealth management and consumption will be seized to take low-cost deposits under a broader range of scenarios. The customer mix for deposit growth will be coordinated across financing customers, institutional customers and non-borrower customers.

3.15.2.2 Focusing on customer base growth

A customer base doubling plan will be formulated. Cross-selling will be intensified, laying emphasis on the group-wide marketing and services targeting key customers. The customer acquisition methods will be upgraded, so that the number of private banking customers and total customers will be increased through ecosystem-based customer acquisition, digital customer activation and professional customer upgrading, which comprise the value chain for retail customers. The "circle of peer friends" will be expanded and improved to strengthen integrated and in-depth management of customers.

Customer management will be more effective and fine-grained. The customer management system will be improved at a faster pace, serving customers with differentiated products, channels and teams. The digital capabilities for customer management will be enhanced, and the digital customer management system will be developed faster, so as to achieve online management of customer information, marketing and services and enhance service capabilities.

The customer value management will be deepened. The comprehensive customer value measurement will be strengthened with improved value criteria, so as to create a full picture of the overall customer contribution. With a focus on enhancing customer value, the hierarchical and categorized service strategy will be optimized to create a closed loop of customer management, namely "acquiring customers – activating customers – upgrading customers".

3.15.2.3 Focusing on quality and efficiency of operation

A range of steps will be taken to expand non-interest income streams. The trading products in the financial market will be diversified to accelerate the organization of assets and increase income through various channels. The scenario-based marketing for existing credit cardholders will be deepened to enhance customer experience and scale up transactions. The agency sales will be expanded, institutional cooperation will be intensified and asset design will be strengthened. The marketing of custody services will be stepped up, and the chain development of customers will be refined to improve the quality and efficiency of custody services. The bank-leasing link will be deepened to expand presence in key areas such as strategic emerging industries and new infrastructures. Wealth management product offerings will be diversified and the distribution channels will be expanded to make greater income contributions.

Costs and expenses will be strictly controlled. The expense approval will be strictly managed to control large expense items. Staff cost control will be strengthened, and new technologies including centralized operations and artificial intelligence (AI) will be deepened to free human resources. Technology investment control will be enhanced, and project input and output evaluation will be carried out effectively.

3.15.2.4 Focusing on risk management

New risks will be effectively controlled. The forward-looking guidance on asset allocation will be strengthened, the policy goals of industries will be clarified and the regional credit strategies will be implemented and refined, so as to make the optimal arrangement of "industry + region + customers". The total credit process management will be strengthened by promote the digitalization of credit granting means and the professionalization of credit management, thereby ensuring strict examination before lending, thorough review after lending, full utilization of the supervisory mechanism for outstanding loans, and timely intervention and correction. The credit risk cost taking and transmission mechanism will be improved.

Troubled assets are disposed of in an orderly manner. The operation and management model of special assets will be refined and professional teams will be fostered to and enhance value contribution. The asset categories will be refined to ensure the measures taken are well targeted. The disposal methods will be diversified, with efforts intensified on bulk transfer of non-performing assets, securitization of non-performing assets and disposal of repossessed shares in listed companies.

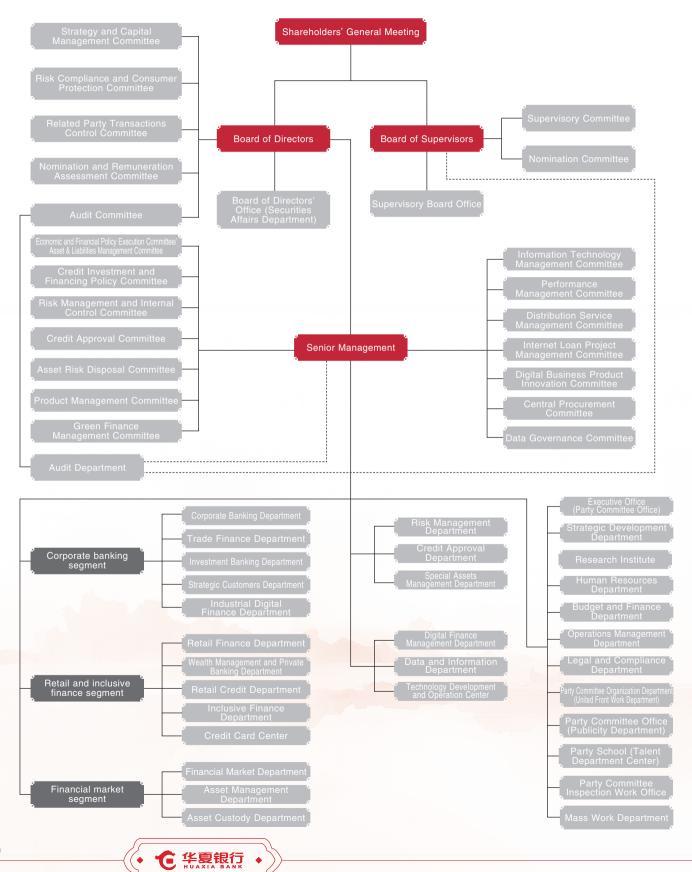
The efficiency of compliance management and audit supervision will be effectively enhanced. The group-wide compliance management system will be improved, the organizational structure for compliance officers will be created and a compliance team will be built with supportive reforms made in relevant mechanisms. Legal and compliance management in key areas will be enhanced. The anti-sanctions and anti-money laundering management system will be established and improved. The digital transformation of compliance and the implementation of the four major tools will be sped up. The efficiency of audit supervision will be enhanced, the "centralized, unified, full-coverage, authoritative and efficient" audit supervision system will be refined and the comprehensive audit and internal control risk assessment will be intensified.





SECTION IV CORPORATE GOVERNANCE

4.1 CORPORATE STRUCTURE



4.2 CORPORATE GOVERNANCE PRACTICE

During the reporting period, the Company earnestly implements the *Company Law*, the *Commercial Bank Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies* and the *Code of Corporate Governance for Banking and Insurance Institutions* and other relevant laws and regulations. The Company always adhered to the integration of the Party leadership and corporate governance to cement the statutory role of Party organizations in the corporate governance and all the corporate governance bodies, with well-defined roles and responsibilities, functioned properly in a well-coordinated manner and had checks as balances on each other. The Company has demonstrated improved capacity, resilience and quality of development. The Company continued to explore the best practices of corporate governance, manifesting ongoing improvements in corporate governance standard and capacity. The actual condition of corporate governance has no material discrepancies with the laws, regulations and the CSRC rules for governance of listed companies.

The Party Committee plays its leading role of charting the course, crafting overall plans and ensuring their implementation, with a focus on political direction, leadership team, basic policies, major decisions and Party building. The Party Committee assumes the duty of strict Party self-governance and conducts early research and discussion before any major operation and management issues are put into action. The Shareholders' General Meetings effectively functions as the ultimate power in the Company. The Company has a clear and stable shareholding structure, with the conduct of shareholders increasingly improved. Substantial shareholders actively support the Company's business development and performs their shareholder's duties and obligations in accordance with laws and regulations. Small and medium-sized shareholders take part in decision making by attending general meetings to maintain stable foundation for the Company's development. The Board of Directors mainly sets strategies, makes decisions and prevents risks. It keeps playing the role of providing strategic guidance and making scientific decisions, has in place an effective risk control mechanism and a reasonable incentives and accountability mechanism, actively performs social responsibility and protects the legitimate rights and interests of stakeholders. The Board of Supervisors actively performs its supervisory function and conducts supervisory inspections focused on strategy management, financial activity, risk management, internal control and duty performance of the Board of Directors, the Board of Supervisors, the senior management and their members in line with regulatory orientation and the Bank's business activity. It effectively performs its statutory supervisory duties in an objective, impartial and scientific manner in compliance with laws and regulations and effectively acts in the best interests of the Company and all its shareholders and protects the legitimate rights and interests of stakeholders. The Senior Management mainly plans operation, works hard on implementation and strengthens management. It carries out operation management activities in accordance with the Articles of Association and upon authorization by the Board of Directors. It earnestly implements resolutions adopted by the Shareholders' General Meeting and the Board of Directors, accepts supervision by the Board of Supervisors and unites and lead all employees of the Company to fully accomplish annual operation and development tasks for the year.

4.3 STATEMENT ON INDEPENDENCE FROM THE LARGEST SHAREHOLDER

The Company has no controlling shareholder or de facto controller. The Company is fully independent from the largest shareholder in terms of business, personnel, assets, institutional set-up and financials and is capable of independent business operation.

4.4 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

4.4.1 Changes in shares held by directors, supervisors and senior management members and their remunerations

Name	Position	Gender	Year of birth	Tenure	Shares held at the beginning of the year	Shares held at the end of the year	Increase/ decrease of shares during the reporting period	Remuneration (in RMB10,000) (before tax) paid by the Company during the reporting period	Equity incentives granted by the Company during the reporting period	Paid by related party of the Company (yes/no)
Zou Libin	Vice Chairman of the Board of Directors Non-executive Directors	Male	1967	B February 2025 to expiration of the Ninth Board of Directors 19 June 2014 to expiration of the Ninth Board of Directors	0	0	0	0	None	Yes
Qu Gang	Executive Director President	Male	1974	28 October 2024 to expiration of the Ninth Board of Directors	0	0	0	54.78	NA	No
Cai Zhiwei	Non-executive Director	Male	1975	20 July 2022 to expiration of the Ninth Board of Directors	0	0	0	0	None	Yes
Yang Wei	Executive Director Vice President Principal of Financial Affairs	Male	1966	31 March 2025 to expiration of the Ninth Board of Directors 12 February 2019 to expiration of the Ninth Board of Directors 26 September 2024 to expiration of the Ninth Board of Directors	0	0	0	69.86	NA	N
Liu Ruijia	Executive Director Vice President	Male	1966	31 March 2025 to expiration of the Ninth Board of Directors 29 December 2022 to expiration of the Ninth Board of Directors	0	0	0	69.40	NA	No
Song Jiqing	Executive Director Secretary to the Board	Male	1965	8 September 2020 to expiration of the Ninth Board of Directors 2 November 2019 to expiration of the Ninth Board of Directors	0	0	0	261.07	NA	No
Ding Yi	Independent Director	Female	1964	9 September 2020 to expiration of the Ninth Board of Directors	0	0	0	35.50	NA	No
Zhao Hong	Independent Director	Female	1963	9 September 2020 to expiration of the Ninth Board of Directors	0	0	0	35.50	NA	No
Guo Qingwang	Independent Director	Male	1964	9 September 2020 to expiration of the Ninth Board of Directors	0	0	0	35.50	NA	No
Chen Shenghua	Independent Director	Male	1970	2 September 2022 to expiration of the Ninth Board of Directors	0	0	0	35.50	NA	No
Guo Peng	Chairman of Board of Supervisors Employee Supervisor	Employee Supervisor	1976	5 March 2024 to expiration of the Ninth Board of Supervisors 4 March 2024 to expiration of the Ninth Board of Supervisors	0	0	0	52.76	NA	No
Deng Kang	Supervisor Representing Shareholder	Male	1985	31 March 2022 to expiration of the Ninth Board of Supervisors	0	0	0	0	None	Yes
Ma Bing	Supervisor Representing Shareholder	Employee Supervisor	1978	12 December 2024 to expiration of the Ninth Board of Supervisors	0 S	0	0	1.74	NA	Yes
Zhao Xijun	External Supervisor	Male	1963	21 April 2020 to expiration of the Ninth Board of Supervisors	0	0	0	34.00	NA	No

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Name	Position	Gender	Year of birth	Tenure	Shares held at the beginning of the year	Shares held at the end of the year	Increase/ decrease of shares during the reporting period	Remuneration (in RMB10,000) (before tax) paid by the Company during the reporting period	Equity incentives granted by the Company during the reporting period	Paid by related party of the Company (yes/no)
Guo Tianyong	External Supervisor	Male	1968	31 March 2022 to expiration of the Ninth Board of Supervisors	0	0	0	34.00	NA	No
Zhang Hong	External Supervisor	Female	1965	31 March 2022 to expiration of the Ninth Board of Supervisors	0	0	0	34.00	NA	No
Cheng Xinsheng	External Supervisor	Male	1963	12 December 2024 to expiration of the Ninth Board of Supervisors	0	0	0	1.74	NA	No
Xu Xinming	Employee Supervisor	Male	1969	21 April 2020 to expiration of the Ninth Board of Supervisors	0	0	0	180.43	NA	No
Wang Shengchun	Employee Supervisor	Male	1967	12 December 2024 to expiration of the Ninth Board of Supervisors	0	0	0	198.24	NA	No
Gao Bo	Vice President	Female	1970	30 August 2023 to expiration of the Ninth Board of Directors	0	0	0	69.57	NA	No
Han Jianhong	Vice President	Male	1969	30 July 2024 to expiration of the Ninth Board of Directors	0	0	0	63.51	NA	No
Tang Yiming	Vice President	Male	1979	30 July 2024 to expiration of the Ninth Board of Directors	0	0	0	61.74	NA	No
Liu Chunhua	Chief Audit Officer	Female	1970	12 December 2024 to expiration of the Ninth Board of Directors	0	0	0	260.70	NA	No
Wu Yongfei	Chief Information Officer	Male	1965	26 September 2024 to expiration of the Ninth Board of Directors	0	0	0	236.85	NA	No
Yang Hong	Chief Compliance Officer	Male	1967	22 January 2025 to expiration of the Ninth Board of Directors	0	0	0	I	None	No
Liu Xiaoli	Chief Risk Officer	Female	1973	19 January 2025 to expiration of the Ninth Board of Directors	0	0	0	I	None	No
Wang Hongjun	Former Vice Chairman of the Board of Directors Former Non-Executive Director	Male	1969	26 December 2019 to 29 October 2024 30 November 2016 to 29 October 2024	0	0	0	0	None	Yes
Zhu Min	Former Vice Chairman of the Board of Directors Former Non-Executive Director	Female	1964	11 March 2024 to 12 December 2024	0	0	0	0	None	Yes
Guan Wenjie	Former Executive Director Former President	Male	1970	8 September 2020 to 12 January 2024 21 April 2023 to 12 January 2024	0	0	0	6.06	NA	No
Ma Xiaoyan	Former Non-Executive Director	Female	1969	18 September 2019 to 12 December 2024	0	0	0	0	None	Yes
Zeng Beichuan	Former Non-Executive Director	Male	1963	29 November 2021 to 24 June 2024	0	0	0	0	NA	No

, Marina	Position	Gender	Y ear of hirth	Tanura	Shares held at the beginning of the vear	Shares held at the end of the vaar	Increase/ decrease of shares during the reporting	Remuneration (in RMB10,000) (before tax) paid by the Company during the reportion period	Equity incentives granted by the Company during the reporting nerind	Paid by related party of the Company (ves/no)
Guan Jifa	Former Non-Executive Director	Male		8 October 2022 to 12 December 2024	0	0	0		None	Yes
Lv Wendong	Former Independent Director	Male	1967	9 September 2020 to 12 December 2024	0	0	0	33.67	NA	No
Cheng Xinsheng	Former Independent Director	Male	1963	2 September 2022 to 12 December 2024	0	0	0	33.67	NA	No
Gong Zhiqiang	Former Independent Director	Male	1972	9 September 2020 to 3 April 2025	0	0	0	35.50	NA	No
Wang Minglan	Former Chairman of Board of Supervisors Former Employee Supervisor	Female	1963	5 January 2021 to 19 February 2024 31 December 2020 to 4 March 2024	0	0	0	16.00	NA	N
Ding Zhaohua	Former Supervisor Representing Shareholder	Male	1973	21 April 2020 to 12 December 2024	0	0	0	32.26	NA	Yes
Zhu Xiaofang	Former External Supervisor	Female	1963	21 April 2020 to 12 December 2024	0	0	0	32.26	NA	No
Zhu Jiang	Former Employee Supervisor	Male	1968	21 April 2020 to 12 December 2024	0	0	0	203.97	NA	No
Wang Xingguo	Former Principal of Financial Affairs Former Chief Financial Officer	Male	1964	25 November 2022 to 25 September 2024 26 October 2022 to 25 September 2024	0	0	0	179.33	NA	N
Total		-	_		0	0	0	2,399.11	_	/

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Notes:

1. Remunerations of the Chairman of the Board of Directors, President and other principals of the Company are subject to the policy of Beijing government on reform of remunerations of executives of local state-owned enterprises.

2. Pre-tax remunerations of the Chairman of the Board of Directors, President, employee supervisors and other senior management members serving the Company in 2024 include the contribution by the Company to social insurance, enterprise annuity, additional medical insurance and housing provident fund. 3. Pre-tax remunerations of the Chairman of the Board of Directors, President, employee supervisors and other senior management members serving in the Company are under confirmation and will be disclosed thereafter

4. The total remuneration received by the directors and supervisors except for executive directors and employee supervisors from the Company during the reporting period was determined according to the Regulations of Hua Xia Bank Co., Limited on Allowance of Directors and the Regulations of Hua Xia Bank Co., Limited on Allowance of Supervisors.

5. Non-executive directors Mr. Zou Libin, Mr. Cai Zhiwei, former non-executive director Mr. Wang Hongjun, Ms. Zhu Min, Ms. Ma Xiaoyan, Mr. Zeng Beichuan and Mr. Guan Jifa, and Supervisor Representing Shareholder Mr. Deng Kang received no allowance from the Company.

The rest-part remuneration of company officers in 2021-2023 approved and verified by the competent authorities is disclosed as below:

Name		The rest part of pre-tax remunerations for 2023 (RMB10,000)
Yang Wei	59.49	32.21
Liu Ruijia	33.45	32.21
Gao Bo	11.39	16.73
Guan Wenjie	64.45	38.73
Wang Minglan	59.49	30.44

Note: Starting from June 2023, the remuneration of Vice President Ms. Gao Bo has been subject to the policy of Beijing government on reform of remunerations of executives of local state-owned enterprises.

The rest part of remunerations for others in 2023:

Name	The rest part of pre-tax remunerations for 2023 (RMB10,000)
Song Jiqing	84.54
Wang Xingguo	76.85
Zhu Jiang	60.53
Xu Xinming	47.76

Note: Part of remunerations paid to the Secretary to the Board, Principal of Financial Affairs and employee supervisors during the reporting period have been disclosed in the Annual Report 2023, and the rest part of pre-tax remunerations for such personnel in 2023 is hereby disclosed. Bonus to the above-mentioned persons shall be delayed in payment. The total bonus subject to delayed payment in 2023 is RMB3,014,300 and is not paid to those individuals yet.

4.4.2 Changes in directors, supervisors and senior management members of the Company

4.4.2.1 Directors

On 12 January 2024, Mr. Guan Wenjie resigned from the posts of executive director, President and member of relevant committees of the Board of Directors of the Company due to work engagement.

On 11 March 2024, Ms. Zhu Min was approved by the National Financial Regulatory Administration (NFRA) to serve as nonexecutive director and Vice Chairman of the Board of Directors of the Company, with the tenure starting on 11 March 2024 and end upon expiration of the Eighth Board of Directors of the Company.

On 20 May 2024, Mr. Qu Gang was elected Executive Director at the 2023 Annual General Meeting. As approved by the NFRA, Mr. Qu Gang's tenure as Executive Director started on 28 October 2024 and ended upon expiration of the Eighth Board of Directors of the Company.

On 24 June 2024, Mr. Zeng Beichuan resigned from the relevant posts of non-executive director and member of special committees of the Board of Directors of the Company as he reached the retiring age.

On 29 October 2024, Mr. Wang Hongjun resigned from the relevant posts of Vice Chairman of the Board of Directors, nonexecutive director and member of special committees of the Board of Directors of the Company due to work engagement. On the same day, Mr. Zou Libin was elected Vice Chairman of the Board of Directors at the 48th meeting of the Eighth Board of Directors of the Company. His tenure started on the date of approval of his qualification by the NFRA and ended upon expiration of the Eighth Board of Directors. On 12 December 2024, at the first Extraordinary General Meeting of 2024, of the Company, Mr. Zou Libin, Mr. Cai Zhiwei, Mr. Zhang Chuanliang, Mr. Lv Chen, Mr. Duan Yuangang and Mr. Ma Jinzhao were elected as Non-executive Directors of the Ninth Board of Directors, Ms. Ding Yi, Ms. Zhao Hong, Mr. Guo Qingwang, Mr. Gong Zhiqiang, Mr. Chen Shenghua, Ms. Zhu Xiaofang and Mr. Peng Longyun were elected as Independent Directors of the Ninth Board of Directors, and Mr. Li Minji, Mr. Qu Gang, Mr. Yang Wei, Mr. Liu Ruijia, Mr. Song Jiqing were elected as Executive Directors of the Ninth Board of Directors. The eligibility of Mr. Zhang Chuanliang, Mr. Lv Chen, Mr. Duan Yuangang, Mr. Ma Jinzhao, Ms. Zhu Xiaofang and Mr. Peng Longyun for their new positions is pending approval by the NFRA. As for Mr. Zou Libin, Mr. Cai Zhiwei, Ms. Ding Yi, Ms. Zhao Hong, Mr. Guo Qingwang, Mr. Guo Qingwang, Mr. Gong Zhiqiang, Mr. Chen Shenghua, Mr. Li Minji, Mr. Qu Gang and Mr. Song Jiqing, who are re-elected directors, their tenure began on 12 December 2024 and will end upon expiration of the Ninth Board of Directors. As approved by the NFRA, the tenure of Mr. Yang Wei and Mr. Liu Ruijia as Executive Directors of the Company started on 31 March 2025 and will end upon expiration of the Ninth Board of Directors, and Mr. Guan Jifa ceased to serve as Non-executive Directors, and Mr. Lv Wendong and Mr. Cheng Xinsheng ceased to serve as Independent Directors.

On 12 December 2024, the Company held the 1st Meeting of the Ninth Board of Directors. Mr. Li Minji was elected as Chairman of the Ninth Board of Directors. His tenure started on 12 December 2024 and will end upon expiration of the Ninth Board of Directors. On 24 January 2025, Mr. Li Minji resigned from the relevant posts of Chairman of the Board of Directors, executive director and member of special committees of the Board of Directors of the Company for personal reasons.

On 12 December 2024, Mr. Zou Libin was elected as Vice Chairman of the Ninth Board of Directors at the first meeting of the Ninth Board of Directors. As approved by the NFRA, Mr. Zou Libin's tenure as Vice Chairman of the Board of Directors started on 8 February 2025 and will end upon expiration of the Ninth Board of Directors of the Company.

On 17 March 2025, Mr. Yang Shujian was elected as Executive Director of the Ninth Board of Directors at the First Extraordinary General Meeting of the Company in 2025. The eligibility of Mr. Yang Shujian for director is pending approval by the NFRA. His tenure will start on the date of approval and end upon expiration of the Ninth Board of Directors.

On 17 March 2025, Mr. Yang Shujian was elected as Chairman of the Ninth Board of Directors at the fourth meeting of the Ninth Board of Directors. The eligibility of Mr. Yang Shujian for Chairman is pending approval by the NFRA. His tenure will start on the date of approval and end upon expiration of the Ninth Board of Directors.

On 3 April 2025, Mr. Gong Zhiqiang resigned from the posts of independent director and member of relevant committees of the Board of Directors of the Company for personal reasons.

4.4.2.2 Supervisors

On 19 February 2024, Ms. Wang Minglan resigned from the posts of the Chairman of the Board of Supervisors, employee supervisor and member of relevant committees of the Board of Supervisors of the Company due to retirement.

On 4 March 2024, the Company held the First Employees' Congress of 2024. Mr. Guo Peng was elected as employee supervisor. His tenure started on 4 March 2024 and will end upon expiration of the Eighth Board of Supervisors.

On 5 March 2024, the Company held the 26th Meeting of the Eighth Board of Supervisors. Mr. Guo Peng was elected as Chairman of Board of Supervisors. His tenure started on 5 March 2024 and will end upon expiration of the Eighth Board of Supervisors.

On 11 December 2024, the Company held the Second Employees' Congress of 2024. Mr. Guo Peng, Mr. Xu Xinming and Mr. Wang Shengchun were elected as employee supervisor. Their tenure started on 12 December 2024 and will end upon expiration of the Ninth Board of Supervisors. Mr. Zhu Jiang ceased to serve as employee supervisor.

On 12 December 2024, the Company held the First Extraordinary General Meeting of 2024. Mr. Deng Kang and Mr. Ma Bing were elected as supervisors representing shareholders, and Mr. Zhao Xijun, Mr. Guo Tianyong, Ms. Zhang Hong and Mr. Cheng Xinsheng were elected as external supervisors of the Ninth Board of Supervisors. Their tenure started on 12 December 2024 and will end upon expiration of the Ninth Board of Supervisors. Mr. Ding Zhaohua ceased to serve as supervisor representing shareholder and Ms. Zhu Xiaofang ceased to serve as external supervisor.

On 12 December 2024, the Company held the 1st Meeting of the Ninth Board of Supervisors. Mr. Guo Peng was elected as Chairman of Board of Supervisors. His tenure started on 12 December 2024 and will end upon expiration of the Ninth Board of Supervisors.



4.4.2.3 Senior managers

On 12 January 2024, Mr. Guan Wenjie resigned from the posts of executive director, President and member of relevant committees of the Board of Directors of the Company due to work engagement.

On 23 February 2024, the Eighth Board of Directors of the Company held the 40th meeting and appointed Mr. Han Jianhong and Mr. Tang Yiming as Vice Presidents. As approved by the NFRA, the tenure of Mr. Han Jianhong and Mr. Tang Yiming as Vice Presidents of the Company started on 30 July 2024 and ended upon expiration of the Eighth Board of Directors.

On 28 March 2024, Mr. Qu Gang was appointed as President at the 41st Meeting of the Eighth Board of Directors of the Company. As approved by the NFRA, Mr. Qu Gang's tenure as President of the Board of Directors started on 28 October 2024 and ended upon expiration of the Eighth Board of Directors of the Company.

On 25 September 2024, Mr. Wang Xingguo resigned from the post of Principal of Financial Affairs of the Company due to retirement.

On 26 September 2024, the Company held the 47th Meeting of the Eighth Board of Directors. Mr. Yang Wei was appointed as Principal of Financial Affairs. His tenure started on 26 September 2024 and ended upon expiration of the Eighth Board of Supervisors. On the same day, Mr. Wu Yongfei was appointed as Chief Information Officer at the 47th Meeting of the Eighth Board of Directors, with the tenure starting on 26 September 2024 and ending upon expiration of the Eighth Board of Directors; Mr. Yang Hong was appointed as Chief Compliance Officer and Ms. Liu Xiaoli as the Chief Risk Officer, with the tenure starting on the date of approval of their qualifications by the NFRA and ending upon expiration of the Eighth Board of Directors.

On 12 December 2024, at the 1st Meeting of the Ninth Board of Directors of the Company, Mr. Qu Gang was appointed as President, Mr. Yang Wei, Mr. Liu Ruijia, Ms. Gao Bo, Mr. Han Jianhong and Mr. Tang Yiming as Vice Presidents, Mr. Yang Wei as Principal of Financial Affairs, Mr. Song Jiqing as Secretary to the Board, and Ms. Liu Chunhua as Chief Audit Officer and Mr. Wu Yongfei as Chief Information Officer. The tenure of the above-mentioned senior management personnel started on 12 December 2024 and will end upon expiration of the Ninth Board of Directors. Mr. Yang Hong was appointed as Chief Compliance Officer and Ms. Liu Xiaoli as Chief Risk Officer. As approved by the NFRA, the tenure of Ms. Liu Xiaoli as Chief Risk Officer of the Company started on 19 January 2025 and will end upon expiration of the Ninth Board of Directors; the tenure of Mr. Yang Hong as Chief Compliance Officer of the Compliance Officer of the Compliance Officer.

4.4.3 Main work experiences and current or concurrent jobs of directors, supervisors and senior management members

Zou Libin, Vice Chairman, Non-executive Director, male, was born in September 1967. He holds a master's degree and is a senior accountant. He was ever a clerk of Malaysia Division of International Trade Department, JV Division of Overseas Headquarters, JV Division of International Trade Department and Foreign Economic Division of Economic and Trade Department of Shougang, a professional of JV Management Division of Industrial Development Department of Shougang. Then he served as Assistant to Chief and Deputy Chief of Listed Company Management Division of Capital Operation Department, Head of Investment Management Department, Head of Investment Management Department, Head of Planning and Finance Department and Head of Operation and Finance Department of Shougang Group. He currently serves as Chief Auditor of Shougang Group.

Qu Gang, Executive Director and President, male, was born in November 1974. He holds a master's degree and is a senior economist. Previously he served as Head of Foreign Exchange at Yueyang Branch of China Construction Bank; Business Manager of Corporate Management Department of China Jianyin Investment Limited and Supervisor of Hongyuan Securities Co., Ltd.; Member of Party Committee, Member of Party Discipline Committee and Deputy General Manager of JIC Trust Co., Ltd.; Head of Equity Management Group II of Long-term Equity Investment Department of China Jianyin Investment Limited; Member of Party Committee and Deputy General Manager of Beijing International Trust Co., Ltd.; Deputy Head of Market and Investment Bureau of China Development Bank (seconded), Deputy General Manager of Beijing Financial Holdings Group Limited; Vice Party Secretary, Director and General Manager of Beijing International Trust Co., Ltd.; and Member of the Party Standing Committee of Hua Xia Bank. He currently serves as Deputy Party Committee Secretary, Executive Director and President of Hua Xia Bank.

Cai Zhiwei, Non-Executive Director, male, was born in November 1975. He holds a master's degree. Previously, he was Section-Chief Officer of the International Business Loan Division, International Finance Bureau, China Development Bank; Associate Director of Financing Department, Cushman & Wakefield Corporate Finance (HK) Limited; Member of Executive Committee and Director of Investment Support Department, Director of Real Estate Investment Department, China Investment Corporation. Currently he is Vice President and Party Committee Member of People's Insurance Company (Group) of China Limited; Non-executive Director and Chairman of PICC Capital Insurance Asset Management Co., Ltd.; Non-executive Director and Chairman of PICC Pension Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited.

Yang Wei, Executive Director, Vice President and Principal of Financial Affairs, male, was born in January 1966. He holds a bachelor's degree and is an engineer. He once served as Deputy General Manager of the Special Assets Resolution Department of Hua Xia Bank; Member of the Party Committee and Deputy Head of Xi'an Branch of Hua Xia Bank, Member of the Party Committee and Deputy Head of Xi an Branch and Head of Yuxi Subbranch of Hua Xia Branch; Deputy Secretary of the Party Committee, Secretary of the Party Committee and Head of Kunning Branch of Hua Xia Bank; Secretary of the Party Committee and Head of Beijing Branch of Hua Xia Bank, and Secretary of the Party Committee and Head of Guangzhou Branch of Hua Xia Bank. Now, he is Member of the Party Standing Committee, Executive Director, Vice President and Principal of Financial Affairs of Hua Xia Bank.

Liu Ruijia, Executive Director and Vice President, male, was born in October 1966. He holds a bachelor's degree and is an economist. He once served as Member of the Party Committee and Deputy Head of Wuxi Sub-branch of Hua Xia Bank; Deputy General Manager of Human Resources Department and Director of Training Center of Hua Xia Bank; Member of the Party Committee of Hua Xia Bank Suzhou Branch; Chief Credit Risk Officer of Suzhou Credit Risk Management Department; Party Committee Secretary and Head of Hua Xia Bank Suzhou Branch; General manager of Financial Market Department of Hua Xia Bank; and Member of Party Committee and Chief Approval Officer of Hua Xia Bank. Now, he is Member of the Party Committee, Executive Director and Vice President of Hua Xia Bank.

Song Jiqing, Executive Director and Secretary to the Board, male, was born in January 1965. He holds a PhD and is a senior economist. He once served as a Consultant (deputy director level) of Beijing Municipal Finance Bureau, Member of the Party Leading Group and Deputy Director General of the Local Taxation Bureau of Beijing Mentougou District, Deputy Secretary of the Party Leading Group and Director General of the Local Taxation Bureau of Beijing Mentougou District & Director General of the Party Leading Group and Director General of the Local Taxation Bureau of Beijing Mentougou District & Director General of the Party Leading Group and Director General of the Local Taxation Bureau of Beijing Mentougou District & Director General of the State-Owned Assets Administration Bureau of Beijing Mentougou District; Member of the Party Leading Group and Deputy Director of General Office, Director of General Office and Director of Information Research Department of the National Council for Social Security Fund; Deputy Chief Financial Officer and General Manager of Planning and Finance Department of Hua Xia Bank; Principal of Financial Affairs, Chief Financial Officer and General Manager of Development Research Department of Hua Xia Bank; Director of Marketing and General Manager of Development Research Department of Hua Xia Bank; Director of Marketing and General Manager of Strategic Development Department of Hua Xia Bank; Director of Marketing and General Manager of Strategic Development Department of Hua Xia Bank. He currently serves as Party Committee Member, Executive Director and Secretary to the Board and Directors of Hua Xia Bank.

Ding Yi, Independent Director, female, was born in May 1964. She holds a PhD and is a senior economist. She previously was a Lecturer at the School of Finance Renmin University of China, Deputy General Manager of the Investment Management Department of the People's Insurance Company of China, Assistant to President of PICC Asset Management Company Ltd.; General Manager and Chairman of Huaneng Capital Service Co., Ltd., Chairman of Huaneng Guicheng Trust Corporation Ltd., Chairman of China Great Wall Securities Co., Ltd. and Chairman of Invesco Great Wall Fund Management Co., Ltd.

Zhao Hong, Independent Director, female, was born in January 1963. She is a PhD and professor. She previously was Head of the Teaching-Research Section and Associate Dean of the Economics & Management School of Beijing University of Technology and Associate Dean of College of Economics and Management, University of Chinese Academy of Sciences and Dean of Sino-Danish College. Now, she is Professor of College of the Economics and Management and Professor of the Sino-Danish College, University of Chinese Academy of Sciences, tutor to PhD students and Vice Chairman of the University of Chinese Academy of Sciences Education Foundation.

Guo Qingwang, Independent Director, male, was born in February 1964. He is a PhD and professor. He was the Vice Dean, Executive Vice Dean and Dean of the School of Finance of Renmin University of China. Now, he is a professor and tutor to PhD students at Division of Public Finance, School of Finance of Renmin University of China.

Chen Shenghua, Independent Director, male, was born in September 1970. He holds a master's degree and is a Chinese CPA and senior accountant. He is a leading talent in China's accounting sector. He was an auditor at Beijing Xinghua Certified Public Accountants; and Principal Partner of Beijing Huaxia Zhengfeng Certified Public Accountants. Now he is Honorary Director of Management Committee and Senior Partner of Beijing Xinghua Certified Public Accountants (Special General Partnership).

Guo Peng, Chairman of the Board of Supervisors and Employee Supervisor, male, was born in February 1976. He holds a master's degree and is a Senior Political Worker and Engineer. Previously he was Member of the Party Standing Committee, Head of the Organizational and Executives Division and Head of the Human Resources Department of Beijing Electronics Holding Co,. Ltd.; Deputy Chief Executive (Deputy Director General Level) of the Government of Miyun County, Beijing Municipality; Deputy Chief Executive of Miyun District, Beijing Municipality; Member of the Party Standing Committee and Secretary of Party Discipline Committee and Director of the Supervisory Committee of the Shijingshan District, Beijing Municipality; Member of the Party Discipline Committee of Beijing Municipality, Ombudsman of the Beijing Municipal Supervisory Committee Dispatched to the Beijing Organizing Committee for the 2022 Olympic and Paralympic Winter Games and Level 2 Supervisor. He currently serves as Deputy Party Committee Secretary, Chairman of Board of Supervisors and Employee Supervisor of Hua Xia Bank.

Deng Kang, Supervisor Representing Shareholder, male, was born in December 1985. He holds a master's degree and is an economist. Previously he was Salesman for Yunnan Province, Salesman for Shandong Province and Salesman for Shandong Sub-center at Yunnan China Tobacco Industrial Co., Ltd. Marketing Center; Project Manager at the Financial Assets Department of Yunnan Hehe (Group) Co., Ltd. (seconded to Investment Banking Department of Hongta Securities Co., Ltd. as Deputy General manager during the term of office); and Senior Management Executive of Yunnan Hehe (Group) Co., Ltd. He currently serves as Deputy Head of Operations Management Department of Yunnan Hehe (Group) Co., Ltd.



Ma Bing, Supervisor Representing Shareholder, male, was born in July 1978. He holds a bachelor's degree. Previously he worked as Head of the Finance Department of Jinan Yuanshou Knitting Co., Ltd. and Financial Manager of Shandong Gold Kingston Co., Ltd. He currently serves as Director and Chief Financial Officer of Runhua Group Co., Ltd.

Zhao Xijun, External Supervisor, male, was born in August 1963. He is a PhD and professor. He previously was an assistant and lecturer at the Finance Department of Renmin University of China, Head of the Finance Department of the School of Finance, Renmin University of China, Researcher at the Department of International Affairs of CSRC (seconded); Director of International Office of Renmin University of China, Deputy Dean of School of Finance, Renmin University of China. Now, he is Co-president of China Capital Market Research Institute at Renmin University of China.

Guo Tianyong, External Supervisor, male, was born in August 1968. He is a PhD and professor. Previously he was an officer at Yantai Branch of the People's Bank of China; a lecturer and associate professor at the School of Finance, Central University of Finance and Economics. Now, he is a professor and tutor to PhD students at the School of Finance, Central University of Finance and Economics.

Zhang Hong, External Supervisor, female, was born in April 1965. She is a PhD and professor. Previously she was a lecturer, associate professor and professor and MA student adviser at School of Economics, Shandong University. Now, she is an associate professor and tutor to PhD students at Shandong University.

Cheng Xinsheng, External Supervisor, male, was born in February 1963. He is a PhD and professor. He was Teaching Assistant, Lecturer and Associate Professor of the Accounting Department and Director of Audit Department of Nankai Business School. Now, he is a professor and tutor to PhD students at the Accounting Department of Nankai Business School.

Xu Xinming, Employee Supervisor, male, was born in February 1969. He holds a master's degree and is a senior accountant. He previously was General Manager of Audit Department, Manager of Nanjing Audit Office and Deputy Director and Director of Shanghai Audit Division of Hua Xia Bank. He currently serves as Employee Supervisor and General Manager of Audit Department of Hua Xia Bank.

Wang Shengchun, Employee Supervisor, was born in March 1967. He holds a master's degree and is an accountant. Previously he served as Deputy General Manager of Risk Management Department, Deputy General Manager of Market and Operational Risk Management Department and Deputy General Manager and General Manager of Risk Management Department of Hua Xia Bank; Party Committee Member and Vice President of Beijing Branch of Hua Xia Bank; Party Committee Member and Secretary of Party Discipline Committee of Beijing Branch of Hua Xia Bank. He currently serves as Employee Supervisor, Vice Chairman of Labor Union and Head of Mass Work Department of Hua Xia Bank.

Gao Bo, Vice President, female, was born in July 1970. She holds a bachelor's degree and is a Senior Economist and Accountant. Previously she was Member of the Party Committee of Changsha Branch and Head of Chenzhou Branch of Hua Xia Bank; Member of the Party Committee and Deputy Head of Wuhan Branch of Hua Xia Bank; Secretary of the Party Committee and President of Shaoxing Branch of Hua Xia Bank; General Manager of Personal Banking Department of Hua Xia Bank; General Manager of Wealth Management and Private Banking Department of Hua Xia Bank. Now, she is Vice President of Hua Xia Bank.

Han Jianhong, Vice President, male, was born in September 1969. He holds a bachelor's degree and is an economist. He served as Member of the Party Committee of Hangzhou Branch and Head of Hua Xia Bank Huzhou Branch, Party Committee Secretary and Head of Hua Xia Bank Wenzhou Branch, and Party Committee Secretary and Head of Hua Xia Bank Nanjing Branch. Now, he is Vice President of Hua Xia Bank.

Tang Yiming, Vice President, male, was born in December 1979. He holds a master's degree. Previously he was General Manager of Research and Development Department (Innovation Office) of Bank of Beijing; Secretary of the Party General Branch and General Manager of Tongzhou Management Department of Bank of Beijing; Secretary of the Party General Branch and Executive Deputy General Manager of South Beijing Management Department of Bank of Beijing; Party Secretary and Head of Nanchang Branch of Bank of Beijing; and Party Secretary and Head of Beijing Branch of Bank of Beijing. Now, he is Vice President of Hua Xia Bank.

Liu Chunhua, Chief Audit Officer, female, was born in January 1970. She holds a master's degree and is a senior economist. Previously she served as Deputy Head of Inspection Office and General Manager of Human Resources Department of Hua Xia Bank; Deputy Head of the Fund Company Preparatory Team, Head of Inspection Office and Deputy Secretary of Party Discipline Committee of Hua Xia Bank; Party Committee Member, Secretary of Party Discipline Committee, Director and Chief Audit Officer of Hua Xia Bank. She currently serves as Chief Audit Officer of Hua Xia Bank.

Wu Yongfei, Chief Information Officer, male, was born in March 1965. He holds a PhD and is a researcher and senior engineer. Previously he was Deputy General Manager and General Manager of Information Technology Department of Hua Xia Bank, and General Manager of Information Technology Department of Hua Xia Bank. He currently serves as Chief Information Officer and Head of Core System Development Office.

Yang Hong, Chief Compliance Officer, male, was born in December 1967. He holds a master's degree. He previously served as Deputy General Manager of International Business Department of Hua Xia Bank; Deputy General Manager and General Manager of International Business Management Department of Hua Xia Bank; Deputy Head and Head of Internationalization Transformation Office of Hua Xia Bank; Chief Administration Officer and Executive Vice President of Credit Card Center of Hua Xia Bank; Party Secretary and Head of Guiyang Branch of Hua Xia Bank; General Manager of Trade Finance Department of Hua Xia Bank; Party Secretary and President of Credit Card Center of Hua Xia Bank. He currently serves as Chief Compliance Officer of Hua Xia Bank.

Liu Xiaoli, Chief Risk Officer, female, was born in April 1973. She holds a master's degree and is an economist. Previously he served as Party Committee Member and Deputy General Manager of Banking Department of Hua Xia Bank; Party Committee Member and Vice President of Beijing Branch of Hua Xia Bank; Deputy General Manager of Budget and Finance Department of Hua Xia Bank; General Manager of Risk Management Department of Hua Xia Bank; and General Manager of Credit Approval Department of Hua Xia Bank. He currently serves as Chief Risk Officer of Hua Xia Bank.

4.4.4 Positions or concurrent jobs of directors, supervisors and senior management members in shareholder entities or non-shareholder entities

Name	Shareholder entity	Position	Tenure
Zou Libin	Shougang Group	Chief Auditor	December 2024 to present
Deng Kang	Yunnan Hehe (Group) Co., Ltd.	Deputy Head of Operations Management Department	April 2022 to present
Ma Bing	Runhua Group Co., Ltd.	Director, Chief Financial Officer	January 2021 to present

Name	Position or concurrent position in other entities excluding shareholder entities
Zou Libin	Director of Beijing Shougang Construction Investment Co., Ltd.; Director of China Bond Insurance Corporation; Chairman of Shougang Group Finance Co., Ltd.; and Director of Shougang Holding (Hong Kong) Limited.
Cai Zhiwei	Vice President and Party Committee Member of People's Insurance Company (Group) of China Limited; Non-executive Director and Chairman of PICC Capital Insurance Asset Management Co., Ltd.; Non-executive Director and Chairman of PICC Investment Holding Co., Ltd.; Non-executive Director and Chairman of PICC Pension Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited; and Non-executive Director Asset Management Company Limited; and Non-executive Director Asset Management Company Limited; and Non-executive Director Asset Management Company Limited; Asset
Ding Yi	Director of Tongwei Co., Ltd., Independent Director of Huatai Asset Management Co., Ltd. and Independent Director of S.F. Holding Co., Ltd.
Zhao Hong	Professor of College of the Economics and Management and Professor of the Sino-Danish College, University of Chinese Academy of Sciences, tutor to PhD students and Vice Chairman of the University of Chinese Academy of Sciences Education Foundation; Director of China Marketing Association of University; Executive Director of the sixth Board of Directors of China Soft Science Research Association; External Director of Jiangsu Nuo Beta Pharmaceutical Technology Co., Ltd.; Member of the Expert Steering Committee of the Higher Technical and Vocational Education Division of the Chinese Society for Technical and Vocational Education.
Guo Qingwang	Vice President of Society of Public Finance of China, Vice President of China International Taxation Research Institute and professor; Vice Chairman of China National Committee for MT Education; Vice Chairman of National College Finance Teaching and Research Association; and tutor to PhD students at Division of Public Finance, School of Finance of Renmin University of China.
Chen Shenghua	Honorary Director of Management Committee and Senior Partner of Beijing Xinghua Certified Public Accountants (Special General Partnership); member of the Governance Committee of the Beijing Institute of Certified Public Accountants; Visiting Tutor of the Accounting School of the School of Accounting, Central University of Finance and Economics; Independent Director of NAURA Technology Group Co., Ltd.; Independent Director of Tianjin Aisida Aerospace Technology Co. Ltd., and External Director of Beijing Drainage Group Co., Ltd.
Deng Kang	Director of Hongta Innovation Investment Co., Ltd.; Director of Jiangsu Tobacco Jinsili Financial Lease Co., Ltd.; Supervisor of KPC Pharmaceuticals, Inc.; Chairman of the Supervisory Board of Huatai Insurance Group Co., Ltd.; Director of Kunming Zhengji Real Estate Co. Ltd.; Vice Chairman of Yunnan Flower Industry Investment Management Co., Ltd.; Director of Zking Property & Casualty Insurance Co., Ltd.; and Director of Hongta Innovation (Qingdao) Equity Investment Management Co., Ltd.
Ma Bing	Director of Runhua Automobile Holdings Ltd., Director Shandong Runhua Insurance Agency Company Limited; Legal Representative and Executive Director of Shandong Runhua Imported Cars Plaza Co., Ltd.; Supervisor of Qiuyang Real Estate Co., Ltd.; Supervisor of Shandong Diping Tianyu Real Estate Co., Ltd.; Supervisor of Shandong Diping Tianhong Real Estate Co., Ltd.; and Supervisor of Shandong Meihao Shuxiangshijia Hotel Management Co., Ltd.
Zhao Xijun	Co-president of China Capital Market Research Institute/Co-president of Chinese Academy of Financial Inclusion at Renmin University of China; Vice Chairman and Academic Committee of the National Academy of Financial Research at Renmin University of China; Professor of School of Finance at Renmin University of China; Member and Secretary General of the National Steering Committee of Graduate Education for Professional Degree in Finance; External Supervisor of China Construction Bank Corporation; Independent Director of Kaishi Fund Management Co., Ltd.; Independent Director of iFLYTEK Co., Ltd.; and Independent Director of Shenzhen Sunline Tech Co., Ltd.
Guo Tianyong	Professor and tutor to PhD students at the School of Finance, Central University of Finance and Economics; Independent Director of Kweichow Moutai Co., Ltd.; Independent Director of Ping An Healthcare And Technology Co. Ltd.
Zhang Hong	Associate Professor and tutor to PhD students at Shandong University; Independent Director of Sinotruk Jinan Truck Co., Ltd.; Independent Director of Sunvim Group Co., Ltd.; Independent Director of Shandong Hi-Speed Road & Bridge Co. Ltd.; External Supervisor of Shandong Chenming Paper Holdings Limited.
Cheng Xinsheng	Professor and tutor to PhD students at the Accounting Department of Nankai Business School; Independent Director of Tianjin Binhai Teda Logistics (Group) Corporation Limited; Independent Director of Peric Special Gases Co., Ltd.; and Director of Chinese Academy of Management.
Gao Bo	Supervisor of China UnionPay Co., Ltd.
Wu Yongfei	Vice President of Financial Strategy and Quantitative Research Center University of International Business and Economics at University of International Business and Economics.



4.4.5 Establishment and implementation of performance evaluation and incentive mechanisms for directors, supervisors and senior management members

The total remuneration received by the directors and supervisors except for executive directors and employee supervisors from the Company was determined according to the *Regulations of Hua Xia Bank Co., Limited on Allowance of Directors* and the *Regulations of Hua Xia Bank Co., Limited on Allowance of Supervisors* approved by the Shareholders' General Meeting. As to the executive directors, senior management members and employee supervisors who are included in the remuneration management scope of officers of SOEs governed by Beijing Municipal Government, their remuneration shall be determined as per the management policies fit for the above-mentioned officers. As to the executive directors and senior management members who are not included in the remuneration management scope of officers of SOEs governed as per the *Administrative Measures for Remunerations of Head Office-level Senior Management of Hua Xia Bank.* As to the employee supervisors who are not included in the remuneration management scope of officers of SOEs governed by Beijing Municipal Government, their remunerations of Hua Xia Bank. As to the employee supervisors who are not included in the remuneration management scope of officers of SOEs governed by Beijing Municipal Government, their remuneration shall be determined as per the Company's related employee remuneration management measures. As at the end of the reporting period, the Company had not provided any share incentives to directors, supervisors or senior management members.

During the reporting period, the Board of Directors of the Company assessed the performance of senior managers appointed by the Board of Directors in accordance with the Performance Assessment Measures for Senior Management Members of Hua Xia Bank. During the reporting period, the annual duty performance of directors, supervisors and senior managers was evaluated by the Board of Supervisors according to the *Duty Performance Evaluation Measures for the Board Directors of Hua Xia Bank Co., Limited and its Members,* the *Duty Performance Evaluation Measures for the Board of Supervisor of Hua Xia Bank Co., Limited and its Members and the Duty Performance Evaluation Measures for the Senior Management of Hua Xia Bank Co., Limited and its Members (Provisional)* and reported to the General Meeting of Shareholders and regulatory authorities.

The Nomination and Remuneration Assessment Committee of the Board of Directors has examined remuneration data of directors, supervisors and senior management members to be disclosed in the Annual Report 2024 of the Company. In the opinion of the committee, the remunerations of directors, supervisors and senior management members to be disclosed in the Annual Report 2024 of the Company comply with relevant assessment system and remuneration management policy of the Company, and are paid in overall consideration of the prevailing economic conditions, control policies of China and Beijing as well as actual operation of the Company and its peers, and the disclosure meets requirements of relevant laws and regulations.

During the reporting period, RMB23,991,100 (before tax) was actually paid to all of the directors, supervisors and senior management members.

4.4.6 Penalties imposed on directors, supervisors and senior management members by securities regulatory authority in the past three years

As far as the Company knows, there have been no penalties imposed on its directors, supervisors or senior management members, who remain in office now or were removed from office during the reporting period, by securities regulatory authorities in the recent three years.

4.5 BRIEFING OF THE SHAREHOLDERS' GENERAL MEETING

4.5.1 Duties of the Shareholders' General Meeting

The Shareholders' General Meeting holds the ultimate power of the Company. It is mainly responsible for: deciding on the Company's business policy and investment plan; electing and replacing directors and supervisors and deciding on the remuneration of directors and supervisors; hearing the Board of Supervisors' report on performance evaluation of directors and supervisors; reviewing and approving the reports of the Board of Directors and the Board of Supervisors; reviewing and approving the annual financial budget, final accounts plan, profit distribution plan and loss recovery plan of the Company; resolving on the Company's bond issuance or listing, increase or decrease of registered capital, change of the purpose of raised funds, equity incentive plan, employment stock ownership plan, merger, split-up, spin-off, dissolution, liquidation or change of company form; amending the Articles of Association; engaging and disengaging accounting firm that conducts regular statutory auditing of the financial statements of the Company; reviewing the Company; deciding on or authorizing the Board of Directors to decide on matters related to the Company's issued preference shares, including but not limited to redemption, conversion and dividend distribution; removing independent directors; examining and approving the rules of procedure for the Shareholders' General Meeting, the Board of Directors and the Board of Supervisors; resolving on the acquisition of shares in the Company in accordance with the law; and reviewing other matters subject to decision making by the Shareholders' General Meeting under laws, regulations, supervisory rules and the Articles of Association.

4.5.2 Convening	of Shareholders'	General Meeting
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Meeting	Date	Place	Attendance	Website designated for publishing resolution	Disclosure date	Resolutions
Annual General Meeting for 2023	20 May 2024	Beijing	 58 shareholders attended the meeting in person or by proxy, representing a total of 11,762,321,705 voting shares, accounting for 73.9075% of total voting shares in the Company. Of the 16 directors of the Company, 9 directors were present, while Directors Wang Hongjun, Zhu Min, Cai Zhiwei, Ma Xiaoyan, Zeng Beichuan, Guan Jifa and Zou Libin were absent for business affairs. Of the nine supervisors of the Company, seven supervisors were present, while Chairman of Board of Supervisors Guo Peng and External Supervisors Zhu Xiaofang were absent for business affairs. Sceretary to the Board Mr. Song Jiqing attended the meeting; senior managers were present as non-voting attendees. Candidate for Director of the Company Mr. Qu Gang attended the meeting. 	www.sse.com.cn	21 May 2024	11 proposals were reviewed at the meeting, including the 2023 Work Report of the Board of Directors of Hua Xia Bank. All of them were approved by more than one half of attending shareholders (including proxies) with voting rights.
First Extraordinary General Meeting for 2024	12 December 2024	Beijing	 587 shareholders attended the meeting in person or by proxy, representing a total of 11,874,715,814 voting shares, accounting for 74.6137% of total voting shares in the Company. Of the 15 directors of the Company, 11 directors were present, while Directors Zhu Min, Ma Xiaoyan and Guan Jifa and Independent Director Lv Wendong were absent for business affairs. Of the nine supervisors of the Company, eight supervisors were present, while Supervisor Ding Zhaohua was absent for business affairs; Secretary to the Board Mr. Song Jiqing attended the meeting; some senior managers were present as non-voting attendees. Candidates for directors and supervisors of the Company attended the meeting. 	www.sse.com.cn	13 December 2024	Five proposals were reviewed at the meeting, including the <i>Mid-year Profit Distribution</i> <i>Plan of Hua Xia Bank Co.,</i> <i>Limited. for 2024.</i> Proposals 1 and 4 were approved by more than half of attending shareholders with voting rights; every sub-proposal under Proposals 2 and 3 were approved by more than half of attending shareholders with voting rights; the candidate for independent director named in each sub-proposal under Proposal 5 was successfully elected.



4.6 DUTY PERFORMANCE OF THE DIRECTORS AND BOARD OF DIRECTORS

4.6.1 The Board of Directors

4.6.1.1 Duties and composition of the Board of Directors

The Board of Directors defines strategies, makes decisions and prevents risks. The Board of Directors is mainly responsible for: convening the Shareholders' General Meeting, reporting its work and implementing the resolutions of the Shareholders' General Meeting: deciding on the Company's business plan and investment plan; formulating the Company's annual financial budget, final accounts plan, profit distribution plan and loss compensation plan; formulating the Company's plans for increasing or decreasing registered capital, issuing bonds or other securities and listing; formulating the Company's risk tolerance and risk management policies; deciding on the Company's external investments, asset purchase, asset mortgage, external donations, related party transactions, data governance and other matters in accordance with laws, regulations, regulatory rules and the Company's Articles of Association or within the scope authorized by the Shareholders' General Meeting: developing the major acquisition plan of the Company: formulating the medium- and long-term development strategies of the Company and supervising the implementation of these strategies; deciding on the establishment of the working bodies of the Board of Directors, the internal management bodies of the Company and the unincorporated branches; formulating the standards for remuneration and allowances for directors of the Company, detailed articles of association and their amendments and rules of procedure of the Shareholders' General Meeting and their amendments; revising the rules of procedure of the Board of Directors; examining and approving the working rules of the special committees of the Board of Directors; formulating the basic management policies of the Company; deciding on the appointment or dismissal of President, Secretary to the Board and other senior manager and deciding on their remuneration, rewards and punishments; deciding on appointment or dismissal of Vice President, Principal of Financial Affairs and other senior management members of the Company according to the President's nominations, and deciding on their remuneration, rewards and punishments; hearing the work report of the President of the Company and checking the work of the President; taking the ultimate responsibility for the Company's enterprise risk management, capital management, consolidated management, internal audit and other regulatory requirements; regularly evaluating and improving the Company's corporate governance; safeguarding the legitimate rights and interests of financial consumers and other stakeholders; assuming the responsibility for the management of shareholders' affairs; and reviewing the other matters that shall be decided on by the Board of Directors under laws, regulations, supervisory rules and the Articles of Association. The Board of Directors shall, before deciding on major issues of the Company, solicit opinions of the Party Committee of the Company. At the end of the reporting period, the Board of Directors of the Company was composed of 10 directors. For details, please see "4.4 Directors, Supervisors and Senior Management Members".

4.6.1.2 Meetings of the Board of Directors	
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Meeting	Date	Resolutions
The 39th meeting of the Eighth Board of Directors	12 January 2024	For details, please see the Announcement on Resolutions of the 39th Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 13 January 2024.
The 40th meeting of the Eighth Board of Directors	23 February 2024	For details, please see the Announcement on Resolutions of the 40th Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 24 February 2024.
The 41st meeting of the Eighth Board of Directors	28 March 2024	For details, please see the Announcement on Resolutions of the 41st Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 30 March 2024.
The 42nd meeting of the Eighth Board of Directors	19 April 2024	For details, please see the Announcement on Resolutions of the 42nd Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 23 April 2024.
The 43rd meeting of the Eighth Board of Directors	26 April 2024	For details, please see the Announcement on Resolutions of the 43rd Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 30 April 2024.
The 44th meeting of the Eighth Board of Directors	27 June 2024	For details, please see the Announcement on Resolutions of the 44th Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 28 June 2024.
The 45th meeting of the Eighth Board of Directors	17 July 2024	For details, please see the Announcement on Resolutions of the 45th Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 18 July 2024.
The 46th meeting of the Eighth Board of Directors	29 August 2024	For details, please see the Announcement on Resolutions of the 46th Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 31 August 2024.
The 47th meeting of the Eighth Board of Directors	26 September 2024	For details, please see the Announcement on Resolutions of the 47th Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 27 September 2024.
The 48th meeting of the Eighth Board of Directors	29 October 2024	For details, please see the Announcement on Resolutions of the 48th Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 31 October 2024.
The 49th meeting of the Eighth Board of Directors	26 November 2024	For details, please see the Announcement on Resolutions of the 49th Meeting of the Eighth Board of Directors of Hua Xia Bank disclosed by the Company on 27 November 2024.
The First Meeting of the Ninth Board of Directors	12 December 2024	For details, please see the Announcement on Resolutions of the First Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Company on 13 December 2024.

4.6.2 Duty performance of directors

4.6.2.1 Duty performance of directors

				Attendance a	t Board Meeting			Attendance at Shareholders' General Meetings
Director	Independent Director (Yes/no)	Board meetings to be attended this year	Meetings attended in person	Meetings attended by circulation	Meetings attended by proxy	Absence	Absent from two consecutive meetings without appointing a proxy to attend on his or her behalf (Yes/no)	Shareholders' General Meetings attended
Zou Libin	No	12	12	5	0	0	No	1
Qu Gang	No	3	3	1	0	0	No	1
Cai Zhiwei	No	12	10	5	2	0	No	1
Song Jiqing	No	12	12	5	0	0	No	2
Ding Yi	Yes	12	12	5	0	0	No	2
Zhao Hong	Yes	12	12	5	0	0	No	2
Guo Qingwang	Yes	12	12	5	0	0	No	2
Chen Shenghua	Yes	12	12	5	0	0	No	2
Li Minji	No	12	12	5	0	0	No	2
Wang Hongjun	No	9	8	4	1	0	No	0
Zhu Min	No	9	8	4	1	0	No	0
Ma Xiaoyan	No	11	11	5	0	0	No	0
Zeng Beichuan	No	5	2	2	3	0	No	0
Guan Jifa	No	11	9	5	2	0	No	0
Lv Wendong	Yes	11	10	5	1	0	No	1
Cheng Xinsheng	Yes	11	11	5	0	0	No	2
Gong Zhiqiang	Yes	12	12	5	0	0	No	2
Number of Board meetin	ngs held in the reportin	g period						12
Of which: Number of ons	site meetings							7
Number of meetings hele	d by circulation							5
Number of meetings hele	d by onsite presence &	correspondence						0

During the reporting period, all directors gave reasonable opinions and suggestions based on their own expertise and experience, covering the business development, strategy transformation, business cooperation, risk management, internal control and audit, and external audit. Relevant opinions and suggestions were effectively implemented. During the reporting period, directors of the Company did not raise any dissents on relevant issues of the Company.



4.6.2.2 Work of independent directors

During the reporting period, the Board of Directors of the Company kept the number of independent directors more than one third of its members, ensured independent directors' right to know and provided necessary assistance for independent directors to perform their duties properly. Independent directors performed their duties with due care in good faith, independently and diligently, effectively played their role of participation in decision-making, supervision, checks and balances and professional consultation, and safeguarded the overall interests of the Company, the interests of all shareholders and, in particular, the legitimate rights and interests of minority shareholders and financial consumers. During the reporting period, the Company held one Special Meeting of Independent Directors. Four proposals were reviewed and approved at the meeting, namely the 2024 work plan for the Special Meeting of Independent Directors of the Board of Directors of Hua Xia Bank, the report on implementation of the related party transactions management policy and the related party transactions of Hua Xia Bank in 2023, the proposal on application for the quota for day-to-day related party transactions, and the report on ongoing risk assessment of related finance company in 2023.

The number of domestic listed companies and domestic and foreign enterprises for which independent directors served as independent directors met the regulatory requirements, ensuring that independent directors had enough time and energy to perform their duties as independent directors effectively, and worked at the Company for more than 15 working days in the reporting period. Independent directors attended meetings of the Board of Directors on time, understood the Company's business and operation, took the initiative to investigate and obtained the information and materials needed to make decisions and expressed objective and impartial independent directors also performed their duties by regularly obtaining information about the Company's operations, listening to reports from the management, communicating with the head of the internal audit and the accounting firm working as external audit for the Company, conducting field visits and communicating with minority shareholders.

4.6.3 Special committees of the Board of Directors

4.6.3.1 Members of special committees of the Board of Directors

Name of special committee	Name of member
Strategy and Capital Management Committee	Zou Libin, Qu Gang, Yang Wei, Zhao Hong and Guo Qingwang
Audit Committee	Chen Shenghua, Ding Yi
Risk Compliance and Consumer Protection Committee	Qu Gang, Cai Zhiwei, Liu Ruijia, Song Jiqing, Zhao Hong and Guo Qingwang
Related Party Transactions Control Committee	Ding Yi, Zhao Hong, Guo Qingwang and Chen Shenghua
Nomination and Remuneration Assessment Committee	Ding Yi, Chen Shenghua

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4.6.3.2 Main duties of special committees

The Board of Directors of the Bank has established the following special committees according to needs: the Strategy and Capital Management Committee, the Audit Committee, the Risk Compliance and Consumer Protection Committee, the Related Party Transactions Control Committee and the Nomination and Remuneration Assessment Committee. Special committees provide professional opinions to the Board of Directors or make decisions on specialized matters and exercise the following functions and responsibilities:

The Strategy and Capital Management Committee is mainly responsible for: studying the long-term development strategy and major investment decisions of the Company, giving suggestions and supervising and assessing the development strategy implementation; studying and making suggestions on capital management of the Company, reviewing the capital planning, the capital adequacy management plan and report as well as internal capital adequacy assessment process (ICAAP) report formulated by the Senior Management, submitting them to the Board of Directors for approval and supervising their implementation; formulating the green finance development strategy of the Company, reviewing the green finance objectives formulated and green finance reports formulated by the Senior Management and submitting them to the Board of Directors for approval; formulating the strategic development plan and basic policy for inclusive finance; promoting the rule-of-law work of the Company; putting forward proposals and plans on major issues to be discussed and decided on by the Board of Directors; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Company and authorized by the Board of Directors.

The Audit Committee is mainly responsible for: proposing to hire or replace the external audit body and supervising and assessing the external audit work; supervising and assessing the internal audit work, organizing and directing the internal audit work under the authorization of the Board of Directors, reporting to the Board of Directors and regularly listening to the internal audit work report; coordinating the Management and related departments with the external audit body, and coordinating internal auditors with external auditors; examining the Company's financial information and its disclosure, including examining the Company's accounting policies, financial position and financial reporting procedures, examining the Company's risk and compliance status, taking charge of the annual audit of the Company, making a judgmental report on the authenticity, integrity and accuracy of the audited financial report information and submitting the report to the Board of Directors for deliberation; proposing appointment and dismissal of the Principal of Financial Affairs; examining the changes in accounting errors the Company's risk; supervising and assessing the Company's internal control, examining the internal control evaluation report, supervising and assessing the Company's internal control, examining the effective implementation and self-assessment of internal control, and coordinating internal control audit and other related matters; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Company and authorized by the Board of Directors.

The Risk Compliance and Consumer Protection Committee is mainly responsible for: formulating the Company's risk tolerance and risk management policies and submitting them to the Board of Directors for approval; supervising the Senior Management's control over credit risk, liquidity risk, market risk, operational risk, compliance risk, IT risk, case risk, antimoney laundering risk and reputational risk; regularly listening to the Senior Management's special reports on the Company's risk profile, organizing and guiding the case prevention work upon the authorization from the Board of Directors, conducting regular assessment of the Company's risk policy, risk level, risk management status and risk tolerance, and making suggestions on improving risk management; formulating strategies, policies and objectives for consumer protection of the Company and researching major issues and important policies on consumer protection; supervising and inspecting consumer protection, supervising the comprehensiveness, timeliness and effectiveness of the work of the Senior Management and the consumer protection department; directing and urging the establishment and improvement of the consumer protection management and consumer protection department and submitting them to the Board of Directors for approval; studying audit reports, regulatory notices and internal assessment results related to annual consumer protection work and urging the Senior Management and relevant departments to promptly correct problems; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Company and authorized by the Board of Directors.

The Related Party Transactions Control Committee is mainly responsible for: taking charge of the management, review and risk control of related party transactions, with a focus on the compliance, fairness and necessity of related party transactions, and hiring financial advisors and other independent third parties to issue reports as the basis for judgment where necessary; filing general related party transactions examined in accordance with internal management policy and authorization procedures; examining major related party transactions and submitting them to the Board of Directors for approval; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Company and authorized by the Board of Directors.

The Nomination and Remuneration Assessment Committee is mainly responsible for: formulating standards and procedures for the selection and appointment of directors and senior managers and making suggestions; selecting eligible candidates for directors and senior managers; examining the eligibility and qualifications of candidates for directors and senior managers and making suggestions to the Board of directors on nomination, appointment or removal of directors and appointment or dismissal of senior managers; researching and formulating the standards and indicator system for Senior Management assessment, conduct assessment and making suggestions; researching, formulating and reviewing the remuneration policy and plan for directors and senior managers, making suggestions and supervising the implementation of the plan; making suggestions on formulation or alteration of the stock incentive plan, employee stock ownership plan and conditions for granting and exercising the rights and benefits under incentives; advising on the directors' and senior managers' shareholder plan for the proposed spin-off of a subsidiary; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Company and authorized by the Board of Directors.



4.6.3.3 Meetings of special committees

S/N	Meeting	Date	Agenda items	Important opinions and suggestions and other duty performance
1	The 15th meeting of the Nomination and Remuneration Assessment Committee of the Eighth Board of Directors	23 February 2024	The Proposal on Review of the Eligibility of Mr. Han Jianhong and Mr. Tang Yiming as Candidates for Vice Presidents was reviewed and approved.	The eligibility of Mr. Han Jianhong and Mr. Tang Yiming as candidates for vice presidents was reviewed and approved.
2	The 10th meeting of the Strategy and Capital Management Committee of the Eighth Board of Directors	23 February 2024	The Proposal on the Capital Plan of Hua Xia Bank for 2024- 2028 was reviewed and approved.	1
3	The 16th meeting of the Nomination and Remuneration Assessment Committee of the Eighth Board of Directors	28 March 2024	The Proposal on Review of the Eligibility of Mr. Qu Gang as Candidate for President and another proposal were reviewed and approved.	The eligibility of Mr. Qu Gang as candidate for Director and President was reviewed and approved.
4	The 17th meeting of the Nomination and Remuneration Assessment Committee of the Eighth Board of Directors	15 April 2024	Eight proposals were reviewed and approved, including the Proposal on the Performance Assessment Results of Senior Managers at the Head Office Level in 2023.	The remunerations of directors, supervisors and senior management members to be disclosed in the Annual Report 2023 of the Company comply with relevant assessment system and remuneration management policy of the Company, and are paid in overall consideration of the prevailing economic conditions, control policies of China and Beijing as well as actual operation of the Company and its peers, and the disclosure meets requirements of relevant laws and regulations. Senior managers at the Head Office of the Company were all rated Grade A in annual performance assessment for 2023.
5	The ninth meeting of the Related Party Transactions Control Committee of the Eighth Board of Directors	15 April 2024	Four proposals were reviewed and approved, including the Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties.	1
6	The 14th meeting of the Audit Committee of the Eighth Board of Directors	16 April 2024	15 proposals were reviewed and approved, including the Profit Distribution Plan of Hua Xia Bank for 2023; the Report of Ernst & Young Hua Ming LLP on External Audit of Hua Xia Bank for 2023 was heard.	The Audit Committee has reviewed significant issues in the "key audit issues" section of the audit report and opined that a full explanation of these issues had been provided in the notes to financial statements and thus was not needed in the annual report.
7	The 11th meeting of the Strategy and Capital Management Committee of the Eighth Board of Directors	18 April 2024	Seven proposals were reviewed and approved, including the Assessment Report on 2023 Plan Execution of Hua Xia Bank Co., Limited; the Report on Implementation Progress of New Capital Regulation was read.	I
8	The 12th meeting of the Risk Compliance and Consumer Protection Committee of the Eighth Board of Directors	18 April 2024	13 proposals were reviewed and approved, including the 2023 Risk Management Report of Hua Xia Bank; the Report on Study and Implementation of Regulatory Documents on Consumer Protection and the Special Report of Hua Xia Bank on Financial Crime Prevention among Employees were read.	Ţ
9	The 13th meeting of the Risk Compliance and Consumer Protection Committee of the Eighth Board of Directors	16 July 2024	The Proposal on Adjusting Long-term Central Trend of Default and Master Scale of the Non-retail Internal Ratings- based Approach was reviewed and approved.	I
10	The 12th meeting of the Strategy and Capital Management Committee of the Eighth Board of Directors	16 July 2024	The <i>Proposal on the Development Plan of Hua Xia Bank for 2021-2025</i> was reviewed and approved.	1
11	The 18th meeting of the Nomination and Remuneration Assessment Committee of the Eighth Board of Directors	16 July 2024	The Proposal on the 2024 Performance Assessment Plan for Non-municipality-managed Executives was reviewed and approved.	1
12	The 14th meeting of the Risk Compliance and Consumer Protection Committee of the Eighth Board of Directors	28 August 2024	Four proposals were reviewed and approved, including the Proposal on the 2024 Recovery Plan of Hua Xia Bank; the Report on Consumer Protection Audit of Hua Xia Bank for 2023 was read.	J
13	The 13th meeting of the Strategy and Capital Management Committee of the Eighth Board of Directors	28 August 2024	Three proposals were reviewed and approved, including the <i>Proposal on Revising the Administrative Measures for Capital of Hua Xia Bank</i> .	J
14	The 19th meeting of the Nomination and Remuneration Assessment Committee of the Eighth Board of Directors	28 August 2024	The Proposal on the Performance Assessment Results of Senior Managers in the Charge of the Municipality in 2021 to 2023 was reviewed and approved.	1
15	The 10th meeting of the Related Party Transactions Control Committee of the Eighth Board of Directors	28 August 2024	The Report on Ongoing Risk Assessment of Related Finance Company in the First Half of 2024 was reviewed and approved.	I

S/N	Meeting	Date	Agenda items	Important opinions and suggestions and other duty performance
16	The 15th meeting of the Audit Committee of the Eighth Board of Directors	28 August 2024	Two proposals were reviewed and approved, including the Proposal on the 2024 Interim Report of Hua Xia Bank; the Brief Analysis of Ernst & Young Hua Ming LLP on 2024 Interim Report and H2 Work Priorities of Hua Xia Bank Co., Limited was heard.	J
17	The 16th meeting of the Audit Committee of the Eighth Board of Directors	25 September 2024	The Proposal on Appointment of Mr. Yang Wei as Principal of Financial Affairs was reviewed and approved.	1
18	The 20th meeting of the Nomination and Remuneration Assessment Committee of the Eighth Board of Directors	26 September 2024	Four proposals were reviewed and approved, including the <i>Proposal on Review of the Eligibility of Mr. Yang Wei as Candidate for Principal of Financial Affairs</i> .	The eligibility of Mr. Yang Wei as candidate for Principal of Financial Affairs was reviewed and approved. The eligibility of Mr. Yang Hong, Ms. Liu Xiaoli and Mr. Wu Yongfei as Chief Compliance Officer, Chief Risk Officer and Chief Information Officer respectively were reviewed and approved, and their remuneration levels were approved.
19	The 14th meeting of the Strategy and Capital Management Committee of the Eighth Board of Directors	28 October 2024	The Pillar 3 Information Disclosure Report of Hua Xia Bank for the Third Quarter of 2024 was reviewed and approved.	1
20	The 17th meeting of the Audit Committee of the Eighth Board of Directors	28 October 2024	The Quarterly Report of Hua Xia Bank Co., Limited for the Third Quarter of 2024 and the Proposal on Revising the Administrative Measures for Deposit and Use of Raised Funds of Hua Xia Bank Co., Limited were reviewed and approved.	ļ
21	The 15th meeting of the Risk Compliance and Consumer Protection Committee of the Eighth Board of Directors	28 October 2024	The Proposal on Provisioning for Credit Risk Losses of Hua Xia Bank for the Third Quarter of 2024 was reviewed and approved; the Report on Announcement of Regulatory Evaluation of Consumer Protection and Rectification Action of Hua Xia Bank for 2023 and the Report on Announcement of Banking Consumer Complaints for the First Quarter and the First Half of 2024 were read.	1
22	The 21st meeting of the Nomination and Remuneration Assessment Committee of the Eighth Board of Directors	26 November 2024	Three proposals were reviewed and approved, including Proposal on Review of the Eligibility of Candidates for Non- Independent Directors of the Ninth Board of Directors and the Proposal on Review of the Eligibility of Candidates for Independent Directors of the Ninth of Board of Directors.	The eligibility of candidates for non-independent directors and candidates for independent directors of the Ninth Board of Directors was reviewed and approved.
23	The 1st meeting of the Nomination and Remuneration Assessment Committee of the Ninth Board of Directors	12 December 2024	The Proposal on Review of the Eligibility of Candidate for President was reviewed.]
24	The first meeting of the Audit Committee of the Ninth Board of Directors	12 December 2024	Proposal on Appointment of Principal of Financial Affairs and Proposal on Appointment of Chief Audit Officer were reviewed.	J
25	The 2nd meeting of the Nomination and Remuneration Assessment Committee of the Ninth Board of Directors	12 December 2024	Five proposals including the <i>Proposal on Review of the Eligibility of Candidate for Vice President</i> were reviewed.	1

Note: At the first and second meetings of the Nomination and Remuneration Assessment Committee of the Ninth Board of Directors of the Company, the proposals on the eligibility of the candidate for President and the candidates for relevant senior management personnel were reviewed. All the attending committee members believed that the relevant senior management personnel met the eligibility criteria set forth in applicable laws, regulations, regulatory provisions and the Articles of Association of the Company. Two proposals on appointment of the Principal of Financial Affairs and Chief Audit Officer were reviewed at the first meeting of the Audit Committee. All attending members of the Audit Committee consented to the two proposals. As the number of committee members available to perform duties was less than three, the relevant proposals were directly submitted to the Board of Directors for review.



4.7 DUTY PERFORMANCE OF THE SUPERVISORS AND BOARD OF SUPERVISORS

4.7.1 Board of Supervisors

4.7.1.1 Duties and composition of the Board of Supervisors

The Board of Supervisors, as the supervisory body of the Company, is mainly responsible for: supervising, inspecting and urging rectification of the Company's business decisions, risk management and internal control; supervising the performance of the duties of the Board of Directors, the Senior Management and their members; supervising the Board of Directors in establishing sound business philosophy and values and formulating development strategies suitable for the Company; assessing the scientificity, rationality and robustness of the Company's development strategy and forming an assessment report; supervising the selection and appointment process of directors; supervising the implementation of the Company's remuneration management system and the scientificity and rationality of the Senior Management remuneration plan; reviewing the regular reports of the Company prepared by the Board of Directors and give written review opinions; examining the Company's financial affairs; supervising the performance of the duties of the directors and senior managers of the Company, and proposing the removal of directors and senior managers who violate laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' General Meeting; Requiring directors and senior managers to make corrections when their acts harm the interests of the Company; proposing the convening of an extraordinary General Meeting, and to convening and presiding over a General Meeting when the Board of Directors fails to perform its duties of convening and presiding over a General Meeting as provided for in the Company Law; making proposals to the Shareholders' General Meeting; lodging litigation against directors and senior managers in accordance with the relevant provisions of the Company Law; conducting an investigation over any abnormalities in operation of the Company; where necessary, engaging professional agencies such as accounting firm and law firm to assist them in their work at the Company's expense; formulating and revising the rules of procedure of the Board of supervisors, and examining and approving the working rules of the special committees of the Board of supervisors; reviewing the supervisory opinion given by the banking regulatory authority of the State Council on the Company and its report on rectification; other functions and powers of the Board of Supervisors as prescribed by laws, regulations or the Articles of Association. At the end of the reporting period, the Board of Supervisors of the Company was composed of nine supervisors. For details, please see "4.4 Directors, Supervisors and Senior Management Members".

4.7.1.2 Meetings of the Board of Supervisors and supervision

During the reporting period, the Board of Supervisors held seven meetings and reviewed and adopted 23 proposals covering succession of the Board of Supervisors, work report of the Board of Supervisors, annual work plan for inspections and surveys, regular reports, profit distribution, annual final accounts, duty performance evaluation report, internal control evaluation report, and social responsibility report, reviewed 26 special reports and heard three special reports. In light of the focal points of regulation, problems found in internal and external audits, the bank-wide work plans and strategic transition priorities, the Board of Supervisors carried out five special survey events with respect to operating conditions, duty performance evaluation, rectification and accountability for problems detected in the supervision and inspection of the effectiveness of risk management and internal control, innovative practices in industrial digital finance, and the implementation of the enterprise risk management system reform in branches. Relevant survey reports were prepared, opinions and suggestions were put forward and rectification and correction were urged.

4.7.1.3 Explanation of the Board of Supervisors' no dissents on supervised matters during the reporting period

During the reporting period, the Board of Supervisors supervised duty performance of the Company's directors and senior management members, financial decisions and their implementation, internal control building, risk management, strategy formulation and implementation of information disclosure policies having no dissents on those matters under supervision.

4.7.2 Work of external supervisors

During the reporting period, the Board of Supervisors of the Company kept the number of external directors more than one third of its members, ensured external supervisors' right to know and provided necessary assistance for external supervisors to perform their duties properly. All external supervisors perform their duties with due care and prudence, with any influence from shareholders, senior managers and other entities and individuals having an interest in the Company, and attached importance to safeguarding the legitimate rights and interests of minority shareholders and other stakeholders. As chairmen of the special committees of the Board of Supervisors, external supervisor organized the special committees' meetings and submitted their decisions to the Board of Supervisors for consideration. External supervisors have enough time and energy to perform their duties effectively, and work at the Company for more than 15 working days, except for newly appointed external supervisors on time, attend the meetings of the Board of Supervisors, express their opinions independently, professionally and objectively, vote independently based on their prudent judgment and supervise the performance of duties of the Company's Board of Directors and Shareholders' duties of the Company's Board of Directors and Senior Management and their members.

4.8 Senior Management

The Senior Management, the executive body of the Company, reports to the Board of Directors and is supervised by the Board of Supervisors. The Company's Senior Management, with its functions and powers strictly separated from those of the Board of Directors, is responsible for carrying out business management activities upon authorization from the Board of Directors in accordance with the Articles of association. Pursuant to the requirements of the Board of Directors and the Board of Supervisors, the Senior Management reports the Company's operating results, important contracts, financial status, risk profile and business prospects in a timely, accurate and complete manner and provide relevant materials. At the end of the reporting period, the Senior Management of the Company was composed of nine senior managers. For details, please see "4.4 Directors, Supervisors and Senior Management Members".

4.9 TIERED MANAGEMENT AND NUMBER AND REGIONAL DISTRIBUTION OF INSTITUTIONS

4.9.1 Basic information on branches and overview of tiered management

The Company focuses on economically central cities while radiating over the whole country. It conducts the institutional planning and setup, routine operation and internal management under the three-level organizational management system which consists of the Head Office, branches and sub-branches.

As at the end of the reporting period, the Company had set up 44 tier one branches, 78 tier two branches, 7 non-local branches and 963 outlets in 120 Chinese cities at prefecture level and above.

4.9.2 Branches at the end of the reporting period

Region	Institution	Business address	Number of branches	Headcount	Asset size (RMB 1 million)
	Head Office	22 Jianguomennei Street, Dongcheng District, Beijing	-	4,096	2,756,447
	Beijing Branch	11 Financial Street, Xicheng District, Beijing	62	2,123	401,698
Dailing Tianiin - Habai	Tianjin Branch	Tower E, Bohai-rim Development Center, Zeng 9 Binshui Road, Hexi District, Tianjin	14	589	45,884
Beijing-Tianjin – Hebei Region	Shijiazhuang Branch	48 Zhongshan West Road, Qiaoxi District, Shijiazhuang	57	1,973	86,559
	Tianjin FTZ Branch	Baofeng Building, No. 3678 Xinhua Road, China (Tianjin) Pilot Free Trade Zone (CBD)	8	131	12,208
	Beijing Municipal Administrative Center Branch	Building 2, Block 11, Xinhua East Street, Tongzhou District, Beijing	17	364	35,152
	Nanjing Branch	333 and 329-2 (Jin'ao International Center) Jiangdong Middle Road, Jianye District, Nanjing	63	2,265	273,607
	Hangzhou Branch	No. 2 Building, Oceanwide International Center, 2 Xiangzhang Street, Sijiqing Subdistrict, Shangcheng District, Hangzhou	58	1,694	242,715
	Shanghai Branch	256 Pudong South Road, China (Shanghai) Pilot Free Trade Zone	29	891	148,062
	Wenzhou Branch	Southeast of No.17-05 Plot, Riverside CBD, Wenzhou	14	475	32,421
	Ningbo Branch	366 Heyuan Road, Yinzhou District, Ningbo	11	380	34,622
Yangtze River Delta	Shaoxing Branch	354 Zhongxing South Road, Tashan Subdistrict, Yuecheng District, Shaoxing	11	385	38,947
	Changzhou Branch	9 Building, Fuxi Garden, 1598 Longjin Road, Xinbei District, Changzhou	14	409	47,704
	Suzhou Branch	188 Xinghai Street, Suzhou Industrial Park, Suzhou	20	764	113,992
	Wuxi Branch	3 Finance No.1 Street, Wuxi	20	543	50,538
	Hefei Branch	Building C, Wealth Plaza, 278 Suixi Road, Hefei	16	667	59,044
	Shanghai FTZ Branch	No.569 Pudong Avenue, Pudong New Area, Shanghai; No.6, 10, 14 and 18, Lane 563; No.5, 9, 13 and 17, Lane 573; No.1, Lane 588, Changyi Road	1	40	4,643
	Shenzhen Branch	Zhongzhou Plaza, 3088 Jintian Road, Futian Sub-district, Futian District, Shenzhen	40	1,322	182,653
Guangdong – Hong	Guangzhou Branch	Nanyue Mansion, 13 Huaxia Road, Tianhe District, Guangzhou	44	1,729	145,711
Kong – Macao Greater Bay Area	Haikou Branch	61 Guoxing Avenue, Meilan District, Haikou	5	237	6,822
	Hong Kong Branch	F18, International Finance Center (Phase II), 8 Finance St., Central Hong Kong	1	148	105,284



Region	Institution	Business address	Number of branches	Headcount	Asset size (RMB 1 million)
	Ji'nan Branch	Building 3, Section 6, Hanyu Financial Business Center, No.7000 Jingshi Road, Licheng District, Jinan	54	1,794	105,912
	Wuhan Branch	Hua Xia Bank Building, 217 Zhongbei Road, Wuchang District, Wuhan	50	1,299	127,160
	Qingdao Branch	Huayin Building, 5A Donghai West Road, Shinan District, Qingdao	35	1,007	60,583
Central and Eastern	Taiyuan Branch	Block A, Longcheng No.1 Office Building, No.97 Longcheng Street, Xiaodian District, Taiyuan	27	986	67,760
China	Fuzhou Branch	Huaxia Mansion, 1 Gutian Zhilu, Gulou District, Fuzhou	16	603	29,450
	Changsha Branch	Huameiou Mansion, 389 Wuyi Road, Furong District, Changsha	14	733	57,171
	Xiamen Branch	10, 11 and 16 Lingshiguan Road, Siming District, Xiamen	9	408	26,886
	Zhengzhou Branch	29 Business Outer Ring Road, Zhengdong New District, Zhengzhou	15	1,110	81,940
	Nanchang Branch	198 Ganjiang North Road, Honggutan District, Nanchang	11	454	34,554
	Kunming Branch	Hua Xia Bank Tower, 98 Weiyuan Road, Wuhua District, Kunming	26	996	88,265
	Chongqing Branch	Annex 1, Annex 2, Annex 3–2–1 and F26–34, 27 Jiangbeichengxi Street, Jiangbei District, Chongqing	28	968	81,074
	Chengdu Branch	2 Building, Jinjiang Zhichun Building, 299 Yong'an Road, Jinjiang District, Chengdu	28	1,032	93,825
	Xi'an Branch	111 Chang'an North Road, Beilin District, Xi'an	27	750	52,527
	Urumqi Branch	15 Dongfeng Road, Tianshan District, Urumqi	14	438	36,584
Western China	Hohhot Branch	57 Airport Expressway, Xincheng District, Hohhot	18	679	27,518
	Nanning Branch	Tower B, Huarun Mansion, 136-2 Minzu Avenue, Qingxiu District, Nanning	11	542	36,301
	Yinchuan Branch	168 Xinchang East Road, Jinfeng District, Yinchuan	7	250	9,754
	Guiyang Branch	55 Changling North Road, Guanshanhu District, Guiyang	4	292	26,695
	Xining Branch	Hua Xia Bank Mansion, Building No. 1, 79 Haiyan Road, Chengxi District, Xining	1	99	4,450
	Lanzhou Branch	Zhihui Plaza, 333 Tianshui North Road, Chengguan District, Lanzhou	4	273	12,113
	Shenyang Branch	51 Qingnian Street, Shenhe District, Shenyang	21	934	23,770
North contour Ohion	Dalian Branch	50 and 52 Renmin East Road, Zhongshan District, Dalian	18	576	27,003
Northeastern China	Changchun Branch	4888 Renmin Street, Changchun	14	524	16,217
	Harbin Branch	2586 Lijiang Road, Daoli District, Harbin	6	334	9,713
Regional summarizatio	n adjustment		-	-	-1,844,274
Total			963	38,306	4,117,664

Notes:

1. Headcount and asset size of the Head Office include the staff of Credit Card Center.

2. In March 2025, Tianjin FTZ Branch was adjusted from a tier-one branch to a tier-two branch.

4.10 EMPLOYEES OF THE COMPANY AND ITS MAJOR SUBSIDIARIES

At the end of the reporting period, the Group had 38,937 service employees, including 38,306 ones working in the Company and 631 ones working in the major subsidiaries. The Group had 2,040 retired employees.

4.10.1 The Company's employees by professional field

Of the in-service employees of the Company, 28,550 or 74.53% were business personnel, 7,870 or 20.55% were management personnel and 1,886 or 4.92% were supporting personnel.

4.10.2 The Company's employees by educational background

Of the in-service employees of the Company, 6,398 persons or 16.70% held a master's or higher degree, 25,531 or 66.65% held a bachelor's degree, and 6,377 or 16.65% held an associate's or lower degree.

4.10.3 Remuneration policy and training

Guided by the national development strategies and the bank-wide strategic plan, the Company adhered to the assessment of risk-adjusted returns, strengthened revenue growth, efficiency enhancement and structural adjustment, clarified the requirements for differentiated development, improved risk compliance evaluation and continued to pursue high-quality development of the Bank. During the reporting period, the Company showed sound performance in economic, risk and social responsibility indicators.

Remuneration of the employees of the Company consisted of base pay and performance pay. The performance pay was linked to the overall institutional (departmental) and personal performance. The annual remuneration plan was brought through relevant procedures of the bank and approved by the competent authority of Beijing Municipality before implementation. According to regulatory requirements and management needs, the Company created a remuneration deferral and clawback mechanism for the Senior Management and employees in positions having significant impact on risks. The deferral ratio is above 40% and the deferral period is no less than three years. If any misconduct or excessive exposure within the duty occurs during the specified period, the performance pays for the persons held liable will be deducted, stopped or reclaimed in line with the severity of circumstances pursuant to regulatory policies and the Company's policies. During the reporting period, the Company reclaimed a total of RMB22,207,000 in performance-based pay from 751 employees.

The Company continued to strengthen the training system construction, intensified the development of training resources, and persistently built an intelligent and efficient digital training knowledge base learning platform. It actively promoted online learning, enhanced the in-house trainer team building, conducted training at different levels and by different specialties, kept boosting the effectiveness of training and improved the specialized skills and overall competence of employees.

4.11 PROFIT DISTRIBUTION PLAN FOR ORDINARY SHARES/PLAN ON STRENGTHENING OF CAPITAL BASE WITH CAPITAL RESERVE FOR 2024

4.11.1 Formulation, implementation or adjustment of cash dividend policy

According to the *Articles of Association of Hua Xia Bank Co., Limited*, except for preference shares adopted with the specific dividend policy, the Company can distribute dividends in the form of cash or share or combination of both, and shall maintain the continuity and stability of profit distribution policy. The Company will give priority to the profit distribution in cash. Total profit distributed in the form of cash in the last three years was no less than 30% of the annual average distributable profit attributable to ordinary shareholders realized during the period.

The profit distribution plan for 2023 was reviewed and approved at the Annual General Meeting for 2023 and took effect on 21 June 2024. The profit distribution plan for the first half of 2024 was reviewed and approved at the First Extraordinary General Meeting for 2024 and took effect on 22 January 2025. The distribution plan accorded with the Articles of Association, the distribution standard and proportion were definite and clear, and relevant decision-making procedures and mechanism were complete. Independent directors performed their duties and made their due contributions. Minority shareholders were provided with opportunities to fully express their opinions and appeals, and their legal rights and interests were sufficiently safeguarded. Total profit distributed in the form of cash in the last three years was no less than 30% of the annual average distributable profit attributable to ordinary shareholders realized during the period.



4.11.2 Profit distribution of ordinary shares in the past three years

(Unit: RMB1 million)

Distribution year	Bonus shares distributed per ten shares	Dividends distributed per ten shares (RMB, before tax)	Shares recapitalized per ten shares	Cash dividend (before tax)	Net profit attributable to ordinary shareholders of the listed company in the consolidated statement of the distribution year	Cash dividend as percentage of net profit attributable to ordinary shareholders of the listed company in the consolidated statement of the distribution year (%)	Net profit attributable to shareholders of the listed company in the consolidated statement of the distribution year	Cash dividend as percentage of net profit attributable to shareholders of the listed company in the consolidated statement of the distribution year (%)
2024	-	4.05	-	6,446	25,736	25.04	27,676	23.29
2023	-	3.84	-	6,111	24,423	25.02	26,363	23.18
2022	-	3.83	-	6,095	22,159	27.51	25,035	24.35

According to the *Administrative Measures for Reserve Fund Provisions of Financial Enterprises* (C.J. [2012] No. 20) released by the MOF and the *Articles of Association of Hua Xia Bank Co., Limited*, the parent company made statutory surplus reserve based on the audited net profit of the parent company in 2024, set aside general reserve from net profit of the parent company at the end of the year to cover unidentified possible losses, and distributed ordinary share dividends to shareholders based on the audited net profit distributable to ordinary shareholders. The profit distribution plan for 2024 is set forth below:

1. RMB2,469 million or 10% of the audited net profit attributable to the parent company of 2024 (RMB24,685 million) is set aside as statutory surplus reserve.

2. The general reserve to be set aside for 2024 is RMB709 million pursuant to the rule that the balance of general reserve shall not be less than 1.50% of the balance of assets exposed to risks and losses at the end of the period.

3. With 15,914,928,468 ordinary shares outstanding of the Company at the end of 2024 as the base number, it is proposed to distribute a cash dividend of RMB3.05 (before tax) per 10 shares for 2024, and a total of RMB4,855 million in cash dividend will be distributed. With a cash dividend of RMB1.00 (before tax) per 10 shares for the first half of 2024, a total of RMB1,591 million of cash dividend was distributed for the first half of 2024. For the year 2024, RMB4.05 (before tax) per 10 shares or a total of RMB6,446 million of cash dividend are distributed.

The above-mentioned profit distribution plan shall be implemented within two months after the Annual General Meeting for 2024 of the Company reviews and approves it.

4. The Company issued the Hua Xia Bank Co., Ltd. 2024 Perpetual Capital Bond (Series 1) in the national inter-bank bond market in June 2024, with an issue volume of RMB40 billion, interest period from 11 June 2024 to 10 June 2025 (at a coupon rate of 2.46%) and total interest of RMB984 million.

5. The Company issued the Hua Xia Bank Co., Ltd. 2024 Perpetual Capital Bond (Series 2) in the national inter-bank bond market in September 2024, with an issue volume of RMB20 billion, interest period from 27 September 2024 to 26 September 2025 (at a coupon rate of 2.23%) and total interest of RMB446 million.

The Company is now in a development stage of transformation and upgrading. The cash dividend payout for 2024 maintained the continuity and stability, taking into account both shareholder return and corporate sustainability. Retained profits were used to replenish capital in support of the Company's long-term strategy implementation.

4.12 STOCK INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND INFLUENCE THEREOF

Not applicable.

4.13 MANAGEMENT AND CONTROL OF SUBSIDIARIES

The Company continued to standardize the policies and procedures for equity investment and subsidiary management and made amendments to reflect the latest regulatory requirements and equity management actualities. The Company actively performed shareholder's duties and strengthened corporate governance of subsidiaries and improved the decision-making capability mainly through review of proposals. The management of Huaxia Financial Leasing, Huaxia Wealth Management and two rural banking subsidiaries were further strengthened with professional guidance and support, so as to ensure the quality and efficiency of group-wide management.

4.14 ESTABLISHMENT AND IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM

The Company continued to deepen the development of an internal control system with the policies and procedures as the core, innovated and iterated the enterprise-level business policies and procedures management system and used digital means to strengthen the policy lifecycle management from policy proposal, examination, review, follow-up evaluation and improvement. This approach was adopted to ensure that the Group uses a single platform, shares one pool of resources and follows one set of rules for managing policies and procedures, thereby making policies and procedures more effective, systematic and targeted and consolidating the management mechanism of "managing business, institutions and personnel with policies and procedures".

4.15 REPORT ON THE INTERNAL CONTROL SELF-ASSESSMENT AND REPORT ON INTERNAL CONTROL AUDIT

The Board of Directors of the Company assessed the effectiveness of the Company's internal control as at 31 December 2024 in line with the requirements of the *Basic Standard for Enterprise Internal Control* and its supporting guidelines, as well as other regulatory requirements for internal control. In the opinion of the Board of Directors, the Company has maintained effective internal control over financial reporting in all material aspects in compliance with the requirements of the system of enterprise internal control standards and relevant regulations. During the reporting period, the Company had not any significant or material deficiencies of internal control over financial reporting. For details, please refer to the *2024 Internal Control Evaluation Report of Hua Xia Bank Co., Limited* disclosed by the Company on the SSE website (www.sse.com.cn) and the Company's website (www.hxb.com.cn).

The Company engaged Ernst & Young Hua Ming LLP as auditor of the effectiveness of internal control over financial reporting of the Company in accordance with the requirements of the Basic Standard for Enterprise Internal Control and the Guideline for Enterprise Internal Control Audit. The auditor deems that the Company has maintained effective internal control over financial reporting in all material aspects in compliance with the Basic Standard for Enterprise Internal Control and relevant regulations. For details, please refer to the *Auditor's Report on Internal Control of Hua Xia Bank Co., Limited* disclosed by the Company on the SSE website (www.sse.com.cn) and the Company's website (www.hxb.com.cn).

4.16 INFORMATION DISCLOSURE AND INVESTOR RELATIONS MANAGEMENT

The Company regulates day-to-day information disclosures pursuant to laws and regulations, regulatory provisions and the Company's policies and ensures the timely and effective transmission, collection and disclosure of significant information to effectively protect investors' right to know, ensure timeliness, impartiality, authenticity, accuracy and completeness of the information disclosure. The structure and contents of regular reports were improved and the system of voluntary disclosure indicators was improved on an ongoing basis to boost the willingness and transparency of disclosure. The annual report strip picture was released to meet the market demand for the visualization of regular reports and enhance readability and practicality. The Company prepared and disclosed four regular reports and 49 interim announcements in the year and informed the investors of such significant information as resolutions of the Board of Directors, the Board of Supervisors and the Shareholders' General Meeting, changes in directors, supervisors and senior management, earnings guidance, related party transactions and profit distribution on a timely basis. The Company continued to strengthen the management of inside information and insiders and performed well in the protection of inside information and registration of insiders.

The Company continued to deepen investor relations management and enhanced the interaction and communication with investors and analysts by telephone, online and offline means. It held results presentations, received investors' site visits and maintained day-to-day communication with investors through the investor relation contact number, email and the sseinfo.com platform. The communication with investors and analysts in various forms informed investors and analysts of the connotation and values of the Company, enhanced their understanding of the Company and promoted the positive interaction between the Company and the capital market.





SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

5.1 ENVIRONMENTAL INFORMATION

5.1.1 Administrative penalties for environmental problems

During the reporting period, the Company received no administrative penalties for environmental problems.

5.1.2 Green finance

The Group earnestly implemented the requirements for green finance, as one of the five identified priorities of financial work, raised at the Central Financial Work Conference. It deepened the green finance strategy, actively served the beautiful China initiative, improved the environmental, social and governance (ESG) risk management system, accelerated the digital development of green finance, made steady progress in high-quality development of green finance and increasingly enhanced its brand influence. As at the end of the reporting period, the balance of green finance of the Company stood at RMB422,236 million, up 17.53% from the end of the previous year.

In terms of green credit, the Group developed an action plan for green finance actively respond to national strategies, and created synergies in green development through a group-wide collaboration mechanism. The Group developed analytical models, formulated differentiated green loan marketing strategies, identified key areas and strengthened finegrained management. Marketing inputs were stepped up for the World Bank's China Renewable Energy and Battery Storage Promotion Project to refine the marketing goals, division of labor, strategies, key customers and projects, and the world's first compressed air energy storage (CAES) demonstration project boasting the largest single-unit installed capacity and the highest energy storage efficiency was implemented in Yingcheng, Hubei Province. With a focus on the green and lowcarbon development scenarios of industrial parks, the Group undertook the "Promoting Green and Low-Carbon Development of Industrial Parks Project" of the Asian Development Bank and created a differentiated service model. The green finance information management system developed in-house by the Company was launched and promoted, standardizing and streamlining the green finance business processes and enhancing the IT and digital levels of green finance. Green finance was leveraged to serve the beautiful China initiative and enhance biodiversity conservation. The PBOC's carbon emission reduction facilities were used with vigor to boost the green and low-carbon development of the national economy and society. As at the end of the reporting period, the Company's balance of green loans reached RMB302,799 million, up 12.45% from the end of the previous year, faster than growth of total loans. In terms of green finance, the balance of green credit stood at RMB303,304 million, up 11.43% over the end of the previous year. During the reporting period, the Company's green credit business saved 1,037,200 tons of standard coal, reduced emissions equivalent to 2,582,800 tons of carbon dioxide and saved 7,835,900 tons of water.

In terms of green investment, the Company continued to conduct investment business featuring green finance, actively applied financial products in the green field, innovated specialty products and business models, and made active allocations to green bonds, green corporate asset-backed securities and other green assets. As at the end of the reporting period, the Group recorded RMB26,327 million in balance of green investment and ESG wealth management products under management totaled RMB31,138 million. Huaxia Wealth Management published the research report on ESG investment development in China's asset management industry for the fifth consecutive year, the second ESG report of Huaxia Wealth Management for the second consecutive year, and hosted the sixth China Asset Management Industry ESG Investment Summit. In line with the national strategy of carbon peak and carbon neutrality, the Group made persistent efforts on green and sustainability bonds issued overseas by Chinese companies. It underwritten 54 green, blue, sustainability or social bonds in overseas markets for 50 enterprises, with a total scale of approximately RMB7,680 million. In support of green bond development, the Group underwrote 10 green debt financing instruments totaling RMB1,253 million.

In terms of green leasing, the Group established a development strategy characterized by "green leasing" and continued to intensify the green leasing services. Strengths in the new energy space were further unleashed to vigorously support the development of clean energy. Active support was provided for developing new types of power systems. Ongoing support was provided for building the green and low-carbon transportation system and developing green and low-carbon transportation methods. The Group served development of the ecological environment industry, provided robust support for construction of environmental infrastructures and helped control air, water and soil pollutions. The Group focused on cultivating green energy fields such as wind energy and solar photovoltaic energy, expanded the green transportation market including new-energy ride-hailing vehicles and logistics vehicles, and made persistent efforts in innovative business areas such as energy storage, green shipbuilding and charging piles. Huaxia Financial Leasing conducted the first green repurchase deal supported by a non-bank financial institution in China. The company seized the opportunities of green development, continuously expanded the scope of green services, and established the rock-solid brand of green financial leasing. At the end of the reporting period, Huaxia Financial Leasing recorded RMB81,130 million in balance of green leasing, up 30.33% over the end of the previous year, accounting for more than 40% of the company's balance of leasing assets.



In terms of green consumption, the company developed green consumption scenarios and innovated financial products and services. It serves car owners on green travel and promoted ETC services to enable non-stop toll collection for ETC-only toll gates on expressways. With a focus on developing the Huan Xin e-Loan product, the Company offered preferential interest rates and convenient services to target customer groups for consumer staples, home improvements, home appliances, car trade-in and green consumption, helping improve the quality of life. The Company developed installment products for new energy vehicles, intensified the promotion of the Energy Chain credit card, issues the credit card co-branded with Xinbai Environmental and launched installment services for home improvement scenarios, integrating green practices and financial services. The Company planned out mobility scenarios such as public transportation, subways and cycling, and organized promotional events such as payment discounts and reductions guiding customers towards green consumption.

In terms of environmental, social and governance (ESG) risk management, the Company released the 2023 Environmental Information Disclosure Report showcasing the Company's achievements in green finance development and the results of ESG risk management, and demonstrating the Company's firm determination to serve the green and low-carbon transformation of the society and economy across the board. The Company carried out climate stress tests, conducted transition risk stress tests on the thermal power, steel and cement industries, and quantitatively assessed the impact of climate costs on the quality of credit assets. The physical risk stress test was conducted for the first time to assess the potential impact of extreme climate events such as floods, typhoons and landslides on the banks' exposure to real estate collateral risks. External professional data on ESG risk was imported to enable ESG risk identification, classification, early warning and monitoring by IT means, thereby enhancing the digitalization level and risk management capabilities of ESG risk management.

Box 7: Building a Green Finance Management System and Empowering Green Finance with Technology

The Company independently developed a green finance management system to digitally transform green finance. This system is a proprietary integrated platform for comprehensive green finance solutions. Its main functional modules include green standard management, green customer management, green certification, on-lending management, carbon emission reduction facility, green bond management, environmental and social risk management, and environmental benefit calculation tools. Its specific functions include the following: First, a green set standard was developed based on domestic and international green-related standards, so as to establish mapping relationships and unify multiple green standards. Second, in terms of green certification, the process was brought online through the pre-certification, certification, revision and spot check of green labels. Green certification runs in parallel with credit granting and loan disbursement. Third, environmental and social risks are managed with IT technology to automatically identify, classify, warn and monitor environmental and social risks of enterprises, and implement list-based management of major environmental and social risks. The system is embedded with environmental benefit calculation tools to automatically calculate 11 data items, including the environmental benefits of the outstanding loans to green projects, such as coal savings, greenhouse gas emissions reduction, pollutant reduction and water conservation capacity. Fourth, green finance application and management are brought online. Fifth, multi-dimensional green loan statistical reports are generally automatically, meeting the needs of regulatory reporting and day-to-day management.

The green finance management system plays a strong supporting role in the development of the Company's green finance business and can deliver the following results: First, green identification is more accurate. T+0 business synchronization was materialized after loan disbursement, and the green percentage recognition was added to ensure the timeliness and accuracy of identification. Second, big data and intelligent identification were used to enhance the timeliness of environmental and social risk management, monitor the environmental and social risk information of enterprises in real time and achieve intelligent identification, assessment, classification, early warning and handling tracking of environmental and social risks of enterprises. Third, to reduce management costs, the business management was centralized by integrating most green finance business processes into one, streamlining the approval chain and realizing efficient one-stop business processing.

5.1.3 Green operations

The Company adopted various measures to reduce energy consumption and carbon emissions.

The Company adopts an economy-without-waste policy. LED lighting and other energy-efficient equipment were used in office spaces, with air conditioning temperature kept within the upper limit (winter) and lower limit (summer) required by specifications. The rule of "turning off the light and water before you leave" and other management measures were strictly implemented. Printing on both sides of the paper was encouraged and supervised, with printing control gradually centralized to reduce the quantity of printers and consumables in use.

Green mobility and climate-friendly travel were encouraged. The company vehicle use policy was strictly implemented to ensure proper approval and registration and reasonable use of company vehicles. The use of new energy vehicles was vigorously promoted, with 40 new energy vehicles renewed in the year. Employees were encouraged to commute to work in green ways such as public transportation, subway, walking and cycling, so as to contribute to reducing motor vehicle emissions.

The "Clear Your Plate" campaign was carried out to save food and prevent waste. The staff canteen strictly implemented the "preparing & taking food as needed" policy to reduce kitchen waste. Employees were also encouraged to avoid food waste when dining out or at home.

The waste sorting measures were strictly implemented. Waste sorting facilities were erected at each office or business place. Employees were directed to sort waste to standard and increase the sorting efficiency. Employees were organized to participate in the "on duty before bins" campaign to supervise waste sorting in the local community and sign the letter of commitment on waste sorting. All office and business premises actively carried out training activities. Beijing-based organizations launched publicity campaigns with the theme of "saving food, opposing waste and classified reduction".

5.2 SOCIAL RESPONSIBILITY INFORMATION

5.2.1 Consumer protection

The Company always upholds the people-centered development philosophy. During the reporting period, the Company earnestly implemented the regulatory requirements on consumer protection and advanced the work on consumer protection.

First, the Company kept to the right path while making innovations and adopting systematic thinking, fulfilled its responsibility for protecting the rights and interests of financial consumers, attached great importance to the overall planning and top-level design of consumer protection work, and integrated the concept of consumer protection into the day-to-day business management and innovation.

Second, the Company strengthened the review of consumer protection, closely aligned pre-review of consumer protection with day-to-day business management and innovation, deeply embedded the concept and requirements of consumer protection into work, promoted the effective implementation of consumer protection review opinions, effectively moved the risk control checkpoints forward to early stages and forestalled the risk of infringing upon consumers' legitimate rights and interests.

Third, the Company continued to provide consumer protection training, strengthened internal staff training, clarified the themes of consumer protection training, conducted training in a tiered and targeted manner to ensure coverage of all levels and positions, and enhanced employees' awareness of consumer protection across the Bank.

Fourth, the Company actively carried out financial education to promote the financial culture with Chinese characteristics. Financial education events were provided from multiple perspectives, in various forms and through multiple channels to continuously enhance consumers' awareness of risk prevention.

Fifth, the Company fulfilled its responsibility for protecting consumers' rights and interests, handled all types of complaints in a standardized manner, promptly addressed all reasonable demands of financial consumers, strove to enhance the efficiency of diversified resolution of financial disputes, improved the mechanism for tracing and rectifying problems and raised the level of financial services. During the reporting period, the Company received a total of 226,180 complaints from customers, or 177,451 complaints after counting repeat complaints as one, with a 15-day closure rate of 100%, and a satisfaction rate of 96.47%. According to statistics, in terms of the geographical distribution of complaints, the complaints about credit cards were concentrated in Guangdong, Shandong and Jiangsu. Complaints involving other types of business were concentrated in Beijing, Jiangsu, Zhejiang and Guangdong. In terms of complaint categories, complaints related to negotiation of credit card repayments, repayment of individual loans and debt collection.

5.2.2 Efforts on poverty alleviation and rural vitalization

The Company implemented the decisions and plans of the CPC Central Committee and the State Council for promoting rural revitalization across the board, acted on the work requirements of regulatory authorities and the Beijing Municipality, strengthened the coordination of agriculture-related loans, continued with Beijing's pairing assistance work and aids to villages with weaker collective economy and advanced rural revitalization across the board.

First, the organizational push for rural revitalization was strengthened. The leading group mechanism led by the Party Committee of the Bank was improved to coordinate the Bank's agriculture-related business development and results of poverty alleviation with rural revitalization across the board. The implementation plan for comprehensively promoting rural revitalization and the action plan for comprehensively deepening and enhancing the quality and efficiency of agricultural-related work and rural revitalization were formulated, with the work goals and division of duties clarified to make solid progress in supporting agriculture and rural areas and comprehensively promoting rural revitalization.

Second, credit support was expanded for industrial development in poverty-stricken areas. Guided by the credit policy, the Company granted the fund transfer pricing (FTP) incentives for all inclusive agriculture-related loans and credit facilities for key counties designated for assistance under the national rural vitalization strategy. According to local characteristics of resources and industrial development, new products and service models were created to step up the credit support for poverty-stricken areas. During the reporting period, the Company issued RMB11,393 million of targeted assistance loans and provided financing services for 321,100 people lifted out of poverty.

Third, ongoing efforts were made in support of Beijing Municipality's pairing assistance work. Branches of the Company continued to provide paired assistance for designated recipients according to local governments' work arrangements. During the reporting period, the Company donated a total of RMB6 million to areas designated by Beijing for collaboration between the eastern and western regions, including Inner Mongolia, Xinjiang, Qinghai, Hebei, Henan and Hubei. Consumption-based assistance was also carried out through direct purchase and innovation center. The Company purchased over RMB10 million worth of agricultural and sideline products from key areas designated for assistance. Branches in key areas designated for assistance work. To strengthen the aids to villages with weaker collective economy in Beijing, the Company appointed six outstanding officers as the "First Secretaries" seconded to these villages, and accomplished the task of increasing the annual collective operating income in the villages with weaker collective economy designated for pairing assistance.



Box 8: Serving Modern "Agriculture, Rural Areas and Farmers", Driving Rural Revitalization

The Company resolutely implemented the decisions and plans of the CPC Central Committee and the State Council regarding the rural revitalization strategy. Through a three-pronged approach of "mechanism leadership, product drive, and service quality enhancement", the modern agricultural and rural financial service system has been continuously improved. As at the end of the report, the Company recorded RMB198,116 million in balance of agriculture-related loans, an increase of RMB17,351 million over the beginning of the year. The growth of agriculture-related inclusive loans was 11.73 percentage points higher than that of total loans (domestic aggregate).

Top-level design was strengthened and a new pattern of services was created for agriculture, rural areas and farmers. The Company adhered to high-level coordination, expanded the functional positioning of the Leading Group for Agriculturalrelated and Rural Revitalization Work and established a supporting mechanism of "dedicated team, special assessment and exclusive resources". Supporting policies such as special action plans, approval guidelines, industry research and guarantee management were issued, the accomplishment of agricultural-related and rural revitalization work was into the performance assessment system, and a management model of "regular supervision + special inspection + annual assessment" was implemented to ensure that policies are transmitted "vertically to the bottom and horizontally to the sides".

The product matrix was innovated and a new model of distinctive services was built. Focusing on the development needs of modernization in agriculture and rural areas, the Company launched a series of digital inclusive products that benefit and promote rural development, and strengthened financial support in key areas such as food security, rural industries and infrastructure. The mortgage and pledge models were innovated to develop tailor-made agricultural financial service solutions such as "Shopping Basket Security Loan", "Flower Loan", and "Seed Patent Pledge Loan" based on local conditions, thereby precisely channeling financial resource flows into the modernization of agriculture and rural areas.

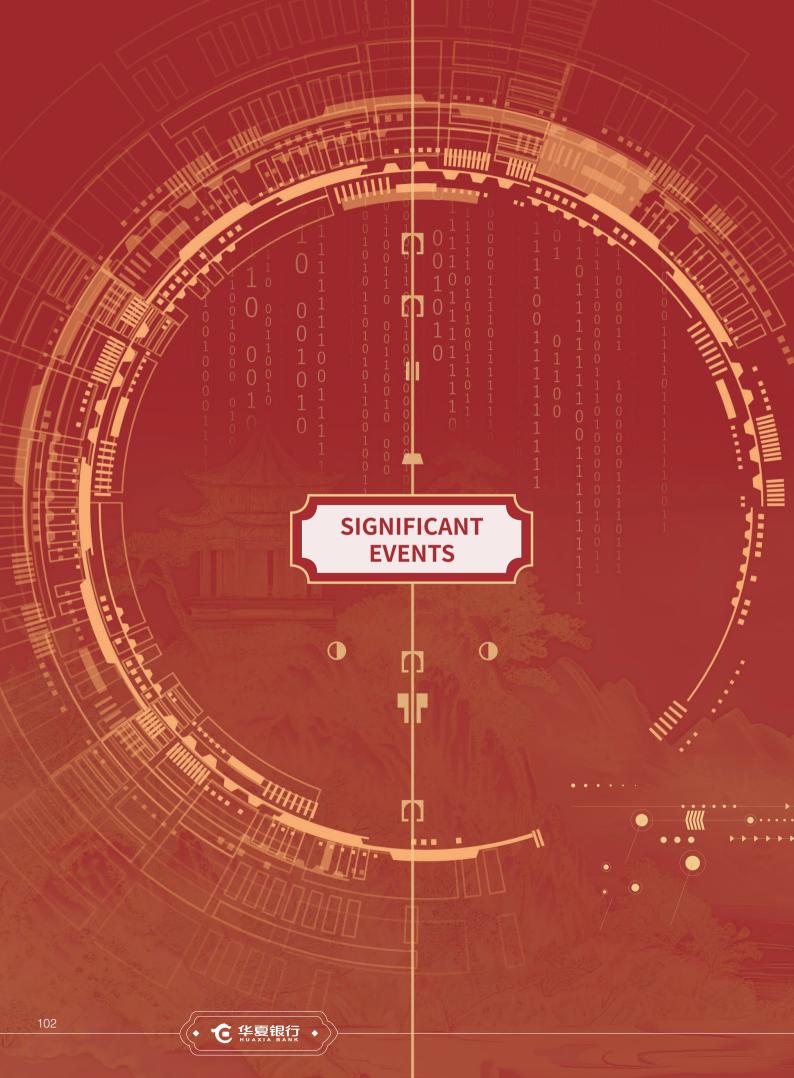
Technological empowerment was deepened to enhance the new quality and efficiency of credit services. The financial service process was reengineered with digital thinking and financial services under agricultural scenarios were provided. Giving full play to the supply chain finance in supporting various business entities in the agricultural industrial chain, the Company used key products at the receivable and inventory ends of the supply chain to address the difficulties in authenticating trade transactions and confirming rights confirmation, and high credit risks in agricultural supply chain finance through online and digital risk control measures, ensuring availability of high-quality financial services to business entities in the upstream and downstream of the agricultural industrial chain.

5.2.3 Other performance of social responsibility

Staying true to the "people-oriented" philosophy, the Company implemented the strategy of "making the bank stronger with competent employees" and stepped up talent attraction and cultivation in an ongoing effort to build a high-quality and professional talent team. Employees' rights and interests were effectively protected by improving the development paths for employees, caring and showing concern for employees and creating a favorable environment for them to work hard with creativity, so as to unleash the vitality of staff, and achieve the common growth and progress of the Company and its employees.

While pursuing its own development, the Company upheld the social responsibility philosophy of "harmony, sustainability and benevolence" and vigorously supported disaster reliefs, student aids, education and technology programs, environmental protection and other philanthropic events and organized volunteer activities, delivering the Hua Xia contributions to the larger society. During the reporting period, the Group made donations of RMB28,909,300.

For more details, please refer to the 2024 Corporate Social Responsibility Report of Hua Xia Bank Co., Limited disclosed by the Company on the SSE website (www.sse.com.cn) and the Company's website (www.hxb.com.cn).





SECTION VI SIGNIFICANT EVENTS

6.1 PERFORMANCE OF COMMITMENTS

6.1.1 Upon the approval of CSRC, the Company issued 2,564,537,330 A-shares in a non-public offering in 2018, and these shares got registration and sale restriction procedures done with Shanghai Branch of China Securities Depositary and Clearing Co., Ltd. on 8 January 2019. In this issuance, Shougang Group, State Grid Yingda International Holdings Group Ltd., and Beijing Infrastructure Investment Co., Ltd., committed not to transferring the Company's shares acquired at this offering within five years following the delivery date; and share transfer at maturity and qualification of the transferee for shareholder shall be subject to the consent of regulators. As of 8 January 2024, the above commitments had been fully performed and relevant restricted shares became publicly tradable.

Committed by	Shougang Group, State Grid Yingda International Holdings Group Ltd., Beijing Infrastructure Investment Co., Ltd.,
Commitment type	Restrictions on sales of shares of re-financing
Commitment	Committed not to transferring the Company's shares acquired at this offering within five years following the delivery date; and share transfer upon maturity and qualification of the transferee for shareholder shall be subject to the consent of regulators.
Commitment date	8 January 2019
Commitment term	5 years
Implemented in a strict and timely way (Yes/No)	Yes

6.1.2 Upon the approval of CSRC, the Company issued 527,704,485 A-shares in a non-public offering in 2022, and these shares got registration and sale restriction procedures done with Shanghai Branch of China Securities Depositary and Clearing Co., Ltd. on 18 October 2022. Shareholders Shougang Group and Beijing Infrastructure Investment Co., Ltd. committed not to transferring the Company's shares acquired at this offering within five years following the listing date.

Committed by	Shougang Group, Beijing Infrastructure Investment Co., Ltd.
Commitment type	Restrictions on sales of shares of re-financing
Commitment	Committed not to transferring the shares acquired at this offering within five years following the listing date.
Commitment date	1 August 2022
Commitment term	5 years
Implemented in a strict and timely way (Yes/No)	Yes

6.2 OCCUPATION OF FUNDS FOR NON-OPERATING PURPOSES

During the reporting period, no funds of the Company were occupied for non-operating purposes by the major shareholder or other related parties. Ernst & Young Hua Ming LLP issued a *Special Statement on Occupation of Funds for Non-operating Purposes and Other Fund Use by Related Parties of Hua Xia Bank Co., Ltd in 2024*.

6.3 EXPLANATION ON THE NON-STANDARD AUDITOR' S REPORT

Not applicable.



6.4 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND METHODS AND CHANGES IN CONSOLIDATION SCOPE OF FINANCIAL STATEMENTS DURING THE REPORTING PERIOD, CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS

Not applicable.

6.5 ENGAGEMENT AND REMOVAL OF INTERMEDIARIES

6.5.1 Engagement and disengagement of the accounting firm for auditing the financial report

The Company engaged Ernst & Young Hua Ming LLP as the auditor of the 2024 financial statements with an audit fee of RMB5.15 million. Ernst & Young Hua Ming LLP for the Company started to provide audit services for the Company in 2021. The certified public accountants who signed the auditor's report for financial statements of the Company in 2024 are Zhang Fan and Sun Lingling. Zhang Fan has been the signatory certified public accountant of the Company since the annual audit in 2021 and Sun Lingling has been the signatory certified public accountant of the Company since the annual audit in 2021.

6.5.2 Engagement of the accounting firm for internal audit auditing

The Company engaged Ernst & Young Hua Ming LLP as the auditor of the 2024 internal control over financial reporting with an audit fee of RMB1.15 million.

6.5.3 Engagement of financial advisor

During the reporting period, the Company didn't engage any financial advisor.

6.5.4 Engagement of sponsor

During the reporting period, the Company didn't engage any sponsor.

6.6 MATERIAL LITIGATIONS AND ARBITRATIONS

During the reporting period, the Company was not involved in any material legal proceedings or arbitrations. Most of these litigation and arbitration cases were lodged by the Company proactively for recovering NPLs. As at the end of the reporting period, there were 232 outstanding litigation cases where the Company is the defendant or a third party, involving a total value of RMB2,580 million. Therefore, the Company believes that they won't have significant impact on its financial position or business results.

6.7 SUSPECTED NON-COMPLIANCES, PENALTIES AND CORRECTIVE ACTIONS OF THE COMPANY, AS WELL AS ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS

During the reporting period, the Company and its directors, supervisors and senior management members were not subject to any investigation of suspected crime or subject to enforcement action or criminal penalty imposed in accordance with the law, or subject to investigation of suspected illegalities or irregularities by CSRC or administrative penalty imposed by CSRC or subject to any other major administrative penalty imposed by other competent authorities. No directors, supervisors or senior managers of the Company were detained by discipline inspection and supervision authorities for serious violation of laws and regulations or work-related crimes, which affected their performance of duties, or subjected to enforcement actions taken by other competent authorities for senior managers of supervisors or senior managers of the Company were detained violation of laws and regulations, which affected their performance of duties. No directors, supervisors or senior taken by other competent authorities for suspected violation of laws and regulations, which affected their performance of duties. No directors, supervisors or senior managers of the Company were subjected to administrative regulatory measures taken by CSRC or disciplinary actions taken by the stock exchange.

6.8 STATEMENT ON CREDIT STANDING OF THE LISTED COMPANY

During the reporting period, there was no significant valid court judgment with which the Company had not complied, nor was there any outstanding debt of significant amount.

6.9 RELATED PARTY TRANSACTIONS

6.9.1 Overview, pricing principle and basis of related party transactions

During the reporting period, pursuant to the *Administrative Measures for Related Party Transactions of Banking and Insurance Institutions*, the Company's consolidated balance of credit to related parties totaled RMB29,892 million. With margin deposits, pledged certificates of deposit and treasury bonds excluded, the credit balance was RMB29,681 million, accounting for 7.09% of net capital of the Company, kept within the regulatory ceiling of 50%. The largest balance of credit to a related party went to Shougang Group, totaling RMB9,742 million. With margin deposits, pledged certificates of deposit and treasury bonds excluded, the credit balance was RMB29,681 million, accounting for 2.09% of net capital of the Company, kept within the regulatory ceiling of 50%. The largest balance of credit to a related party went to Shougang Group, totaling RMB9,742 million. With margin deposits, pledged certificates of deposit and treasury bonds excluded, the credit balance was RMB9,742 million, accounting for 2.33% of the net capital of the Company, kept within the regulatory ceiling of 10%. The largest balance of credit to a group of related legal persons went to Shougang Group, totaling RMB11,934 million. With margin deposits, pledged certificates of deposit and treasury bonds excluded, the credit balance was RMB11,836 million, accounting for 2.83% of the net capital of the Company, kept within the regulatory ceiling of 15%. The Company's consolidated non-credit transactions with all related parties reached RMB115,495 million, of which asset transfers amounted to RMB13,292 million, service transactions were RMB1,211 million and deposit and other transactions reached RMB100,992 million.

During the reporting period, in accordance with the *Preparation and Reporting Rules for Information Disclosure by Companies* Offering Securities to the Public No. 26: Special Provisions on Information Disclosure of Commercial Banks, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Self-regulatory Guidelines of Shanghai Stock Exchange No. 5: Transactions and Related Party Transactions, the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions and the Interim Measures for the Equity Management of Commercial Banks as well as other relevant regulations, the Company continued to improve the internal management mechanism for related party transactions, strengthened the group-wide and fine-grained management of related party transactions, refined the implementation standards for the related party transactions management policy, ensured the standardization of business data statistics, regularly carried out risk prevention of related party transactions and further enhanced professional management.

During the reporting period, the Company conducted related party transactions in accordance with commercial principles, on conditions that were not more favorable than those for similar transactions with non-related parties and at prices determined pursuant to the market-price principle.

6.9.2 Material related party transactions concerning daily operation

6.9.2.1 The 42nd Meeting of the Eighth Board of Directors and the Annual General Meeting for 2023 were convened on 19 April 2024 and 20 May 2024 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Company agreed to approve the credit line worth RMB41,716 million granted for the day-to-day related party transactions between Shougang Group and its related enterprises in 2024. The quota for credit related party transactions was RMB30.5 billion (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB11,216 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 23 April 2024. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and tRMB11,836 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2024	Use as of 31 December 2024
Credit transactions	Credit limit	30,500.00	11,835.57
Asset transfer	Transfer price	2,000.00	37.30
Financial advisory services	Service fee receipts/expenditures	102.00	0
Asset custody services	Service fee receipts	0.50	0
Wealth management service	Service fee receipts	50.00	0.99
Integrated services	Service fee receipts/expenditures	63.30	13.06
Treasury operations and investment	Transaction price/gains and losses	2,000.00	51.65
Deposits	Non-demand deposits	7,000.00	808.53



6.9.2.2 The 42nd Meeting of the Eighth Board of Directors and the Annual General Meeting for 2023 were convened on 19 April 2024 and 20 May 2024 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties.* According to the proposal, the Company agreed to approve the credit line worth RMB36,966 million granted for the day-to-day related party transactions between State Grid Yingda International Holdings Group Ltd. and its related enterprises in 2024. The quota for credit related party transactions was RMB23 billion (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB13,966 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 23 April 2024. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged by the related parties) stood at RMB1,686 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2024	Use as of 31 December 2024
Credit transactions	Credit limit	23,000.00	1,685.64
Asset transfer	Transfer price	1,000.00	372.72
Financial advisory services	Service fee receipts/expenditures	301.00	7.81
Asset custody services	Service fee receipts	5.00	3.37
Wealth management service	Service fee receipts	50.00	0.08
Integrated services	Service fee receipts/expenditures	10.06	0.02
Treasury operations and investment	Transaction price/gains and losses	3,600.00	1,890.98
Deposits	Non-demand deposits	9,000.00	1,949.70

6.9.2.3 The 42nd Meeting of the Eighth Board of Directors and the Annual General Meeting for 2023 were convened on 19 April 2024 and 20 May 2024 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Company agreed to approve the credit line worth RMB69,606 million granted for the day-to-day related party transactions between PICC Property and Casualty Company Limited and its related enterprises in 2024. The quota for credit related party transactions was RMB23 billion (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB46,606 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 23 April 2024. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged by the related parties) stood at RMB933 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2024	Use as of 31 December 2024
Credit transactions	Credit limit	23,000.00	932.92
Asset transfer	Transfer price	14,500.00	3,776.43
Financial advisory services	Service fee receipts/expenditures	358.00	45.87
Asset custody services	Service fee receipts	60.00	11.78
Wealth management service	Service fee receipts	50.00	0.03
Integrated services	Service fee receipts/expenditures	37.59	13.00
Treasury operations and investment	Transaction price/gains and losses	18,600.00	5,262.67
Deposits	Non-demand deposits	13,000.00	154.59

6.9.2.4 The 42nd Meeting of the Eighth Board of Directors and the Annual General Meeting for 2023 were convened on 19 April 2024 and 20 May 2024 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Company agreed to approve the credit line worth RMB26,160 million granted for the day-to-day related party transactions between Beijing Infrastructure Investment Co., Ltd. and its related enterprises in 2024. The quota for credit related party transactions was RMB15 billion (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB11,160 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 23 April 2024. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged by the related parties) stood at RMB7,152 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2024	Use as of 31 December 2024
Credit transactions	Credit limit	15,000.00	7,151.99
Asset transfer	Transfer price	1,500.00	1,546.895
Financial advisory services	Service fee receipts/expenditures	100.00	0.14
Asset custody services	Service fee receipts	10.00	3.60
Wealth management service	Service fee receipts	50.00	0
Integrated services	Service fee receipts/expenditures	0.03	0
Treasury operations and investment	Transaction price/gains and losses	2,500.00	1,959.09
Deposits	Non-demand deposits	7,000.00	7,399.45 ⁶

6.9.2.5 The 42nd Meeting of the Eighth Board of Directors and the Annual General Meeting for 2023 were convened on 19 April 2024 and 20 May 2024 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Company agreed to approve the credit line worth RMB36,758 million granted for the day-to-day related party transactions between Yunnan Hehe (Group) Co., Ltd and its related enterprises in 2024. The quota for credit related party transactions was RMB7,570 million (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB29,188 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 23 April 2024. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged by the related parties) stood at RMB589 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2024	Use as of 31 December 2024
Credit transactions	Credit limit	7,570.00	588.64
Asset transfer	Transfer price	4,000.00	678.19
Financial advisory services	Service fee receipts/expenditures	130.00	6.04
Asset custody services	Service fee receipts	5.00	1.55
Wealth management service	Service fee receipts	50.00	0.13
Integrated services	Service fee receipts/expenditures	3.34	0.44
Treasury operations and investment	Transaction price/gains and losses	9,000.00	698.51
Deposits	Non-demand deposits	16,000.00	2,447.67

⁵ The asset transfer transaction between the Company and Beijing Infrastructure Investment Co., Ltd. exceeded the request quota and went through relevant procedures in accordance with the requirements of the National Financial Regulatory Administration (NFRA).

⁶ The deposit transaction between the Company and Beijing Infrastructure Investment Co., Ltd. exceeded the request quota and went through relevant procedures in accordance with the requirements of the NFRA.



6.9.2.6 The 42nd Meeting of the Eighth Board of Directors and the Annual General Meeting for 2023 were convened on 19 April 2024 and 20 May 2024 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Company agreed to approve the credit line worth RMB22,666 million granted for the day-to-day related party transactions of Huaxia Financial Leasing Co., Ltd. in 2024. The quota for credit related party transactions was RMB22 billion (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB666 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 23 April 2024. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related party transactions of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2024	Use as of 31 December 2024
Credit transactions	Credit limit	22,000.00	9.21
Asset transfer	Transfer price	500.00	0
Financial advisory services	Service fee receipts/expenditures	162.40	16.84
Integrated services	Service fee receipts/expenditures	4.03	2.73

6.9.2.7 The 42nd Meeting of the Eighth Board of Directors and the Annual General Meeting for 2023 were convened on 19 April 2024 and 20 May 2024 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Company agreed to approve the credit line worth RMB81,460 million granted for the day-to-day related party transactions of Huaxia Wealth Management Co., Ltd. in 2024. The quota for credit related party transactions was RMB10 billion (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB71,460 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 23 April 2024. As at the end of the reporting period, Huaxia Wealth Management Co., Ltd. registered a zero balance of credit to related parties. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2024	Use as of 31 December 2024
Credit transactions	Credit limit	10,000.00	0
Asset transfer	Transfer price	12,000.00	0
Financial advisory services	Service fee receipts/expenditures	2,460.00	512.67
Asset custody services	Service fee receipts	500.00	138.64
Integrated services	Service fee receipts/expenditures	0.03	0
Treasury operations and investment	Transaction price/gains and losses	55,000.00	15,345.50
Deposits	Non-demand deposits	1,500.00	0

6.9.3 Material related party transactions arising from the acquisition and sale of assets or equities

During the reporting period, there was no related party transaction arising from the acquisition or sale of assets or equities at the Company.

6.9.4 Material related party transactions arising from the external investments made by the Company and its related parties jointly

During the reporting period, there were no material related party transactions arising from the external investments made by the Company or its related parties jointly.

6.9.5 Details of debt & claim, guarantee or other affairs between the Company and its related parties can be seen in the Notes to the Financial Statements as a part of the Report.

6.9.6 Financial transactions between the Company and related finance company and those between finance company controlled by the Company and a related party

Finance companies that were related parties of the Company were Shougang Group Finance Co., Ltd. and China Power Finance Co., Ltd. Shougang Group Finance Co., Ltd. is a finance company of Shougang Group. China Power Finance Co., Ltd. is a finance company of State Grid Corporation of China. The Company had no controlled finance company during the reporting period.

6.9.6.1 During the reporting period, the financial transactions between the Company and Shougang Group Finance Co., Ltd. were lending under a credit line. On 21 March 2024, the Company granted to Shougang Group Finance Co., Ltd. an overall credit line of RMB1.2 billion, which was shared among lending and trade finance. Loans under lending and trade finance must be effectively secured.

As at the end of the reporting period, the credit transactions of Shougang Group Finance Co., Ltd. were discounting of acceptance bill, with a balance of RMB481 million. During the reporting period, the discounting volume was RMB728 million with a pricing range of 0.65%-4.00%. The basis of pricing was the guidance price published daily by the Company. Shougang Group Finance Co., Ltd. had an interest in these transactions as the acceptor of acceptances. The Company discounted the bills accepted by Shougang Group Finance Co., Ltd., thereby serving MSBs and private enterprises. The above transactions have been included in the guota management for credit related transactions of Shougang Group.

As at the end of the reporting period, Shougang Group Finance Co., Ltd. had a balance of deposits of RMB605 million with the Company, which were demand deposits. No time deposits were made with the Company during the reporting period. The Company had a zero deposit balance with Shougang Group Finance Co., Ltd. The Company recorded zero in loans from or to Shougang Group Finance Co., Ltd.

6.9.6.2 During the reporting period, the Company conducted no deposit, lending or other financial transactions with China Power Finance Co., Ltd.

6.9.7 Other material related party transactions

During the reporting period, there was no other major related party transactions made by the Company.

6.9.8 For details of the Company's balance of transactions with, and risk exposures to, related natural persons, please see the Notes to the Financial Statements as a part of the Report.

6.10 MATERIAL CONTRACTS AND PERFORMANCE OF OBLIGATIONS THEREUNDER

6.10.1 Material custody, contract and lease

During the reporting period, the Company did not engage in any material custody, contracting or leasing of assets of other companies, neither did other companies take custody, engage in contracting of or lease any assets of the Company.

6.10.2 Material guarantees and guarantee non-compliances

Except for financial guarantees within the business scope as approved by the former CBIRC, the Company had no material guarantees to be disclosed during the reporting period. The Company had no guarantee non-compliances during the reporting period.

6.10.3 Other material contracts

During the reporting period, the Company was in no material dispute over contracts.

6.11 INDEPENDENT OPINIONS OF INDEPENDENT DIRECTORS ON EXTERNAL GUARANTEES

Pursuant to applicable regulations and requirements of CSRC, Independent Directors of the Company reviewed the external guarantees of the Company in 2024 on a fair, impartial and objective basis. Specific review opinions are hereby given below:

The external guarantee service of the Company is a part of the ordinary banking services within the business scope of the Company as approved by PBOC and the former CBIRC. As at the end of the reporting period, outstanding letters of guarantees issued by the Company amounted to RMB37,091 million, up RMB7,918 million compared with the end of the previous year.

The Company enhanced guarantee risk management by including guarantee activities into centralized credit facility management, conducting stringent due diligence, approval and management, and strengthening risk identification, assessment, monitoring and control, which had effectively controlled guarantee risks. During the reporting period, external guarantee service of the Company was run normally without any non-compliance.

6.12 OTHER SIGNIFICANT EVENTS

The Company issued the Hua Xia Bank Co., Ltd. 2024 Financial Bond (Series 1) in the national inter-bank bond market on 15 March 2024. It was three-year fixed rate bond with an issue volume of RMB30 billion and a coupon rate of 2.43%. The value date is 19 March 2024 and the maturity date is 19 March 2027.

The Company issued the Hua Xia Bank Co., Ltd. 2024 Perpetual Capital Bond (Series 1) in the national inter-bank bond market on 6 June 2024, with an issue volume of RMB40 billion, coupon rate of 2.46% and value date of 11 June 2024.

The Company issued the Hua Xia Bank Co., Ltd. 2024 Perpetual Capital Bond (Series 2) in the national inter-bank bond market on 25 September 2024, with an issue volume of RMB20 billion, coupon rate of 2.23% and value date of 27 September 2024.

6.13 SIGNIFICANT EVENTS OF SUBSIDIARIES

Not applicable.

6.14 INDEX OF INFORMATION DISCLOSURES

Matter	Published in journals	Date of publication	Published on website
Announcement of Hua Xia Bank on Public Trading of Restricted A-shares Issued Through Non-public Offering	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	2 January 2024	www.sse.com.cn
Announcement on Resolutions of the 39th Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	13 January 2024	Ditto
Announcement on Resignation of Executive Director and President of Hua Xia Bank	Ditto	13 January 2024	Ditto
Announcement on Resignation of Chairman of Board of Supervisors of Hua Xia Bank	Ditto	20 February 2024	Ditto
Announcement on 2023 Earnings Guidance of Hua Xia Bank	Ditto	23 February 2024	Ditto
Announcement on Resolutions of the 40th Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	24 February 2024	Ditto
Announcement of Hua Xia Bank on Selection of Employee Supervisors	Ditto	6 March 2024	Ditto
Announcement on Resolutions of the 26th Meeting of the Eighth Board of Supervisors of Hua Xia Bank	Ditto	6 March 2024	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Director and Vice Chairman	Ditto	19 March 2024	Ditto
Announcement of Hua Xia Bank on Finishing Issuance of 2024 Financial Bond (Series 1)	Ditto	21 March 2024	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Revision of Articles of Association	Ditto	29 March 2024	Ditto
Announcement on Resolutions of the 41st Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	30 March 2024	Ditto
Announcement of Hua Xia Bank on Appointment of President	Ditto	30 March 2024	Ditto
Announcement on Resolutions of the 42nd Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	23 April 2024	Ditto
Announcement on Day-to-day Related Party Transaction of Hua Xia Bank	Ditto	23 April 2024	Ditto
Announcement of Hua Xia Bank on Holding the 2023 Annual Results Presentation	Ditto	23 April 2024	Ditto
Announcement on Resolutions of the 43rd Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	30 April 2024	Ditto
Announcement on Resolutions of the 27th Meeting of the Eighth Board of Supervisors of Hua Xia Bank	Ditto	30 April 2024	Ditto
Announcement on 2023 Profit Distribution Plan of Hua Xia Bank	Ditto	30 April 2024	Ditto
Announcement of Hua Xia Bank on Reengagement of Accounting Firm	Ditto	30 April 2024	Ditto
Notice of Hua Xia Bank on Holding the Annual General Meeting for 2023	Ditto	30 April 2024	Ditto
Announcement on Annual Report of Hua Xia Bank in 2023	Ditto	30 April 2024	Ditto
Announcement on First Quarterly Report of Hua Xia Bank in 2024	Ditto	30 April 2024	Ditto
Announcement on Resolutions of the Annual General Meeting for 2023 of Hua Xia Bank	Ditto	21 May 2024	Ditto
Announcement of Hua Xia Bank on Finishing Issuance of 2024 Perpetual Capital Bond (Series 1)	Ditto	13 June 2024	Ditto



Matter	Published in journals	Date of publication	Published on website
Announcement on Annual Equity Distribution for 2023 of Hua Xia Bank	Ditto	14 June 2024	Ditto
Announcement on Resignation of Director of Hua Xia Bank	Ditto	26 June 2024	Ditto
Announcement on Resolutions of the 44th Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	28 June 2024	Ditto
Announcement on Resolutions of the 28th Meeting of the Eighth Board of Supervisors of Hua Xia Bank	Ditto	28 June 2024	Ditto
Announcement of Hua Xia Bank on Redemption of Perpetual Capital Bond	Ditto	28 June 2024	Ditto
Announcement on Resolutions of the 45th Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	18 July 2024	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Vice President	Ditto	6 August 2024	Ditto
Announcement of Hua Xia Bank on Holding the 2024 Interim Results Presentation	Ditto	27 August 2024	Ditto
Announcement on Resolutions of the 46th Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	31 August 2024	Ditto
Announcement on Resolutions of the 29th Meeting of the Eighth Board of Supervisors of Hua Xia Bank	Ditto	31 August 2024	Ditto
Announcement on 2024 Mid-year Profit Distribution Plan of Hua Xia Bank	Ditto	31 August 2024	Ditto
Announcement on Interim Report of Hua Xia Bank in 2024	Ditto	31 August 2024	Ditto
Announcement on Resolutions of the 47th Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	27 September 2024	Ditto
Announcement of Hua Xia Bank on Change of Principal of Financial Affairs	Ditto	27 September 2024	Ditto
Announcement of Hua Xia Bank on Finishing Issuance of 2024 Perpetual Capital Bond (Series 2)	Ditto	28 September 2024	Ditto
Announcement of Hua Xia Bank on Holding the 2024Q3 Results Presentation	Ditto	24 October 2024	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Executive Director and President	Ditto	30 October 2024	Ditto
Announcement on Resignation of Vice Chairman of Hua Xia Bank	Ditto	31 October 2024	Ditto
Announcement on Resolutions of the 48th Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	31 October 2024	Ditto
Announcement on Resolutions of the 30th Meeting of the Eighth Board of Supervisors of Hua Xia Bank	Ditto	31 October 2024	Ditto
Announcement on Third Quarterly Report of Hua Xia Bank in 2024	Ditto	31 October 2024	Ditto
Announcement on Resolutions of the 49th Meeting of the Eighth Board of Directors of Hua Xia Bank	Ditto	27 November 2024	Ditto
Announcement on Resolutions of the 31st Meeting of the Eighth Board of Supervisors of Hua Xia Bank	Ditto	27 November 2024	Ditto
Notice of Hua Xia Bank on Holding the First Extraordinary General Meeting for 2024	Ditto	27 November 2024	Ditto
Announcement on Resolutions of the First Extraordinary General Meeting for 2024 of Hua Xia Bank	Ditto	13 December 2024	Ditto
Announcement on Resolutions of the First Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	13 December 2024	Ditto
Announcement on Resolutions of the First Meeting of the Ninth Board of Supervisors of Hua Xia Bank	Ditto	13 December 2024	Ditto





SECTION VII DETAILS OF CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

7.1 CHANGES IN SHARES

7.1.1 Changes in ordinary shares

(Unit: share)

	31 December	2023	31 December 2024			
	Number	Percentage (%)	Increase/ decrease	Number	Percentage (%)	
I. Shares subject to restrictions or sales	3,092,241,815	19.43	-2,564,537,330	527,704,485	3.32	
1. State-owned shares	-	-	-	-	-	
2. Shares held by state-owned corporations	3,092,241,815	19.43	-2,564,537,330	527,704,485	3.32	
3. Shares held by other domestic investors	_	_	_	_	_	
Of which: shares held by domestic non-state-owned corporations	-	_	-	-	_	
Shares held by domestic natural persons	_	_	_	_	_	
4. Shares held by foreign investors	-	-	-	-	-	
Of which: shares held by foreign corporations	_	_	_	-	-	
Shares held by foreign natural persons	-	_	_	-	_	
II. Shares not subject to restrictions on sales	12,822,686,653	80.57	2,564,537,330	15,387,223,983	96.68	
1. RMB-denominated ordinary shares	12,822,686,653	80.57	2,564,537,330	15,387,223,983	96.68	
2. Foreign shares listed domestically	-	-	-	_	-	
3. Foreign shares listed overseas	_	-	_	_	_	
4. Others	-	_	-	-	-	
III. Total number of shares	15,914,928,468	100.00	_	15,914,928,468	100.00	



7.1.2 Changes in registered shares subject to restrictions on sales

Name of shareholder		Number of shares subject to restrictions on sales at the beginning of the year	Number of shares released from restrictions on sales in the year	Increase of shares subject to restrictions on sales in the year	Number of shares subject to restrictions on sales at the end of the year	Reason for restrictions on sales	Date on which shares become tradable
		519,985,882	519,985,882	-	-	(Refer to Note 1 for details)	8 January 2024
Shougang Group		329,815,303	-	-	329,815,303	(Refer to Note 2 for details)	18 October 2027
	Sub-total	849,801,185	519,985,882	-	329,815,303	/	/
State Grid Yingda International Holdings Group Ltd.		737,353,332	737,353,332	-	-	(Refer to Note 1 for details)	8 January 2024
		1,307,198,116	1,307,198,116	-	-	(Refer to Note 1 for details)	8 January 2024
Beijing Infrastructure Investment Co., Ltd.		197,889,182	-	-	197,889,182	(Refer to Note 2 for details)	18 October 2027
	Sub-total	1,505,087,298	1,307,198,116	-	197,889,182	/	/
Total		3,092,241,815	2,564,537,330	-	527,704,485	/	/

Notes:

1. The 2,564,537,330 A-shares in this non-public offering in 2018 got registration and sale restriction procedures done with Shanghai Branch of China Securities Depository and Clearing Co., Ltd. on 8 January 2019, and the subscribers may not transfer these shares within five years since the date of subscription. Upon the expiration of lock-up period, the transfer of related shares shall be conducted as per the applicable laws and regulations like the *Company Law of the People's Republic of China* as well as the relevant provisions of CSRC and Shanghai Stock Exchange. As of 8 January 2024, relevant restricted shares became publicly tradable. (For details, please refer to the *Announcement of Hua Xia Bank Co., Limited on Public Trading of Restricted A-shares Issued Through Non-public Offering* disclosed by the Company on 2 January 2024 on the SSE website (www.hxb.com.cn).

2. The 527,704,485 A-shares in this non-public offering in 2022 got registration and sale restriction procedures done with Shanghai Branch of China Securities Depository and Clearing Co., Ltd. on 18 October 2022 and the subscribers may not transfer these shares within five years since the date of listing. Upon the expiration of lock-up period, the transfer of shares subscribed for in this issuance shall be conducted as per the applicable laws and regulations like the Company Law of the People's Republic of China as well as the relevant provisions of CSRC and Shanghai Stock Exchange.

7.2 SECURITIES ISSUE AND OFFERING

7.2.1 Securities issue during the reporting period

Not applicable.

7.2.2 Changes in the total number and shareholder structure of ordinary shares and changes in structure of assets and liabilities of the Company

Not applicable.

7.2.3 Individual employee stock ownership

Not applicable.

(Unit: share)

7.3 SHAREHOLDERS

7.3.1 Number of ordinary shareholders and particulars of shareholding of the top 10 preference shareholders as at the end of the reporting period

(Unit: share)

78,797

78,813

Total number of	f ordinary	shareholders	as	at the	end	of the	reporting	period
lotal Hallbor of	, or annuar y	01141011010101010	0.0		0110	01 0110	roporting	ponod

Total number of ordinary shareholders at the end of the month immediately before disclosing date of this Annual Report

Shareholdings of the top 10 shareholders (excluding shares lent through refinancing)								
Name of shareholder	Nature of shareholder	Changes during the reporting period	Shareholding Percentage (%)	Shares held at the end of the period	Number of shares subject to restrictions on sales that were held		s pledged, d or frozen Number	
Shougang Group	State-owned legal person	-	21.68	3,449,730,597	329,815,303	NA	-	
State Grid Yingda International Holdings Group Ltd.	State-owned legal person	_	19.33	3,075,906,074	-	NA	_	
PICC Property and Casualty Company Limited	State-owned legal person	_	16.11	2,563,255,062	_	NA	_	
Beijing Infrastructure Investment Co., Ltd.	State-owned legal person	-	10.86	1,728,201,901	197,889,182	NA	-	
Hong Kong Securities Clearing Company Limited	Foreign legal person	145,330,491	3.55	564,735,728	-	NA	-	
Yunnan Hehe (Group) Co., Ltd.	State-owned legal person	_	3.52	560,851,200	_	NA	_	
Runhua Group Co., Ltd.	Domestic non- state-owned legal person	_	1.72	273,312,100	-	Pledge	272,812,100	
China Securities Finance Corporation Limited	State-owned legal person	_	1.27	201,454,805	-	NA	_	
Central Huijin Asset Management Co., Ltd.	State-owned legal person	_	1.03	163,358,260	-	NA	_	
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 ETF	Others	62,289,221	0.69	109,934,847	_	NA	_	



Shareholdings of the top 10 shareholders not subject to restrictions on sales (excluding shares lent through refinancing)

Name of shareholder	Number of shares not subject to restrictions on sales that were held	Type of shares			
Shougang Group	3,119,915,294	RMB-denominated ordinary shares			
State Grid Yingda International Holdings Group Ltd.	3,075,906,074	RMB-denominated ordinary shares			
PICC Property and Casualty Company Limited	2,563,255,062	RMB-denominated ordinary shares			
Beijing Infrastructure Investment Co., Ltd.	1,530,312,719	RMB-denominated ordinary shares			
Hong Kong Securities Clearing Company Limited	564,735,728	RMB-denominated ordinary shares			
Yunnan Hehe (Group) Co., Ltd.	560,851,200	RMB-denominated ordinary shares			
Runhua Group Co., Ltd.	273,312,100	RMB-denominated ordinary shares			
China Securities Finance Corporation Limited	201,454,805	RMB-denominated ordinary shares			
Central Huijin Asset Management Co., Ltd.	163,358,260	RMB-denominated ordinary shares			
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 ETF	109,934,847	RMB-denominated ordinary shares			
Repo accounts of top 10 shareholders	The Company had no share repurchases during	the reporting period.			
Delegating or abandoning of voting rights of the above shareholders	The Company found none of the above shareholders delegated or abandoned voting rights or gained delegated voting rights from others.				
Remarks on the connected relations or concerted action of the above shareholders	The Company has no knowledge of any other connected relations among the above-mentioned shareholders or concerted action defined in the Administrative Measures for Acquisition of Listed Companies.				

Note: The top 10 shareholders and the top 10 holders of unrestricted tradable shares were not involved in margin trading or short selling.

Margin trading, short selling and lending of refinancing shares by shareholders with an interest of over 5%, the top 10 shareholders and the top 10 holders of unrestricted tradable shares

(Unit: share)

Margin trading, short selling and lending of refinancing shares by shareholders with an interest of over 5%, the top 10 shareholders and the top 10 holders of unrestricted tradable shares								
	Beginning shareholding in ordinary account and credit account		Beginning outstanding lending of refinancing shares		Ending shareholding in ordinary account and credit account		Ending outstanding lending of refinancing shares	
Name of shareholder	Total	% of total	Total	% of total	Total	% of total	Total	% of total
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 ETF	47,645,626	0.30	102,900	0.0006	109,934,847	0.69	0	0.00

Changes in top 10 shareholders and the top 10 holders of unrestricted tradable shares from previous period due to lending/return of refinancing shares

Not applicable.

7.3.2 Number of shares subject to restrictions on sales held by shareholders and restrictions on sales

(Unit: share)

	Number of shares subject to restrictions on		rading of shares rictions on sales	
Name of shareholder subject to restrictions on sales	sales that were held	Tradable time	Number of new tradable shares	Restrictions on sales
Shougang Group	329,815,303	18 October 2027	329,815,303	(Refer to the Note for details)
Beijing Infrastructure Investment Co., Ltd.	197,889,182	18 October 2027	197,889,182	

Note: The Company issued 527,704,485 A-shares in a non-public offering in 2022, and these shares got registration and sale restriction procedures done with Shanghai Branch of China Securities Depository and Clearing Co., Ltd. on 18 October 2022. All subscribers may not transfer their shares within five years since the listing date of the above shares. These shares are expected to become tradable on 18 October 2027 (which will be postponed to the subsequent trading day in case of a statutory public holiday/festival or rest day).

7.3.3 Particulars of shareholders holding over 5% ordinary shares of the Company

The Company has no controlling shareholder or de facto controller. Shougang Group is the largest shareholder of the Company. At the end of the reporting period, shareholders holding over 5% shares of the Company were Shougang Group (21.68%), State Grid Yingda International Holdings Group Ltd. (19.33%), PICC Property and Casualty Company Limited (16.11%) and Beijing Infrastructure Investment Co., Ltd. (10.86%).

7.3.3.1 Shougang Group

Shougang Group (formerly known as "Shougang Corporation") was changed into its current name in May 2017 and restructured from an enterprise owned by the whole people into a wholly state-owned company with the approval of the State – owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. With unified social credit code as 911100001011200015, its legal representative is Zhao Minge and its registered capital is RMB28,755 million. Shougang Group is a large enterprise group with the operation covering different industries, regions and countries. Its core businesses include industries, construction, geologic exploration, transportation, foreign trade, telecommunication, finance and insurance, scientific research and comprehensive technological service, domestic commerce, public catering, material supply and sales, warehouse, real estate, residential service, consultation, leasing, agriculture, forestry, husbandry, fishery (except for those without special license) and authorized management of state-owned assets; establishment of the newspaper *Shougang Daily*; design and production of TV ads; release of ads with its self-owned TV station; design and production of prints and ads; placement of ads on its self-owned *Shougang Daily*; sewage treatment and recycling; seawater desalination; art creation and performance; operations of sports events (except those involving high risk); operations of sports venues; Internet information service; and municipal domestic waste treatment.

The equity relationship between the Company and Shougang Group as the largest shareholder is illustrated below:



• 华夏银行

7.3.3.2 State Grid Yingda International Holdings Group Ltd.

State Grid Yingda International Holdings Group Ltd. (formerly known as "State Grid Asset Management Co., Ltd."), founded on 18 October 2007, is a wholly-owned subsidiary of State Grid Corporation of China with Yang Dongwei as its legal representative. Its unified social credit code is 91110000710935089N. Its registered capital is RMB108,112.07 million. Business scope: Investment and assets operation and management; assets custody; rendering services for enterprise restructuring, M&A, strategic placement and venture capital investment; investment consultation; and investment advisory.

7.3.3.3 PICC Property and Casualty Company Limited

PICC Property and Casualty Company Limited was solely sponsored by People's Insurance Company of China in July 2003 after obtaining approval from the State Council and the former China Insurance Regulatory Commission. It is the largest property insurer in the mainland China. The unified social credit code is 91100000710931483R and the legal representative is Yu Ze. The registered capital is RMB22,242.77 million. Business scope: property loss insurance, liability insurance, credit insurance, accident insurance, short-term health insurance, guarantee insurance and other kinds of RMB or foreign-currency insurance business; reinsurance business in relation to the above-mentioned business; service and consulting in relation to property insurance, accident insurance and short-term health insurance and their reinsurance; business handling on behalf of insurers; investment and fund utilization business permitted by national laws and regulations, and other business prescribed by national laws and regulations or approved by China's insurance regulatory authority.

7.3.3.4 Beijing Infrastructure Investment Co., Ltd.

Founded in February 1981, Beijing Infrastructure Investment Co., Ltd. is a wholly state-owned company of the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. Its unified social credit code is 911100001011241849. Its legal representative is Hao Weiya. Its registered capital is RMB173,159.47 million. Business scope: manufacturing of subway vehicles and subway equipment; management and investment of state-owned assets as authorized, and planning and construction of new subway lines; operation and management of completed subway lines; import and export business of various commodities and technologies on proprietary or agent basis, except for commodities and technologies that are restricted or banned from operation by the state; design and repair of subway vehicles; design and installation of subway equipment; project supervision; property management; real estate development; subway ad design and production.

7.3.4 Other substantial shareholders

As prescribed by the former CBRC's *Interim Measures for the Equity Management of Commercial Banks*, other substantial shareholders of the Company included Yunnan Hehe (Group) Co., Ltd. and Runhua Group Co., Ltd. as at the end of the reporting period.

Yunnan Hehe (Group) Co., Ltd. held 3.52% shares of the Company and appointed a supervisor representing shareholder to the Company. It had a registered capital of RMB6 billion and its legal representative was Bi Fenglin. Hongta Tobacco (Group) Co., Ltd. holds 75% of Yunnan Hehe (Group) Co., Ltd. It is the controlling shareholder of the latter and its de facto controller is China Tobacco. Hongta Tobacco (Group) Co., Ltd. was incorporated on 15 September 1995, with a registered capital of RMB6 billion and its legal representative is Sun Yong.

Runhua Group Co., Ltd. held 1.72% of shares in the Company and appointed a supervisor representing shareholder to the Company. It had a registered capital of RMB109 million and its legal representative was Luan Tao. Luan Tao holds 54.84% shares of Runhua Group Co., Ltd. and serves as its controlling shareholder and de facto controller.

7.3.5 Special explanation on the Company without controlling shareholder

The Company has no controlling shareholder. Shougang Group is the largest shareholder of the Company.

7.3.6 Special explanation on the Company without de facto controller

The Company has no de facto controller. Shougang Group is the largest shareholder of the Company.

7.4 SHARE REPURCHASES

Not applicable.





SECTION VIII FINANCIAL STATEMENTS

8.1 AUDITOR' S REPORT

8.2 AUDITED FINANCIAL STATEMENTS

8.3 NOTES TO THE FINANCIAL STATEMENTS

8.4 UNAUDITED SUPPLEMENTARY INFORMATION

Chairman: Qu Gang (acting) Board of Directors of Hua Xia Bank Co., Limited 16 April 2025

WRITTEN CONFIRMATION OF 2024 ANNUAL REPORT BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS OF HUA XIA BANK CO., LIMITED

In accordance with relevant provisions and requirements of the Securities Law and the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Formats of Annual Reports, we, as directors, supervisors and senior management members of Hua Xia Bank Co., Limited, have fully read and examined the 2024 Annual Report of the Company and its Summary and hereby give the following opinion:

The Company operated in strict accordance with the *Accounting Standards for Business Enterprises* and relevant regulations, and the 2024 Annual Report of the Company and its Summary fairly present the financial position and operating conditions of the Company for the reporting year.

The 2024 financial statements of the Company have been audited.

We hereby guarantee that the 2024 Annual Report of the Company and its Summary were prepared and reviewed according to procedures that conform to laws, regulations, supervisory rules and the articles of association and internal management policies of the Company, disclose authentic, accurate and complete information and contain no false records, misleading statements or major omissions, and agree to be individually and jointly responsible for the authenticity, accuracy and completeness of their contents.

16 April 2025



Name	Position	Signature
Zou Libin	Vice Chairman of the Board of Directors, Non-executive Director	
Qu Gang	Executive Director, President	
Cai Zhiwei	Non-executive Director	
Yang Wei	Executive Director, Vice President, and Principal of Financial Affairs	
Liu Ruijia	Executive Director, Vice President	
Song Jiqing	Executive Director, Secretary to the Board	
Ding Yi	Independent Director	
Zhao Hong	Independent Director	
Guo Qingwang	Independent Director	
Chen Shenghua	Independent Director	
Guo Peng	Chairman of the Board of Supervisors, Employee Supervisor	
Deng Kang	Supervisor Representing Shareholder	
Ma Bing	Supervisor Representing Shareholder	
Zhao Xijun	External Supervisor	
Guo Tianyong	External Supervisor	
Zhang Hong	External Supervisor	
Cheng Xinsheng	External Supervisor	
Xu Xinming	Employee Supervisor	
Wang Shengchun	Employee Supervisor	
Gao Bo	Vice President	
Han Jianhong	Vice President	
Tang Yiming	Vice President	
Liu Chunhua	Chief Audit Officer	
Wu Yongfei	Chief Information Officer	
Yang Hong	Chief Compliance Officer	
Liu Xiaoli	Chief Risk Officer	





AUDITOR' S REPORT

Ernst & Young Hua Ming (2025) Shen Zi No. 70013365_A01

Hua Xia Bank Co., Limited

To the shareholders of Hua Xia Bank Co., Limited,

I. AUDIT OPINION

We have audited the financial statements of Hua Xia Bank Co., Limited (the "Bank") and its subsidiaries (collectively the "Group"), which comprise balance sheet as at 31 December 2024 and income statement, statement of changes in equity and statement of cash flows of the Group and the Bank for the year then ended and notes to these Financial Statements.

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

II. BASIS FOR AUDIT OPINION

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

III. KEY AUDIT ISSUES

Key audit issues are those matters that, in our professional judgment, are of most significance in our audit of the financial statements of the current year. These issues are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these issues. We also describe how to address each issue in our audit in that context.

We have fulfilled our responsibilities described in the "Certified Public Accountant's Responsibilities for the Audit of the Financial Statements" section of this report, including responsibilities related to these key audit issues. Accordingly, our audit work includes implementing the audit procedures designed to address the risk of material misstatements in assessed financial statements. The results of our implementation of audit procedures include the procedures implemented to address the following key audit issues, laying the foundation for giving an audit opinion on the financial statements as a whole.



Ernst & Young Hua Ming (2025) Shen Zi No. 70013365_A01

Hua Xia Bank Co., Limited

III. KEY AUDIT ISSUES (CONTINUED)

Key audit issue

How to respond to the issues in audit

Allowance for impairment losses on loans and advances to customers

The Group used a number of models and assumptions in the measurement of expected credit loss (ECL). For example:

- Significant increase in credit risk the determination of significant increase in credit risk depends highly on judgment, which may have a major effect on the ECL of loans with a long residual life;
- Models and parameters the models used to measure the ECL are highly complicated, with many model parameter inputs and also many judgments and assumptions involved in the estimation of parameters;
- Forward-looking information the impact of macroeconomic forecasts based on expert judgments on the ECL, taking into account the weights of different economic scenarios;
- Individual assessment for impairment a number of factors are considered in determination of credit impairment, and the ECL measurement depends on the estimation of expected future cash flows.

As loan impairment assessment involves many major judgments and assumptions with significant amounts (at 31 December 2024, the loans and advances to customers totaled RMB2,374,683 million, accounting for 54.26% for total assets; allowance for loan impairment losses totaled RMB61,378 million), we regard them as a key audit issue.

For relevant disclosures, please see Notes IX-8, V-3, VIII-6 and XIV-3 to the consolidated financial statements.

We have assessed and tested the effectiveness of the design and implementation of key controls related to loan approval, post-lending management, credit rating, collateral management and loan impairment testing, including related data quality and information systems.

We have selected samples to carry out the credit review procedure using a risk-oriented sampling method. We analyzed the debtors' ability to pay and the Group's judgments on loan classification based on the post-lending survey report, the debtors' financial information, the collateral valuation report and other available information.

With the assistance from internal credit risk model experts, we have assessed and tested the important parameters of the expected credit loss (ECL) models, significant judgments of the management and the application of related assumptions, with a focus on the following aspects:

- 1. ECL models:
 - Assessing the methodologies of ECL models and related parameters, including probability of default, loss given default, risk exposure and significant increase in credit risk, taking into account macroeconomic changes;
 - Assessing the forward-looking information used by the management in determining the ECL, including the forecast of macroeconomic variables and assumptions regarding multiple macro scenarios;
 - Assessing the management's determination on whether credit impairment has occurred and, for impaired loans and advances to customers, assessing the calculation logic for the loss given default, especially the recoverable amount of collateral.
- 2. Effectiveness of design and implementation of key controls:
 - Assessing and testing the data and key controls used to confirm the allowance for ECL, including loan data, internal credit rating data and macroeconomic data, as well as the calculation logic, data inputs and system interface of the impairment system;
 - Assessing and testing the key controls of ECL models, including model change approval, ongoing monitoring of model performance, model validation and parameter calibration.

We have assessed and tested the effectiveness of the design and implementation of controls for disclosures related to the Group's credit exposure and ECL.

Ernst & Young Hua Ming (2025) Shen Zi No. 70013365_A01

Hua Xia Bank Co., Limited

III. KEY AUDIT ISSUES (CONTINUED)

Key audit issue

How to respond to the issues in audit

Consolidation of structured entities

asset transfer and other business activities, the Group holds implementation of key controls related to the control or noninterests in many different structured entities, such as wealth control over structured entities. management products, funds and trust plans. The Group should comprehensively consider the power it owns, the variable returns We have assessed the Group's analysis and conclusion on it is entitled to and the relationship in between and judge whether whether it controls structured entities based on the Group's the Group has control over each structured entity so that it power over structured entities and analysis on the magnitude should be included in the consolidated financial statements.

the purpose of setting up the structured entity, the ability of the Group to direct its relevant activities, the interests held or credit enhancement to the structured entities sponsored by it. directly or indirectly and returns thereon, the management performance rewards received and the rewards or losses. We have assessed and tested the effectiveness of the Group's incurred by providing credit enhancement or liquidity support. design and implementation of controls for disclosures related to The comprehensive analysis of such factors and the conclusion structured entities not included in the scope of consolidation. on control involve significant estimates and judgments of the management. Given the significance of the matter and the complexity of the management's judgments, we regard it as a key audit issue.

In the process of financial investment, asset management, credit We have assessed and tested the effectiveness of design and

and variability of the variable returns on structured entities. We have also examined relevant contract documents to analyze In analyzing whether it has control over a structured entity, whether the Group has the statutory or constructive obligation the Group should consider a number of factors, including to ultimately assume the risk loss of structured entities and examined whether the Group has provided any liquidity support

For relevant disclosures, please see Notes V-4 and XIII to the consolidated financial statements.

IV. OTHER INFORMATION

The senior management of the Bank shall be liable for other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

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

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



Ernst & Young Hua Ming (2025) Shen Zi No. 70013365_A01

Hua Xia Bank Co., Limited

V. RESPONSIBILITIES OF THE 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 ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

VI. 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 audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted CSAs will always detect a 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 the financial statements.

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our auditing opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Ernst & Young Hua Ming (2025) Shen Zi No. 70013365_A01

Hua Xia Bank Co., Limited

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Zhang Fan (Engagement Partner)

Chinese Certified Public Accountant: Sun Lingling

Beijing, China

16 April 2025



BALANCE SHEET OF THE GROUP AND THE BANK

31 December 2024

⁽In RMB millions, unless otherwise stated)

		The (Group	The	Bank
	Note VIII	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Assets					
Cash on hand and balances with central banks	1	167,699	202,434	167,342	202,230
Due from banks	2	21,048	17,758	13,058	17,015
Placements with banks and other financial institutions	3	64,469	50,314	64,469	52,322
Derivative financial assets	4	20,057	3,803	20,057	3,803
Financial assets purchased under agreements to resell	5	31,389	20,157	26,963	18,558
Loans and advances to customers	6	2,313,356	2,256,596	2,200,098	2,147,887
Financial investments					
Held-for-trading financial assets	7	437,994	316,586	553,969	456,597
Debt investments	8	898,236	986,805	713,686	747,542
Other debt investments	9	308,592	295,408	306,416	293,442
Other equity instrument investments	10	6,233	6,489	5,786	6,081
Long-term equity investments	11	_	_	7,990	7,990
Fixed assets	12	66,635	55,395	18,500	17,859
Right-of-use assets	13	5,232	5,677	5,125	5,527
Intangible assets	14	1,786	1,792	1,698	1,734
Deferred income tax assets	15	4,885	9,444	3,200	8,186
Other assets	16	28,880	26,108	9,307	8,432
Fotal assets		4,376,491	4,254,766	4 117 664	3,995,205

BALANCE SHEET OF THE GROUP AND THE BANK (CONTINUED)

(In RMB millions, unless otherwise stated)

		The (Group	The	Bank
	Note VIII	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Liabilities					
Due to central banks	18	171,587	153,561	171,587	153,561
Due to banks and other financial institutions	19	570,457	576,391	572,243	576,724
Placements from banks and other financial institutions	20	232,774	205,036	73,145	65,205
Derivative financial liabilities	4	19,854	3,900	19,854	3,900
Financial assets sold under agreements to repurchase	21	155,414	202,827	84,514	109,720
Deposits taken	22	2,184,137	2,165,881	2,182,068	2,164,092
Accrued payroll	23	7,582	7,348	7,247	7,051
Taxes and dues payable	24	2,234	3,464	2,029	3,159
Lease liabilities	25	5,246	5,627	5,133	5,471
Debt obligations payable	26	636,989	592,643	632,919	588,533
Projected liabilities	27	1,698	1,437	1,631	1,426
Other liabilities	28	22,835	14,889	17,381	8,805
Total liabilities		4,010,807	3,933,004	3,769,751	3,687,647
Shareholders' equity					
Share capital	29	15,915	15,915	15,915	15,915
Other equity instruments	30	60,000	39,993	60,000	39,993
Of which: Perpetual bonds		60,000	39,993	60,000	39,993
Capital reserve	31	60,730	60,737	60,730	60,737
Other comprehensive income	45	4,774	(803)	4,712	(808)
Surplus reserve	32	26,549	24,119	26,549	24,119
General risk reserve	33	50,106	48,779	47,550	46,324
Retained profit	34	143,908	129,839	132,457	121,278
Total equity attributable to shareholders of the parent company		361,982	318,579	347,913	307,558
Minority interests		3,702	3,183	-	_
Total shareholders' equity		365,684	321,762	347,913	307,558
Total liabilities and equity		4,376,491	4,254,766	4,117,664	3,995,205

The accompanying notes are an integral part of these financial statements

The financial statements on pages 133-270 are signed by:

Qu Gang (acting)

Yang Wei

Liu Yue

Legal representative

Principal of Financial Affairs

General Manager of Budget and Finance Department



INCOME STATEMENT OF THE GROUP AND THE BANK

2024		(In	RMB millions	, unless other	wise stated)
		The G	roup	The B	ank
	Note VIII	2024	2023	2024	2023
I. Operating income		97,146	93,207	89,258	86,558
Net interest income	35	62,063	70,442	57,281	63,275
Interest income		146,483	155,611	137,541	145,189
Interest expense		(84,420)	(85,169)	(80,260)	(81,914)
Net fee and commission income	36	5,443	6,402	4,498	5,733
Fee and commission income		11,166	11,619	10,162	10,919
Fee and commission expenses		(5,723)	(5,217)	(5,664)	(5,186)
Investment gain	37	15,700	9,425	15,638	10,017
Of which: Gains on derecognition of financial assets measured at amortized cost		133	8	133	8
Gains on changes in fair value	38	7,912	2,609	10,967	6,847
Exchange gains	40	770	548	767	548
Other operating income	39	5,156	3,623	55	79
Profit/loss from the disposal of assets		24	39	(5)	39
Other income		78	119	57	20
II. Operating expenses		(61,204)	(57,764)	(57,441)	(54,290)
Tax and surcharges	41	(1,069)	(1,066)	(1,012)	(1,010)
General and administrative expenses	42	(28,954)	(29,236)	(28,139)	(28,456)
Impairment losses on credit	43	(28,427)	(25,301)	(28,265)	(24,324)
Other impairment losses on assets		(364)	(666)	13	(482)
Other business costs	39	(2,390)	(1,495)	(38)	(18)
III. Operating profit		35,942	35,443	31,817	32,268
Plus: Non-operating income		112	166	108	142
Less: Non-operating expenses		(175)	(170)	(175)	(168)
IV. Total profit		35,879	35,439	31,750	32,242
Less: Income tax expense	44	(7,683)	(8,594)	(7,065)	(7,940)
V. Net profit		28,196	26,845	24,685	24,302
i. Classified by operational continuity		,	,	,	,
1. Net profit from continuous operation		28,196	26,845	24,685	24,302
2. Net profit from ceased operation		_	_	_	_
ii. Classified by ownership affiliation					
1. Net profit attributable to shareholders of the parent company		27,676	26,363	24,685	24,302
2. Minority shareholders' gains/losses		520	482	-	_
VI. After-tax other comprehensive income	45	5,368	732	5,312	720
After-tax other comprehensive income attributable to		-,		-,	•
shareholders of the parent company i. Other comprehensive income not to be classified as		5,369	732	5,312	720
1. Changes in fair value of other equity instrument		(33)	(381)	(53)	(384)
investments		(33)	(381)	(53)	(384)
ii. Other comprehensive income to be classified as profit/loss		5,402	1,113	5,365	1,104
1. Change in fair value of financial assets measured at fair value through other comprehensive income		5,337	1,126	5,300	1,115
 Change in fair value of allowances for credit losses on investment in financial assets measured at fair value through other comprehensive income 		61	(12)	61	(12)
3. Difference from foreign currency translation		4	(1)	4	1
After-tax other comprehensive income attributable to minority shareholders		(1)	_	_	-
VII. Total comprehensive income		33,564	27,577	29,997	25,022
Total comprehensive income attributable to shareholders of the parent company		33,045	27,095	29,997	25,022
Total comprehensive income attributable to minority shareholders		519	482	_	_
VIII. Earnings per share					
Basic earnings per share (RMB yuan)	46	1.62	1.48		

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS OF THE GROUP AND THE BANK

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		The G		The E	
	Note VIII	2024	2023	2024	2023
Cash flows from operating activities					
Net increase in customer deposits and due to banks and other financial institutions		15,611	78,827	16,787	73,179
Net decrease in balances with central banks and due from banks and other financial institutions		18,715	5,553	18,277	9,488
Net increase in placements from banks and other financial institutions and financial assets sold under agreements to repurchase		_	167,091	_	43,213
Net decrease in placements with banks and other financial institutions and financial assets purchased under agreements to resell		_	24,040	_	28,039
Net increase in due to central banks		17,866	51,875	17,866	51,876
Decrease in held-for-trading financial assets		13,764	_	13,677	
Net increase in business debt obligations payable		81,730	_	81,730	
Proceeds from interest and fee & commission		125,712	127,652	116,481	123,953
Other proceeds received related to operating activities		14,351	5,798	9,853	4,446
Sub-total of cash inflows from operating activities		287,749	460,836	274,671	334,194
Net increase in loans and advances to customers		(82,397)	(65,937)	(78,115)	(67,57
Net decrease in placement from banks and other financial institutions and financial assets sold under agreements to repurchase		(19,997)	_	(17,221)	
Net increase in placements with banks and other financial institutions and financial assets purchased under agreements to resell		(16,000)	_	(14,000)	
Net decrease in business debt obligations payable		_	(4,867)	_	(4,86
Net increase in held-for-trading financial assets		_	(14,290)	-	(14,44
Cash paid as interest and fee & commission expenses		(85,564)	(76,869)	(81,818)	(74,03
Cash paid to and for employees		(16,194)	(15,886)	(15,632)	(15,36
Taxes and dues paid		(13,885)	(17,661)	(12,656)	(16,68
Other cash paid related to operating activities		(11,217)	(12,149)	(7,696)	(10,50
Sub-total of cash outflows from operating activities		(245,254)	(207,659)	(227,138)	(203,47
Net cash flows from operating activities	48	42,495	253,177	47,533	130,71
Cash flows from investing activities					
Proceeds from disposal of investments		1,844,749	1,276,040	1,714,688	1,272,41
Investment gains received		52,628	47,100	49,310	43,27
Net gains on disposal of fixed assets, intangible assets and other long-term assets		940	73	51	6
Sub-total of cash inflows from investing activities		1,898,317	1,323,213	1,764,049	1,315,76
Cash paid for acquisition of investments		(1,892,793)	(1,558,046)	(1,787,048)	(1,458,074
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(16,688)	(32,888)	(4,081)	(6,509
Cash paid for acquisition of shares in subsidiaries		-	(27)	-	(2
Sub-total of cash outflows from investing activities		(1,909,481)	(1,590,961)	(1,791,129)	(1,464,610
Net cash flows from investing activities		(11,164)	(267,748)	(27,080)	(148,850



STATEMENT OF CASH FLOWS OF THE GROUP AND THE BANK (CONTINUED)

2024

(In RMB millions, unless otherwise stated)

		The Gr	oup	The Ba	ank
	Note VIII	2024	2023	2024	2023
Cash flows from financing activities					
Cash received from issuance of other equity instrument	S	60,000	-	60,000	_
Proceeds from issuance of debt securities		34,000	131,000	30,000	131,000
Sub-total of cash inflows from financing activities		94,000	131,000	90,000	131,000
Cash paid for redemption of other equity instruments		(40,000)	(20,000)	(40,000)	(20,000)
Cash paid for repayment of debt securities		(71,000)	(65,000)	(67,000)	(63,000)
Cash paid for dividends and profit distribution or interest repayment		(15,702)	(15,251)	(15,559)	(14,898)
Cash payments for principal and interest on lease liabilities		(2,005)	(2,027)	(1,936)	(1,953)
Sub-total of cash outflows from financing activities		(128,707)	(102,278)	(124,495)	(99,851)
Net cash flows from financing activities		(34,707)	28,722	(34,495)	31,149
Effect of exchange rate changes on cash and cash equivalents		(123)	264	(124)	264
Net change of cash and cash equivalents	48	(3,499)	14,415	(14,166)	13,280
Plus: Opening balance of cash and cash equivalents		102,122	87,707	100,373	87,093
Closing balance of cash and cash equivalents	47	98,623	102,122	86,207	100,373

The accompanying notes are an integral part of these financial statements

1 January to 31 December 2024

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In RMB millions, unless otherwise stated)

			Equity a	ttributable to	Equity attributable to shareholders of the parent company	e parent comp	any				
	Note VIII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Sub-total	Minority interests	Total
I. Balance as at 1 January 2024		15,915	39,993	60,737	(803)	24,119	48,779	129,839	318,579	3,183	321,762
II. Changes during the year											
i. Net profit		I	I	I	I	I	I	27,676	27,676	520	28,196
ii. Other comprehensive income	45	I	I	I	5,369	I	I	I	5,369	(1)	5,368
Subtotal of the above i and ii		I	I	I	5,369	I	I	27,676	33,045	519	33,564
iii. Capital reduction by shareholders											
1. Capital contribution by holders of other equity instruments	30	I	60,000	I	I	I	I	I	60,000	I	60,000
Capital reduction by holders of other equity instruments	30	I	(39,993)	(7)	I	I	I	I	(40,000)	I	(40,000)
iv. Profit distribution											
1. Surplus reserve withdrawn	34	I	I	I	I	2,430	I	(2,430)	I	I	I
2. General risk reserve allocated	34	I	I	I	I	I	1,327	(1,327)	I	I	I
3. Distribution of dividends on ordinary shares	34	I	I	T	I	I	I	(7,702)	(7,702)	I	(7,702)
 Profit distribution to holders of other equity instruments 	34	I	I	I	I	I	I	(1,940)	(1,940)	I	(1,940)
v. Internal transfer of owner's equity											
1. Other comprehensive income transferred to retained earnings		I	I	I	208	I	I	(208)	I	I	I
III. Balance as at 31 December 2024		15,915	60,000	60,730	4,774	26,549	50,106	143,908	361,982	3,702	365,684

1 January to 31 December 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(In RMB millions, unless otherwise stated)

			Equity	attributabla to	, sharaholdare of th	a parant comr					
			Equity	<u>ສແຫນສນາອ ເດ</u>	בעטונץ מנווטטנמטופ נט אומרפווטוטפוא טו ווופ אמרפוונ כטווואמווץ		Jaliy				
	Note VIII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Sub-total	Minority interests	Total
I. Balance as at 1 January 2023		15,915	59,971	60,759	(1,581)	21,909	47,124	116,360	320,457	2,865	323,322
II. Changes during the year											
i. Net profit		I	I	I	I	I	I	26,363	26,363	482	26,845
ii. Other comprehensive income	45	I	I	I	732	I	I	I	732	I	732
Subtotal of the above i and ii		I	I	I	732	I	I	26,363	27,095	482	27,577
iii. Capital reduction by shareholders											
 Capital reduction by holders of other equity instruments 	30	I	(19,978)	(22)	1	I	1	I	(20,000)	I	(20,000)
 Change in shareholding percentage in controlled subsidiaries 		I	I	I	I	I	I	(2)	(2)	(26)	(28)
iv. Profit distribution											
1. Surplus reserve withdrawn	34	I	I	I	I	2,210	I	(2,210)	I	I	I
2. General risk reserve allocated	34	I	I	I	I	I	1,655	(1,655)	I	I	I
3. Distribution of dividends on ordinary shares	34	I	I	I	I	I	I	(6,095)	(6,095)	I	(6,095)
 Profit distribution to holders of other equity instruments 	34	I	I	I	I	I	1	(2,876)	(2,876)	I	(2,876)
5. Others		I	I	I	I	I	I	I	I	(138)	(138)
v. Internal transfer of owner's equity											
1. Other comprehensive income transferred to retained earnings		I	I	I	46	I	I	(46)	I	I	I
III. Balance as at 31 December 2023		15,915	39,993	60,737	(803)	24,119	48,779	129,839	318,579	3,183	321,762

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1 January to 31 December 2024

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(In RMB millions, unless otherwise stated)

	Note VIII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Total
I. Balance as at 1 January 2024		15,915	39,993	60,737	(808)	24,119	46,324	121,278	307,558
II. Changes during the year									
i. Net profit		I	I	I	I	I	I	24,685	24,685
ii. Other comprehensive income	45	I	I	I	5,312	I	I	I	5,312
Subtotal of the above i and ii		I	I	I	5,312	I	I	24,685	29,997
iii. Capital reduction by shareholders									
1. Capital contribution by holders of other equity instruments	30	I	60,000	I	I	I	I	1	60,000
2. Capital reduction by holders of other equity instruments	30	I	(39,993)	(2)	I	I	I	I	(40,000)
iv. Profit distribution									
1. Surplus reserve withdrawn	34	I	I	I	I	2,430	I	(2,430)	I
2. General risk reserve allocated	34	I	I	I	I	I	1,226	(1,226)	I
3. Distribution of dividends on ordinary shares	34	I	I	I	I	I	I	(7,702)	(7,702)
4. Profit distribution to holders of other equity instruments	34	I	I	I	I	I	I	(1,940)	(1,940)
v. Internal transfer of owner's equity									
 Other comprehensive income transferred to retained earnings 		I	I	I	208	I	I	(208)	I
III. Balance as at 31 December 2024		15,915	60,000	60,730	4,712	26,549	47,550	132,457	347,913

1 January to 31 December 2024

BANK STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(In RMB millions, unless otherwise stated)

1 January to 31 December 2024							(IN AMB MIII)	(In KIMB millions, unless otherwise stated)	erwise stated)
	Note VIII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Total
I. Balance as at 1 January 2023		15,915	59,971	60,758	(1,574)	21,909	44,737	109,790	311,506
II. Changes during the year									
i. Net profit		I	I	I	I	I	I	24,302	24,302
ii. Other comprehensive income	45	I	I	I	720	I	I	I	720
Subtotal of the above i and ii		I	I	I	720	I	I	24,302	25,022
iii. Capital reduction by shareholders									
 Capital reduction by holders of other equity instruments 	30	I	(19,978)	(22)	I	1	I	I	(20,000)
2. Change in shareholding percentage in controlled subsidiaries		I	I	-	1	I	I	I	÷
iv. Profit distribution									
1. Surplus reserve withdrawn	34	I	I	I	I	2,210	I	(2,210)	I
2. General risk reserve allocated	34	I	I	I	I	I	1,587	(1,587)	I
 Distribution of dividends on ordinary shares 	34	I	I	I	I	I	I	(6,095)	(6,095)
 Profit distribution to holders of other equity instruments 	34	I	I	I	I	I	I	(2,876)	(2,876)
v. Internal transfer of owner's equity									
 Other comprehensive income transferred to retained earnings 		I	I	I	46	I	I	(46)	I
III. Balance as at 31 December 2023		15,915	39,993	60,737	(808)	24,119	46,324	121,278	307,558

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 January to 31 December 2024 (In RMB millions, unless otherwise stated)

I. PROFILE OF THE BANK

Hua Xia Bank Co., Limited (hereinafter "the Bank"), formerly known as Hua Xia Bank, was established as a nationwide commercial bank on 14 October 1992 with the approval of People's Bank of China ("PBOC"). On 10 April 1996, Hua Xia Bank was approved by PBOC to be restructured as a joint-stock limited company by means of promoter incorporation, and then renamed as Hua Xia Bank Co., Limited. On 21 July 2003, the Bank obtained approval from China Securities Regulatory Commission ("CSRC") for offering of A shares. On 12 September 2003, the Bank was listed.

The Bank held the License for Financial Business (No. B0008H111000001) upon approval by China Banking Regulatory Commission (renamed into "China Banking and Insurance Regulatory Commission" ("the former CBRC") in 2018, and renamed into "National Financial Regulatory Administration ("NFRA") in 2023), and it acquired the Business License for Enterprises with a unified social credit code of 9111000010112001XW upon approval by the Beijing Administration for Industry and Commerce (now remained into "Beijing Municipal Administration for Market Regulation").

As at 31 December 2024, in addition to the Head Office, the Bank had established 44 tier-1 branches in Chinese mainland, with outlets totaling 963.

The business scope of the Bank and its subsidiaries (collectively referred to as the "Group") covers public deposit-taking, granting of short, medium and long-term loans; domestic and international settlement, bill acceptance and discount, issuance of financial bonds, issuance, encashment and underwriting of government bonds as an agent, trading of government bonds and financial bonds, inter-bank lending and borrowing, trading of foreign exchange on its own behalf and as an agent, bank card service, provision of letter of credit and letter of guarantee, collection and payment service as an agent, safety box service, foreign exchange settlement and sale, sideline insurance agency, leasing service, wealth management and other services approved by the former CBIRC.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

These financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises – Basic Standards* promulgated by the Ministry of Finance of PRC (the "MOF") and specific accounting standards, interpretations and other relevant provisions issued afterwards (collectively "Accounting Standards for Business Enterprises"). Besides, these financial statements also disclose relevant financial information in accordance with the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Report.*

Ongoing concern

The Group has assessed its ability to sustain ongoing operation over the 12 months since 31 December 2024, finding no issue or condition that incurs a material ongoing concern. Therefore, the financial statements are drafted on the assumption of ongoing operation.

III. DECLARATION ON COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements prepared by the Group truly and fairly represent the financial position of the Group and the Bank as at 31 December 2024, and the operating results and cash flows of the Group and the Bank for the year then ended, in compliance with the Accounting Standards for Business Enterprises.



IV. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting period

The accounting period of the Group begins on 1 January and ends on 31 December of the Gregorian calendar.

2. Bookkeeping base currency

Renminbi is the functional currency in the major economic environments of the operating activities of the Bank and its subsidiaries. The Bank and its subsidiaries take Renminbi as the bookkeeping base currency. The Bank and its subsidiaries adopt Renminbi in the preparation of these financial statements.

3. Basis of accounting and measurement

The Group's accounting is on an accrual basis. Except some financial instruments that are measured at fair value, these financial statements are measured on the basis of historical costs. In case of impairment losses on assets, corresponding allowance for impairment losses shall be set aside according to relevant rules.

Measured on the basis of historical costs, assets shall be measured at the amount of cash or cash equivalents paid for purchasing them or the fair value of the consideration received. Liabilities shall be measured at the proceeds or assets received upon the assumption of obligations, or the contractual amount received upon the assumption of obligations, or the amount of cash or cash equivalents expected to be paid for debt repayment in daily activities.

Fair value refers to the amount received from selling an asset or the amount to be paid for transferring a liability by market players in orderly transactions on the measurement date. Whether the fair value is observed or estimated with valuation techniques, it is the basis of the fair value measured and disclosed in these financial statements.

If the fair value of a financial asset is set at its transaction price upon initial recognition and subsequently measured using a valuation technique involving non-observable inputs, the valuation technique will be calibrated in the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value is measured based on the observability of the input value of fair value and the overall importance of such input value to measurement of fair value, and divided into the following three levels:

The input value at Level 1 is the unadjusted quotation of the same assets or liabilities obtainable in the active market on the measurement date.

The input value at Level 2 is the directly or indirectly observable input value of related assets or liabilities other than the input value in Level 1.

The input value at Level 3 is the unobservable input value of related assets or liabilities.

4. Business combination

Business combination is divided into business combination under common control and business combination not under common control.

Business combination under common control

A business combination under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The assets and liabilities acquired by the merging party in the business combination under common control shall be accounted for on the basis of the carrying value in the financial statements of the ultimate controlling party at the date of combination. For the difference between the book value of the net assets acquired by the merging party and the book value of the consideration of combination paid, the share capital premium in the capital reserve is adjusted. Where the share capital premium is not sufficient to be offset, the retained earnings shall be adjusted.

Business combination not under common control

A business combination not 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 both before and after the business combination.

Combination cost is the fair value of the assets paid, liabilities occurred or assumed and equity instruments issued by the buyer for acquiring the control right of the acquiree. The audit, legal service, valuation, advisory and other intermediary fees and other relevant administrative expenses incurred by the buyer for combination of businesses are recorded in profit or loss upon occurrence.

At the acquisition date, identifiable assets, liabilities or contingent liabilities of the acquiree acquired by the buyer in the business combination are measured at fair value.

For the balance between the combination cost and the fair value share of identifiable net assets of acquiree acquired during the business combination, it will be recognized into goodwill as an asset and initially measured at cost. If the combination cost is less than the fair value share of identifiable net assets of the acquiree acquired in the combination, the Group first reviews the fair value of acquired identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of combination cost. If the combination cost after review is still less than the fair value share of identifiable net assets of the acquiree acquired in the combination, it will be recorded in profit or loss.

Goodwill arising from business combination will be separately presented in the consolidated financial statements, and will be measured at the amount generated from the cost deducting accumulative allowance for impairment losses.

5. Preparation of consolidated financial statements

The consolidated scope of the consolidated financial statements shall be determined based on control, including financial statements of the Group and all its subsidiaries. Control means that the Group has power over the investee, obtains variable return by participating in related activities of the investee and is able to influence its return amount by its power over the investee. Once the actors are involved in the above definition of control change due to any changes in relevant facts and circumstances, the Group will conduct a re-assessment.

The combination of a subsidiary starts when the Group gains control over the subsidiary and ends when the Group loses control over the subsidiary.

For subsidiaries disposed of by the Group, operating results and cash flows prior to the disposal date (date of losing control right) have been properly included in the consolidated income statement and the consolidated statement of cash flows.

For subsidiaries acquired by business combination under different control rights, operating results and cash flows as of the acquisition date (date of obtaining control right) have been properly included in the consolidated income statement and the consolidated statement of cash flows, and the opening balance and comparison amount of the consolidated financial statements will not be adjusted.

For subsidiaries acquired through business combination under common control, operating results and cash flows of the merged party are included in consolidated financial statements as from the beginning of the combination period. When the comparative consolidated financial statements are prepared, the relevant items of the previous financial statements are adjusted as if the reporting entity formed after the combination had existed since the ultimate controller began to exercise control.

The major accounting policies and accounting period adopted by subsidiaries shall be determined based on those uniformly prescribed by the Bank.

All material accounts and transactions between the Bank and a subsidiary and among subsidiaries shall be offset at the time of business combination.

The part of the owners' equity of the subsidiaries not attributable to the parent company will be recognized as minority interests and be presented as "minority interests" under the item "shareholders' equity" of the financial statements. The part of the current profit or loss of the subsidiaries recognized as minority interests shall be presented as "minority interests" under the "net profit" item in the consolidated income statement.

If the loss of a subsidiary borne by a minority shareholder exceeds its share of equity at the beginning of the period in this subsidiary, the balance will be written off against the minority interests.

6. Recognition of the cash and cash equivalents

Cash refers to the cash on hand and deposits available for payment at any time. Cash equivalents refer to short-term investments with high liquidity held by the Group which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

7. Foreign currency transactions and foreign currency translation

For foreign currency transactions, the Group converts the foreign currency amount to the amount in the bookkeeping base currency.

Foreign currency transactions are converted to the bookkeeping base currency upon initial recognition at the spot exchange rate. On the balance sheet date, foreign currency items shall be translated to RMB amounts by the spot exchange rate. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and that in the initial recognition or prior to the balance sheet date is recorded into current profit or loss, except the following circumstances: (1) the balance of exchange arising from foreign currency borrowings eligible for capitalization is recognized into cost of relevant assets after capitalization during the capitalization period; (2) balance of exchange arising from hedging instruments that are used to avoid foreign exchange risks will be treated by the accounting treatment to hedging; (3) balance of exchange of exchange of exchange arising from changes in book balance other than the amortized cost of monetary items measured at fair value through other comprehensive income is recognized as other comprehensive income.

The foreign currency-denominated non-monetary items measured at historical cost shall still be translated at the exchange rate adopted upon initial recognition, without any change to its amount presented in the bookkeeping base currency. Foreign currency-denominated non-monetary items measured at fair value shall be converted by the spot exchange rate on the determination date of fair value. The resulting difference is recorded in current profit or loss or other comprehensive income according to the nature of non-monetary items.

8. Financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to a financial instrument contract.

For a financial asset purchased or sold in a regular manner, the asset to be received or liability to be assumed will be recognized at the transaction date or the sold asset will be derecognized at the transaction date.

A financial asset or liability is measured at fair value upon initial recognition. For financial assets and financial liabilities measured at fair value through profit or loss, the transaction costs thereof are directly recorded through profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included in the initially recognized amount.

Effective interest rate method is the method of calculating the amortized cost of a financial asset or financial liability and amortizing interest income/expenses over accounting periods.



Effective interest rate refers to the interest rate used when discounting the future cash flows of a financial asset or financial liability over its estimated lifetime into the book value of the financial asset or the amortized cost of the financial liability. Upon confirming the effective interest rate, the expected cash flow should be estimated based on the consideration of all contract terms of financial assets or financial liabilities (such as prepayment, extension, call option or other similar options), but the expected credit loss should not be considered.

The amortized cost of a financial asset or financial liability is calculated by deducting the repaid principal from the initially recognized amount of the financial asset or financial liability, then adding or subtracting the accumulated amortization amount generated by amortizing the difference between the initial recognition amount and the maturity-date amount using the effective interest rate method, and finally deducting the accumulated allowance for impairment losses (for the financial asset only).

8.1 Classification, recognition and measurement of financial assets

The financial assets of the Group are classified at the initial recognition as follows based on the Group's management mode of financial assets and the contractual cash flow characteristics of financial assets: Financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

After initial recognition, the Group subsequently measures financial assets at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss as appropriate.

If the contractual terms of a financial asset give rise on specified dates to cash flows that were solely payments of principal and interest on the principal amounts outstanding and the financial asset is managed by the Group in a business model whose objective is achieved by collecting contractual cash flows, the financial asset will be classified as financial asset measured at amortized cost. These financial assets mainly include cash on hand and balances with central banks, due from banks, placements with banks and other financial institutions, financial assets purchased under agreements to resell, loans and advances to customers measured at amortized cost and debt investments.

If the contractual terms of a financial asset give rise on specified dates to cash flows that were solely payments of principal and interest on the principal amounts outstanding and the financial asset is managed by the Group in a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset, the financial asset will be classified as debt instrument investment measured at fair value through other comprehensive income.

Upon initial recognition, the Group may, based on a single financial asset, irrevocably designate equity instrument investments not held for trading as financial assets measured at fair value through other comprehensive income. Such financial assets are stated as other equity instrument investments.

If a financial asset meets any of the following conditions, the Group holds the financial asset for trading purposes:

- (1) The purpose of acquiring relevant financial assets is mainly for selling in a short term;
- (2) The financial asset is part of a recognizable financial instrument portfolio under centralized management upon initial recognition and there is objective evidence proving that there is a short-term profit-making method;
- (3) The financial asset is a derivative instrument, except for the derivative instrument that meets the definition of financial guarantee contract and is designated as effective hedging instrument.

Financial assets measured at fair value through profit or loss include financial assets classified as at fair value through profit or loss and financial assets designated at fair value through profit or loss:

- Financial assets not eligible for classification as financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss;
- (2) Upon initial recognition, to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate financial assets as measured at fair value through profit or loss.

Except for derivative financial assets, financial assets measured at fair value through profit or loss are stated as held-for - trading financial assets.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest rate method, and the gains or losses arising from impairment or derecognition are recorded through current profit or loss.

The Group recognizes interest income on financial assets measured at amortized cost using the effective interest rate method. The Group calculates and determines the interest income on a financial asset by multiplying its book balance by effective interest rate, unless in the following circumstances:

- (1) For a purchased or originated credit-impaired financial asset, the Group calculates and determines its interest income since initial recognition at the amortized cost of the financial asset and credit-adjusted effective interest rate.
- (2) For a purchased or originated non-credit-impaired financial asset that has become credit-impaired in subsequent periods, the Group calculates and determines its interest income during subsequent periods at the amortized cost of the financial asset and effective interest rate. If the financial instrument ceases to be credit-impaired in subsequent periods due to credit risk improvements that are linked to an event that occurs after application of the above provisions, the Group will shift to calculating and determining the interest income by multiplying the book value of the financial asset by effective interest rate.

Financial assets measured at fair value through other comprehensive income

Impairment losses or gains on debt instrument investments measured at fair value through other comprehensive income, their interest income calculated using the effective interest rate method and their exchange gains are recorded through current profit or loss. Other changes in fair value of these financial assets are recorded through other comprehensive income. The amount of the financial asset stated in the profit or loss for each period is equal to that stated in profit or loss for each period as if it were always measured at amortized cost. Upon derecognition of the financial asset, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to current profit or loss.

Changes in the fair value of not-held-for-trading equity instrument investment designated at fair value through other comprehensive income are recognized in other comprehensive income, without setting aside allowance for impairment losses. Upon derecognition of the financial asset, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to retained earnings. During the period when the Group holds such not-held-for-trading equity instrument investments, dividend income is recognized and recorded in current profit or loss when the Group's right to dividend is established and the economic benefits related to the dividend in a reliably measurable amount are likely to flow into the Group.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are subsequently measured at fair value, and any gain or loss arising from changes in fair value, as well as dividends and interest income relating to such financial assets will be recorded through current profit or loss.

8.2 Impairment of financial instruments

The Group accounts for impairment and recognizes allowance for impairment losses based on ECL for financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, financial lease receivables and loan commitments other than financial liabilities measured at fair value through profit or loss.

For other financial instruments, except for purchased or originated credit-impaired financial assets, the Group assesses the changes in credit risk of relevant financial instruments after initial recognition on each balance sheet date. If the financial instrument has had a significant increase in credit risk since initial recognition, the Group will measure the allowance for impairment losses on the financial instrument at an amount equal to its lifetime ECL. If the financial instrument has not had a significant increase in credit risk since initial recognition, the Group will measure for impairment losses on the financial instrument at an amount equal to its lifetime ECL. If the financial instrument has not had a significant increase in credit risk since initial recognition, the Group will measure the allowance for impairment losses on the financial instrument at an amount equal to its 12-month ECL. The increase or reversal of allowance for credit losses, except for debt instrument investments measured at fair value through other comprehensive income, is recorded into current profit or loss as impairment losses or gains. For a debt instrument investment measured at fair value through other comprehensive income, and recorded the impairment losses or gains in current profit or loss without reducing book value of the financial asset listed in the balance sheet.

Where the Group measured the allowance for impairment losses on a financial instrument at an amount equal to its lifetime ECL during the previous accounting period but the financial instrument no longer has had a significant increase in credit risk since initial recognition on the current balance sheet date, the Group will measure the allowance for impairment losses on the financial instrument at an amount equal to its 12-month ECL on the current balance sheet date, and the resulting reversal of allowance for impairment losses will be recorded in current profit or loss as impairment gains.

8.2.1 Significant increase in credit risk

The Group uses reasonable and supportable forward-looking information that is available to determine whether a financial instrument has had a significant increase in credit risk since initial recognition by comparing the default risk of the financial instrument on the balance sheet date with the default risk at the initial recognition date. For loan commitments, the Group takes the date when the Group becomes the party making irrevocable commitments as the initial recognition date for applying the rules for impairment of financial instruments.

In assessing whether credit risk has increased significantly since initial recognition, the Group will compare the default risk of the financial instrument on the report date and its default risk upon initial recognition. In such assessment, the Group will consider reasonable and supportable quantitative and qualitative information, including historical experience and forward-looking information that is available without undue cost or effort. For the criteria for significant increase in credit risk, please see Note XIV-3.1 Credit Risk Management.

8.2.2 Credit-impaired financial assets

When the Group expects one or more events to occur that will have a detrimental impact on the future cash flows of a financial asset, the financial asset becomes a credit-impaired financial asset. Evidence that a financial asset is credit-impaired includes observable information. Please see Note XIV-3.1 Credit Risk Management.



8.2.3 Determination of expected credit loss

ECL is measured based on probability of default, loss given default and exposure at default. For measurement and recognition of ECL, please see Note XIV-3.1 Credit Risk Management.

8.2.4 Write-down of financial assets

When the Group no longer reasonably expects the contractual cash flow of a financial asset to be fully or partially recovered, the book balance of the financial asset is directly written down. Such write-down of financial assets constitutes derecognition of financial assets.

8.3 Transfer of financial assets

When the Group has transferred substantially all the risks and rewards of ownership of the financial asset, the Group derecognizes the financial asset; where the Group has retained substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognize the financial asset.

Where Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, the Group assesses whether it has retained control over the transferred asset. If the Group has not retained control over the financial asset, the Group derecognizes the financial asset and recognizes the asset and liability generated; if the Group has retained control over the financial asset, the Group continues to recognize the relevant financial asset to the extent of its continuing involvement in the transferred asset and recognizes the relevant liability accordingly.

Where the Group is continuously involved in the transferred financial asset by way of providing a financial guarantee, the Group recognizes the assets formed by its continuing involvement based on the book value of the financial asset and the amount of financial guarantee, whichever is lower. The amount of financial guarantee refers to the highest amount among the received considerations that will be required to be repaid.

Asset securitization

As part of the operating activity, the Group securitizes credit assets in part generally by selling such assets to a structured entity, which then issues securities to investors. Interests in securitized financial assets are classified into senior asset-backed securities and junior asset-backed securities. After payment of relevant taxes and expenses, credit assets are first used to pay the principal and interest on senior asset-backed securities. The remaining credit assets after full payment of principal and interest are recognized as income from junior asset-backed securities.

In applying the accounting policy for a securitized financial asset, the Group has considered the degree of risk and return on the asset transferred to any other entity and the degree of control exercised by the Group over the entity:

- (1) When the Group has transferred substantially all the risk and return on the ownership of the financial asset, the Group derecognizes the financial asset;
- (2) When the Group retains substantially all the risk and return on the ownership of the financial asset, the Group continues to recognize the financial asset;
- (3) If the Group neither transfers nor retains substantially all the risk and return on the ownership of the financial asset, the Group considers whether it has controls over the financial asset or not. If the Group retains no control, the Group derecognizes the financial asset and recognizes the right and obligation generated or retained in the transfer as asset or liability respectively. If the Group retains control, the financial asset is recognized according to the degree of continuing involvement in the financial asset.

8.4 Classification of financial liabilities and equity instruments

The Group classifies the financial instruments or their components into financial liabilities or equity instruments in the initial recognition, based on contractual clauses regarding the financial instruments issued and their underlying economic substance instead of the legal form only, with reference to the definition of financial liability and equity instrument.

8.4.1 Classification, recognition and measurement of financial liabilities

In the initial recognition, financial liabilities are classified into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include held-for-trading financial liabilities (including derivative instruments classified as financial liabilities) and those designated upon initial recognition as financial liabilities measured at fair value through profit or loss. Except for derivative financial liabilities stated separately, financial liabilities measured at fair value through profit or loss are stated as held-for-trading financial liabilities.

If a financial liability meets any of the following conditions, the Group assumes the financial liability for trading purposes:

- (1) The purpose of assuming relevant financial assets is mainly for repurchase in a short term;
- (2) The financial liability is part of a recognizable financial instrument portfolio under centralized management upon initial recognition and there is objective evidence proving that there is a short-term profit-making method.
- (3) Relevant financial liabilities are derivative instruments, except for the derivative instrument that meets the definition of financial guarantee contract and is designated as effective hedging instrument.

The Group may designate a financial liability that meets any of the following conditions as a financial liability at fair value through profit or loss upon initial recognition:

- (1) Such designation can eliminate or significantly reduce accounting mismatch;
- (2) The official written documents of the risk management or investment strategy of the Group state that the said combination of financial assets, the said combination of financial liabilities, or the combination of financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and will be reported to the key management personnel within the Group;
- (3) Hybrid contract that contains embedded derivative instruments is included if conditions are satisfied.

Held-for-trading financial liabilities are subsequently measured at fair value. The gain or loss on fair value changes and the dividend or interest expenses relating to such financial liability will be recorded in profit or loss.

Changes in fair value of a financial liability designated at fair value through profit or loss due to changes in the Group's own credit risk are recorded in other comprehensive income, and other changes in fair value are stated in profit or loss. Upon derecognition of a financial liability, the cumulative changes in its fair value resulting from changes in own credit risk and previously recognized as other comprehensive income are transferred to retained earnings. The dividend or interest expenses relating to such financial liability are recorded in profit or loss. If the treatment of the impact of changes in such financial liability's own credit risk using the above method will result in or expand the accounting mismatch in gain or loss, the Group will record all the gain or profit (including the amount of impact of own credit risk changes) of the financial liability in profit or loss.

Financial liabilities measured at amortized cost

Financial liabilities other than the financial liabilities arising from the ineligibility of financial assets for derecognition or continuing involvement in the transferred financial assets and loan commitments are classified as financial liabilities measured at amortized cost and subsequently measured at amortized cost using the effective interest rate method, with the gains or losses on derecognition or amortization stated in profit or loss.

If the Group and the counterparty modifies or renegotiates the contract, which does not result in derecognition of the financial liability subsequently measured at amortized cost but results in changes in contractual cash flows, the Group recalculates the book value of the financial liability and records relevant gain or loss in profit or loss. The Group recalculates the carrying value of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability. Any costs or expenses arising from the modification or renegotiation of the contract adjust the book value of the modified financial liability and are amortized over the remaining term of modified financial liability.

Financial Guarantee Contracts and Loan commitments

Financial guarantee contract means a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. The financial guarantee contract that is not a financial liability designated at fair value through profit or loss or does not meet the derecognition conditions due to financial asset transfer or a financial liability resulting from continuing involvement in the transferred financial asset, and the commitment to provide loans at a below-market interest rate are measured after initial recognition at the higher of the amount of loss reserve and the initial recognition amount less the cumulative amortization determined pursuant to the income standards.

8.4.2 Derecognition of financial liabilities

A financial liability is derecognized in part or in whole when the current obligation of the financial liability is discharged in part or in whole. If the Group (borrower) signs an agreement with the lender to take a new financial liability instead of the original financial liability and the contract terms on the new and existing financial liabilities are materially different, the Group terminates the original financial liability and recognizes the new financial liability at the same time.

If a financial liability is derecognized in part or in whole, the difference between the book value and paid consideration (including non-cash asset transferred out or the new financial liability assumed) of the derecognized part is recorded in profit or loss.

8.4.3 Equity instruments

Equity instruments are contracts which can prove the Group's remaining equity of the assets after deducting all the liabilities. The Group treats the offering (including refinancing), repurchase, sale or deregistering of equity instruments as equity movements. It does not recognize the movements of equity instruments' fair value. The expenses in relation to equity trading are deducted from the equity.

The Group treats its distribution to equity instrument holders as distribution of profits, and the stock dividend issued does not affect the total equity.

8.5 Derivatives and embedded derivatives

Derivatives include forward foreign exchange, foreign currency swap, interest rate swap and option contracts. Derivatives are initially measured at fair value on the signing date of relevant contract, and subsequently measured at fair value.

In the case of a hybrid contract comprised of embedded derivatives and a host contract that is a financial asset, the Group will account for the hybrid contract in its entirety using the accounting standards for classification of financial assets other than separate the embedded derivatives from the hybrid contract.

If the hybrid contract includes a host contract that is not a financial asset and also meets the following conditions, the Group will separate the embedded derivatives from the hybrid contract and account for them as if they were stand-alone derivatives:

- (1) The economic characteristic and risk of the embedded derivatives are not closely related to the economic characteristic and risk of the host contract.
- (2) A stand-alone instrument with the same terms and conditions as the embedded derivatives meets the definition of derivatives.
- (3) The hybrid contract is not measured at fair value through profit or loss.

If the embedded derivatives are separated from the hybrid contract, the Group will account for the host contract of the hybrid contract in accordance with applicable accounting standards. If the Group cannot reliably measure the fair value of the embedded derivatives in accordance with the terms and conditions on embedded derivatives, the fair value of the embedded derivative instrument will be determined according to the difference between the fair value of hybrid contract and that of host contract. If the fair value of the embedded derivatives still cannot be separately measured on the acquisition date or subsequent balance sheet date after the above method is used, the Group will designate the hybrid contract in its entirety as a financial instrument measured at fair value through profit or loss.

8.6 Offset between financial assets and financial liabilities

Where the Group has a legally enforceable right to offset a recognized financial asset and a recognized financial liability and intends either to settle the asset and the liability on a net basis or to realize the asset and settle the liability simultaneously, the net value after offsetting the financial asset against the financial liability will be stated in the balance sheet. Otherwise, financial assets and financial liabilities shall be presented on the balance sheet separately, instead of offsetting with each other.

8.7 Hedge accounting

The Group designates some financial instruments as hedging tools to manage the risk exposure arising from specific risks. The Group uses the hedge accounting method to deal with the hedges that meet specified conditions. Hedge at the Group is fair value hedge.

At the inception of the hedging relationship, the Group has a formal designation and documentation of the hedging relationship, along with the Group's risk management objective and strategy for executing the hedge. Such documentation indicates hedging instruments, hedged items, nature of hedged risks and hedge effectiveness assessment methods adopted by the Group. Hedge effectiveness refers to the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item for the hedged risk. Such hedges are assessed as meeting the hedge effectiveness requirements upon initial designation and in subsequent periods.

The Group will cease to use hedge accounting under any of the following circumstances:

- (1) The hedge relationship no longer meets the changed risk management objectives.
- (2) The hedging instruments have expired or been sold or the contract has been terminated or exercised.
- (3) There is no longer any economic relationship between the hedged item and the hedging instrument, or the impact of credit risk starts to dominate the value changes arising from the economic relationship between the hedged item and hedging instrument.
- (4) The hedge relationship no longer meets other conditions for using the hedge accounting method.

If the hedge relationship no longer meets the hedge effectiveness requirements due to hedge ratio but the risk management objective that designates the hedging relationship has not changed, the Group will rebalance the hedging relationship.

Fair value hedge

The Group records gains or losses on hedging instruments in profit or loss. If the hedging instrument is used to hedge notheld-for-trading equity instrument investment measured at fair value through other comprehensive income, the gain or loss on hedging instrument investment is recorded in other comprehensive income.

As for the fair value hedge related to debt instruments measured at amortized cost, the adjustment made to the book value of the hedged item is amortized over the remaining hedge period using the effective interest rate method and recorded in profit or loss. Amortization under the effective interest rate method may commence immediately after the book value adjustment, and shall not be later than the adjustment made for the fair value changes resulting from the termination of the hedged item based on the hedging risk.

If the hedged item is a definite commitment that has not yet been recognized, the cumulative fair value change of such definite commitment due to the hedged risk is recognized as an asset or liability, and the related gains or losses are recorded in profit or loss. Changes in the fair value of hedging instruments are also recorded in profit or loss.

In fair value hedge, if the hedged item is classified as a financial asset investment measured at fair value through other comprehensive income, the gain or loss on its hedged exposure shall be recorded in other comprehensive income, and the fair value is not adjustable as it has been measured at fair value.

9. Financial assets purchased under agreements to resell and financial assets sold under agreements to repurchase

Financial assets purchased under agreements to resell means the money lent by the Group by buying financial assets and then selling them back at a fixed price under the agreements to resell. Financial assets sold under agreements to repurchase means the money borrowed by the Group by selling financial assets and then repurchasing them at a fixed price under the agreements to repurchase.

Financial assets purchased under agreements to resell and financial assets sold under agreements to repurchase are recorded and presented in the balance sheet in the amounts actually paid or received upon occurrence of transaction. In the case of financial assets purchased under agreements to resell, the purchased assets will not be recognized. In the case of financial assets sold under agreements to repurchase, the sold assets will continue to be recognized in balance sheet.

The bid-ask spread of financial assets purchased under agreements to resell and financial assets sold under agreements to repurchase is amortized using effective interest rate method during the transaction period and recognized as "interest income" and "interest expenses" respectively.

10. Long-term equity investments

Control means that the investor has power over the investee, obtains variable return by participating in related activities of the investee and is able to influence its return amount by its power over the investee.

A long-term equity investment is measured initially at cost.

The Group adopts the cost method to calculate its long-term equity investment in subsidiaries. Subsidiaries refer to investees controlled by the Group.

When the cost method is adopted, the long-term equity investment is priced at the initial investment cost. The cost of long-term equity investment will be adjusted upon addition or withdrawal of investment. The investment return for the current period is recognized based on cash dividend or profit announced to be distributed by the investee.

Disposal of long-term equity investment

When the Group disposes of long-term equity investment, it records the difference between its book value and the actual acquisition cost through current profit or loss.

11. Fixed assets

The fixed assets of the Group refer to tangible assets held for rendering of labor service, lease or operating management whose useful life exceeds one accounting year. A fixed asset is recognized only when the economic benefits associated with it will probably flow into the Group and its asset can be reliably measured.

Fixed assets are measured initially at cost. The costs of purchasing a fixed asset include purchase price, relevant taxes and charges, and other expenses that are directly attributable to the fixed asset before it reaches the predetermined usable state. Depreciation of fixed assets will be set aside based on the straight-line method over the useful life starting from the following month after the fixed assets reach their scheduled usable condition. The usable life, estimated residual rate and annual depreciation rate of all categories of fixed assets are shown as follows:

Category	Usable life	Estimated residual rate	Annual depreciation rate
Houses and buildings	20 to 35 years	5%	2.71% - 4.75%
Office supplies and electronic devices	5 years	5%	19.00%
Transportation facilities	5 – 10 years	5%	9.50% - 19.00%

The fixed assets leased by the Group are mainly residential solar PV system equipment, ships, vehicles, machinery and equipment. The Group depreciates assets on a straight-line basis over an estimated useful life of 2 to 30 years (net of the used life at the time of purchase), with an estimated net residual rate of 3% to 10%.

A fixed asset is derecognized when it is disposal of or its expected use or when it is no longer expected to generate economic benefit through use of disposal. The balance of disposal income from sale, transfer, retirement or destruction of fixed assets deducting their book value and related taxes and dues shall be recorded through profit or loss.

At least at the end of every accounting year, the Group reviews the useful life, estimated residual value and depreciation methods for the fixed assets, with adjustments made where necessary.

The cost of construction-in-process is measured at actual cost. The actual cost includes all project expenses, capitalized borrowing costs before the project becomes ready for intended use and other relevant expenses incurred during the construction period. Construction-in-process is not depreciated. Construction-in-process is converted into fixed asset when it reaches scheduled usable condition.



12. Intangible assets

Intangible assets refer to recognizable non-monetary assets with no physical form that are owned or controlled by the Group.

Intangible assets are measured initially at cost. For an intangible asset with a limited useful life, its original value will be amortized on a straight-line basis over its estimated useful life starting from the time when it is available for use. Intangible assets with uncertain useful life will not be amortized.

The useful life of intangible assets are as follows:

Category	Usable life
Land use rights	40 to 50 years

At the end of the period, the Group reviews the useful life and amortization method of the intangible asset with a limited useful life. Any changes will be treated as changes in accounting estimation.

13. Repossessed assets

When the loans and advances to customers and interest receivable are repaid by repossession of assets, the repossessed assets are recorded at the sum total of the fair value of the waived debts and the expenses payable for repossession of the assets. When there is any sign showing that the realizable net value of a repossessed asset is lower than its book value, the Group reduces its book value to its realizable value.

Gains or losses from disposal of the repossessed asset are recorded through current profit or loss.

If the repossessed asset is converted for private use, it shall be carried forward by its book balance on the date of transfer. If impairment reserve for the repossessed asset is set aside, the reserve shall also be carried forward.

14. Impairment of non-financial assets

On each balance sheet date, the Group checks the long-term equity investments, fixed assets, construction-in-process, rightof-use assets and intangible assets with a fixed service life for any sign of impairment. If there is any sign of impairment on the asset, the recoverable amount shall be estimated and an impairment test shall be conducted.

The Group estimates the recoverable amount based on a single asset; if it is hard to estimate the recoverable amount of a single asset, that of the asset portfolio where the single asset belongs will be measured. Recoverable amount is determined based on the fair value deducting disposal expense of the asset or asset portfolio and present value of estimated future cash flows of the asset, whichever is higher. If the recoverable amount of the asset is lower than the book value, impairment reserve will be set aside based on the difference and be recorded through current profit or loss. The above impairment loss of assets will not be reversed in the subsequent accounting periods once it is recognized.

15. Long-term prepaid expenses

Long-term deferred expenses are amortized using the straight-line method over a period of approximately 1 to 10 years.

16. Staff remuneration and welfare

Employee Compensation

Employee compensation means any form of remuneration or compensation paid by the Group to the employees in exchange for employee service or employment termination. Employee compensation includes short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits. The Group recognizes employees' short-term compensation actually incurred as liabilities during the reporting periods when the employees render services and records it through current profit or loss or relevant asset cost. The Group's employee welfare is recorded through current profit or loss or relevant asset cost based on the actual amount upon occurrence. Non-monetary employee welfare will be measured at fair value.

Social Welfare

The Group joins in the social security system for employees established by the government as required, including basic endowment insurance, medical insurance, housing provident fund and other social security systems. During the reporting periods when the employees render services, the social welfare will be recognized as liabilities based on the amount payable and recorded through current profit or loss.

Annuity Plan

In addition to basic endowment insurance, employees of the Bank also participate in the employee retirement benefits plan created by the Bank (hereinafter referred to as "Annuity Plan"). The Bank contributes fund to the Annuity Plan as per a certain percentage of wages, and the contributions are recorded through current profit or loss. The Bank contributes a fixed amount of fund to the Annuity Plan. However, if the Annuity Plan is not sufficient to pay employees' future retirement benefits, the Bank is not obliged to make fund injection.

17. Projected liabilities

If an obligation in connection with contingencies meets the following conditions, the Group will recognize it as a projected liability: (1) The obligation is a current obligation; (2) Performance of the obligation will likely cause outflow of the related economic benefit; and (3) The amount of the obligation can be reliably measured.

On the balance sheet date, factors pertaining to a contingency such as risks, uncertainties and time value of money are taken into account, while the contingent liabilities are initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of time value of money is material, the best estimate is determined by discounting the expected future cash flows.

Where all or partial expenses paid for the liquidation of projected liabilities are expected to be compensated by a third party, the compensation can only be separately recognized as an asset when it is basically confirmed to be recoverable. The recognized compensation amount should not exceed the book value of the projected liabilities.

Allowances for impairment losses on loan commitments and financial guarantee contracts recognized by the Group based on expected credit loss are stated as projected liabilities.

18. Preference shares, perpetual bonds and others financial instruments

The preference shares, perpetual bonds and others financial instruments issued by the Group are taken as equity instruments, provided that the following conditions are met:

- (1) The financial instrument does not include delivery of cash or other financial assets to other parties, or any contractual obligation of exchanging financial assets or liabilities with other parties under potentially unfavorable conditions;
- (2) Where the financial instrument shall or can be settled with the Group's own equity instruments in the future, (a) in case of a non-derivative instrument, it shall not include any contractual obligation of settlement with the delivery of variable number of the Group's own equity instruments; or (b) in case of a derivative instrument, it can only be settled with fixed number of the Group's own equity instruments exchanging for cash or other financial assets with fixed amount.

Except for other financial instruments that can be classified as equity instruments under the above conditions, financial instruments issued by the Group are classified as financial liabilities.

For preference shares, perpetual bonds and other financial instruments classified as financial liabilities, the interest expenses or dividend distributions are accounted for as borrowing expenses and the gains or losses on their repurchase or redemption are recorded in current profit or loss. Where financial liabilities are measured at amortized cost, relevant transaction expenses are included in the initial measured amount.

For preference shares, perpetual bonds and other financial instruments classified as equity instruments, the interest expenses or dividend distributions are accounted for as the Group's profit distribution, their repurchase or deregistration is accounted for as equity changes and relevant transaction expenses are deducted from equity.

19. Recognition of income

Income refers to total inflow of economic benefits generated in the day-to-day activities of the Group, which will lead to an increase in shareholder's equity and is irrelevant to the capital contributed by shareholders.

The specific accounting policy relating to main activities for which the Group recognizes income is described below:

Net interest income

Except financial instruments measured at fair value through profit or loss, the interest income and expenses on all financial instruments are measured at effective interest rate and stated under "interest income" and "interest expenses" of the consolidated income statement. Interest income on financial instruments measured at fair value through profit or loss is recognized in "investment income".

Net fee and commission income

The Group recognizes the fee and commission income when performing each separate performance obligation, that is, when the "control" of certain goods or services under a performance obligation is transferred to the customer.

Performance obligation means a promise in a contract that the Group will transfer to the customer a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer. If the contract contains two or more performance obligations, the Group will allocate the transaction price to separate performance obligations (except for discounts and variable consideration) according to the relative proportion of the stand-alone selling price of the goods or services promised by separate performance obligations on the contract commencement date and measure the income according to the transaction price allocated to separate performance obligations.

The stand-alone selling price of the distinct goods or services based on performance obligations is determined at the contract commencement date. The price at which the Group separately sells a commodity or service to similar customers in a similar environment is the best proof to determine the separate price of the commodity or service. If the stand-alone selling price is not directly observable, the Group uses appropriate techniques to estimate the transaction price finally allocated to any performance obligation to reflect the consideration that the Group is expected to be entitled to for transferring goods or services to customers.



A performance obligation that meets any of the following conditions is deemed to be satisfied over time and the relevant revenue is recognized over time:

- (1) The customer simultaneously receives and consumes the economic benefits provided by the entity's performance as the entity performs;
- (2) The customer controls the work-in-process during the entity's performance;
- (3) The Group's performance does not create a good or service with an alternative use, and the Group has an enforceable right to payment for performance completed to date over the entire contract term.

Otherwise, the performance obligation is deemed to be satisfied at a point in time.

For the performance obligation to be satisfied over time, the Group recognizes revenue over time according to the progress of performance. The progress of satisfying the performance obligation is measured using the output approach. This approach determines the progress of performance based on directly measuring the value of service transferred to customer relative to the value of the residual service under contract, which best reflects the Group's performance in transferring the control of service.

For the performance obligation satisfied at a point in time, the Group recognizes revenue at the point in time when the Group acquires control of the relevant goods or services. In judging whether the customer has acquired the control of certain goods or services or not, the Group will consider the following signs:

- (1) The Group has a present right to payment for the goods or services;
- (2) The Group has transferred physical possession of the goods to the customer;
- (3) The Group has transferred the legal title to the goods or the significant risks and rewards related to the ownership of the asset;
- (4) The customer has accepted the goods or services.

When another party is involved in providing service to a customer, the Group will determine whether the nature of its promise is a performance obligation to provide the specified service itself (i.e. the Group is a principal) or to arrange for service to be provided by another party (i.e. the Group is an agent).

The Group is a principal if it has control of a service before that service is transferred to a customer: The Group is an agent if the performance obligation is to arrange for service to be provided by another party. In such a circumstance, the Group will not control the specified service provided by another party before the service is transferred to the customer. If the Group acts as an agent, the Group recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified service to be provided by another party.

20. Government subsidies

Government subsidies refer to the monetary and non-monetary assets that the Group obtains free-of-charge from the Government. Government subsidies can be confirmed when they meet the attached conditions and can be received.

If such subsidies are monetary assets, they shall be measured at the received or receivable amount. If such subsidies are non-monetary assets, they shall be measured at fair value or, if their fair value cannot be reliably obtained, at nominal value.

The government subsidies related to assets are determined as deferred income, and recorded through current profit or loss over the whole lease period by phase.

The government subsidies related to benefit, if used for covering costs and expenses or losses to be incurred in subsequent periods, shall be recognized as deferred income, and recorded in profit or loss or written off against relevant costs during the period of recognizing relevant costs and expenses or losses; directly recorded in profit or loss. The government subsidies related to benefit, if used for covering the already incurred costs and expenses or losses, shall be directly recorded in profit or loss.

For relating to the Group's daily activities, the government subsidies shall be accounted into other incomes in the light of the economic nature of business. Otherwise, they shall be accounted into non-operating income and expenditure.

Where an already recognized government subsidy needs to be returned, the book balance of related deferred income shall be written down if there is an outstanding deferred income, and the exceeding part shall be accounted through profit or loss; if not, it shall be accounted through profit or loss directly.

21. Income tax

Income tax expense includes the current income tax and the deferred income tax.

Current income tax

On the balance sheet date, the income tax liabilities (or assets) that are formed during the current and previous periods shall be measured based on the amount of income tax that should be paid (or rebated) based on the tax law. The taxable income, namely the basis of current tax calculation, is obtained after the pre-tax accounting profit of the period is adjusted pursuant to the tax laws.

Deferred income tax

For the difference between the book value and the tax base of some assets and liabilities and the temporary difference between the book value and tax base of items that are not recognized as assets and liabilities but whose tax base can be determined according to the tax law, the deferred income tax assets and liabilities will be recognized based on the balance sheet liability method.

Generally, the relevant deferred income tax is recognized for all temporary differences. With regard to deductible temporary differences, however, the Group recognizes the relevant deferred income tax assets up to the amount of taxable income that may be obtained in the future to offset the deductible temporary difference. In addition, for temporary differences relating with the initial recognition of goodwill, or the initial recognition of assets or liabilities generated from a single transaction that are not a business combination and that will not affect the accounting profit and taxable income (or deductible losses), relevant deferred income tax asset or liabilities will not be recognized.

For deductible losses that could be carried forward to the following years and tax credits, the Group recognizes relevant income tax assets within the limit of future taxable income that is very likely to be obtained by the Group to offset deductible losses and tax credits.

The Group recognizes the deferred income tax liabilities arising from the taxable temporary differences in connection with subsidiaries, unless the Group can control the time for the reversal of such temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. For deductible temporary differences in connection with subsidiaries, the Group recognizes the deferred income tax assets only when the temporary differences are likely to be reversed in the foreseeable future is likely to be obtained in the future to offset deductible temporary differences.

On the balance sheet date, the deferred income tax assets and liabilities are measured based on the tax rate in the expected period to collect the assets or repay the liabilities, according to the tax law.

Current income tax and deferred income tax, except adjusted goodwill due to business combination or equity transactions or matters recognized directly in shareholder's equity, are stated in profit or loss as income tax expense or gain.

On the balance sheet date, the book value of the deferred income tax assets will be reviewed. In case that the Group is not likely to obtain adequate amount of taxable income in the future to offset the deferred income tax assets, the book value of the deferred income tax assets will be written down. When the Group is able to obtain an adequate amount of taxable income, the written-down amount will be reversed.

Offset of income tax

When the Group has the statutory right to settle on a net basis, or intends either to settle on a net basis or realize assets and repay liabilities at the same time, its current income tax assets and liabilities will be presented by the net amount after offset.

The deferred income tax assets and liabilities of the Group will be presented by the net amount after offset in the case that the Group has the statutory right to settle the current income tax assets and liabilities on a net basis, and the deferred income tax assets and liabilities are related to the income tax levied from a single subject of taxation by a single taxation authority or related to the income tax levied from different subjects of taxation, but the subjects of taxation involved intend to settle the current income tax assets and repay liabilities at the same time during a future period in which a significant deferred income tax asset and liability is reversed.



22. Fiduciary business

Generally, the Group manages assets on behalf of customers as the agent, trustee or other fiduciary capacities in accordance with the agent agreement concluded with securities investment fund, social security fund, insurance company, trust company and other institutions. The Group only provides services and charges fees according to the agent agreement and does not take risks and interests relating with the agency assets. The agency assets will not be recognized in the balance sheet of the Group.

The Group also engages in entrusted loans. The Group grants loans to borrowers as an intermediary based on the borrower, purpose, amount, interest rate and repayment plan determined by the principal, in accordance with the entrusted loan contract. The Group is responsible for granting and assisting in collecting entrusted loans and charges fees for services provided, but it does not take risks and interests relating with the entrusted loans. The entrusted loans and entrusted loan assets will not be recognized in the balance sheet of the Group.

23. Leasing

The Group assesses whether a contract is or contains a lease at the contract commencement date. A contract is or contains a lease if it conveys the right to control the use of an identified asset or identified assets for a certain period of time in exchange for consideration.

As the lessee

Right-of-use assets

At the lease commencement date, the Group recognizes its right to use the underlying asset during the lease term as the right-of-use asset and initially measures it at cost. Costs of right-of-use assets include: (1) the amount of the initial measurement of the lease liability; (2) any payments made at, or before, the commencement date of the lease, less any lease incentives received; (3) any initial direct costs incurred by the Group as the lessee; and (4) an estimate of any costs to be incurred in dismantling and removing the underlying asset, or restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Where the Group re-measures lease liabilities due to changes in lease payments, the carrying amount of the right-of-use asset is adjusted accordingly.

Subsequently, the Group depreciates the right-of-use assets on a straight-line basis. If it is reasonably certain that the ownership of the underlying asset will be transferred to the lessee upon expiration of the lease term, the Group will depreciate the right-of-use assets over the remaining useful life of the underlying asset. If it is not reasonably certain that the ownership of the underlying asset will be transferred to the lessee upon expiration of the lease term, the Group will depreciate the right-of-use assets over the remaining useful life of the underlying asset. If it is not reasonably certain that the ownership of the underlying asset will be transferred to the lessee upon expiration of the lease term, the Group will depreciate the right-of-use assets over the lease term or the remaining useful life of the underlying asset, whichever is shorter.

Lease liabilities

At the lease commencement date, the Group recognizes the present value of unpaid lease payments as lease liability, except for short-term leases and low-value asset leases. Lease payments include fixed payments and in-substance fixed payments net of lease incentives, variable lease payments depending on indexes or ratios and expected payables based on security balances, and also include the strike price of the purchase option or amounts payable to exercise the option to terminate the lease, provided that the Group is reasonably sure that the option will be exercised or that the lease term suggests that the Group will exercise the option to terminate the lease. The variable lease payments not included in the measurement of lease liability are included in the profit or loss when incurred.

Where the amount of in-substance fixed payments changes, the estimated payable amount of the residual value guarantees changes, the index or ratio used to determine the lease payment amount changes or the assessment result or actual exercise of the purchase option, renewal option or termination option changes, the Group will re-measure the lease liability at the present value of the changed amount of lease payments.

Short-term leases and low-value asset leases

At the commencement date of the lease term, the Group identifies a lease with a lease term of 12 months or less and containing no purchase options as short-term lease, and identifies a lease where the underlying asset has a low value when new as a low-value asset lease. The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases or low-value asset leases, and amortizes their rental in each period over the lease term on a straight-line basis and recognizes it in profit or loss.

As the lessor

Finance lease is a type of lease that transfers substantially all risks and rewards incident to the ownership of a leased asset at the lease commencement date. Any lease other than a financial lease is operating lease.

As the lessor in a financial lease, the Group recognizes the financial lease receivable for the financial lease and derecognizes financial lease assets at the commencement date of the lease term. Upon initial measurement of the financial lease receivable, the Group records the net investment in the lease as the carrying value of the financial lease receivable. The net investment in the lease comprises the unguaranteed residual value and the present value of the outstanding lease payments discounted at the interest rate implicit in the lease, including initial direct costs. The Group calculates and recognizes the interest income in each period over the lease term according to the fixed periodic interest rate. The variable lease payments not included in the measurement of the net investment in the lease are stated the profit or loss when incurred.

As the lessor in an operating lease, the Group still presents the leased asset as the Group's asset. The rental income from operating lease is amortized over each period on a straight-line basis and recognized in profit or loss. Contingent rentals are recognized in profit or loss when incurred.

Sale and lease-back

The Group assesses and determines whether the asset transfer in a sale and lease-back transaction is a sale according to Note IV-19.

As the lessor

Where the asset transfer in a sale and lease-back transaction belongs to sales, the Group accounts for the asset purchase as the lessor and accounts for the asset leasing pursuant to the aforesaid rules. Where the asset transfer in a sale and leaseback transaction is not a sale, the Group as the lessor does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and accounts for the financial asset according to Note IV-8.

24. Debt restructuring

As the creditor

Where the debt restructuring takes the form of debt service with non-cash asset, the Group initially recognizes the asset other than transferred financial asset at cost. Costs include the fair value of waived debts and the tax, transport, handling, insurance and other costs incurred in bringing the asset to its present location and condition and directly attributable to the asset. The difference between fair value and book value of waived debts is recognized into current profit or loss.

Where the debt restructuring takes the form of modifying other terms and conditions, the Group recognizes and measures the restructured debts in accordance with the *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments*.

Where debt restructuring takes the form of debt service with multiple assets or a combination of methods, the received financial assets and restructured debt will be recognized and measured first in accordance with the *Accounting Standards* for *Enterprises No. 22 – Recognition and Measurement of Financial Instruments*. Then the fair value of waived debt net of the recognized amount of financial assets and restructured debt will be distributed in proportion to assets other than received financial assets, and on this basis the costs of assets are recognized respectively using the foregoing method. The difference between fair value and book value of waived debt is recognized into current profit or loss.

25. Determining method and selecting basis of materiality criteria

The Group assesses the materiality of financial information in terms of the nature and amount of an item in line with the specific environment. In determining the materiality of the nature of an item, the Group mainly considers whether the item is a day-to-day activity in nature and whether it has a significant effect on the Group's financial position, operating results and cash flows. In assessing the materiality of the amount of an item, the Group considers the amount of the item as a percentage of total assets, total liabilities, total owners' equity, total operating income, total operating expenses, net profit, total comprehensive income or the amount of another directly related item, or as a percentage of the amount of items listed separately in the corresponding statement.



V. MAJOR JUDGMENTS MADE IN ACCOUNTING POLICY APPLICATION AND KEY ASSUMPTIONS AND UNCERTAINTIES ADOPTED IN ACCOUNTING ESTIMATION

During the process of applying the accounting policies described in Note IV, the Group needs to make judgments, estimates and assumptions on the book value of statement items that cannot be measured accurately due to the inherent uncertainties of the operating activities. These judgments, estimates and assumptions are made based on the historical experience of the Management of the Group and other relevant factors, and therefore the actual results may be different from the estimates of the Group.

The Group regularly checks the foresaid judgments, estimates and assumptions on an ongoing basis. If the change in accounting estimates only has impact on the current period, it will be recognized in the current period; if it has impact on both the current period and future periods, it will be recognized in the current period and future periods.

On the balance sheet date, the Group needs to make judgments, estimates and assumptions on the amount of items in the financial statements in the following fields:

1. Classification of financial assets

Major judgments the Group makes in classification of financial assets include the analysis of business models and contractual cash flow characteristics.

The Group determines the business model for financial asset management at the level of financial asset portfolio. Considerations include the way of evaluating and reporting to key management personnel the performance of financial assets, risks affecting the performance of financial assets and their management methods and the way of remunerating relevant business management personnel.

The Group makes the following major judgments in assessing whether the contractual cash flows of financial assets are consistent with basic lending arrangements: whether the principal undergoes changes in time distribution or amount during the life due to prepayment; whether the interest only includes the consideration for time value of money, credit risks, other basic lending risks, costs and profits. For example, whether the prepayment amount reflects the outstanding principal and interest on outstanding principal and the reasonable compensation for early termination of contract.

2. Fair value of financial instruments

As for the financial instruments without active market, the Group adopts various valuation methods to determine their fair value. These methods include the discounted cash flow model, option pricing model and market comparison method. The valuation models developed by the Group use as much market information as possible and use as less information specific to the Group as possible. However, the Management needs to estimate observable market information that is unavailable. These changes in related assumptions will influence the fair value of the financial instruments. The Group regularly reviews the foregoing estimates and assumptions and makes adjustments where necessary.

3. Measurement of credit impairment loss

- i. Significant increase in credit risk: The impairment allowances are recognized in the ECL model based on the 12-month ECL in Stage 1 and based on the lifetime ECL in Stage 2 and Stage 3. If the credit risk has increased significantly since initial recognition, the asset will move to Stage 2; if the asset is credit-impaired, it will move to Stage 3 (not purchased or originated credit-impaired asset). In assessing whether the credit risk of the asset increases significantly, the Group will consider qualitative and quantitative forward-looking information that is both reasonable and supportable;
- ii. Grouping of assets with similar credit risks characteristics: When ECL is measured on a portfolio basis, financial instruments are grouped on the basis of similar risk characteristics. The Group keeps assessing whether these financial instruments maintain similar credit risk characteristics to ensure financial instruments will be properly reclassified once credit risk characteristic change. This may lead to the creation of a new asset portfolio or reclassification of assets to an existing asset portfolio to better reflect the similar credit risk characteristic of such assets;
- iii. Use of models and assumptions: The Group uses different models and assumptions to assess the fair value and ECL of a financial asset. By making judgment, the Group determines the model most suitable for each financial asset and the assumptions used by the model, including assumptions related to key drivers of credit risk;
- iv. Forward-looking information: In assessing ECL, the Group uses reasonable and supportable forward-looking information that is based on assumptions regarding future trends in different economic drivers and how these economic drivers influence each other;
- v. Probability of default: PD is an important input for ECL. PD is an estimate of the likelihood of default in a given future period. Its calculation involves historical data, assumptions and future expectations;
- vi. Loss given default: LGD is an estimate of the loss caused by default. It is based on the difference between contractual cash flows and expected cash flows to be received by the borrower, taking into account the cash flows and overall credit enhancement generated by collateral.

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4. Judgment on control over structured entity

Where the Group serves as the manager or investor of the structured entity, it is necessary to assess whether the Group is the principal or agent so as to decide whether it has control over the structured entity. The Group decides whether it is the principal or agent based on such factors as its decision-making scope as the manager or investor, power of other parties, compensation of management services and the risk exposure of variable income.

5. Derecognition of financial assets

The Group transfers financial assets in its normal operating activities through various methods such as conventional transactions, asset securitization, and repurchase agreements. While determining whether the transferred financial assets can be derecognized entirely, the Group needs to make significant judgments and estimations.

Where financial assets are transferred to special-purpose entities through structured transactions, the Group shall analyze and assess whether its relations with these entities virtually indicate that it exercises the control power over these entities, thus entailing the combination. The decision on combination will determine whether the analysis for derecognition shall occur on the level of combined entities or single entities from which financial assets are transferred.

The Group needs to analyze the rights and obligations relating to the contracted cash flow arising from the transfer of financial assets, and then confirms whether the conditions for derecognition can be met with reference to the following basis:

- (1) Where the contractual rights for collecting cash flows of the said financial asset are terminated;
- (2) Where the financial asset has been transferred and nearly all of the risks and returns in connection with the ownership of the financial asset have been shifted to the transferee;
- (3) Where the financial asset has been transferred and the Group has not retained control over the financial asset, though it does not transfer or retain almost all of the risks and returns in connection with the ownership of the financial asset.

6. Income tax

In the normal operating activities of the Group, there is uncertainty in the ultimate tax treatment and calculation of some transactions. Whether some items can be disbursed before tax is subject to the approval of the competent taxation authorities. If there is any difference between the ultimate determination result and the initially estimated amount of these tax items, the difference will pose impact on the current income tax and deferred income tax for the ultimate recognition period. At the same time, the Management of the Group needs to estimate the amount of deferred income tax assets that can be reversed in the future.

VI. MAJOR ITEMS

1. Enterprise income tax

The Chinese corporate income tax rate of 25% is applicable to all taxable entities within the Group in 2024. (The Group's subsidiary Huaxia Financial Leasing Co., Ltd. is subject to a preferential corporate income tax rate of 15% applicable to enterprises in regions covered by China's Western Development Program in 2023.)

2. VAT

Since 1 May 2016, the Group has paid VAT instead of business tax, with the basis of taxation being assessable amounts. The tax payable under the general tax computation method shall be calculated by subtracting deductible input taxes from the result of multiplying the assessable income by the applicable tax rate. The tax payable under the simple tax computation method shall be calculated by multiplying the assessable transaction or sales amount by the applicable tax rate. The value added tax rates applicable to the Group are 6% and 13%.

3. Urban maintenance and construction tax

The Group calculates and pays the urban maintenance and construction tax at 5% or 7% of VAT.

4. Education fee and surcharges

The Group calculates and pays the education fee and surcharges at 3% of VAT.



VII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries acquired through establishment or investment as at 31 December 2024 are as follows:

Name	Date of establishment	Place of registration	Registered capital/ Paid-in capital	Shareholding percentage	Voting rights percentage	Minority interests	Business nature
			RMB1 millions	(%)	(%)	RMB1 millions	
Huaxia Financial Leasing Co., Ltd.	2013	Kunming	10,000	82.00	82.00	3,627	Financial leasing
Huaxia Wealth Management Co., Ltd.	2020	Beijing	3,000	100.00	100.00	-	Asset management
Kunming Chenggong Hua Xia Rural Bank Co., Ltd.	2011	Kunming	50	70.00	70.00	23	Banking
Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd.	2011	Jiangyou	75	70.00	70.00	52	Banking

For details on structured entities included in consolidated scope of the Group, please see Note XIII Structured Entities.

VIII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS

1. Cash on hand and balances with central banks

		The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash on hand		2,046	2,131	2,042	2,125
Statutory reserves with central banks	(1)	122,457	141,849	122,160	141,764
Excess reserves with central banks	(2)	40,745	57,631	40,690	57,518
Other balances with central banks	(3)	2,451	823	2,450	823
Total		167,699	202,434	167,342	202,230

(1) The Group deposits statutory reserves for general deposits with PBOC as required. The percentage of reserves is specified below:

	31 December 2024 31 Decemb	er 2023
RMB:		
The Bank	6.00%	7.00%
Huaxia Financial Leasing Co., Ltd.	5.00%	_
Kunming Chenggong Hua Xia Rural Bank Co., Ltd.	5.00%	5.00%
Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd.	5.00%	5.00%
Foreign currency:	4.00%	4.00%

(2) Excessive reserves with the central bank refer to the funds placed by the Group with the central bank in addition to the statutory reserves to ensure the normal withdrawal of deposits and business operations.

(3) Other funds placed with the central bank are deemed as fiscal deposits and exchange risk reserve at the central bank, and PBOC pays no interest for the fiscal deposits and exchange risk reserve.

2. Due from banks

	The Group		The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Due from domestic banks and other financial institutions	18,656	11,886	10,666	11,145	
Due from overseas banks and other financial institutions	2,537	6,156	2,537	6,156	
Accrued interest	-	2	_	_	
Less: Allowance for impairment losses	(145)	(286)	(145)	(286)	
Book value of due from banks and other financial institutions	21,048	17,758	13,058	17,015	

As at 31 December 2024, the balance of allowances for impairment losses on the due from banks of the Group and the Bank classified into Stage 3 was RMB5 million (31 December 2023: RMB5 million). All others were in Stage 1. In 2024 and 2023, no stage transfer occurred to the allowance for impairment losses on the due from banks of the Group and the Bank.

3. Placements with banks and other financial institutions

	The	The Group		Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Placements with domestic banks and other financial institutions	6 –	1,000	-	1,000
Placements with overseas banks and other financial institution	4,237	3,187	4,237	3,187
Placements with other domestic financial institutions	60,197	46,123	60,197	48,123
Accrued interest	78	45	78	53
Less: Allowance for impairment losses	(43)	(41)	(43)	(41)
Book value of placements with banks and other financial institutions	64,469	50,314	64,469	52,322

As at 31 December 2024, the balance of allowances for impairment losses on the placements with banks and other financial institutions of the Group and the Bank classified into Stage 3 was RMB30 million (31 December 2023: RMB30 million). All others were in Stage 1. In 2024 and 2023, no stage transfer occurred to the allowance for impairment losses on the placements with banks and other financial institutions of the Group and the Bank.



4. Derivative financial instruments

Non-hedging instruments:

	The Group and the Bank 31 December 2024			
		Fair value		
	Contractual/ nominal principal	Assets	Liabilities	
Foreign exchange forwards	25,955	473	192	
Foreign exchange swaps	1,273,325	18,207	18,046	
Interest rate swaps	227,125	1,052	1,171	
Option contracts	175,469	293	259	
Credit risk mitigation warrants	500	_	5	
Total		20,025	19,673	

	The G	The Group and the Bank 31 December 2023			
	31				
		Fair va	alue		
	Contractual/ nominal principal	Assets	Liabilities		
Foreign exchange forwards	20,460	285	257		
Foreign exchange swaps	432,676	2,943	2,913		
Interest rate swaps	112,322	359	370		
Option contracts	88,210	177	172		
Credit risk mitigation warrants	260	_	8		
Total		3,764	3,720		

Hedging instruments:

Fair value hedge

The Group uses fair value hedge to avoid the impact of changes in the fair value of financial assets caused by changes in market interest rates. Interest rate swap is used as a hedging instrument for interest rate risk of financial assets. The hedging instruments designated by the Group and the Bank included in the above derivative financial instruments are as follows:

	The Group and the Bank			
	31 December 2024			
	Fair value			
	Contractual/ nominal principal	Assets	Liabilities	
Derivatives designated as fair value hedge:				
Interest rate swaps	18,508	32	181	

	The Group and the Bank				
	31 December 2023				
		Fair value			
	Contractual/ nominal principal	Assets	Liabilities		
Derivatives designated as fair value hedge:					
Interest rate swaps	21,612	39	180		

Hedged items are fixed-rate bonds invested in by the Group, which are included in the bonds of financial institutions in Note VIII-9 Other Debt Investments.

The invalid hedge recognized in the loss/gain on changes in fair value in 2024 and 2023 was insignificant.

5. Financial assets purchased under agreements to resell

	The Group		The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
By collateral type:					
Bonds	25,898	1,000	21,472	1,000	
Bills	5,779	17,832	5,779	17,832	
Certificates of deposit with banks and other financial institutions	_	1,599	_	_	
Accrued interest	19	33	19	33	
Less: Allowance for impairment losses	(307)	(307)	(307)	(307)	
Book value of financial assets purchased under agreements to resell	31,389	20,157	26,963	18,558	

As at 31 December 2024, the balance of allowances for impairment losses on the placements with banks and other financial institutions of the Group and the Bank classified into Stage 3 was RMB306 million (31 December 2023: RMB306 million). All others were in Stage 1. In 2024 and 2023, no stage transfer occurred to the allowance for impairment losses on the placements with banks and other financial institutions of the Group and the Bank.



6. Loans and advances to customers

	The	The Group		The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023		
Loans and advances to customers measured at amortized cost (1) 2,284,118	2,225,791	2,164,517	2,110,479		
Less: Allowance for impairment losses	(61,327)	(61,587)	(54,980)	(54,979)		
Sub-total	2,222,791	2,164,204	2,109,537	2,055,500		
Loans and advances to customers measured at fair value through other comprehensive income ⁽²⁾	82,199	83,792	82,199	83,792		
Accrued interest	8,366	8,600	8,362	8,595		
Total	2,313,356	2,256,596	2,200,098	2,147,887		

(1) The loans and advances to customers measured at amortized cost are distributed as follows:

	The Group		The	The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023		
Corporate loans and advances to customers	1,562,091	1,500,921	1,451,550	1,390,393		
Of which: Loans	1,538,106	1,466,427	1,427,565	1,355,899		
Discounting	23,985	34,494	23,985	34,494		
Personal loans and advances to customers	722,027	724,870	712,967	720,086		
Of which: Residential mortgages	318,894	316,726	318,836	316,659		
Credit Cards	169,284	184,097	169,284	184,097		
Others	233,849	224,047	224,847	219,330		
Total loans and advances to customers	2,284,118	2,225,791	2,164,517	2,110,479		
Less: Allowance for impairment losses on loans and advances to customers	(61,327)	(61,587)	(54,980)	(54,979)		
Of which: 12-month ECL	(17,030)	(17,047)	(14,712)	(15,751)		
Lifetime ECL	(44,297)	(44,540)	(40,268)	(39,228)		
Total	2,222,791	2,164,204	2,109,537	2,055,500		

(2) The loans and advances to customers measured at fair value through other comprehensive income are distributed as follows:

	The	The Group		The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023		
Corporate loans and advances to customers						
Of which: Loans	30,129	21,499	30,129	21,499		
Discounting	52,070	62,293	52,070	62,293		
Total	82,199	83,792	82,199	83,792		

(3) The loans and advances to customers are presented as follows by assessment method:

	The Group			
31 December 2024	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
Total loans and advances to customers measured at amortized cost	2,156,073	85,119	42,926	2,284,118
Less: Allowance for impairment losses on loans and advances to customers measured at amortized cost	(17,030)	(15,939)	(28,358)	(61,327)
Net loans and advances measured at amortized cost	2,139,043	69,180	14,568	2,222,791
Loans and advances to customers measured at fair value through other comprehensive income	82,199	-	_	82,199
Allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(51)	-	-	(51)

	The Group			
31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
Total loans and advances to customers measured at amortized cost	2,105,584	77,894	42,313	2,225,791
Less: Allowance for impairment losses on loans and advances to customers measured at amortized cost	(17,047)	(15,800)	(28,740)	(61,587)
Net loans and advances measured at amortized cost	2,088,537	62,094	13,573	2,164,204
Loans and advances to customers measured at fair value through other comprehensive income	83,792	-	-	83,792
Allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(44)	_	_	(44)



	The Bank			
31 December 2024	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
Total loans and advances to customers measured at amortized cost	2,048,530	74,573	41,414	2,164,517
Less: Allowance for impairment losses on loans and advances to customers measured at amortized cost	(14,712)	(12,969)	(27,299)	(54,980)
Net loans and advances measured at amortized cost	2,033,818	61,604	14,115	2,109,537
Loans and advances to customers measured at fair value through other comprehensive income	82,199	-	-	82,199
Allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(51)	-	_	(51)

	The Bank			
31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
Total loans and advances to customers measured at amortized cost	2,008,258	61,824	40,397	2,110,479
Less: Allowance for impairment losses on loans and advances to customers measured at amortized cost	(15,751)	(12,072)	(27,156)	(54,979)
Net loans and advances measured at amortized cost	1,992,507	49,752	13,241	2,055,500
Loans and advances to customers measured at fair value through other comprehensive income	83,792	-	-	83,792
Allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(44)	-	_	(44)

(4) Changes in allowance for impairment losses on loans and advances to customer measured at amortized cost:

		The Group		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
1 January 2024	17,047	15,800	28,740	61,587
Transfer to Stage 1	912	(838)	(74)	_
Transfer to Stage 2	(685)	1,187	(502)	_
Transfer to Stage 3	(395)	(3,147)	3,542	-
Charge for the $year^{(1)}$	150	2,936	22,760	25,846
Recovery for the year	-	-	4,319	4,319
Transfer-out due to increase of present value	-	-	(819)	(819)
Write-offs and transfer-out for the year	_	-	(29,613)	(29,613)
Change in exchange rate	1	1	5	7
31 December 2024	17,030	15,939	28,358	61,327

		The	Group	
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
1 January 2023	16,628	16,749	30,284	63,661
Transfer to Stage 1	1,391	(1,290)	(101)	_
Transfer to Stage 2	(379)	1,043	(664)	_
Transfer to Stage 3	(154)	(4,358)	4,512	_
Charge/(reversal) for the year(1)	(443)	3,656	22,346	25,559
Recovery for the year	-	-	2,965	2,965
Transfer-out due to increase of present value	-	_	(647)	(647)
Write-offs and transfer-out for the year	-	-	(29,960)	(29,960)
Change in exchange rate	4	-	5	9
31 December 2023	17,047	15,800	28,740	61,587

In 2024, the Group recorded RMB24,383 million in loans and advances to customers transferred from Stage 1 to Stage 2, RMB6,984 million in loans and advances to customers transferred from Stage 2 to Stage 1, and RMB10,857 million in loans and advances to customers transferred from Stage 2 to Stage 3.

		The Bank		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
1 January 2024	15,751	12,072	27,156	54,979
Transfer to Stage 1	495	(421)	(74)	_
Transfer to Stage 2	(657)	1,116	(459)	_
Transfer to Stage 3	(395)	(3,067)	3,462	_
Charge/(reversal) for the year(1)	(483)	3,268	23,324	26,109
Recovery for the year	-	-	4,258	4,258
Transfer-out due to increase of present value	-	-	(814)	(814)
Write-offs and transfer-out for the year	-	-	(29,559)	(29,559)
Change in exchange rate	1	1	5	7
31 December 2024	14,712	12,969	27,299	54,980



		The	Bank	
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
1 January 2023	15,113	13,083	29,342	57,538
Transfer to Stage 1	723	(622)	(101)	_
Transfer to Stage 2	(287)	848	(561)	_
Transfer to Stage 3	(154)	(3,911)	4,065	_
Charge for the year ⁽¹⁾	353	2,661	21,639	24,653
Recovery for the year	_	-	2,850	2,850
Transfer-out due to increase of present value	_	-	(628)	(628)
Write-offs and transfer-out for the year	_	-	(29,462)	(29,462)
Change in exchange rate	3	_	5	8
Others	_	13	7	20
31 December 2023	15,751	12,072	27,156	54,979

(1) Including new loans, outstanding loans, model/risk parameter adjustments and charge/(reversal) caused by stage shift.

In 2024, the Bank recorded RMB22,561 million in loans and advances to customers transferred from Stage 1 to Stage 2, RMB2,942 million in loans and advances to customers transferred from Stage 2 to Stage 1, and RMB10,551 million in loans and advances to customers transferred from Stage 2 to Stage 3.

7. Held-for-trading financial assets

	The	The Group		The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023		
Held-for-trading financial assets:						
Government bonds	21,889	79	20,122	79		
Bonds of public entities and quasi-governments	4,152	3,189	2,917	3,189		
Bonds of financial institutions	21,050	8,355	10,681	8,355		
Corporate bonds	50,987	51,465	40,391	51,465		
Certificates of deposit with banks and other financial institutions	7,439	28,057	5,013	28,057		
Fund investments	1,314	2,052	1,314	1,961		
Other investments measured at fair value through profit or lo	DSS:					
Asset management plan of financial institutions	29,005	25,449	169,123	167,026		
Fund investments	296,661	192,715	295,729	192,069		
Beneficiary rights of assets and others	4,638	4,482	7,820	3,653		
Sub-total	437,135	315,843	553,110	455,854		
Accrued interest	859	743	859	743		
Total	437,994	316,586	553,969	456,597		

8. Debt investments

The Group		The	The Bank		
31 December 2024	31 December 2023	31 December 2024	31 December 2023		
306,400	311,601	298,563	302,246		
293,846	323,101	127,977	104,506		
2,880	12,344	1,829	12,344		
159,504	152,315	152,959	144,812		
90,808	120,141	90,808	120,141		
15,428	38,073	15,428	38,073		
28,182	27,307	27,452	26,308		
897,048	984,882	715,016	748,430		
12,914	14,827	10,120	11,706		
(11,726)	(12,904)	(11,450)	(12,594)		
(579)	(736)	(579)	(736)		
(11,147)	(12,168)	(10,871)	(11,858)		
898,236	986,805	713,686	747,542		
	31 December 2024 306,400 293,846 2,880 159,504 90,808 15,428 28,182 28,182 28,182 (11,726) (579) (11,147)	31 December 2024 31 December 2023 306,400 311,601 293,846 323,101 293,846 323,101 2,880 12,344 159,504 152,315 90,808 120,141 15,428 38,073 28,182 27,307 12,914 14,827 12,914 14,827 (11,726) (12,904) (579) (736) (11,147) (12,168)	31 December 2024 31 December 2023 31 December 2024 306,400 311,601 298,563 293,846 323,101 127,977 2,880 12,344 1,829 159,504 152,315 152,959 90,808 120,141 90,808 15,428 38,073 15,428 28,182 27,307 27,452 897,048 984,882 715,016 12,914 14,827 10,120 (11,726) (12,904) (11,450) (579) (736) (579) (11,147) (12,168) (10,871)		

Credit risk and expected credit loss of bond investments:

	The Group			
	31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
Total debt investment	872,770	3,131	21,147	897,048
Accrued interest	12,903	11	_	12,914
Less: Allowance for impairment losses	(579)	(327)	(10,820)	(11,726)
Book value of debt investments	885,094	2,815	10,327	898,236



	The Group			
	31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
Total debt investment	947,577	13,198	24,107	984,882
Accrued interest	14,553	274	_	14,827
Less: Allowance for impairment losses	(736)	(1,067)	(11,101)	(12,904)
Book value of debt investments	961,394	12,405	13,006	986,805

	The Bank			
	31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
Total debt investment	691,638	2,231	21,147	715,016
Accrued interest	10,111	9	_	10,120
Less: Allowance for impairment losses	(579)	(51)	(10,820)	(11,450)
Book value of debt investments	701,170	2,189	10,327	713,686

	The Bank			
	31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
Total debt investment	712,025	12,298	24,107	748,430
Accrued interest	11,432	274	_	11,706
Less: Allowance for impairment losses	(736)	(757)	(11,101)	(12,594)
Book value of debt investments	722,721	11,815	13,006	747,542

Changes in allowance for impairment losses on debt investments are as follows:

		The Group		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
1 January 2024	736	1,067	11,101	12,904
Transfer to Stage 1	73	(73)	_	_
Transfer to Stage 2	(1)	1	_	_
Transfer to Stage 3	-	(66)	66	_
Charge/(reversal) for the year	(214)	(603)	1,762	945
Transfer-out due to increase of present value	_	_	(991)	(991)
Write-offs and transfer-out for the year	-	_	(1,125)	(1,125)
Effect of exchange rate	(15)	1	7	(7)
31 December 2024	579	327	10,820	11,726

		The Group		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	(Credit-	Total
1 January 2023	937	3,290	12,788	17,015
Transfer to Stage 1	50	(50)	_	_
Transfer to Stage 2	(21)	21	_	_
Transfer to Stage 3	(1)	(1,137)	1,138	_
Reversal for the year	(232)	(1,057)	(113)	(1,402)
Transfer-out due to increase of present value	_	_	(784)	(784)
Write-offs and transfer-out for the year	_	-	(1,943)	(1,943)
Effect of exchange rate	3	_	15	18
31 December 2023	736	1,067	11,101	12,904



	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
1 January 2024	736	757	11,101	12,594
Transfer to Stage 1	73	(73)	_	_
Transfer to Stage 2	(1)	1	_	_
Transfer to Stage 3	-	(66)	66	_
Charge/(reversal) for the year	(214)	(569)	1,762	979
Transfer-out due to increase of present value	_	_	(991)	(991)
Write-offs and transfer-out for the year	-	_	(1,125)	(1,125)
Effect of exchange rate	(15)	1	7	(7)
31 December 2024	579	51	10,820	11,450

		The Bank		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
1 January 2023	937	3,010	12,788	16,735
Transfer to Stage 1	50	(50)	_	_
Transfer to Stage 2	(21)	21	_	_
Transfer to Stage 3	(1)	(1,137)	1,138	_
Reversal for the year	(232)	(1,087)	(113)	(1,432)
Transfer-out due to increase of present value	-	_	(784)	(784)
Write-offs and transfer-out for the year	-	_	(1,943)	(1,943)
Effect of exchange rate	3	_	15	18
31 December 2023	736	757	11,101	12,594

9. Other debt investments

	The Group		The	The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023		
Government bonds	33,700	39,610	32,717	37,674		
Bonds of public entities and quasi-governments	120,967	102,326	119,809	102,326		
Bonds of financial institutions	95,325	95,656	95,325	95,656		
Corporate bonds	54,753	53,936	54,753	53,936		
Sub-total	304,745	291,528	302,604	289,592		
Accrued interest	3,847	3,880	3,812	3,850		
Total	308,592	295,408	306,416	293,442		

	The Group		The	Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Initial investment cost of other debt investments	296,979	290,095	294,902	288,172
Changes in fair value recorded in other comprehensive income accumulatively	7,766	1,433	7,702	1,420
Sub-total	304,745	291,528	302,604	289,592
Accrued interest	3,847	3,880	3,812	3,850
Total	308,592	295,408	306,416	293,442
Allowance for impairment losses on credit set aside accumulatively	(324)	(250)	(324)	(250)

Credit risk and expected credit loss of other bond investments:

	The Group			
	31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
Other debt investments	304,714	-	31	304,745
Accrued interest	3,847	_	_	3,847
Book value of other debt investments	308,561	_	31	308,592
Allowance for impairment losses on other debt investments recorded into other comprehensive income	(108)	_	(216)	(324)



	The Group					
	31 December 2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total		
Other debt investments	291,493	_	35	291,528		
Accrued interest	3,880	_	_	3,880		
Book value of other debt investments	295,373	_	35	295,408		
Allowance for impairment losses on other debt investments recorded into other comprehensive income	(163)	_	(87)	(250)		

	The Bank					
	31 December 2024					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total		
Other debt investments	302,573	_	31	302,604		
Accrued interest	3,812	_	_	3,812		
Book value of other debt investments	306,385	_	31	306,416		
Allowance for impairment losses on other debt investments recorded into other comprehensive income	(108)	_	(216)	(324)		

	The Bank 31 December 2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total		
Other debt investments	289,557	-	35	289,592		
Accrued interest	3,850	_	_	3,850		
Book value of other debt investments	293,407	-	35	293,442		
Allowance for impairment losses on other debt investments recorded into other comprehensive income	(163)	_	(87)	(250)		

Changes in allowance for impairment losses on other debt investments are as follows:

		The Group and the Bank				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total		
1 January 2024	163	-	87	250		
Charge/(reversal) for the year	(37)	-	129	92		
Effect of exchange rate	(18)	-	_	(18)		
31 December 2024	108	-	216	324		

	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)	Stage 3 Lifetime ECL (Credit- impaired)	Total
1 January 2023	227	_	_	227
Charge/(reversal) for the year	(68)	_	87	19
Effect of exchange rate	4	-	-	4
31 December 2023	163	-	87	250



10. Other equity instrument investments

	The	Group	The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Equity investment	6,233	6,489	5,786	6,081	

Analysis of information on other equity instrument investments is as follows:

	The	Group	The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Initial investment cost of other equity instrument investments	8,152	8,641	7,728	8,231	
Changes in fair value recorded in other comprehensive income accumulatively	(1,919)	(2,152)	(1,942)	(2,150)	
Total	6,233	6,489	5,786	6,081	

The equity instruments in the disposal of repossessed shares of the Group had a fair value of RMB605 million (2023: RMB266 million) in 2024, and the cumulative loss on disposal and the amount of transfer from other comprehensive income to retained earnings was RMB238 million (2023: cumulative loss of RMB61 million).

11. Long-term equity investments

	The Bank		
	31 December 2024 3	1 December 2023	
Subsidiaries			
- Huaxia Financial Leasing Co., Ltd.	4,920	4,920	
- Huaxia Wealth Management Co., Ltd.	3,000	3,000	
- Kunming Chenggong Hua Xia Rural Bank Co., Ltd.	35	35	
- Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd.	35	35	
Total	7,990	7,990	

As at 31 December 2024 and 31 December 2023, there was no impairment in the Group's long-term equity investments.

12. Fixed assets

	The Group						
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Construction in-process	Operating lease assets	Total	
Original value							
1 January 2024	15,713	9,890	134	3,388	38,921	68,046	
Acquisition in the year	37	549	13	1,409	13,793	15,801	
Transfer-in/(transfer-out) of construction in-process	-	-	-	-	-	-	
Sale/disposal	-	(549)	(23)	-	(890)	(1,462)	
Difference from foreign currency translation	_	-	_	-	28	28	
31 December 2024	15,750	9,890	124	4,797	51,852	82,413	
Accumulative depreciation							
1 January 2024	(4,398)	(6,738)	(95)	-	(1,247)	(12,478)	
Charge for the year	(430)	(880)	(7)	-	(1,976)	(3,293)	
Sale/disposal	-	496	21	-	29	546	
Difference from foreign currency translation	-	-	-	-	(1)	(1)	
31 December 2024	(4,828)	(7,122)	(81)	-	(3,195)	(15,226)	
Allowance for impairment losses							
1 January 2024	-	-	-	-	(173)	(173)	
Charge for the year	-	-	-	-	(380)	(380)	
Sale/disposal	-	-	-	-	1	1	
31 December 2024	_	-	-	-	(552)	(552)	
Net amount							
1 January 2024	11,315	3,152	39	3,388	37,501	55,395	
31 December 2024	10,922	2,768	43	4,797	48,105	66,635	



			The G	àroup		
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Construction in-process	Operating lease assets	Total
Original value						
1 January 2023	15,072	9,193	137	593	12,938	37,933
Acquisition in the year	11	1,231	5	3,429	25,973	30,649
Transfer-in/(transfer-out) of construction in- process	630	-	-	(634)	4	_
Sale/disposal	-	(534)	(8)	-	(7)	(549)
Difference from foreign currency translation	_	-	-	-	13	13
31 December 2023	15,713	9,890	134	3,388	38,921	68,046
Accumulative depreciation						
1 January 2023	(3,982)	(6,421)	(95)	-	(205)	(10,703)
Charge for the year	(416)	(822)	(8)	-	(1,044)	(2,290)
Sale/disposal	-	505	8	-	2	515
31 December 2023	(4,398)	(6,738)	(95)	-	(1,247)	(12,478)
Allowance for impairment losses						
1 January 2023	-	-	-	-	-	-
Charge for the year	-	-	-	-	(173)	(173)
Sale/disposal	-	-	-	-	-	-
31 December 2023	_	-	-	-	(173)	(173)
Net amount						
1 January 2023	11,090	2,772	42	593	12,733	27,230
31 December 2023	11,315	3,152	39	3,388	37,501	55,395

	The Bank				
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Construction in-process	Total
Original value					
1 January 2024	15,679	9,845	132	3,388	29,044
Acquisition in the year	37	548	13	1,409	2,007
Transfer-in/(transfer-out) of construction in-process	-	-	-	-	-
Sale/disposal	-	(548)	(23)	-	(571)
31 December 2024	15,716	9,845	122	4,797	30,480
Accumulative depreciation					
1 January 2024	(4,388)	(6,704)	(93)	_	(11,185)
Charge for the year	(427)	(876)	(7)	-	(1,310)
Sale/disposal	-	494	21	-	515
31 December 2024	(4,815)	(7,086)	(79)	-	(11,980)
Allowance for impairment losses					
1 January 2024	-	-	-	-	-
Charge for the year	-	-	-	-	-
Sale/disposal	-	-	-	-	-
31 December 2024	-	-	-	-	-
Net amount					
1 January 2024	11,291	3,141	39	3,388	17,859
31 December 2024	10,901	2,759	43	4,797	18,500



	The Bank				
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Construction in-process	Total
Original value					
1 January 2023	15,042	9,147	135	589	24,913
Acquisition in the year	7	1,227	5	3,429	4,668
Transfer-in/(transfer-out) of construction in-process	630	-	-	(630)	-
Sale/disposal	_	(529)	(8)	-	(537)
31 December 2023	15,679	9,845	132	3,388	29,044
Accumulative depreciation					
1 January 2023	(3,974)	(6,390)	(93)	_	(10,457)
Charge for the year	(414)	(815)	(8)	-	(1,237)
Sale/disposal	_	501	8	_	509
31 December 2023	(4,388)	(6,704)	(93)	_	(11,185)
Allowance for impairment losses					
1 January 2023	_	-	-	_	-
Charge for the year	-	-	-	-	-
Sale/disposal	-	-	-	-	-
31 December 2023	_	-	-	-	-
Net amount					
1 January 2023	11,068	2,757	42	589	14,456
31 December 2023	11,291	3,141	39	3,388	17,859

(1) On 31 December 2024, the original value of operating lease assets of Huaxia Financial Leasing Co., Ltd., a subsidiary of the Group was RMB51,852 million (31 December 2023: RMB38,921 million).

(2) As at 31 December 2024 and 31 December 2023, the Group has several houses and buildings that are in use but whose registration of title is in process. The Management of the Group expects that relevant formalities will neither affect the Group's succession of the asset rights nor cause adverse impact on its operation.

13. Right-of-use assets

		The Group		
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Total
Original value				
1 January 2024	9,839	23	1	9,863
Increase in the year	1,430	-	1	1,431
Decrease in the year	(1,267)	-	_	(1,267)
Difference from foreign currency translation	4	-	_	4
31 December 2024	10,006	23	2	10,031
Accumulative depreciation				
1 January 2024	(4,170)	(15)	(1)	(4,186)
Increase in the year	(1,736)	-	_	(1,736)
Decrease in the year	1,122	-	_	1,122
Difference from foreign currency translation	1	-	-	1
31 December 2024	(4,783)	(15)	(1)	(4,799)
Net amount				
1 January 2024	5,669	8	_	5,677
31 December 2024	5,223	8	1	5,232

		The	The Group			
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Total		
Original value						
1 January 2023	9,246	23	1	9,270		
Increase in the year	1,462	-	-	1,462		
Decrease in the year	(871)	-	_	(871)		
Difference from foreign currency translation	2	-	-	2		
31 December 2023	9,839	23	1	9,863		
Accumulative depreciation						
1 January 2023	(3,161)	(13)	(1)	(3,175)		
Increase in the year	(1,861)	(2)	_	(1,863)		
Decrease in the year	851	_	_	851		
Difference from foreign currency translation	1	-	-	1		
31 December 2023	(4,170)	(15)	(1)	(4,186)		
Net amount						
1 January 2023	6,085	10	-	6,095		
31 December 2023	5,669	8	_	5,677		

		The Bank			
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Total	
Original value					
1 January 2024	9,576	23	1	9,600	
Increase in the year	1,408	-	1	1,409	
Decrease in the year	(1,245)	-	_	(1,245)	
Difference from foreign currency translation	4	-	_	4	
31 December 2024	9,743	23	2	9,768	
Accumulative depreciation					
1 January 2024	(4,057)	(15)	(1)	(4,073)	
Increase in the year	(1,678)	-	-	(1,678)	
Decrease in the year	1,107	-	_	1,107	
Difference from foreign currency translation	1	-	-	1	
31 December 2024	(4,627)	(15)	(1)	(4,643)	
Net amount					
1 January 2024	5,519	8	-	5,527	
31 December 2024	5,116	8	1	5,125	

		The Bank			
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Total	
Original value					
1 January 2023	8,958	23	1	8,982	
Increase in the year	1,405	-	-	1,405	
Decrease in the year	(789)	-	-	(789)	
Difference from foreign currency translation	2	-	-	2	
31 December 2023	9,576	23	1	9,600	
Accumulative depreciation					
1 January 2023	(3,043)	(13)	(1)	(3,057)	
Increase in the year	(1,800)	(2)	-	(1,802)	
Decrease in the year	785	-	-	785	
Difference from foreign currency translation	1	-	-	1	
31 December 2023	(4,057)	(15)	(1)	(4,073)	
Net amount					
1 January 2023	5,915	10	-	5,925	
31 December 2023	5,519	8	-	5,527	

14. Intangible assets

	The Group		The Bank		
	2024	2023	2024	2023	
Original value					
Balance at the beginning of the year	1,905	1,842	1,832	1,798	
Increase in the year	39	63	1	34	
Decrease in the year	_	_	_	-	
Difference from foreign currency translation	_	_	_	-	
Balance at the end of the year	1,944	1,905	1,833	1,832	
Accumulative amortization					
Balance at the beginning of the year	(113)	(71)	(98)	(61)	
Increase in the year	(45)	(42)	(37)	(37)	
Decrease in the year	-	_	-	_	
Difference from foreign currency translation	-	_	-	-	
Balance at the end of the year	(158)	(113)	(135)	(98)	
Allowance for impairment losses					
Balance at the beginning of the year	_	_	_	_	
Increase in the year	_	_	-	_	
Decrease in the year	_	_	-	_	
Difference from foreign currency translation	-	-	-	-	
Balance at the end of the year	-	-	-	-	
Net amount					
Balance at the beginning of the year	1,792	1,771	1,734	1,737	
Balance at the end of the year	1,786	1,792	1,698	1,734	

15. Deferred taxation

Deferred income tax assets and deferred income tax liabilities are stated as follows in net amounts after offsetting:

	The	Group	The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deferred income tax assets	4,885	9,444	3,200	8,186



(1) Changes in balance of deferred income tax assets

	The Group		The Bank	
	2024	2023	2024	2023
Balance at the beginning of the year	9,444	12,838	8,186	11,658
Recorded in profit or loss	(2,720)	(3,134)	(3,166)	(3,210)
Recorded in other comprehensive income	(1,839)	(260)	(1,820)	(262)
Balance at the end of the year	4,885	9,444	3,200	8,186

(2) Deferred income tax assets and deferred income tax liabilities that are not offset are stated as follows:

	The Group				
	31 Decem	ber 2024	31 Decem	ber 2023	
	Deductible/ (taxable) temporary difference	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary difference	Deferred income tax assets/ (liabilities)	
Deferred income tax assets					
Allowances for impaired loans	30,334	7,247	31,615	7,175	
Wages set aside but not paid	6,961	1,729	6,945	1,717	
Allowance for impairment losses on other assets	12,266	3,104	12,621	3,091	
Changes in fair value of derivative financial instruments	19,854	4,963	3,900	975	
Changes in fair value of held-for-trading financial assets	1,797	453	1,597	399	
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	-	-	380	95	
Changes in fair value of other equity instrument investments	1,949	508	2,152	539	
Projected liabilities	1,698	421	1,437	358	
Others	223	53	237	20	
Sub-total	75,082	18,478	60,884	14,369	
Deferred income tax liabilities					
Changes in fair value of derivative financial instruments	(20,057)	(5,014)	(3,803)	(951)	
Changes in fair value of held-for-trading financial assets	(9,522)	(2,381)	(6,970)	(1,743)	
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	(147)	(37)	-	-	
Changes in fair value of other debt investments	(7,766)	(1,941)	(1,176)	(294)	
Changes in fair value of other equity instrument investments	(30)	(7)	_	_	
Others	(16,850)	(4,213)	(7,865)	(1,937)	
Sub-total	(54,372)	(13,593)	(19,814)	(4,925)	
Net amount	20,710	4,885	41,070	9,444	

	The Bank				
	31 Decem	ber 2024	31 December 2023		
	Deductible/ (taxable) temporary difference	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary difference	Deferred income tax assets/ (liabilities)	
Deferred income tax assets					
Allowances for impaired loans	23,901	5,959	24,325	6,080	
Wages set aside but not paid	6,657	1,664	6,682	1,670	
Allowance for impairment losses on other assets	10,796	2,809	11,961	2,990	
Changes in fair value of derivative financial instruments	19,854	4,963	3,900	975	
Changes in fair value of held-for-trading financial assets	1,797	453	1,597	399	
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	_	_	380	95	
Changes in fair value of other equity instrument investments	1,942	507	2,150	539	
Projected liabilities	1,631	408	1,426	357	
Others	8	2	_	_	
Sub-total	66,586	16,765	52,421	13,105	
Deferred income tax liabilities					
Changes in fair value of derivative financial instruments	(20,057)	(5,014)	(3,803)	(951)	
Changes in fair value of held-for-trading financial assets	(26,357)	(6,589)	(14,647)	(3,663)	
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	(147)	(37)	_	_	
Changes in fair value of other debt investments	(7,702)	(1,925)	(1,163)	(291)	
Others	-	_	(56)	(14)	
Sub-total	(54,263)	(13,565)	(19,669)	(4,919)	
Net amount	12,323	3,200	32,752	8,186	



16. Other assets

		The Group		The E	The Bank		
		31 December 2024	31 December 2023	31 December 3 2024	31 December 2023		
Receivables and payment on account	(1)	16,029	14,981	6,815	6,433		
Operating lease receivables		1,616	1,102	_	-		
Operating lease payments advanced		2,362	3,734	_	-		
Long-term prepaid expenses		2,161	1,893	2,070	1,823		
Repossessed assets to be disposed of	(2)	2,133	1,923	2,132	1,923		
Others		7,560	5,319	741	973		
Sub-total		31,861	28,952	11,758	11,152		
Less: Allowance for impairment losses		(2,981)	(2,844)	(2,451)	(2,720)		
Total		28,880	26,108	9,307	8,432		

(1) Receivables and payment on account presented by aging

		The Group			
	31 Decem	31 December 2024		ber 2023	
Aging	Amount	Percentage (%)	Amount	Percentage (%)	
No more than 1 year	12,178	75.97	10,950	73.09	
1 - 2 years (inclusive)	2,308	14.40	2,741	18.30	
2 - 3 years (inclusive)	734	4.58	585	3.90	
More than 3 years	809	5.05	705	4.71	
Total	16,029	100.00	14,981	100.00	

	The Bank			
	31 Decem	31 December 2024		nber 2023
Aging	Amount	Percentage (%)	Amount	Percentage (%)
No more than 1 year	5,178	75.98	4,891	76.03
1 - 2 years (inclusive)	409	6.00	478	7.43
2 - 3 years (inclusive)	446	6.54	379	5.89
More than 3 years	782	11.48	685	10.65
Total	6,815	100.00	6,433	100.00

(2) Repossessed assets to be disposed of

	The Group		The	Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Repossessed assets to be disposed of	2,133	1,923	2,132	1,923
Less: Allowance for impairment losses	(1,428)	(1,479)	(1,427)	(1,479)
Net book value of repossessed assets to be disposed of	705	444	705	444

17. Allowance for impairment losses on credit/assets

	The Group						
	2024						
	Opening balance	Charge/ (reversal) for the year	Write-offs and transfer-out for the year	Recovery for the year	Change in exchange rate	Ending balance	
Due from banks	286	(138)	-	-	(3)	145	
Placements with banks and other financial institutions	41	(2)	-	-	4	43	
Financial assets purchased under agreements to resell	307	-	-	-	-	307	
Loans and advances to customers measured at amortized cost	61,587	25,846	(30,432)	4,319	7	61,327	
Loans and advances to customers measured at fair value through other comprehensive income	44	(13)	-	-	20	51	
Debt investments	12,904	945	(2,116)	-	(7)	11,726	
Other debt investments	250	92	-	-	(18)	324	
Projected liabilities	1,437	258	-	-	3	1,698	
Fixed assets	173	380	(1)	-	-	552	
Other assets	2,844	1,423	(1,298)	3	9	2,981	
Total	79,873	28,791	(33,847)	4,322	15	79,154	

	The Group							
	2023							
	Opening balance	Charge/ (reversal) for the year	Write-offs and transfer-out for the year	Recovery for the year	Change in exchange rate	Ending balance		
Due from banks	255	29	-	-	2	286		
Placements with banks and other financial institutions	92	1	(54)	-	2	41		
Financial assets purchased under agreements to resell	307	-	-	-	-	307		
Loans and advances to customers measured at amortized cost	63,661	25,559	(30,607)	2,965	9	61,587		
Loans and advances to customers measured at fair value through other comprehensive income	83	(39)	-	_	_	44		
Debt investments	17,015	(1,402)	(2,727)	-	18	12,904		
Other debt investments	227	19	-	-	4	250		
Projected liabilities	2,451	(1,015)	-	-	1	1,437		
Fixed assets	-	173	-	-	_	173		
Other assets	4,085	2,642	(3,885)	2	_	2,844		
Total	88,176	25,967	(37,273)	2,967	36	79,873		

	The Bank							
	2024							
	Opening balance	Charge/ (reversal) for the year	Write-offs and transfer-out for the year	Recovery for the year	Change in exchange rate	Ending balance		
Due from banks	286	(138)	_	-	(3)	145		
Placements with banks and other financial institutions	41	(2)	-	-	4	43		
Financial assets purchased under agreements to resell	307	-	-	-	-	307		
Loans and advances to customers measured at amortized cost	54,979	26,109	(30,373)	4,258	7	54,980		
Loans and advances to customers measured at fair value through other comprehensive income	44	(13)	-	_	20	51		
Debt investments	12,594	979	(2,116)	-	(7)	11,450		
Other debt investments	250	92	_	-	(18)	324		
Projected liabilities	1,426	202	_	-	3	1,631		
Other assets	2,720	1,023	(1,292)	_	-	2,451		
Total	72,647	28,252	(33,781)	4,258	6	71,382		

	The Bank						
	2023						
	Opening balance	Charge/ (reversal) for the year	Write-offs and transfer-out for the year	Recovery for the year	Change in exchange rate	Ending balance	
Due from banks	255	29	_	-	2	286	
Placements with banks and other financial institutions	92	1	(54)	-	2	41	
Financial assets purchased under agreements to resell	307	-	_	-	-	307	
Loans and advances to customers measured at amortized cost	57,538	24,653	(30,090)	2,850	28	54,979	
Loans and advances to customers measured at fair value through other comprehensive income	83	(39)	-	-	-	44	
Debt investments	16,735	(1,432)	(2,727)	-	18	12,594	
Other debt investments	227	19	_	-	4	250	
Projected liabilities	2,444	(1,019)	_	-	1	1,426	
Other assets	3,985	2,594	(3,861)	2	-	2,720	
Total	81,666	24,806	(36,732)	2,852	55	72,647	

18. Due to central banks

	The Group		The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Mid-term credit facility	163,560	141,200	163,560	141,200	
Others	6,465	10,959	6,465	10,959	
Accrued interest	1,562	1,402	1,562	1,402	
Total	171,587	153,561	171,587	153,561	

Mid-term credit facility refers to the monetary policies tools issued by PBOC to commercial banks and policy banks by means of pledge. On 31 December 2024, the Bank held the facilities for an original term of one to twelve months at the interest rate of 2.00% to 2.50% which was pledged with its bonds worth of RMB171,311 million. On 31 December 2023, the Bank held the facilities for an original term of one to twelve months at the interest rate of 2.50% to 2.75% which was pledged with its bonds worth of RMB151,227 million.

19. Due to banks and other financial institutions

	The	The Group		Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Due to domestic banks	159,279	192,422	159,358	192,496
Due to other domestic financial institutions	409,755	382,426	411,462	382,685
Accrued interest	1,423	1,543	1,423	1,543
Total	570,457	576,391	572,243	576,724



20. Placements from banks and other financial institutions

	The (The Group		Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Placements from domestic banks	194,203	153,774	41,034	23,937
Placements from overseas banks	31,705	40,827	31,705	40,827
Placements from other domestic financial institutions	5,300	9,200	-	-
Accrued interest	1,566	1,235	406	441
Total	232,774	205,036	73,145	65,205

21. Financial assets sold under agreements to repurchase

	The	The Group		Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Bonds	154,641	202,261	83,742	109,154
Bills	704	488	704	488
Accrued interest	69	78	68	78
Total	155,414	202,827	84,514	109,720

For details on the Group's assets taken as collateral for repurchase, please see Note XI-5 Collateral.

22. Deposits taken

		The	Group	The	Bank
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Demand deposits					
Corporate deposits		544,903	601,442	544,461	601,074
Personal deposits		151,909	144,310	151,841	144,228
Time deposits					
Corporate deposits		909,961	888,342	909,901	888,255
Personal deposits		399,705	368,465	398,355	367,360
Security deposit received	(1)	143,585	124,433	143,503	124,349
Outward remittances and remittances outstanding		1,306	2,950	1,305	2,950
Others		1	3	1	3
Sub-total		2,151,370	2,129,945	2,149,367	2,128,219
Accrued interest		32,767	35,936	32,701	35,873
Total		2,184,137	2,165,881	2,182,068	2,164,092

(1) Security deposit received is presented by item as follows:

	The Group		The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Security deposit for bank acceptance	100,039	81,192	100,039	81,191	
Security deposit for L/C issuance	24,228	19,402	24,228	19,402	
Security deposit for L/G issuance and guarantee	2,262	2,681	2,261	2,681	
Other security deposits	17,056	21,158	16,975	21,075	
Total	143,585	124,433	143,503	124,349	



23. Accrued payroll

	The Group 2024					
	Opening balance	Increase in the year	Decrease in the year	Ending balance		
Wages and bonuses	6,945	11,665	(11,649)	6,961		
Employee welfare	_	461	(461)	_		
Social insurance	49	2,780	(2,741)	88		
Housing provident fund	9	1,005	(1,001)	13		
Labor union funds and employee education expense	345	517	(342)	520		
Total	7,348	16,428	(16,194)	7,582		

	The Group				
		202	23		
	Opening balance	Increase in the year	Decrease in the year	Ending balance	
Wages and bonuses	6,742	11,650	(11,447)	6,945	
Employee welfare	-	463	(463)	_	
Social insurance	55	2,650	(2,656)	49	
Housing provident fund	14	971	(976)	9	
Labor union funds and employee education expense	249	440	(344)	345	
Total	7,060	16,174	(15,886)	7,348	

	The Bank 2024				
	Opening balance	Increase in the year	Decrease in the year	Ending balance	
Wages and bonuses	6,682	11,186	(11,211)	6,657	
Employee welfare	_	447	(447)	_	
Social insurance	38	2,711	(2,671)	78	
Housing provident fund	9	981	(977)	13	
Labor union funds and employee education expense	322	503	(326)	499	
Total	7,051	15,828	(15,632)	7,247	

	The Bank				
		202	23		
	Opening balance	Increase in the year	Decrease in the year	Ending balance	
Wages and bonuses	6,505	11,227	(11,050)	6,682	
Employee welfare	_	447	(447)	_	
Social insurance	44	2,577	(2,583)	38	
Housing provident fund	14	949	(954)	9	
Labor union funds and employee education expense	229	428	(335)	322	
Total	6,792	15,628	(15,369)	7,051	



24. Taxes and dues payable

	The	Group	The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Enterprise income tax	423	1,588	305	1,305	
VAT	1,422	1,487	1,375	1,465	
Others	389	389	349	389	
Total	2,234	3,464	2,029	3,159	

25. Lease liabilities

	The Group		The Bank	
	31 December 3 2024	31 December 3 ⁻ 2023	I December 2024	31 December 2023
No more than year	1,478	1,565	1,424	1,510
1 - 5 years	3,441	3,631	3,395	3,545
Over 5 years	829	998	805	968
Total undiscounted lease liabilities	5,748	6,194	5,624	6,023
Lease liabilities	5,246	5,627	5,133	5,471

26. Debt obligations payable

		The	Group	The	The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Bonds payable						
Financial bonds	(1)	195,000	232,000	191,000	228,000	
Tier-2 capital bonds	(2)	30,000	30,000	30,000	30,000	
Sub-total		225,000	262,000	221,000	258,000	
Certificates of deposit with banks and other financial institutions	(3)	408,774	327,044	408,774	327,044	
Accrued interest		3,215	3,599	3,145	3,489	
Total		636,989	592,643	632,919	588,533	

(1) Financial bonds

- (i) As approved by the former CBIRC and PBOC, the Bank issued the financial bond (series 1) of Hua Xia Bank Co., Ltd. for 2022 on 25 February 2022 and the issuance volume was RMB20 billion. The bonds have a term of three years, the coupon rate is fixed at 2.78% and the interest will be paid annually. The value date is 1 March 2022 and the maturity date is 1 March 2025.
- (ii) As approved by the former CBIRC and PBOC, the Bank issued the financial bond (series 2) of Hua Xia Bank Co., Ltd. for 2022 on 20 April 2022 and the issuance volume was RMB10 billion. The bonds have a term of three years, the coupon rate is fixed at 2.83% and the interest will be paid annually. The value date is 22 April 2022 and the maturity date is 22 April 2025.
- (iii) As approved by the former CBIRC and PBOC, the Bank issued the financial bond (series 1) of Hua Xia Bank Co., Ltd. for 2023 on 28 March 2023 and the issuance volume was RMB20 billion. The bonds have a term of three years, the coupon rate is fixed at 2.80% and the interest will be paid annually. The value date is 30 March 2023 and the maturity date is 30 March 2026.
- (iv) As approved by the former CBIRC and PBOC, the Bank issued the green financial bond of Hua Xia Bank Co., Ltd. for 2023 on 28 March 2023 and the issuance volume was RMB10 billion. The bonds have a term of three years, the coupon rate is fixed at 2.79% and the interest will be paid annually. The value date is 30 March 2023 and the maturity date is 30 March 2026.
- (v) As approved by NFRA and PBOC, the Bank issued the financial bond (series 2) of Hua Xia Bank Co., Ltd. for 2023 on 26 May 2023 and the issuance volume was RMB40 billion. The bonds have a term of three years, the coupon rate is fixed at 2.70% and the interest will be paid annually. The value date is 30 May 2023 and the maturity date is 30 May 2026.
- (vi) As approved by NFRA and PBOC, the Bank issued the financial bond (series 3) of Hua Xia Bank Co., Ltd. for 2023 on 28 July 2023 and the issuance volume was RMB15 billion. The bonds have a term of three years, the coupon rate is fixed at 2.60% and the interest will be paid annually. The value date is 1 August 2023 and the maturity date is 1 August 2026.
- (vii) As approved by NFRA and PBOC, the Bank issued the financial bond (series 4) of Hua Xia Bank Co., Ltd. for 2023 on 26 October 2023 and the issuance volume was RMB13 billion. The bonds have a term of three years, the coupon rate is fixed at 2.81% and the interest will be paid annually. The value date is 27 October 2023 and the maturity date is 27 October 2026.
- (viii) As approved by NFRA and PBOC, the Bank issued the financial bond (series 5) of Hua Xia Bank Co., Ltd. for 2023 on 23 November 2023 and the issuance volume was RMB23 billion. The bonds have a term of three years, the coupon rate is fixed at 2.80% and the interest will be paid annually. The value date is 27 November 2023 and the maturity date is 27 November 2026.
- (ix) As approved by NFRA and PBOC, the Bank issued the financial bond (series 6) of Hua Xia Bank Co., Ltd. for 2023 on 15 December 2023 and the issuance volume was RMB10 billion. The bonds have a term of three years, the coupon rate is fixed at 2.79% and the interest will be paid annually. The value date is 19 December 2023 and the maturity date is 19 December 2026.
- (x) As approved by NFRA and PBOC, the Bank issued the financial bond (series 1) of Hua Xia Bank Co., Ltd. for 2024 on 15 March 2024 and the issuance volume was RMB30 billion. The bonds have a term of three years, the coupon rate is fixed at 2.43% and the interest will be paid annually. The value date is 19 March 2024 and the maturity date is 19 March 2027.
- (xi) As approved by the former CBIRC Yunnan Office and PBOC, Huaxia Financial Leasing Co., Ltd., a subsidiary of the Group, issued the financial bond (series 1) for 2024 on 29 February 2024 and the issuance volume was RMB2 billion. The bonds have a term of three years, the coupon rate is fixed at 2.46% and the interest will be paid annually. The value date is 4 March 2024 and the maturity date is 4 March 2027.
- (xii) As approved by the former CBIRC Yunnan Office and PBOC, Huaxia Financial Leasing Co., Ltd., a subsidiary of the Group, issued the financial bond (series 2) for 2024 on 23 April 2024 and the issuance volume was RMB2 billion. The bonds have a term of three years, the coupon rate is fixed at 2.16% and the interest will be paid annually. The value date is 25 April 2024 and the maturity date is 25 April 2027.



(2) Tier-2 capital bonds

(i) As approved by the former CBIRC and PBOC, the Bank issued the Tier-2 capital bond (series 1) of Hua Xia Bank Co., Ltd. for 2022 on 23 August 2022 and the issuance volume was RMB30 billion. The bond is a 10-year fixed-rate bond attached with the issuer's conditional right to redeem the bond at face value in part or in whole at the end of the fifth year. The coupon rate is fixed at 3.10%. The value date is 25 August 2022. If the issuer does not exercise its redemption right, the interest period of the bond ranges between 25 August 2022 and 24 August 2032. If the issuer does exercise the redemption right, the interest period of the bond for the part redeemed ranges between 25 August 2022 and 24 August 2027.

(3) Certificates of deposit with banks and other financial institutions

As at 31 December 2024, there were 244 outstanding certificates of deposit with banks and financial institutions with the total face value of RMB412,770 million and terms of 1 month to 1 year, all issued in discount.

27. Projected liabilities

	The Group		The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Credit commitments	1,696	1,437	1,629	1,426	
Pending legal proceedings	2	-	2	_	
Total	1,698	1,437	1,631	1,426	

ECL of loan commitments are classified into three stages:

	31 December 2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)		Total	
The Group	1,665	31	-	1,696	
The Bank	1,598	31	_	1,629	

	31 December 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit- impaired)		Total	
The Group	1,405	32	_	1,437	
The Bank	1,394	32	_	1,426	

28. Other liabilities

	The	Group	The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Security deposit for financial lease	3,756	4,544	_	_	
Funds to be settled and cleared payable	9,288	2,336	9,288	2,334	
Dividends payable	1,591	-	1,591	_	
Others	8,200	8,009	6,502	6,471	
Total	22,835	14,889	17,381	8,805	

29. Share capital

	31 December 2024		31 December 2023	
	Total number of shares (million)	- Nominal amount	Total number of shares (million)	Nominal amount
A shares with par value of RMB1 per share registered, issued and paid in full amount	15,915	15,915	15,915	15,915

Note: A shares refer to ordinary shares domestically offered, and subscribed and traded in Renminbi.

As at 31 December 2024, the Bank's paid-in capital had amounted to RMB15,915 million (31 December 2023: RMB15,915 million), with the par value of each share being RMB1.



30. Other equity instruments

In June 2019, the Bank publicly issued RMB40 billion of perpetual bond upon approval by the former CBIRC and PBOC in the national interbank bond market and completed the Bond registration and custody formalities with China Central Depository & Clearing Co., Ltd. (CCDC). As approved by NFRA, the Bank redeemed all the above perpetual bonds on 26 June 2024.

In June 2024, the Bank publicly issued RMB40 billion of perpetual bond ("24 Hua Xia Bank Perpetual Bond 01") upon approval by NFRA and PBOC in the national interbank bond market and completed the Bond registration and custody formalities with Interbank Market Clearing House Co., Ltd.

In September 2024, the Bank publicly issued RMB20 billion of perpetual bond ("24 Hua Xia Bank Perpetual Bond 02") upon approval by NFRA and PBOC in the national interbank bond market and completed the Bond registration and custody formalities with Interbank Market Clearing House Co., Ltd.

Outstanding financial instrument	Issuing time	Coupon rate	Issuance price	Number	Amount	Maturity date	Write-down clauses
			RMB yuan/ RMB100 par value	Million shares	RMB1 million		
Perpetual bonds	June 2024	Note 1	100	400	40,000	Duration of ongoing concern	Note 3
Perpetual bonds	September 2024	Note 2	100	200	20,000	Duration of ongoing concern	Note 3

Information on issued and outstanding perpetual bonds at the year end:

Note 1: 24 Hua Xia Bank Perpetual Bond 01 carries a coupon rate adjustable at regular intervals. Starting from the cut-off date for issue payments, every five years will be an interval for coupon rate adjustment. During each interval, interest will be paid at the fixed coupon rate agreed upon. The interest rate is 2.46% in the first interval. The coupon rate of the Bond consists of the benchmark rate and a fixed spread. The benchmark interest rate is the arithmetic mean (rounded to 0.01%) of the ChinaBond SY Treasury Bond YTM published by ChinaBond.com (or other website recognized by the China Central Depository & Clearing Co., Ltd.) in the five trading days prior to the publication date of the Bond subscription documents or the date of benchmark interest rate adjustment. The fixed spread is the coupon rate determined at the time of this issue minus the benchmark rate at the time of this issue. Once determined, the fixed spread will remain constant. The non-cumulative interest payment method is adopted for the bond. The issuer may cancel all or part of the interest payment on the bond without constituting an event of default.

Note 2: 24 Hua Xia Bank Perpetual Bond 02 carries a coupon rate adjustable at regular intervals. Starting from the cut-off date for issue payments, every five years will be an interval for coupon rate adjustment. During each interval, interest will be paid at the fixed coupon rate agreed upon. The interest rate is 2.23% in the first interval. The coupon rate of the Bond consists of the benchmark rate and a fixed spread. The benchmark interest rate is the arithmetic mean (rounded to 0.01%) of the ChinaBond SY Treasury Bond YTM published by ChinaBond.com (or other website recognized by the China Central Depository & Clearing Co., Ltd.) in the five trading days prior to the publication date of the Bond subscription documents or the date of benchmark interest rate adjustment. The fixed spread is the coupon rate determined at the time of this issue minus the benchmark rate at the time of this issue. Once determined, the fixed spread will remain constant. The non-cumulative interest payment method is adopted for the bond. The issuer may cancel all or part of the interest payment on the bond without constituting an event of default.

Note 3: When the point of non-viability (PONV) trigger event occurs, the issuer is entitled to write down all or part of the principal of the bond without the approval of bond holders. This bond is written down according to the ratio its remaining face value to the total remaining face value of all other tier 1 capital instruments with the same trigger event. The PONV trigger event is the earlier one in: 1) the National Financial Regulatory Administration (NFRA) determines that the issuer will not survive if it does not conduct write-down; and 2) the relevant authorities determine that the issuer will not survive if it does not obtain capital injection from the public sector or the support with the same effect. The written-down portion is not recoverable.

The funds of RMB60,000 million raised by the Bank were all used for replenishing other tier-1 capital.

Information on changes in issued perpetual bonds:

	1 Janua	ary 2024	Increase i	n the year	Decrease	in the year	31 Decen	nber 2024
	Number	Book value						
	Million shares	RMB1 million	Million shares	RMB1 million	Million shares	RMB1 million	Million shares	RMB1 million
Perpetual bonds	400	40,000	600	60,000	(400)	(40,000)	600	60,000
Issuing cost		(7)		_		7		-
Total perpetual bonds	400	39,993	600	60,000	(400)	(39,993)	600	60,000

Information on items attributable to holders of equity instruments is presented below:

	31 December 2024 31 D	December 2023
Equity attributable to parent company		
Equity attributable to ordinary shareholders of parent company	301,982	278,586
Equity attributable to other shareholders of parent company	60,000	39,993
Of which: Net profit	1,940	2,876
Distributed profit for the period	(1,940)	(2,876)
Equity attributable to minority shareholders	3,702	3,183
Total shareholders' equity	365,684	321,762



31. Capital reserve

	The Group			
	2024			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Capital premium	60,736	_	(7)	60,729
Investment by minority shareholders at premium	1	-	_	1
Total	60,737	-	(7)	60,730

	The Group			
	2023			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Capital premium	60,758	_	(22)	60,736
Investment by minority shareholders at premium	1	_	_	1
Total	60,759	_	(22)	60,737

		The Bank			
		2024			
	Opening balance	Increase in the year	Decrease in the year	Ending balance	
Capital premium	60,737	-	(7)	60,730	

		The Bank			
		2023			
	Opening balance	Increase in the year	Decrease in the year	Ending balance	
Capital premium	60,758	-	(21)	60,737	

32. Surplus reserve

	The Group a	nd the Bank
	31 December 2024	31 December 2023
Statutory surplus reserve	26,438	24,008
Discretionary surplus reserve	111	111
Total	26,549	24,119

- (1) According to relevant laws of the People's Republic of China, the Bank must appropriate statutory surplus reserve at 10% of the net profit based on the PRC GAAP until the statutory surplus reserve accumulated to 50% of the share capital. After the statutory surplus reserve is appropriated, the Bank can determine its amount of discretionary surplus reserve on its own upon approval by the Shareholders' General Meeting.
- (2) As at 31 December 2024, statutory surplus reserve accumulatively appropriated by the Bank had exceeded 50% of the share capital and the surplus reserve in excess of 50% shall be subject to approval by the Shareholders' General Meeting.
- (3) For details on surplus reserve, please refer to Note VIII-34 Retained Profit.

33. General risk reserve

	The G	àroup	The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
General risk reserve	50,106	48,779	47,550	46,324	

- (1) As at 1 July 2012, the Bank has set aside general risk reserve in accordance with the Administrative Measures for Reserve Provisioning of Financial Enterprises (C.J. [2012] No. 20). The general risk reserve is treated as profit distribution and its balance shall not be lower than 1.5% of the ending balance of risk assets in principle.
- (2) For details on surplus reserve, please refer to Note VIII-34 Retained Profit.
- (3) According to the regulatory rules, some subsidiaries of the Bank should appropriate certain amount from the net profit as general risk reserve. Such general risk reserve is treated as profit distribution.



34. Retained profit

(1) Profit distribution for 2024

The profit distribution plan for 2024 that is passed by the Board of Directors and submitted to the Shareholders' General Meeting for approval on 16 April 2025 is as follows:

- (i) Set aside statutory surplus reserve of RMB2,469 million based on the Bank's net profit for 2024 which is RMB24,685 million;
- Set aside general risk reserve of RMB709 million, after which the Bank's balance of general risk reserve reaches 1.5% of the outstanding risk assets on 31 December 2024;
- (iii) Distribute dividends to all ordinary shareholders at the rate of RMB3.05 (pre-tax) per 10 shares, totaling RMB4,855 million, based on the Bank's total ordinary share capital of 15,914,928,468 shares at the end of 2024.

The above-mentioned profit distribution plan shall be implemented within two months after the Annual General Meeting for 2024 of the Company reviews and approves it.

- (iv) The interest accrual period for RMB perpetual bonds issued in June 2024 is from 11 June 2024 to 10 June 2026 (at an interest rate of 2.46%), and the accrued interest is RMB984 million.
- (v) The interest accrual period for RMB perpetual bonds issued in September 2024 is from 27 September 2024 to 26 September 2025 (at an interest rate of 2.23%), and the accrued interest is RMB446 million.

Accounting treatment is not made to the proposed surplus reserve, general risk reserve and dividend distribution or interest on perpetual bonds.

(2) Interim profit distribution for 2024

The Bank has implemented the interim profit distribution plan for 2024 that was approved by the Shareholders' General Meeting on 12 December 2024. Particulars are as follows:

(i) Distribute dividends to all ordinary shareholders at the rate of RMB1.00 (pre-tax) per 10 shares, totaling RMB1,591 million, based on the Bank's total ordinary share capital of 15,914,928,468 shares at the end of the first half of 2024.

(3) Profit distribution for 2023

The Bank has implemented the profit distribution plan for 2023 that was approved by the Shareholders' General Meeting on 20 May 2024. Particulars are as follows:

- (i) Set aside statutory surplus reserve of RMB2,430 million based on the Bank's net profit for 2023 which is RMB24,302 million;
- Set aside general risk reserve of RMB1,226 million, after which the Bank's balance of general risk reserve reaches 1.5% of the outstanding risk assets on 31 December 2023;
- (iii) Distribute dividends to all ordinary shareholders at the rate of RMB3.84 (pre-tax) per 10 shares, totaling RMB6,111 million, based on the Bank's total ordinary share capital of 15,914,928,468 shares at the end of 2023. The dividend was distributed in 2024.
- (iv) The interest accrual period for RMB perpetual bonds issued in June 2019 is from 26 June 2023 to 25 June 2024 (at an interest rate of 4.85%), and the accrued interest is RMB1,940 million. Such interest was paid in June 2024.

(4) Profit distribution for 2022

The Bank has implemented the profit distribution plan for 2022 that was approved by the Shareholders' General Meeting on 19 May 2023. Particulars are as follows:

- Set aside statutory surplus reserve of RMB2,210 million based on the Bank's net profit for 2022 which is RMB22,097 million; such statutory surplus has been recorded in the balance sheet of the Group and the Bank dated 31 December 2023;
- Set aside general risk reserve of RMB1,587 million, after which the Bank's balance of general risk reserve reaches 1.5% of the outstanding risk assets on 31 December 2022; such general risk reserve has been recorded in the balance sheet of the Group and the Bank dated 31 December 2023;
- (iii) Distribute dividends to all ordinary shareholders at the rate of RMB3.83 (pre-tax) per 10 shares, totaling RMB6,095 million, based on the Bank's total ordinary share capital of 15,914,928,468 shares at the end of 2022. The dividend was distributed in 2023.
- (iv) The interest accrual period for preference shares issued in 2016 is from 28 March 2022 to 27 March 2023 (at an annual dividend rate of 4.68%), and the dividends payable for these preference shares are RMB936 million. Dividends on preference shares were paid on 28 March 2023.
- (v) The interest accrual period for RMB perpetual bonds issued in June 2019 is from 26 June 2022 to 25 June 2023 (at an interest rate of 4.85%), and the accrued interest is RMB1,940 million. Such interest was paid in June 2023.

35. Net interest income

	The Group		The Bank	
	2024	2023	2024	2023
Interest income				
Loans and advances to customers	101,727	107,644	96,282	101,494
Of which: Corporate loans and advances to customers	60,441	64,141	55,025	58,038
Personal loans and advances to customers	40,008	41,957	39,979	41,910
Discounted bills	1,278	1,546	1,278	1,546
Financial investments	38,073	40,720	34,817	36,283
Of which: Debt investments	29,200	32,502	25,992	28,111
Other debt investments	8,873	8,218	8,825	8,172
Balances with central banks	2,173	2,545	2,170	2,544
Financial assets purchased under agreements to resell	1,850	2,285	1,813	2,247
Placements with banks and other financial institutions	2,299	2,167	2,299	2,489
Due from banks	361	250	160	132
Sub-total	146,483	155,611	137,541	145,189
Interest expense				
Deposits taken	(40,357)	(42,748)	(40,312)	(42,698)
Debt obligations payable	(14,854)	(15,443)	(14,752)	(15,249)
Due to banks and other financial institutions	(14,343)	(13,939)	(14,361)	(13,959)
Due to central banks	(4,041)	(3,568)	(4,041)	(3,568)
Placements from banks and other financial institutions	(8,079)	(6,863)	(4,051)	(3,834)
Financial assets sold under agreements to repurchase	(2,459)	(2,476)	(2,457)	(2,474)
Others	(287)	(132)	(286)	(132)
Sub-total	(84,420)	(85,169)	(80,260)	(81,914)
Net interest income	62,063	70,442	57,281	63,275
Of which: Interest income from impaired financial assets identified	1,810	1,431	1,805	1,412



36. Net fee and commission income

		The Group		The Bank	
	Note	2024	2023	2024	2023
Fee and commission income					
Bank card business		4,501	4,991	4,501	4,991
Agency business	(1)	2,734	2,528	1,710	1,793
Credit commitments		1,391	1,597	1,392	1,598
Custody and other fiduciary services		887	815	887	815
Other business		1,653	1,688	1,672	1,722
Sub-total		11,166	11,619	10,162	10,919
Fee and commission expenses					
Fee expense	(2)	(5,723)	(5,217)	(5,664)	(5,186)
Net fee and commission income		5,443	6,402	4,498	5,733

(1) The Group provides asset management services for wealth management products. The management fees of wealth management products are recognized to the extent that the uncertainty related to the management fee amount is eliminated and there will be no significant reversal in the future.

The Group distributes financial products for other financial institutions. A performance obligation is established when the customer enters into a contract with the relevant financial institution. The Group usually collects commissions from these financial institutions on a monthly or quarterly basis.

The Group provides underwriting, clearing and settlement services to its customers, and the performance obligation is satisfied at a point in time. The underwriting fee is usually collected within three months following the issuance of securities.

The original terms of contracts between the Group and its customers are mostly shorter than one year, so the remaining performance obligations under such contracts are not disclosed.

(2) Fee and commission expenses mainly include expenses for third-party services, UnionPay card services and credit card services.

37. Investment loss/(gain)

	The Group		The Bar	۱k
	2024	2023	2024	2023
Held-for-trading financial assets	11,387	6,428	11,328	6,398
Disposal of debt instruments measured at fair value through other comprehensive income	4,104	2,047	4,100	2,043
Gains on derecognition of financial assets measured at amortized cost	133	8	133	8
Other equity instrument investments	38	39	38	39
Derivative financial instruments	497	1,060	497	1,060
Long-term equity investments	_	_	_	626
Others	(459)	(157)	(458)	(157)
Total	15,700	9,425	15,638	10,017

In 2024 and 2023, all the net gains on derecognition of financial assets measured at amortized cost came from profits/losses on trading.

38. Gains on changes in fair value

	The Group		The Bank	
	2024	2023	2024	2023
Held-for-trading financial assets	8,436	2,680	11,491	6,918
Derivative financial instruments	(524)	(71)	(524)	(71)
Total	7,912	2,609	10,967	6,847

39. Other operating income/costs

The Group's other business income/costs are mainly the income/costs arising from the operating lease business of Huaxia Financial Leasing, a subsidiary of the Group.

40. Exchange gains

The exchange gains of the Group and the Bank mainly include income from foreign exchange differences and translation differences from foreign currency-denominated currency assets and liabilities and the gains/losses on foreign exchange derivatives.

41. Tax and surcharges

	The G	The Group		Bank
	2024	2023	2024	2023
Urban maintenance and construction tax	468	473	458	457
Education fee and surcharges	334	341	327	330
Others	267	252	227	223
Total	1,069	1,066	1,012	1,010

42. General and administrative expenses

		The Group		The Ban	
		2024	2023	2024	2023
Staff remuneration and welfare	(1)	16,428	16,174	15,828	15,628
Business expenses	(2)	7,504	8,446	7,460	8,378
Depreciation and amortization		5,022	4,616	4,851	4,450
Total		28,954	29,236	28,139	28,456



(1) Staff remuneration and welfare

	The Group		The Bank	
	2024	2023	2024	2023
Wages and bonuses	11,665	11,650	11,186	11,227
Employee welfare	461	463	447	447
Social insurance	2,780	2,650	2,711	2,577
Housing provident fund	1,005	971	981	949
Labor union funds and employee education expense	517	440	503	428
Total	16,428	16,174	15,828	15,628

(2) In the general and administrative expenses of the Group and the Bank in 2024, the lease expenses including short-term leases and low-value asset leases stood at RMB216 million (2023: RMB180 million) and RMB212 million (2023: RMB178 million).

43. Impairment losses on credit

	The Group		The Ba	nk
	2024	2023	2024	2023
Impairment losses of loans and advances to customers	25,833	25,520	26,096	24,614
Impairment losses of due from banks	(138)	29	(138)	29
Impairment losses of placements with banks and other financial institutions	(2)	1	(2)	1
Impairment losses of debt investments	945	(1,402)	979	(1,432)
Impairment losses of other debt investments	92	19	92	19
Projected liabilities	258	(1,015)	202	(1,019)
Other assets	1,439	2,149	1,036	2,112
Total	28,427	25,301	28,265	24,324

44. Income tax expense

	The Group		The Bank	
	2024	2023	2024	2023
Current income tax expense	4,963	5,460	3,899	4,730
Deferred income tax expense	2,720	3,134	3,166	3,210
Total	7,683	8,594	7,065	7,940

Adjustments to income tax expense and accounting profit are presented as follows:

	The Group		The Bank	
	2024	2023	2024	2023
Pre-tax profit	35,879	35,439	31,750	32,242
Income tax at statutory tax rate of 25%	8,970	8,860	7,938	8,061
Tax effect of tax-exempt income	(3,911)	(3,516)	(3,874)	(3,490)
Effect of different tax rates applicable to subsidiaries	_	(425)	_	_
Non-deductible expenses and other adjustments	2,624	3,675	3,001	3,369
Total	7,683	8,594	7,065	7,940

45. Other comprehensive income

Changes in other comprehensive income attributable to shareholders of the parent company

			2024		
The Group	Opening balance	Amount in the year	Transferred from other comprehensive income to profit or loss	Internal transfer of owner' s equity	Ending balance
Other comprehensive income to be classified as profit/loss					
Changes in fair value of other debt investments	1,176	7,052	(462)	_	7,766
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	(380)	147	380	-	147
Allowance for credit losses on other debt investments	250	74	-	-	324
Allowance for credit losses on loans and advances to customers measured at fair value through other comprehensive income	44	7	-	_	51
Difference from foreign currency translation	(8)	4	-	_	(4)
Income tax influence	(271)	(1,821)	21	_	(2,071)
Sub-total	811	5,463	(61)	-	6,213
Other comprehensive income not to be classified as profit/loss					
Changes in fair value of other equity instrument investments	(2,152)	(45)	-	278	(1,919)
Income tax influence	538	12	-	(70)	480
Total	(803)	5,430	(61)	208	4,774



			2023		
The Group	Opening balance	Amount in the year	Transferred from other comprehensive income to profit or loss	Internal transfer of owner' s equity	Ending balance
Other comprehensive income to be classified as profit/loss					
Changes in fair value of other debt investments	(373)	1,770	(221)	_	1,176
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	(336)	(380)	336	-	(380)
Allowance for credit losses on other debt investments	227	23	-	_	250
Allowance for credit losses on loans and advances to customers measured at fair value through other comprehensive income	83	(39)	_	_	44
Difference from foreign currency translation	(5)	(3)	-	_	(8)
Income tax influence	102	(344)	(29)	-	(271)
Sub-total	(302)	1,027	86	-	811
Other comprehensive income not to be classified as profit/loss					
Changes in fair value of other equity instrument investments	(1,704)	(509)	-	61	(2,152)
Income tax influence	425	128	-	(15)	538
Total	(1,581)	646	86	46	(803)

Changes in other comprehensive income

			2024		
The Bank	Opening balance	Amount in the year	Transferred from other comprehensive income to profit or loss	Internal transfer of owner' s equity	Ending balance
Other comprehensive income to be classified as profit/loss					
Changes in fair value of other debt investments	1,163	7,001	(462)	-	7,702
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	(380)	147	380	_	147
Allowance for credit losses on other debt investments	250	74	-	-	324
Allowance for credit losses on loans and advances to customers measured at fair value through other comprehensive income	44	7	-	_	51
Difference from foreign currency translation	(5)	4	-	-	(1)
Income tax influence	(267)	(1,807)	21	-	(2,053)
Sub-total	805	5,426	(61)	_	6,170
Other comprehensive income not to be classified as profit/loss					
Changes in fair value of other equity instrument investments	(2,150)	(70)	-	278	(1,942)
Income tax influence	537	17	-	(70)	484
Total	(808)	5,373	(61)	208	4,712



			2023		
The Bank	Opening balance	Amount in the year	Transferred from other comprehensive income to profit or loss	Internal transfer of owner' s equity	Ending balance
Other comprehensive income to be classified as profit/loss					
Changes in fair value of other debt investments	(369)	1,757	(225)	-	1,163
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	(336)	(380)	336	_	(380)
Allowance for credit losses on other debt investments	227	23	-	_	250
Allowance for credit losses on loans and advances to customers measured at fair value through other comprehensive income	83	(39)	_	_	44
Difference from foreign currency translation	(11)	6	-	-	(5)
Income tax influence	107	(343)	(31)	-	(267)
Sub-total	(299)	1,024	80	-	805
Other comprehensive income not to be classified as profit/loss					
Changes in fair value of other equity instrument investments	(1,700)	(511)	-	61	(2,150)
Income tax influence	425	127	-	(15)	537
Total	(1,574)	640	80	46	(808)

46. Earnings per share

	2024	2023
Net profit attributable to shareholders of the parent company in the year	27,676	26,363
Net profit attributable to ordinary shareholders of the parent company	25,736	23,487
Weighted average ordinary shares in issue (million shares)	15,915	15,915
Basic earnings per share (RMB yuan)	1.62	1.48

The Group has no potential ordinary share issued and outstanding in 2024 or 2023. Thus, there is no need to disclose diluted earnings per share.

47. Cash and cash equivalents

	The	Group	The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash on hand	2,046	2,131	2,042	2,125
Balances with central banks	40,745	57,631	40,690	57,518
Due from banks, placements with banks and other financial institutions and financial assets purchased under agreements to resell with the original term less than three months	55,832	42,360	43,475	40,730
Total	98,623	102,122	86,207	100,373

48. Supplementary information on the statement of cash flows

	The Group		The Bank		
	2024	2023	2024	2023	
Net profit adjusted into cash flows from operating activities:					
Net profit	28,196	26,845	24,685	24,302	
Plus: Impairment losses on credit	28,427	25,301	28,265	24,324	
Other impairment losses on assets	364	666	(13)	482	
Depreciation of fixed assets	3,293	2,290	1,310	1,237	
Depreciation of right-of-use assets	1,736	1,863	1,678	1,802	
Amortization of intangible assets	45	42	37	37	
Amortization on long-term prepaid expenses	1,924	1,512	1,826	1,421	
Interest income from investment and investment gains	(51,871)	(48,527)	(48,553)	(44,682)	
Net gains or losses on disposal of fixed assets, intangible assets and other long-term assets	(24)	(39)	5	(39)	
Unrealized exchange loss/(gain) and loss/(gain) on changes in fair value	(7,815)	(2,900)	(10,869)	(7,096)	
Deferred income tax	2,720	3,134	3,166	3,210	
Interest income from credit-impaired financial assets identified	(1,810)	(1,431)	(1,805)	(1,412)	
Interest expense on bonds issued	7,286	7,244	7,184	7,050	
Interest expenses on lease liabilities	193	210	189	204	
Increase of operating receivables	(67,896)	(55,920)	(61,572)	(43,249)	
Increase of operating payables	97,727	292,887	102,000	163,126	
Net cash flows from operating activities	42,495	253,177	47,533	130,717	
Net change of cash and cash equivalents:					
Closing balance of cash and cash equivalents	98,623	102,122	86,207	100,373	
Less: Opening balance of cash and cash equivalents	(102,122)	(87,707)	(100,373)	(87,093)	



Changes in liabilities arising from financing activities were as follows:

The Group	Bonds issued	Lease liabilities	Dividends and interest payable	Total
1 January 2024	265,580	5,627	_	271,207
Non-cash activities				
Interest expense	7,286	193	_	7,479
Profit distribution	_	_	9,642	9,642
Increase in lease liabilities in the year	_	1,431	_	1,431
Cash activities				
Cash inflows from financing activities	34,000	_	_	34,000
Cash outflows from financing activities	(71,000)	_	_	(71,000)
Dividends and interest paid	(7,651)	_	(8,051)	(15,702)
Cash payments for repayment of lease liabilities	_	(2,005)	_	(2,005)
31 December 2024	228,215	5,246	1,591	235,052

The Group	Bonds issued	Lease liabilities	Dividends and interest payable	Total
1 January 2023	198,478	5,982	_	204,460
Non-cash activities				
Interest expense	7,244	210	_	7,454
Profit distribution	_	_	9,109	9,109
Increase in lease liabilities in the year	_	1,462	_	1,462
Cash activities				
Cash inflows from financing activities	131,000	_	_	131,000
Cash outflows from financing activities	(65,000)	_	_	(65,000)
Dividends and interest paid	(6,142)	_	(9,109)	(15,251)
Cash payments for repayment of lease liabilities	_	(2,027)	_	(2,027)
31 December 2023	265,580	5,627	_	271,207

The Bank	Bonds issued	Lease liabilities	Dividends and interest payable	Total
1 January 2024	261,469	5,471	_	266,940
Non-cash activities				
Interest expense	7,184	189	_	7,373
Profit distribution	_	_	9,642	9,642
Increase in lease liabilities in the year	-	1,409	_	1,409
Cash activities				
Cash inflows from financing activities	30,000	_	_	30,000
Cash outflows from financing activities	(67,000)	-	_	(67,000)
Dividends and interest paid	(7,508)	_	(8,051)	(15,559)
Cash payments for repayment of lease liabilities	-	(1,936)	-	(1,936)
31 December 2024	224,145	5,133	1,591	230,869

The Bank	Bonds issued	Lease liabilities	Dividends and interest payable	Total
1 January 2023	192,346	5,815	-	198,161
Non-cash activities				
Interest expense	7,050	204	_	7,254
Profit distribution	-	_	8,971	8,971
Increase in lease liabilities in the year	_	1,405	_	1,405
Cash activities				
Cash inflows from financing activities	131,000	_	_	131,000
Cash outflows from financing activities	(63,000)	_	_	(63,000)
Dividends and interest paid	(5,927)	_	(8,971)	(14,898)
Cash payments for repayment of lease liabilities	_	(1,953)	_	(1,953)
31 December 2023	261,469	5,471	_	266,940



IX. SEGMENT REPORT

The Group determines the operating segments according to the organizational framework, management requirement and internal reporting system, and on this basis, determines the reporting segments.

An operating segment refers to the component within the Group meeting the following conditions at the same time: (1) such component can generate income and incur expenses in the daily activities; (2) the management of the enterprise can regularly assess the operating results of the component to determine the resources allocated to it and assess its performance; (3) the enterprise can obtain the accounting information relating to the component's financial position, operating results and cash flows.

The Group's reporting segments include the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Central and Eastern China, Western China, Northeastern China and subsidiaries. Particularly speaking:

- (1) Beijing-Tianjin-Hebei Region: Head Office, Credit Card Center, Beijing, Tianjin, Shijiazhuang, Tianjin FTZ and Beijing Municipal Administrative Center;
- (2) Yangtze River Delta: Nanjing, Hangzhou, Shanghai, Wenzhou, Ningbo, Shaoxing, Changzhou, Suzhou, Wuxi, Hefei and Shanghai FTZ;
- (3) Guangdong-Hong Kong-Macao Greater Bay Area: Shenzhen, Guangzhou, Hong Kong and Haikou;
- (4) Central and Eastern China: Jinan, Wuhan, Qingdao, Taiyuan, Fuzhou, Changsha, Xiamen, Zhengzhou and Nanchang;
- (5) Western China: Kunming, Chongqing, Chengdu, Xi'an, Urumqi, Hohhot, Nanning, Yinchuan, Guiyang, Xining and Lanzhou;
- (6) Northeastern China: Shenyang, Dalian, Changchun and Harbin;
- (7) Subsidiaries: Huaxia Financial Leasing Co., Ltd., Huaxia Wealth Management Co., Ltd., Kunming Chenggong Hua Xia Rural Bank Co., Ltd., Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd.,

When presenting information by operating segment, operating income is divided on the basis of location of branches generating income. Segment assets and capital expenditure are divided by the location of the related assets.

	Beijing-Tianjin-	Yangtze	Guangdong- Hong Kong- Macao Greater	Central and Eastern	Western	Northeastern		Offset among	
2024	Hebei Region	River Delta	Bay Area	China	China	China	Subsidiaries	segments	Total
Operating income	43,432	19,503	6,084	10,497	8,765	977	7,878	10	97,146
Net interest income	16,608	19,198	5,269	9,899	8,431	932	1,726	-	62,063
Of which:									
Net external interest income	18,581	20,124	4,857	8,149	7,701	925	1,726	-	62,063
Segmental net interest income	(1,973)	(926)	412	1,750	730	7	-	-	_
Net fee and commission income	4,290	(253)	71	340	44	6	935	10	5,443
Other net operating income	22,534	558	744	258	290	39	5,217	-	29,640
Operating expenses	(27,438)	(8,160)	(6,676)	(6,438)	(4,938)	(3,791)	(3,766)	3	(61,204)
Operating profit	15,994	11,343	(592)	4,059	3,827	(2,814)	4,112	13	35,942
Net non-operating income	(79)	2	(3)	18	(5)	-	4	-	(63)
Total profit	15,915	11,345	(595)	4,077	3,822	(2,814)	4,116	13	35,879
Supplementary information									
1. Depreciation and amortization expenses	2,841	578	340	542	411	139	2,147	-	6,998
2. Capital expenditures	3,586	135	58	180	85	37	12,607	-	16,688
3. Impairment losses on credit	15,258	2,200	4,168	2,174	1,653	2,812	162	-	28,427
31 December 2024									
Segment assets	3,326,872	1,046,294	440,356	591,417	469,105	76,704	196,150	(1,775,292)	4,371,606
Undistributed assets									4,885
Total assets	3,326,872	1,046,294	440,356	591,417	469,105	76,704	196,150	(1,775,292)	4,376,491
Segment liabilities	3,001,795	1,035,028	441,479	587,728	466,516	81,479	172,032	(1,775,250)	4,010,807
Undistributed liabilities									-
Total liabilities	3,001,795	1,035,028	441,479	587,728	466,516	81,479	172,032	(1,775,250)	4,010,807



2023	Beijing-Tianjin- Hebei Region	Yangtze River Delta	Guangdong- Hong Kong- Macao Greater Bay Area	Central and Eastern China	Western China	Northeastern China	Subsidiaries	Offset among segments	Total
Operating income	36,777	20,268	6,530	11,501	10,127	1,355	7,280	(631)	93,207
Net interest income	19,593	20,185	5,683	10,883	9,876	1,304	2,918	-	70,442
Of which:									
Net external interest income	23,504	20,417	4,926	8,745	8,600	1,332	2,918	-	70,442
Segmental net interest income	(3,911)	(232)	757	2,138	1,276	(28)	-	-	-
Net fee and commission income	5,272	(254)	70	455	169	21	672	(3)	6,402
Other net operating income	11,912	337	777	163	82	30	3,690	(628)	16,363
Operating expenses	(27,130)	(8,027)	(4,335)	(8,008)	(5,531)	(1,259)	(3,476)	2	(57,764)
Operating profit	9,647	12,241	2,195	3,493	4,596	96	3,804	(629)	35,443
Net non-operating income	(47)	22	5	5	(5)	(6)	22	-	(4)
Total profit	9,600	12,263	2,200	3,498	4,591	90	3,826	(629)	35,439
Supplementary information									
1. Depreciation and amortization expenses	s 2,297	619	373	613	443	152	1,210	-	5,707
2. Capital expenditures	5,838	146	69	310	65	34	26,426	-	32,888
3. Impairment losses on credit	13,689	2,206	1,894	3,824	2,357	354	977	-	25,301
31 December 2023									
Segment assets	3,429,537	1,034,562	410,999	562,473	447,201	85,013	175,606	(1,900,069)	4,245,322
Undistributed assets									9,444
Total assets									4,254,766
Segment liabilities	3,155,167	1,022,664	409,860	559,689	444,324	86,798	154,615	(1,900,113)	3,933,004
Undistributed liabilities									-
Total liabilities									3,933,004

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Related parties

There is no related party that controls or jointly controls the Bank. Other related parties are as follows:

(1) Shareholders holding no less than 5% shares in the Bank and exerting significant influence on the Bank by the year end

Name of related shareholder	Place of registration	Legal representative/ CEO	Business nature	Registered capital	Shareholding percentage (%)	
Shougang Group	Beijing	Zhao Minge	Industries, construction, geologic exploration, transportation, foreign trade, telecommunication, finance and insurance, scientific research and comprehensive technological service, domestic commerce, public catering, material supply and sales, warehouse, etc.	RMB28,755 million	21.68	21.68
State Grid Yingda International Holdings Group Ltd.	Beijing	Yang Dongwei	Investment and assets operation and management; assets custody, rendering services for enterprise restructuring, M&A, strategic placement and venture capital investment; investment consultation; and investment advisory	RMB108,112 million	19.33	19.33
PICC Property and Casualty Company Limited	Beijing	Yu Ze	RMB and foreign currency insurance and related reinsurance; services and consultancy of property insurance, accident insurance and short-term health insurance and reinsurance; handling relevant business on behalf of insurance institutions; investment and fund application, etc.	RMB22,243 million	16.11	16.11
Beijing Infrastructure Investment Co., Ltd.	Beijing	Hao Weiya	Manufacturing of metro vehicles and equipment; investment and investment management; planning, construction and operation management of metro lines; proprietary and agent import & export business of various commodities and technologies; design and repair of metro vehicles; design and installation of metro equipment; project supervision; property management; real estate development; and design and production of metro ads	RMB173,159 million	10.86	10.86

(2) Subsidiaries of the Bank

Please refer to Note VII Business Combination and Consolidated Financial Statements.

(3) Other related parties

Other related parties mainly include:

- (i) Key management personnel (directors, supervisors and senior executives), and their close family members;
- (ii) Enterprises controlled or jointly controlled by key management personnel and their close family members;
- (iii) Companies, their subsidiaries and related companies which directors, supervisors and senior executives of the Bank control or can exert significant influence on;
- (iv) State Grid Corporation of China (parent company of State Grid Yingda International Holdings Group Ltd., the related shareholder of the Bank) and its subsidiaries; The People's Insurance Company (Group) of China (parent company of PICC Property and Casualty Company Limited, the related shareholder of the Bank) and its subsidiaries;
- (v) Other incorporated organizations, unincorporated organizations and natural persons exerting significant influence on operation and management of the Bank.



2. Related party transactions

Related party transactions between the Group and its related parties, whose pricing will be based on general transaction price according to normal commercial terms, shall be subject to the approval of corresponding decision-making institution by transaction type.

(1) Related party transactions with shareholders holding no less than 5% shares in the Bank and exerting significant influence on the Bank and their subsidiaries

	31 Decem	ber 2024	31 December 2023	
	Transaction balance	Percentage (%) ⁽ⁱ⁾	Transaction balance	Percentage (%) ⁽ⁱ⁾
Assets				
Due from banks	45	0.21	6	0.03
Loans and advances to customers	18,092	0.78	14,488	0.64
Other assets	5	0.02	5	0.02
Financial investments	38,550	2.33	30,006	1.87
Placements with banks and other financial institutions	1,081	1.68	_	-
Liabilities				
Deposits taken	11,594	0.53	14,870	0.69
Placements from banks and other financial institutions	2,385	1.02	4,202	2.05
Other liabilities	1	_	_	-
Due to banks and other financial institutions	25,825	4.53	441	0.08
Off-balance-sheet items				
L/Gs and other payment commitments issued	608	1.35	394	1.35
L/Cs issued	_	_	3	0.01
Bank acceptance drafts	321	0.07	386	0.09
Non-principal-guaranteed wealth management products issued by the Group	609	0.07	582	0.10
Capital expenditure commitments (ii)	452	5.50	1,356	19.78

	2024		2023	
	Transaction amount	Percentage (%) ⁽ⁱ⁾	Transaction amount	Percentage (%) ⁽ⁱ⁾
Interest income	677	0.46	562	0.36
Interest expense	577	0.68	170	0.20
Fee and commission income	59	0.53	103	0.89
Investment gains	331	2.11	691	7.33
Gains on changes in fair value	734	9.28	191	7.32
General and administrative expenses	150	0.52	132	0.45

(i) Percentage of related party transaction balance or amount in the total balance or amount of the Group's transactions of the same type.

(ii) The Bank purchased the tailor-made Digital Technology Building from Beijing Shouqiao Innovation Real Estate Co., Ltd. at a price of RMB4.52 billion. As of 31 December 2024, the Company had paid RMB4,068 million of the contract price, and the outstanding amount will be paid in installments according to the progress of project construction, certification and licensing.

(2) Related party transactions with other related legal persons

	31 December 2024		31 Decem	1ber 2023
	Transaction balance	Percentage (%) ⁽ⁱ⁾	Transaction balance	Percentage (%) ⁽ⁱ⁾
Assets				
Due from banks	1,193	5.67	640	3.60
Loans and advances to customers	3,507	0.15	446	0.02
Placements with banks and other financial institutions	5,006	7.76	5,506	10.94
Financial investments	21,849	1.32	9,132	0.57
Other assets	687	2.38	759	2.91
Liabilities				
Deposits taken	6,816	0.31	7,082	0.33
Due to banks and other financial institutions	14,687	2.57	833	0.14
Placements from banks and other financial institutions	290	0.12	2,130	1.04
Other liabilities	5	0.02	4	0.03
Off-balance-sheet items				
L/Cs issued	138	0.09	200	0.13
Bank acceptance drafts	629	0.13	462	0.11
Non-principal-guaranteed wealth management products issued by the Group	759	0.09	349	0.06

	2024		2023	
	Transaction amount	Percentage (%) ⁽ⁱ⁾	Transaction amount	Percentage (%) ⁽ⁱ⁾
Interest income	482	0.33	210	0.13
Interest expense	411	0.49	197	0.23
Fee and commission income	14	0.13	5	0.04
Investment gains	-	_	133	1.41
profit or loss on changes in fair value	170	2.15	104	3.99
General and administrative expenses	984	3.40	903	3.09

(i) Percentage of related party transaction balance or amount in the total balance or amount of the Group's transactions of the same type.



(3) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Bank, directly or indirectly, including directors, supervisors and senior management members. Directors of the Bank are of the view that related party transactions between key management personnel stated above and the Bank are carried out under normal commercial terms as the same with those with non-related parties.

Remunerations of directors, supervisors and key senior management members received from the Bank are set out below:

	2024	2023
Remunerations	24	17

The final total compensation before tax for Chairman, President, Chairman of the Board of Supervisors, employee supervisors and other senior management members of the Bank is in the process of determination, and the remaining part will be disclosed separately after determination. Nevertheless, the Management of the Group expects that the difference between the above amount and the final compensation amount will not pose material influence on the consolidated financial statements of 2024.

(4) Transactions with related natural persons

As at 31 December 2024, the Bank's balance of loans to related natural persons totaled RMB111.63 million (31 December 2023: RMB132.62 million).

(5) Enterprise annuity

Except the normal fund contribution to enterprise annuity created by the Group and general banking businesses, the Group has no related party transactions in 2024 and 2023.

XI. CONTINGENCIES AND COMMITMENTS

1. Pending legal proceedings

As at 31 December 2024, the claimed amount of pending legal proceedings where the Bank or any of its subsidiaries is the defendant or the third party totaled RMB2,585 million (31 December 2023 RMB2,409 million). Based on court order or suggestions of legal consultants, the Group has set aside provisions for losses arising from legal proceedings against it. The Management of the Group believes that the final court decision on these legal proceedings will not impose material impact on the Group's financial position or operation.

2. Capital expenditure commitments

	The	Group	The	Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Capital commitments signed but not confirmed in the financial statements – commitment to purchase long-term assets	8,225	6,854	5,966	4,291

3. Credit commitments

	The	The Group		The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023		
Bank acceptance drafts	478,418	420,564	478,427	420,672		
L/Cs issued	149,497	149,424	149,497	149,424		
L/Gs and other payment commitments issued	45,039	29,173	45,039	29,173		
Irrevocable loan commitments	22,763	14,095	22,763	14,095		
Unused credit card limit	341,821	343,372	341,821	343,372		
Total	1,037,538	956,628	1,037,547	956,736		

4. Financial lease commitments

On the balance sheet date, the minimum lease receipts under the irrevocable financial lease contracts signed by the Group as the leaser is as follows:

	The Group		
	31 December 2024	31 December 2023	
Financial lease commitments	15,227	7,332	
Total	15,227	7,332	

5. Collateral

(1) Collateral assets

On the balance sheet date, the book value of assets used as collateral for transactions under repurchase agreements is as follows:

	The	The Group		Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Bonds	156,178	202,704	85,260	109,598
Bills	708	491	708	491
Total	156,886	203,195	85,968	110,089

On 31 December 2024, the book value of financial assets sold under agreements to repurchase of the Group was RMB155,414 million (31 December 2023: RMB202,827 million). On 31 December 2024, the book value of financial assets sold under agreements to repurchase of the Bank was RMB84,514 million (31 December 2023: RMB109,720 million).

In addition, partial bond investment of the Group is used as collateral for time deposits of commercial banks under cash management of the central treasury and mid-term credit facility of PBOC or as collateral according to regulatory requirements. On 31 December 2024, the book value of the above collateral was RMB337,305 million (31 December 2023: RMB346,873 million).

Subsidiary of the Group Huaxia Financial Leasing took out a loan of USD543 million, equivalent to RMB3,902 million (31 December 2023: RMB4,193 million) secured by a certificate of deposit worth RMB6,284 million (31 December 2023: RMB5,825 million).

(2) Collateral received

The Group accepts such pledge as securities in relevant business of purchase under agreements to resell. Some of the securities accepted can be sold or re-used as collateral. On 31 December 2024 and 31 December 2023, the Group and the Bank held neither the pledged assets available for sale in the absence of counterparty's default nor the assets available for re-pledge in other transactions.

6. Government bonds underwriting and redemption

As a member of the underwriter group of savings government bonds of the Ministry of Finance, the Group underwrites and sells savings government bonds as an agent. Holders of savings government bonds may request redemption in advance and the Group is obliged to perform the duty of redemption. The Group is obliged to redeem the principal of the savings government bonds and the interest payable determined according to the early redemption agreement.

On 31 December 2024, the Group was obliged to redeem the savings government bond principal of RMB6,263 million (31 December 2023: RMB6,996 million).RMB: The original term of the above savings government bonds ranges from 1 to 5 years. The Management expects that the amount of redemption of these savings government bonds through the Group prior to maturity will not be material.

MOF will not provide fund for the early redemption of these savings government bonds in a timely manner but is obliged to repay the principal and the interest upon maturity or according to documents issued.



7. Entrusted transaction

(1) Entrusted deposits and loans

	The (Group	The	Bank
	31 December 2024	31 December 3 2023	31 December 2024	31 December 2023
Entrusted loans	66,516	86,718	66,502	86,678
Entrusted loan funds	66,516	86,718	66,502	86,678

(2) Entrusted investments

	The Group and the Bank		
	31 December 2024 31 December		
Entrusted investments	833,293	591,948	

Entrusted investment means that the Group manages customer assets as entrusted by the non-principal-guaranteed wealth management customer and the investment risk of entrusted assets is taken by the customer.

XII. TRANSFER OF FINANCIAL ASSETS

Asset-backed securities

The Group conducts asset-backed securities transactions during the normal operation. The Group sells part of financial assets to the Special Purpose Trust (SPT), which then issues asset-backed securities to investors. The Group decides whether to combine the special-purpose trusts by taking into the following into full account: whether to exercise power over such trusts, whether to be entitled to variable returns by participating in the activities relating to such trusts; and whether to be able to influence its returns by wielding its power over such trusts.

The Group transferred the related financial assets and nearly all risks (mainly including credit risk, prepayment risk and interest rate risk of the target financial assets) thereof and returns arising from the ownership of such assets to other investors, so the Group derecognized such financial assets. As at the transfer date, the book value of the above securitized/structured financial assets of the Group for 2024 totaled RMB388 million (2023: none). As at 31 December 2024, the Group held RMB19 million of the above asset-backed securities (2023: none).

In case that the Group neither transfers nor retains substantially all the risks and rewards related to ownership of the financial asset and it does not waive control over the financial asset, the Group continues to recognize the asset based on the degree of subsequent involvement. The Group retained certain degree of continuing involvement in the transferred financial assets by holding some investments. On 31 December 2024, the value of assets the Group continued to recognize was RMB719 million (31 December 2023: RMB785 million).

Once the SPT is established, such part of financial assets shall be discriminated from other assets without SPT when the above financial assets are being transferred. According to relevant transaction documents, in case of dissolution, liquidation, bankruptcy of the Group according to law, assets under the SPT shall not be subject to the liquidation. As the issuance consideration equaled to the book value of the transferred financial assets, the Group did not recognize any gains or losses from the transfer of such assets. The Group will charge certain fees as financial assets service provider subsequently. Please see Note XIII Structured Entities.

Repurchase agreements

A repurchase agreement means a deal in which the Group sells a financial asset while agreeing with the counterparty to buy back the asset (or substantially the same financial asset) at fixed price on a specified date in the future. As the buyback price is fixed, the Group still takes nearly all the risk and return related to the ownership of the sold asset and thus the asset is not derecognized in financial statements. The Group recognizes a financial liability for the received consideration and records it as financial asset sold under agreements to repurchase at the same time.

For the book value of bond assets and bill assets sold by the Group under repurchase agreements as at 31 December 2024 and 31 December 2023, please see Note XI-5(1).

Credit assets transfer

In 2024, the Group disposed of loans with an original value of RMB7,056 million via transfer to third parties (2023: RMB3,013 million).RMB: The Group has transferred almost all the risk and return relating to the ownership of the above loans, and therefore they have been derecognized.

XIII. STRUCTURED ENTITIES

1. Interests and rights enjoyed in structured entities sponsored excluded from the consolidated financial statements

1.1 Interests and rights enjoyed in structured entities sponsored by the Group but excluded in the consolidated financial statements

Structured entities sponsored by the Group but excluded in the consolidated financial statements mainly include asset-backed securities and non-principal-guaranteed wealth management products issued by the Bank. The nature and purpose of these structured entities are to manage investors' assets and charge management fees. They raise funds by issuing investment products to investors.

As at the date of the balance sheet, the amount of unconsolidated structured entities sponsored by the Group and rights and interests therefrom are listed as follows:

	31 December 2024				
	Balance of products	Book value of shareholdings	Maximum loss exposure	Income from structured entities in the year	Major income type
Non-principal-guaranteed wealth management products	833,293	910	910	1,683	Fee income, investment income and loss/(gain) on changes in fair value
Total	833,293	910	910	1,683	

The Group

	31 December 2023					
	Balance of products	Book value of shareholdings	Maximum loss exposure		Major income type	
Non-principal-guaranteed wealth management products	591,948	873	873	1,407	Fee income, investment income and loss/(gain) on changes in fair value	
Total	591,948	873	873	1,407		

As at 31 December 2024 and 31 December 2023, for the information on the Group's interests in unconsolidated structured entities set up in asset-backed transactions, please see Note "XII. Asset-backed securities". For the years 2024 and 2023, the Group's income from the above structured entities was not material.

As at 31 December 2024 and 31 December 2023, the Group provided no financial or other supports to structured entities excluded in the consolidated financial statements. It also has no plan to do so.



1.2 Rights and interests enjoyed in structured entities sponsored by third-party institutions

The Group enjoys rights and interests in structured entities sponsored by third-party institutions by directly holding investments. These structured entities mainly include asset-backed securities, wealth management products, financial institutions' asset management plans, fund investments and beneficiary rights of assets, whose nature and purpose are to manage investors' assets and charge management fees. They raise funds by issuing investment products to investors.

The book value and maximum loss exposure of rights and interests enjoyed by the Group in structured entities sponsored by third-party institutions by directly holding investments are presented as follows:

	31 December 2024					
The Group	Held-for- trading financial assets	Debt investments	Other debt investments	Total		
Asset-backed securities	-	1,403	1,947	3,350		
Asset management plan of financial institutions	29,005	85,781	_	114,786		
Fund investments	297,975	_	_	297,975		
Beneficiary rights of assets and others	3,728	21,745	_	25,473		
Total	330,708	108,929	1,947	441,584		

	31 December 2023					
The Group	Held-for- trading financial assets	Debt investments	Other debt investments	Total		
Asset-backed securities	-	1,137	4,304	5,441		
Asset management plan of financial institutions	25,449	115,408	_	140,857		
Fund investments	194,767	_	_	194,767		
Beneficiary rights of assets and others	3,609	22,696	_	26,305		
Total	223,825	139,241	4,304	367,370		

Note: On 31 December 2024 and 31 December 2023, asset-backed securities were included in financial institution bonds, corporate bonds and bonds of public entities and quasi-governments under Note VIII-8 Debt Investments and Note VIII-9 Other Debt Investments.

2. Consolidated structured entities

Consolidated structured entities of the Group are ABS trust plans, asset management plans of financial institutions and trust product investment. As the Group has power over such structured entities and is entitled to variable return by participating the relevant activities and able to influence the return amount through its right on the investee, the Group has control over such structured entities. The Group provided no financial support for consolidated structured entities.

XIV. RISK MANAGEMENT

1. Overview

The Group mainly faces credit risk, market risk and liquidity risk. Among them, market risk includes exchange rate risk, interest rate risk and other price risks.

2. Risks management framework

The Management of the Group is responsible for determining the overall risk appetite, and reviewing and approving the risk management objectives and strategies of the Group.

The risk management framework includes the following: The Group keeps improving its organizational structure for risk management organization structure that covers all types of business and risks, with clear responsibilities and effective checks and balances. The Board of Directors, the Board of Supervisors and the Senior Management assume the ultimate responsibility, supervisory responsibility and implementation responsibility for enterprise risk management, respectively. The business departments, risk and compliance management departments audit departments play their respective roles to ensure that the "three lines of defense" for risk management are full-functioning to prevent and control risks through the business process.

3. Credit risk

3.1 Credit risk management

Credit risk refers to the possibility of loss and uncertainty of income caused by customer default or decreased credit standing to a commercial bank, when the bank operates credit, inter-bank lending and investment businesses. The credit risk of the Group mainly exists in the on-balance-sheet and off-balance-sheet businesses including loans and advances to customers, placements with banks and other financial institutions, interbank lending, bond investments, bill acceptance, letters of credit, and letters of guarantee. The credit risk management process of the Group confirms and manages the above risks by mainly focusing on pre-loan due diligence, credit rating, loan approval, loan-granting management, post-lending monitoring and loan collection management procedure.

Before granting credit to a single customer, the Group will conduct credit appraisal first and regularly inspect the credit limit granted. The means for credit risk mitigation include acquisition of collateral and warranty. As for the off-balance-sheet businesses, the Group will charge security deposit in corresponding proportion based on the credit status of customers and business risk level to reduce the credit risk.

The Group classifies loans and advances to customers into five categories, namely pass, special-mention, substandard, doubtful and loss. The last three categories are deemed as non-performing loans (NPLs). Loan impairment is mainly determined by the possibility of repayment and recovery of principal and interest. Major assessment factors include repayment ability, credit record, repayment willingness, profitability of loan project, guarantee or mortgage measures and legal liability for loan repayment of the borrower. The Group measures and sets aside allowance for impairment losses using the ECL model method.

According to the *Rules on Risk Classification of Financial Assets of Commercial Banks* (Order No. 1 of China Banking and Insurance Regulatory Commission and People's Bank of China in 2023) issued by the former CBIRC and PBOC, the definitions of the Group's five-tier classifications of loans and advances to customers are listed as below:

- Pass: The debtor is capable of meeting its contractual obligations and there is no objective evidence indicating that the principal, interests, and income cannot be paid in full and on time;
- Special-Mention: The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations;
- Substandard: The debtor is incapable of paying the principal, interests, or income in full or the financial assets have undergone credit impairment;
- Doubtful: The debtor is incapable of paying the principal, interests, or income in full and the financial assets have undergone significant credit impairment;
- Loss: None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.



Measurement of expected credit loss

As from 1 January 2019, the Group measures the credit losses on debt instruments-related financial assets measured at amortized cost and those measured at fair value through other comprehensive income using the "ECL Model" in accordance with the New Financial Instrument Standards.

For financial assets subject to ECL measurement, the Group assesses whether the credit risk of relevant financial assets has increased significantly since initial recognition and uses the "three-stage" impairment model to measure their allowance for impairment losses respectively and recognize the ECL and its changes:

Stage 1: For financial instruments that have not had a significant increase in credit risk since initial recognition, their ECL amount over the next 12 months should be recognized;

Stage 2: For financial instruments that have had a significant increase in credit risk since initial recognition, but there is no objective evidence of impairment, their ECL amount over the remaining life should be recognized;

Stage 3: For financial assets that have objective evidence of impairment on the balance sheet date, their ECL amount over the remaining life should be recognized.

Risk grouping

The Group classifies credit risk exposure into risk groups based on credit risk characteristics such as product type, customer type, customer industry and market distribution. Non-retail business risks are mainly grouped into "transportation, manufacturing, construction, real estate, wholesale and retail, financials, services and other industries". Retail business risks are mainly grouped into "residential mortgages, personal consumption loans, personal business loans, micro and small retail loans, internet loans, credit card (qualifying revolving retail) and others".

Significant increase in credit risk

The Group monitors all financial assets that meet impairment requirements to assess whether their credit risk has increased significantly or not since initial recognition. If the credit risk has increased significantly, the Group will measure allowance for impairment losses according to lifetime ECL rather than 12-month ECL.

If a financial instrument triggers one or more of the following criteria, the Group deems that the financial instrument has had a significant increase in credit risk:

- i. The principal or interest is overdue for more than 30 days;
- ii. The credit transaction is risk-classified as special mention;
- iii. The debtor has undergone a deterioration in key financial indicators, with a marked rise in default risk;
- iv. The credit risk has increased significantly in other circumstances.

Default and credit impairment

Where a financial instrument meets one or more of the following conditions, the Group will define the financial asset as creditimpaired:

- i. The principal or interest is overdue for more than 90 days;
- ii. The debtor goes bankrupt or suffers serious financial difficulties, expected to incur a major loss;
- iii. The financial asset is classified by risk category as Substandard, Doubtful or Loss;
- iv. Other objective evidences indicating impairment of the financial assets.

The financial instrument in Stage 1 that has experienced significant deterioration in credit risk should be moved to Stage 2. The financial instrument in Stage 2 can move back to Stage 1 if it has improved to the extent of no longer showing significant deterioration in credit risk. The financial instrument in Stage 3 cannot be moved directly to Stage 1.

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Parameters of ECL measurement

According to whether credit risk has increased significantly and whether the asset has been credit-impaired or not, the Group measures allowance for impairment losses for different assets at an amount equal to 12-month or lifetime ECL. Relevant terms are defined as follows:

- i. Probability of default means the likelihood that the borrower will be unable to meet its debt obligations in the coming 12 months or remaining lifetime;
- ii. Loss given default means the Group's projected level of loss on exposure at the time of default. LGD varies with the type of counterparty, the way and priority of recourse and availability of collateral and other credit enhancements. LGD is the loss expressed as a percentage of total exposure at the time of default, which is measured based on the coming 12 months or lifetime;
- iii. Exposure at default means the total amount of projected exposure of on-balance-sheet and off-balance-sheet items at the time of default. It reflects the total amount of possible losses. EAD generally includes used balance of credit, outstanding interest receivable and expected drawdown of unused credit limit and related possible expenses.

The Group has grouped exposures with similar risk characteristics into different categories to estimate the PD, LGD and EAD separately. The Group has acquired sufficient information to ensure their statistical reliability. The Group regularly monitors and back-tests the model rating outcomes according to actual defaults and losses of customers.

Forward-looking information

The Group uses forward-looking information that is available without undue cost or effort to measure ECL. The Group uses historical data on macroeconomic indicators and systemic factors and establishes the relationship between macroeconomic indicators or systemic factors and actual default rate using statistical methods, so as to adjust the default rate parameters of the expected loss model. The macroeconomic indicators or systemic factors used by the Group include macro indicators such as gross domestic product (GDP), consumer price index (CPI) and producer price index (PPI). According to the predicted values of relevant indicators, the relationship between the macroeconomic indicators or systemic factors and actual default rate is established and different scenario weights are set to adjust the impact on the expected credit losses. The expected credit loss calculation involves forward-looking information.

In 2024, the significant macroeconomic indicators used by the Group in various macroeconomic scenarios included the quarterly year-on-year growth rate of GDP, cumulative year-on-year growth rate of GDP, CPI and PPI. When it comes to the quarterly year-on-year growth rate of GDP, its average forecast was about 4.92% under the baseline scenario at the end of 2024, which is 2.16 percentage points higher than that under the optimistic scenario and 0.52 percentage points lower than the forecast under the pessimistic scenario.

The Group determine economic forecasts and their weights under a variety of scenarios in the light of statistical analysis and expert judgment. The economic scenarios determined include baseline, optimistic and pessimistic scenarios, with stress scenarios also considered. In 2024, the baseline scenarios had the biggest weight, with other scenarios weighing between 26% and 36%. The Group measures the allowance for impairment losses according to the expected credit losses weighted by different scenarios.

The Group conducts sensitivity analysis on the major economic indicators used in the forward-looking information. When the predicted value of a major economic indicator changes by 10%, the expected credit loss changes by no more than 5% of the current expected credit loss measurement.



3.2 Maximum credit risk exposure

Without regard to the available collateral or other credit enhancement measures, the amounts of the maximum credit exposure on the balance sheet date are presented as follows:

	The Group		
	31 December 2024	31 December 2023	
Balances with central banks	165,653	200,303	
Due from banks	21,048	17,758	
Placements with banks and other financial institutions	64,469	50,314	
Derivative financial assets	20,057	3,803	
Financial assets purchased under agreements to resell	31,389	20,157	
Loans and advances to customers	2,313,356	2,256,596	
Held-for-trading financial assets	106,376	91,888	
Debt investments	898,236	986,805	
Other debt investments	308,592	295,408	
Other financial assets	16,092	19,062	
Sub-total	3,945,268	3,942,094	
Off-balance-sheet credit risk exposure	1,051,069	962,523	
Total	4,996,337	4,904,617	

	The Bank			
	31 December 2024	31 December 2023		
Balances with central banks	165,300	200,105		
Due from banks	13,058	17,015		
Placements with banks and other financial institutions	64,469	52,322		
Derivative financial assets	20,057	3,803		
Financial assets purchased under agreements to resell	26,963	18,558		
Loans and advances to customers	2,200,098	2,147,887		
Held-for-trading financial assets	79,983	91,888		
Debt investments	713,686	747,542		
Other debt investments	306,416	293,442		
Other financial assets	5,791	5,191		
Sub-total	3,595,821	3,577,753		
Off-balance-sheet credit risk exposure	1,035,918	955,310		
Total	4,631,739	4,533,063		

The Group will adopt a series of policies and credit enhancement measures to reduce the credit risk exposure to an acceptable level. Among them, common methods include asking the borrower to pay security deposit or providing collateral or warranty. The amount and type of collateral required by the Group depend on the assessment of the credit risk of the counterparty. As for the type and assessment parameters of collateral, the Group has formulated relevant guidelines and it takes the acceptable type and its value as the specific implementation standard.

The types of collateral accepted by the Group are as follows:

- (1) Reverse repurchase transactions: bills, bonds, etc.;
- (2) Corporate loans: house property, land use rights, certificate of deposits and equity, etc.;
- (3) Personal loan: house property and certificate of deposits, etc.

The Management regularly organizes an inspection of the value of collateral and requires the counterparty to increase the collateral if necessary.

3.3 Derivative financial instruments

The credit risk of derivative financial instruments of the Group lies in whether the counterparty is able to make payments timely in line with the contract. As for the evaluation and control standard for credit risk of derivative financial instruments, the Group applied the same risk control standard with the other transactions.

3.4 Off-balance-sheet business risk

The Group includes the off-balance-sheet business with credit risk exposures into unified credit management. As for the offbalance-sheet businesses such as bank acceptance drafts, L/Cs and L/Gs, the Bank requires authentic trading background, charges security deposit in corresponding proportion based on the credit status of customers and business risk level, and requires effective guarantee for the remaining parts. The Group strictly controls financing L/Gs and other high-risk offbalance-sheet businesses.

3.5 Credit quality of financial instruments subject to impairment assessment

Allowances for impairment losses on financial assets measured at fair value through other comprehensive income are not included in book value.

	31 December 2024				
The Group	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Book value
Financial assets measured at amortized cost:					
Balances with central banks	165,653	_	_	-	165,653
Due from banks	21,188	_	5	(145)	21,048
Placements with banks and other financial institutions	64,482	_	30	(43)	64,469
Financial assets purchased under agreements to resell	31,390	_	306	(307)	31,389
Loans and advances to customers measured at amortized cost	2,164,121	85,437	42,926	(61,327)	2,231,157
Debt investments	885,673	3,142	21,147	(11,726)	898,236
Other financial assets	14,555	1,962	1,128	(1,553)	16,092
Sub-total	3,347,062	90,541	65,542	(75,101)	3,428,044
Financial assets measured at fair value through other comprehensive income:					
Loans and advances to customers measured at fair value through other comprehensive income	82,199	_	_	(51)	82,199
Other debt investments	308,561	_	31	(324)	308,592
Sub-total	390,760	_	31	(375)	390,791
Off-balance-sheet items	1,049,657	2,577	531	(1,696)	1,051,069
Total	4,787,479	93,118	66,104	(77,172)	4,869,904



	31 December 2023					
The Group	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Book value	
Financial assets measured at amortized cost:						
Balances with central banks	200,303	-	_	-	200,303	
Due from banks	18,039	_	5	(286)	17,758	
Placements with banks and other financial institutions	50,325	_	30	(41)	50,314	
Financial assets purchased under agreements to resell	20,158	_	306	(307)	20,157	
Loans and advances to customers measured at amortized cost	2,113,877	78,201	42,313	(61,587)	2,172,804	
Debt investments	962,130	13,472	24,107	(12,904)	986,805	
Other financial assets	18,920	1,955	1,031	(2,844)	19,062	
Sub-total	3,383,752	93,628	67,792	(77,969)	3,467,203	
Financial assets measured at fair value through other comprehensive income:						
Loans and advances to customers measured at fair value through other comprehensive income	83,792	_	_	(44)	83,792	
Other debt investments	295,373	-	35	(250)	295,408	
Sub-total	379,165	_	35	(294)	379,200	
Off-balance-sheet items	962,193	1,321	446	(1,437)	962,523	
Total	4,725,110	94,949	68,273	(79,700)	4,808,926	

		31 E	ecember 20)24	
The Bank	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Book value
Financial assets measured at amortized cost:					
Balances with central banks	165,300	_	-	-	165,300
Due from banks	13,198	_	5	(145)	13,058
Placements with banks and other financial institutions	64,482	_	30	(43)	64,469
Financial assets purchased under agreements to resell	26,964	_	306	(307)	26,963
Loans and advances to customers measured at amortized cost	2,056,598	74,867	41,414	(54,980)	2,117,899
Debt investments	701,749	2,240	21,147	(11,450)	713,686
Other financial assets	4,533	1,827	455	(1,024)	5,791
Sub-total	3,032,824	78,934	63,357	(67,949)	3,107,166
Financial assets measured at fair value through other comprehensive income:					
Loans and advances to customers measured at fair value through other comprehensive income	82,199	_	_	(51)	82,199
Other debt investments	306,385	-	31	(324)	306,416
Sub-total	388,584	-	31	(375)	388,615
Off-balance-sheet items	1,034,439	2,577	531	(1,629)	1,035,918
Total	4,455,847	81,511	63,919	(69,953)	4,531,699



	31 December 2023				
The Bank	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Book value
Financial assets measured at amortized cost:					
Balances with central banks	200,105	-	_	-	200,105
Due from banks	17,296	_	5	(286)	17,015
Placements with banks and other financial institutions	52,333	_	30	(41)	52,322
Financial assets purchased under agreements to resell	18,559	_	306	(307)	18,558
Loans and advances to customers measured at amortized cost	2,016,596	62,081	40,397	(54,979)	2,064,095
Debt investments	723,457	12,572	24,107	(12,594)	747,542
Other financial assets	5,202	1,760	949	(2,720)	5,191
Sub-total	3,033,548	76,413	65,794	(70,927)	3,104,828
Financial assets measured at fair value through other comprehensive income:					
Loans and advances to customers measured at fair value through other comprehensive income	83,792	_	_	(44)	83,792
Other debt investments	293,407	_	35	(250)	293,442
Sub-total	377,199	_	35	(294)	377,234
Off-balance-sheet items	954,969	1,321	446	(1,426)	955,310
Total	4,365,716	77,734	66,275	(72,647)	4,437,372

3.6 Loans and advances to customers

(1) The loans and advances to customers are distributed by industry as follows:

		The G	oup	
	31 Decemb	er 2024	31 Decem	ber 2023
Industry	Amount	Percentage (%)	Amount	Percentage (%)
Leasing and commercial services	481,803	20.36	451,697	19.56
Manufacturing	256,067	10.82	234,265	10.14
Water conservancy, environment and public facilities management	135,604	5.73	143,314	6.21
Wholesale and retail	135,387	5.72	136,057	5.89
Real estate	99,208	4.19	96,736	4.19
Construction industry	93,858	3.97	105,762	4.58
Electric power, heat, gas and water production and supply industry	87,989	3.72	68,781	2.98
Transportation, warehousing and post industry	80,987	3.42	65,982	2.86
Financial services	62,999	2.66	55,164	2.39
Mining industry	35,973	1.52	32,390	1.40
Other corporate industries	98,360	4.17	97,778	4.22
Discounted bills	76,055	3.21	96,787	4.19
Personal loans	722,027	30.51	724,870	31.39
Total	2,366,317	100.00	2,309,583	100.00



		The Ba	ank	
	31 Decemb	er 2024	31 December 2023	
Industry	Amount	Percentage (%)	Amount	Percentage (%)
Leasing and commercial services	458,174	20.39	427,704	19.49
Manufacturing	250,878	11.17	227,951	10.39
Wholesale and retail	133,555	5.94	134,605	6.13
Water conservancy, environment and public facilities management	113,946	5.07	111,759	5.09
Real estate	99,171	4.41	96,709	4.41
Construction industry	91,980	4.09	102,567	4.67
Financial services	62,999	2.80	55,164	2.51
Transportation, warehousing and post industry	62,406	2.78	49,154	2.24
Electric power, heat, gas and water production and supply industry	54,686	2.43	46,421	2.12
Mining industry	34,865	1.55	30,656	1.40
Other corporate industries	95,034	4.25	94,708	4.32
Discounted bills	76,055	3.39	96,787	4.41
Personal loans	712,967	31.73	720,086	32.82
Total	2,246,716	100.00	2,194,271	100.00

For breakdown of personal loans, please see Note VIII-6(1).

(2) The loans and advances to customers are distributed by region as follows:

	31 Decem	31 December 2024		nber 2023
Regions	Amount	Percentage (%)	Amount	Percentage (%)
Yangtze River Delta	726,525	30.70	690,854	29.91
Beijing-Tianjin-Hebei Region	529,624	22.38	560,832	24.28
Central and Eastern China	362,562	15.32	354,765	15.36
Western China	308,983	13.06	284,608	12.32
Guangdong-Hong Kong-Macao Greater Bay Area	270,354	11.43	252,791	10.95
Northeastern China	48,668	2.06	50,421	2.19
Subsidiaries	119,601	5.05	115,312	4.99
Total	2,366,317	100.00	2,309,583	100.00

	The Bank				
	31 Deceml	oer 2024	31 Decem	ber 2023	
Regions	Amount	Percentage (%)	Amount	Percentage (%)	
Yangtze River Delta	726,525	32.34	690,854	31.48	
Beijing-Tianjin-Hebei Region	529,624	23.57	560,832	25.56	
Central and Eastern China	362,562	16.14	354,765	16.17	
Western China	308,983	13.75	284,608	12.97	
Guangdong-Hong Kong-Macao Greater Bay Area	270,354	12.03	252,791	11.52	
Northeastern China	48,668	2.17	50,421	2.30	
Total	2,246,716	100.00	2,194,271	100.00	

(3) Unsecured loans

	The	Group	The Bank		
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Unsecured loans	705,291	641,308	678,332	617,386	
Guaranteed loans	708,969	696,231	627,392	612,956	
Collateral loans	952,057	972,044	940,992	963,929	
Of which: Mortgage loans	712,452	713,081	704,547	706,557	
Pledged loans	239,605	258,963	236,445	257,372	
Total	2,366,317	2,309,583	2,246,716	2,194,271	

(4) Overdue loans

	The Group				
		31	December 2	024	
	Overdue for 1 day to 90 days (inclusive)	Overdue for 91 to 360 days (inclusive)	to 3 years	Overdue for more than 3 years	Total
Unsecured loans	4,751	4,921	1,361	553	11,586
Guaranteed loans	3,513	1,745	2,091	1,533	8,882
Mortgage loans	4,921	5,945	6,325	1,018	18,209
Pledged loans	306	582	627	85	1,600
Total	13,491	13,193	10,404	3,189	40,277

	The Group				
	31 December 2023				
	Overdue for 1 day to 90 days (inclusive)	Overdue for 91 to 360 days (inclusive)	to 3 years	Overdue for more than 3 years	Total
Unsecured loans	4,715	5,229	2,112	581	12,637
Guaranteed loans	2,761	4,086	2,554	1,359	10,760
Mortgage loans	4,042	8,950	4,394	1,103	18,489
Pledged loans	501	1,758	1,001	161	3,421
Total	12,019	20,023	10,061	3,204	45,307

	The Bank				
	31 December 2024				
	Overdue for 1 day to 90 days (inclusive)	Overdue for 91 to 360 days (inclusive)	361 days to 3 years	Overdue for more than 3 years	Total
Unsecured loans	4,751	4,921	1,359	553	11,584
Guaranteed loans	2,696	1,356	1,924	1,533	7,509
Mortgage loans	4,043	5,932	6,188	1,014	17,177
Pledged loans	306	467	627	85	1,485
Total	11,796	12,676	10,098	3,185	37,755

	The Bank					
	31 December 2023					
	Overdue for 1 day to 90 days (inclusive)	Overdue for 91 to 360 days (inclusive)	361 days to 3 years	Overdue for more than 3 years	Total	
Unsecured loans	4,713	5,229	1,697	581	12,220	
Guaranteed loans	1,965	3,368	2,554	1,358	9,245	
Mortgage loans	3,833	8,805	4,379	1,103	18,120	
Pledged loans	501	1,758	1,001	161	3,421	
Total	11,012	19,160	9,631	3,203	43,006	

Note: If the principal or interest of any period of a loan is overdue for one day or above, the whole loan shall be classified as an overdue loan.

(5) Credit quality of loans and advances to customers

	The Group 31 December 2024				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Amount at year end
Loans and advances to customers measured at amortized cost					
Corporate loans and advances to customers	1,464,819	67,767	29,505	(38,444)	1,523,647
Personal loans and advances to customers	691,254	17,352	13,421	(22,883)	699,144
Sub-total:	2,156,073	85,119	42,926	(61,327)	2,222,791
Loans and advances to customers measured at fair value through other comprehensive income					
Corporate loans and advances to customers	82,199	-	_	(51)	82,199
Total	2,238,272	85,119	42,926	(61,378)	2,304,990

			The Group		
	31 December 2023				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Amount at year end
Loans and advances to customers measured at amortized cost					
Corporate loans and advances to customers	1,404,917	66,407	29,597	(41,058)	1,459,863
Personal loans and advances to customers	700,667	11,487	12,716	(20,529)	704,341
Sub-total:	2,105,584	77,894	42,313	(61,587)	2,164,204
Loans and advances to customers measured at fair value through other comprehensive income					
Corporate loans and advances to customers	83,792	_	_	(44)	83,792
Total	2,189,376	77,894	42,313	(61,631)	2,247,996



	The Bank 31 December 2024				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Amount at year end
Loans and advances to customers measured at amortized cost					
Corporate loans and advances to customers	1,366,247	57,291	28,012	(32,412)	1,419,138
Personal loans and advances to customers	682,283	17,282	13,402	(22,568)	690,399
Sub-total:	2,048,530	74,573	41,414	(54,980)	2,109,537
Loans and advances to customers measured at fair value through other comprehensive income					
Corporate loans and advances to customers	82,199	-	_	(51)	82,199
Total	2,130,729	74,573	41,414	(55,031)	2,191,736

	The Bank 31 December 2023				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Amount at year end
Loans and advances to customers measured at amortized cost					
Corporate loans and advances to customers	1,312,333	50,354	27,706	(34,559)	1,355,834
Personal loans and advances to customers	695,925	11,470	12,691	(20,420)	699,666
Sub-total:	2,008,258	61,824	40,397	(54,979)	2,055,500
Loans and advances to customers measured at fair value through other comprehensive income					
Corporate loans and advances to customers	83,792	-	_	(44)	83,792
Total	2,092,050	61,824	40,397	(55,023)	2,139,292

Impairment of loans and advances to customers measured at fair value through other comprehensive income does not affect their book value.

Credit-impaired loans and advances to customers

	The Group				
	31 December 2024				
	Corporate loans and advances to customers	Personal loans and advances to customers	Total		
Original value of credit-impaired loans	29,505	13,421	42,926		
Less: Allowance for impairment losses	(17,181)	(11,177)	(28,358)		
Book value	12,324	2,244	14,568		
Collateral value	33,191	10,658	43,849		

	31 December 2023			
	Corporate loans and advances to customers	Personal loans and advances to customers	Total	
Original value of credit-impaired loans	29,597	12,716	42,313	
Less: Allowance for impairment losses	(18,013)	(10,727)	(28,740)	
Book value	11,584	1,989	13,573	
Collateral value	32,252	11,035	43,287	

		The Bank 31 December 2024				
	3					
	Corporate loans and advances to customers	Personal loans and advances to customers	Total			
Original value of credit-impaired loans	28,012	13,402	41,414			
Less: Allowance for impairment losses	(16,133)	(11,166)	(27,299)			
Book value	11,879	2,236	14,115			
Collateral value	32,743	10,612	43,355			

		The Bank	
	લ		
	Corporate loans and advances to customers		Total
Original value of credit-impaired loans	27,706	12,691	40,397
Less: Allowance for impairment losses	(16,444)	(10,712)	(27,156)
Book value	11,262	1,979	13,241
Collateral value	32,008	10,977	42,985

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3.7 Credit quality of debt instruments

		31 December 2024					
	Held-for- trading financial assets	Debt investments	Other debt investments	Total			
Government bonds	21,889	306,400	33,700	361,989			
Bonds of public entities and quasi-governments	4,152	293,846	120,967	418,965			
Bonds of financial institutions	21,050	2,880	95,325	119,255			
Corporate bonds	50,987	159,504	54,753	265,244			
Certificates of deposit with banks and other financial institutions	7,439	_	_	7,439			
Asset management plan of financial institutions	-	90,808	_	90,808			
Debt financing plans	-	15,428	_	15,428			
Beneficiary rights of assets and others	-	28,182	_	28,182			
Sub-total	105,517	897,048	304,745	1,307,310			
Accrued interest	859	12,914	3,847	17,620			
Allowance for impairment losses	_	(11,726)	_	(11,726)			
Total	106,376	898,236	308,592	1,313,204			

	The Group					
	Held-for- trading financial assets	Debt investments	Other debt investments	Total		
Government bonds	79	311,601	39,610	351,290		
Bonds of public entities and quasi-governments	3,189	323,101	102,326	428,616		
Bonds of financial institutions	8,355	12,344	95,656	116,355		
Corporate bonds	51,465	152,315	53,936	257,716		
Certificates of deposit with banks and other financial institutions	28,057	-	_	28,057		
Asset management plan of financial institutions	-	120,141	_	120,141		
Debt financing plans	-	38,073	_	38,073		
Beneficiary rights of assets and others	-	27,307	_	27,307		
Sub-total	91,145	984,882	291,528	1,367,555		
Accrued interest	743	14,827	3,880	19,450		
Allowance for impairment losses	_	(12,904)	_	(12,904)		
Total	91,888	986,805	295,408	1,374,101		

		31 December 2024						
	Held-for- trading financial assets	Debt investments	Other debt investments	Total				
Government bonds	20,122	298,563	32,717	351,402				
Bonds of public entities and quasi-governments	2,917	127,977	119,809	250,703				
Bonds of financial institutions	10,681	1,829	95,325	107,835				
Corporate bonds	40,391	152,959	54,753	248,103				
Certificates of deposit with banks and other financial institutions	5,013	-	_	5,013				
Asset management plan of financial institutions	_	90,808	_	90,808				
Debt financing plans	_	15,428	_	15,428				
Beneficiary rights of assets and others	_	27,452	_	27,452				
Sub-total	79,124	715,016	302,604	1,096,744				
Accrued interest	859	10,120	3,812	14,791				
Allowance for impairment losses	_	(11,450)	_	(11,450)				
Total	79,983	713,686	306,416	1,100,085				

		The	Bank				
		31 December 2023					
	Held-for- trading financial assets	Debt investments	Other debt investments	Total			
Government bonds	79	302,246	37,674	339,999			
Bonds of public entities and quasi-governments	3,189	104,506	102,326	210,021			
Bonds of financial institutions	8,355	12,344	95,656	116,355			
Corporate bonds	51,465	144,812	53,936	250,213			
Certificates of deposit with banks and other financial institutions	28,057	_	_	28,057			
Asset management plan of financial institutions	-	120,141	_	120,141			
Debt financing plans	-	38,073	_	38,073			
Beneficiary rights of assets	-	26,308	_	26,308			
Sub-total	91,145	748,430	289,592	1,129,167			
Accrued interest	743	11,706	3,850	16,299			
Allowance for impairment losses	-	(12,594)	_	(12,594)			
Total	91,888	747,542	293,442	1,132,872			



The debt instruments are classified based on credit ratings of credit rating agencies widely accepted in the market

	The Group 31 December 2024						
	Unrated	AAA	AA	А	Below A	Total	
Government bonds	230,292	128,197	3,500	_	-	361,989	
Bonds of public entities and quasi-governments	413,159	5,806	_	_	_	418,965	
Bonds of financial institutions	21,711	72,870	2,354	15,731	6,589	119,255	
Corporate bonds	178,010	49,097	20,923	5,974	11,240	265,244	
Certificates of deposit with banks and other financial institutions	7,439	_	_	_	_	7,439	
Asset management plan of financial institutions	90,568	90	150	_	_	90,808	
Debt financing plans	15,428	_	_	_	-	15,428	
Beneficiary rights of assets and others	28,182	_	_	_	_	28,182	
Total	984,789	256,060	26,927	21,705	17,829	1,307,310	

	The Group						
	31 December 2023						
	Unrated	AAA	AA	А	Below A	Total	
Government bonds	230,403	120,707	180	-	-	351,290	
Bonds of public entities and quasi-governments	421,191	7,425	_	-	-	428,616	
Bonds of financial institutions	21,821	73,301	228	13,163	7,842	116,355	
Corporate bonds	175,232	42,604	21,900	4,501	13,479	257,716	
Certificates of deposit with banks and other financial institutions	28,057	_	_	_	_	28,057	
Asset management plan of financial institutions	119,901	90	150	_	-	120,141	
Debt financing plans	38,073	_	_	-	-	38,073	
Beneficiary rights of assets and others	27,307	_	_	_	-	27,307	
Total	1,061,985	244,127	22,458	17,664	21,321	1,367,555	

	The Bank 31 December 2024							
	Unrated	AAA	AA	А	Below A	Total		
Government bonds	219,989	127,913	3,500	_	-	351,402		
Bonds of public entities and quasi-governments	244,897	5,806	_	_	_	250,703		
Bonds of financial institutions	10,291	72,870	2,354	15,731	6,589	107,835		
Corporate bonds	160,869	49,097	20,923	5,974	11,240	248,103		
Certificates of deposit with banks and other financial institutions	5,013	_	_	_	_	5,013		
Asset management plan of financial institutions	90,568	90	150	_	-	90,808		
Debt financing plans	15,428	_	_	_	-	15,428		
Beneficiary rights of assets	27,452	_	_	_	_	27,452		
Total	774,507	255,776	26,927	21,705	17,829	1,096,744		

	The Bank 31 December 2023							
	Unrated	AAA	AA	А	Below A	Total		
Government bonds	219,424	120,395	180	-	-	339,999		
Bonds of public entities and quasi-governments	202,596	7,425	_	-	-	210,021		
Bonds of financial institutions	21,821	73,301	228	13,163	7,842	116,355		
Corporate bonds	167,729	42,604	21,900	4,501	13,479	250,213		
Certificates of deposit with banks and other financial institutions	28,057	_	_	_	_	28,057		
Asset management plan of financial institutions	119,901	90	150	-	-	120,141		
Debt financing plans	38,073	_	_	-	-	38,073		
Beneficiary rights of assets	26,308	_	_	_	_	26,308		
Total	823,909	243,815	22,458	17,664	21,321	1,129,167		



4. Liquidity risk

Liquidity risk is the risk that funds will not be available to make repayments when liabilities fall due. Liquidity risk may be resulted from mismatch of cash flows or terms between assets and liabilities.

The Bank has established the Asset & Liabilities Management Committee which is responsible for formulation, organization and implementation of the administrative policies on liquidity risk, established multi-channel financing mechanism, and designed a series of daily liquidity monitoring indicator systems complying with the actuality of the Bank based on the applicability principle, in accordance with the indicator system on liquidity risk monitoring of regulatory authorities. Meanwhile, taking into account both the economic efficiency and liquidity, the Bank held some government bonds and central bank bills in the assets portfolio, which could not only achieve stable investment income, but also be sold off or repurchased in the secondary market at any time to fulfill the liquidity requirements.

4.1 Liquidity analysis

(1) Maturity analysis

The table below analyzes the carrying amount of financial assets and liabilities during the residual maturity from the end of reporting period to expiry date of contract:

	The Group 31 December 2024								
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total	
Financial assets									
Cash on hand and balances with central banks	122,457	45,242	-	-	_	-	-	167,699	
Due from banks	-	21,018	_	30	-	-	-	21,048	
Placements with banks and other financial institutions	-	-	6,519	12,635	26,489	18,826	-	64,469	
Derivative financial assets	-	-	3,639	3,488	11,788	1,142	_	20,057	
Financial assets purchased under agreements to resell	-	-	29,966	1,423	-	-	-	31,389	
Loans and advances to customers	15,835	-	204,212	174,714	736,123	739,325	443,147	2,313,356	
Held-for-trading financial assets	1,066	302,007	7,113	2,678	20,653	59,697	44,780	437,994	
Debt investments	6,365	-	19,470	44,142	140,440	399,262	288,557	898,236	
Other debt investments	31	-	4,892	12,926	48,082	156,712	85,949	308,592	
Other equity instrument investments	6,233	-	_	-	-	-	_	6,233	
Other financial assets	1,651	7,107	699	335	3,269	3,031	-	16,092	
Total financial assets	153,638	375,374	276,510	252,371	986,844	1,377,995	862,433	4,285,165	

				The G	Group			
				31 Decem	nber 2024			
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	-	-	10,244	33,702	127,641	-	-	171,587
Due to banks and other financial institutions	-	47,828	111,919	223,415	187,295	_	_	570,457
Placements from banks and other financial institutions	-	-	53,414	59,836	107,198	12,326	-	232,774
Derivative financial liabilities	-	-	3,351	3,953	11,292	1,257	1	19,854
Financial assets sold under agreements to repurchase	-	_	117,752	35,559	2,103	_	_	155,414
Deposits taken	-	824,114	134,703	252,478	547,093	425,749	-	2,184,137
Lease liabilities	-	-	191	218	969	3,146	722	5,246
Debt obligations payable	-	_	26,794	106,712	308,483	165,000	30,000	636,989
Other financial liabilities	-	15,303	1,025	294	730	3,212	1,845	22,409
Total financial liabilities	-	887,245	459,393	716,167	1,292,804	610,690	32,568	3,998,867
Net position	153,638	(511,871)	(182,883)	(463,796)	(305,960)	767,305	829,865	286,298

				The G	aroup			
				31 Decem	ber 2023			
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	141,849	60,585	-	-	_	_	_	202,434
Due from banks	-	17,610	-	-	148	-	-	17,758
Placements with banks and other financial institutions	-	-	7,826	15,385	17,807	9,296	_	50,314
Derivative financial assets	-	-	1,117	1,226	1,059	401	-	3,803
Financial assets purchased under agreements to resell	-	-	15,476	4,503	178	-	-	20,157
Loans and advances to customers	18,171	-	222,334	168,248	721,581	720,795	405,467	2,256,596
Held-for-trading financial assets	1,379	221,247	4,402	5,022	53,078	22,958	8,500	316,586
Debt investments	7,760	_	19,543	30,865	147,837	442,553	338,247	986,805
Other debt investments	-	_	2,301	7,434	36,382	173,084	76,207	295,408
Other equity instrument investments	6,489	_	-	-	-	-	-	6,489
Other financial assets	2,555	9,704	-	-	-	6,803	-	19,062
Total financial assets	178,203	309,146	272,999	232,683	978,070	1,375,890	828,421	4,175,412



				The G	aroup			
				31 Decem	ber 2023			
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	-	-	10,267	26,921	116,373	-	-	153,561
Due to banks and other financial institutions	-	82,844	82,376	150,346	260,825	_	-	576,391
Placements from banks and other financial institutions	-	-	50,730	48,436	100,330	5,540	-	205,036
Derivative financial liabilities	-	-	855	1,348	1,140	557	-	3,900
Financial assets sold under agreements to repurchase	-	_	201,891	642	294	_	_	202,827
Deposits taken	-	947,227	197,817	170,308	457,721	392,808	-	2,165,881
Lease liabilities	-	_	195	223	1,040	3,303	866	5,627
Debt obligations payable	-	_	10,935	123,311	264,835	163,234	30,328	592,643
Other financial liabilities	-	6,589	1,125	326	808	3,597	2,054	14,499
Total financial liabilities	-	1,036,660	556,191	521,861	1,203,366	569,039	33,248	3,920,365
Net position	178,203	(727,514)	(283,192)	(289,178)	(225,296)	806,851	795,173	255,047

				The E	Bank			
				31 Decem	ber 2024			
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	122,160	45,182	_	_	-	-	-	167,342
Due from banks	-	13,058	-	-	-	-	-	13,058
Placements with banks and other financial institutions	-	-	6,519	12,635	26,489	18,826	_	64,469
Derivative financial assets	-	-	3,639	3,488	11,788	1,142	-	20,057
Financial assets purchased under agreements to resell	-	-	25,540	1,423	-	-	-	26,963
Loans and advances to customers	14,560	-	204,124	174,361	730,098	682,666	394,289	2,200,098
Held-for-trading financial assets	1,066	300,172	7,060	2,268	13,672	51,061	178,670	553,969
Debt investments	6,365	-	18,369	43,182	138,042	383,494	124,234	713,686
Other debt investments	31	-	4,888	12,913	47,931	155,026	85,627	306,416
Other equity instrument investments	5,786	-	-	_	-	-	_	5,786
Other financial assets	1,258	3,483	-	_	-	1,050	_	5,791
Total financial assets	151,226	361,895	270,139	250,270	968,020	1,293,265	782,820	4,077,635

				The I	Bank			
				31 Decem	ber 2024			
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	-	-	10,244	33,702	127,641	-	-	171,587
Due to banks and other financial institutions	-	49,584	111,949	223,415	187,295	_	_	572,243
Placements from banks and other financial institutions	-	-	36,859	29,937	6,349	-	-	73,145
Derivative financial liabilities	-	_	3,351	3,953	11,292	1,257	1	19,854
Financial assets sold under agreements to repurchase	_	_	46,953	35,559	2,002	_	_	84,514
Deposits taken	-	823,536	134,616	252,301	546,471	425,144	-	2,182,068
Lease liabilities	-	_	186	211	929	3,104	703	5,133
Debt obligations payable	-	_	26,794	106,672	308,453	161,000	30,000	632,919
Other financial liabilities	_	14,827	992	152	396	36	571	16,974
Total financial liabilities	-	887,947	371,944	685,902	1,190,828	590,541	31,275	3,758,437
Net position	151,226	(526,052)	(101,805)	(435,632)	(222,808)	702,724	751,545	319,198

				The E 31 Decem				
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	141,764	60,466	-	-	-	_	_	202,230
Due from banks	-	16,995	-	20	_	-	-	17,015
Placements with banks and other financial institutions	_	_	9,834	15,385	17,807	9,296	_	52,322
Derivative financial assets	-	-	1,117	1,226	1,059	401	-	3,803
Financial assets purchased under agreements to resell	_	_	13,877	4,503	178	_	_	18,558
Loans and advances to customers	17,511	-	222,055	167,573	717,717	658,099	364,932	2,147,887
Held-for-trading financial assets	1,379	219,680	4,402	5,022	53,078	31,649	141,387	456,597
Debt investments	7,760	_	18,412	30,762	147,032	430,880	112,696	747,542
Other debt investments	-	-	2,297	7,424	36,325	171,546	75,850	293,442
Other equity instrument investments	6,081	_	-	-	_	_	_	6,081
Other financial assets	2,328	1,884	-	-	-	979	-	5,191
Total financial assets	176,823	299,025	271,994	231,915	973,196	1,302,850	694,865	3,950,668



				The	Bank			
				31 Decem	nber 2023			
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	-	-	10,267	26,921	116,373	-	-	153,561
Due to banks and other financial institutions	_	83,177	82,376	150,346	260,825	_	_	576,724
Placements from banks and other financial institutions	-	-	36,914	17,842	10,449	-	-	65,205
Derivative financial liabilities	-	-	855	1,348	1,140	557	-	3,900
Financial assets sold under agreements to repurchase	_	_	108,784	642	294	_	_	109,720
Deposits taken	-	946,703	197,628	170,172	457,367	392,222	_	2,164,092
Lease liabilities	-	-	190	217	1,000	3,224	840	5,471
Debt obligations payable	-	-	8,891	123,311	262,769	163,234	30,328	588,533
Other financial liabilities	-	6,059	1,088	167	435	40	626	8,415
Total financial liabilities	-	1,035,939	446,993	490,966	1,110,652	559,277	31,794	3,675,621
Net position	176,823	(736,914)	(174,999)	(259,051)	(137,456)	743,573	663,071	275,047
Net position	176,823	(736,914)	(174,999)	(259,051)	(137,456)	743,573	663,071	

(2) Undiscounted contract cash flows classified by expiry date of contract

The table below presents the undiscounted cash flows of financial assets and liabilities during the residual maturity from the end of reporting period to expiry date of the contract:

				The (31 Decen	Group nber 2024			
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	122,457	45,242	_	656	1,983	-	-	170,338
Due from banks	-	21,020	-	30	-	-	-	21,050
Placements with banks and other financial institutions	-	_	6,660	12,912	27,211	19,183	_	65,966
Financial assets purchased under agreements to resell	-	_	29,970	1,426	-	-	-	31,396
Loans and advances to customers	15,950	_	211,603	186,968	782,150	864,764	547,835	2,609,270
Held-for-trading financial assets	1,066	302,007	7,153	2,813	22,229	64,663	46,655	446,586
Debt investments	6,365	-	19,581	45,759	154,852	460,909	333,619	1,021,085
Other debt investments	31	_	4,936	13,278	52,950	174,593	98,402	344,190
Other equity instrument investments	6,233	-	-	_	-	-	-	6,233
Other financial assets	1,651	7,107	755	341	3,491	3,191	-	16,536
Total financial assets	153,753	375,376	280,658	264,183	1,044,866	1,587,303	1,026,511	4,732,650

				The C 31 Decem				
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	-	-	10,254	33,863	129,725	-	_	173,842
Due to banks and other financial institutions	_	48,151	112,657	224,529	187,991	_	_	573,328
Placements from banks and other financial institutions	-	-	53,500	60,162	108,858	12,649	_	235,169
Financial assets sold under agreements to repurchase	_	_	117,756	35,704	2,122	_	_	155,582
Deposits taken	-	824,113	138,035	259,118	563,436	465,009	_	2,249,711
Lease liabilities	-	_	206	234	1,038	3,441	829	5,748
Debt obligations payable	-	_	26,820	107,473	314,665	173,960	32,790	655,708
Other financial liabilities	_	15,303	1,025	294	730	3,212	1,845	22,409
Total financial liabilities	-	887,567	460,253	721,377	1,308,565	658,271	35,464	4,071,497
Net position	153,753	(512,191)	(179,595)	(457,194)	(263,699)	929,032	991,047	661,153
Derivative financial instruments settled on a net basis	_	_	247	(58)	345	(137)	(1)	396
Derivative financial instruments settled on a gross basis								
Of which: Cash inflows	-	-	38,631	74,292	109,687	2,865	-	225,475
Cash outflows	-	-	(38,590)	(74,699)	(109,536)	(2,843)	-	(225,668)

					Group nber 2023			
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	141,849	60,585	_	799	2,417	_	_	205,650
Due from banks	-	17,610	-	-	152	-	-	17,762
Placements with banks and other financial institutions	-	-	7,900	15,673	18,347	9,439	-	51,359
Financial assets purchased under agreements to resell	_	_	15,477	4,523	180	_	_	20,180
Loans and advances to customers	18,228	_	230,244	180,925	769,783	848,240	505,347	2,552,767
Held-for-trading financial assets	1,379	221,247	4,420	5,099	54,534	24,857	8,813	320,349
Debt investments	7,760	-	20,598	36,276	170,301	512,751	387,629	1,135,315
Other debt investments	-	_	2,356	8,506	40,291	192,912	86,415	330,480
Other equity instrument investments	6,489	-	-	-	_	-	-	6,489
Other financial assets	2,555	9,705	_	1	41	7,195	-	19,497
Total financial assets	178,260	309,147	280,995	251,802	1,056,046	1,595,394	988,204	4,659,848

				The G 31 Decem				
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	-	-	10,279	27,039	118,714	-	-	156,032
Due to banks and other financial institutions	-	83,297	83,357	151,889	262,708	_	_	581,251
Placements from banks and other financial institutions	-	-	50,828	48,759	102,096	5,758	-	207,441
Financial assets sold under agreements to repurchase	_	-	201,910	647	296	_	-	202,853
Deposits taken	-	947,227	201,786	174,967	474,588	431,207	_	2,229,775
Lease liabilities	-	_	210	239	1,116	3,631	998	6,194
Debt obligations payable	-	_	10,942	124,295	271,053	163,234	30,328	599,852
Other financial liabilities	-	6,589	1,125	326	808	3,597	2,054	14,499
Total financial liabilities	-	1,037,113	560,437	528,161	1,231,379	607,427	33,380	3,997,897
Net position	178,260	(727,966)	(279,442)	(276,359)	(175,333)	987,967	954,824	661,951
Derivative financial instruments settled on a net basis	-	_	97	(235)	(50)	(154)	-	(342)
Derivative financial instruments settled on a gross basis								
Of which: Cash inflows	-	-	115,593	138,048	153,339	2,468	-	409,448
Cash outflows	-	-	(115,428)	(137,935)	(153,370)	(2,470)	_	(409,203)

			The	Bank			
			31 Decen	nber 2024			
Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
122,160	45,182	-	654	1,979	_	_	169,975
-	13,060	-	-	-	-	-	13,060
-	_	6,660	12,912	27,211	19,183	_	65,966
_	_	25,543	1,426	_	_	_	26,969
14,673	_	211,505	186,598	776,076	808,043	498,935	2,495,830
1,066	300,172	7,072	2,319	14,720	54,800	180,272	560,421
6,365	-	18,468	44,612	149,364	421,630	157,310	797,749
31	-	4,932	13,263	52,774	172,772	98,054	341,826
5,786	-	_	_	_	-	_	5,786
1,258	3,483	_	-	-	1,050	-	5,791
151,339	361,897	274,180	261,784	1,022,124	1,477,478	934,571	4,483,373
	unlimited duration 122,160 - - - - - - - - - - - - - - - - - - -	unlimited duration Repayment on demand 122,160 45,182 122,160 45,182 122,160 13,060 - 13,060 - 13,060 - 13,060 - - - - - - 14,673 - 1,066 300,172 6,365 - 31 - 5,786 - 1,258 3,483	unlimited on demand than 1 month duration on demand 1 month 122,160 45,182 - 122,160 45,182 - 122,160 45,182 - 122,160 45,182 - 122,160 13,060 - 1 3,060 - - - 6,660 - - 25,543 14,673 - 211,505 1,066 300,172 7,072 6,365 - 18,468 31 - 4,932 5,786 - - 1,258 3,483 -	Overdue/ unlimited Repayment on demand No more than 1 - 3 months 122,100 45,182 - 654 122,100 45,182 - 654 13,060 - - - - 13,060 - - - 5,060 12,912 - - - 6,660 12,912 - - 25,543 1,426 14,673 - 21,505 186,598 1,066 300,172 7,072 2,319 6,635 - 13,263 3,433 - 5,786 - - - - 1,258 3,483 - - -	unlimited durationRepayment on demandthan 1 month1 – 3 months3 – 12 months122,16045,182-6541,979-13,06013,0606,66012,91227,21125,5431,426-14,673-211,505186,598776,0761,066300,1727,0722,31914,7206,365-18,46844,612149,36431-4,93213,26352,7745,7861,2583,483	S1 December 2024Overdue/ unlimitedRepaymentNo more than1 - 3 months3 - 12 months1 - 5 years122,16045,182-6541,979-122,16045,182-6541,979-13,06013,06012,91227,21119,1836,66012,91227,21119,18325,5431,42614,673-211,505186,598776,076808,0431,066300,1727,0722,31914,72054,8001,066300,1727,0722,31914,72054,8003,13-18,46844,612149,364421,6303,1435,7861,2583,483	Overdue ourianited our demandNo more than 1 month1-3 nonths3-12 months1-5 yearsOver 5 years122,16045,182-6641,979122,16045,182-6641,979122,16045,182-6641,979122,16045,182-6641,979122,16045,182-6641,979122,16045,182-6641,979122,16045,182-66412,91227,21119,183-14,673-25,5431,42627,21119,18314,673-21,505186,598776,076808,043498,935498,93514,674300,1727,0722,31914,72054,800180,27214,675-13,68044,612149,364421,630157,71615,7861,2583,483

	The Bank 31 December 2024								
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total	
Financial liabilities									
Due to central banks	-	-	10,254	33,863	129,725	-	-	173,842	
Due to banks and other financial institutions	_	49,907	112,687	224,529	187,991	_	-	575,114	
Placements from banks and other financial institutions	-	-	36,906	30,119	6,426	_	_	73,451	
Financial assets sold under agreements to repurchase	_	_	46,957	35,704	2,020	_	_	84,681	
Deposits taken	-	823,535	137,941	258,928	562,781	464,325	_	2,247,510	
Lease liabilities	-	_	201	227	996	3,395	805	5,624	
Debt obligations payable	-	_	26,820	107,424	314,621	169,775	32,790	651,430	
Other financial liabilities	-	14,827	992	152	396	36	571	16,974	
Total financial liabilities	-	888,269	372,758	690,946	1,204,956	637,531	34,166	3,828,626	
Net position	151,339	(526,372)	(98,578)	(429,162)	(182,832)	839,947	900,405	654,747	
Derivative financial instruments settled on a net basis	_	_	247	(58)	345	(137)	(1)	396	
Derivative financial instruments settled on a gross basis									
Of which: Cash inflows	-	-	38,631	74,292	109,687	2,865	-	225,475	
Cash outflows	-	-	(38,590)	(74,699)	(109,536)	(2,843)	-	(225,668)	

 Repayment on demand 60,466 17,002 	No more than 1 month -	31 Decer 1 – 3 months 799 20	nber 2023 3 – 12 months 2,416	1 – 5 years	Over 5 years	Total 205,445
Repayment on demand	than	months 799	months			
	-		2,416	-	_	205,445
	-		2,416	_	-	205,445
- 17,002	-	20				
			-	-	-	17,022
	9,913	15,673	18,347	9,439	-	53,372
	13,878	4,523	180	_	_	18,581
	229,955	180,233	765,869	785,486	464,775	2,443,885
219,680	4,420	5,099	54,534	33,549	141,698	460,359
) –	19,041	34,836	163,547	471,118	141,501	837,803
	2,352	8,494	40,209	191,203	86,031	328,289
-	_	-	-	-	-	6,081
3 1,884	-	-	-	979	-	5,191
299,032	279,559	249,677	1,045,102	1,491,774	834,005	4,376,028
	 7 - 9 219,680 0 - 1 - 3 1,884	9,913 13,878 7 - 229,955 9 219,680 4,420 0 - 19,041 2,352 1 3 1,884 -	9,913 15,673 13,878 4,523 7 - 229,955 180,233 9 219,680 4,420 5,099 0 - 19,041 34,836 - 2,352 8,494 1 3 1,884	- - 9,913 15,673 18,347 - - 13,878 4,523 180 7 - 229,955 180,233 765,869 9 219,680 4,420 5,099 54,534 0 - 19,041 34,836 163,547 - 2,352 8,494 40,209 1 - - - 3 1,884 - - -	- - 9,913 15,673 18,347 9,439 - - 13,878 4,523 180 - 7 - 229,955 180,233 765,869 785,486 9 219,680 4,420 5,099 54,534 33,549 0 - 19,041 34,836 163,547 471,118 - - 2,352 8,494 40,209 191,203 1 - - - - - 3 1,884 - - 979	- - 9,913 15,673 18,347 9,439 - - - 13,878 4,523 180 - - 7 - 229,955 180,233 765,869 785,486 464,775 9 219,680 4,420 5,099 54,534 33,549 141,698 0 - 19,041 34,836 163,547 471,118 141,501 - - 2,352 8,494 40,209 191,203 86,031 1 - - - - - - 3 1,884 - - - 979 -

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	The Bank 31 December 2023									
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total		
Financial liabilities										
Due to central banks	-	-	10,279	27,039	118,714	_	-	156,032		
Due to banks and other financial institutions	-	83,631	83,357	151,889	262,707	_	_	581,584		
Placements from banks and other financial institutions	-	-	36,980	18,003	10,668	_	-	65,651		
Financial assets sold under agreements to repurchase	_	_	108,803	647	296	_	_	109,746		
Deposits taken	-	946,703	201,590	174,823	474,204	430,553	-	2,227,873		
Lease liabilities	-	-	204	233	1,073	3,545	968	6,023		
Debt obligations payable	-	_	8,898	124,295	268,986	163,234	30,328	595,741		
Other financial liabilities	-	6,059	1,088	167	435	40	626	8,415		
Total financial liabilities	-	1,036,393	451,199	497,096	1,137,083	597,372	31,922	3,751,065		
Net position	176,879	(737,361)	(171,640)	(247,419)	(91,981)	894,402	802,083	624,963		
Derivative financial instruments settled on a net basis	-	_	97	(235)	(50)	(154)	-	(342)		
Derivative financial instruments settled on a gross basis										
Of which: Cash inflows	-	-	115,593	138,048	153,339	2,468	-	409,448		
Cash outflows	-	-	(115,428)	(137,935)	(153,370)	(2,470)	-	(409,203)		

4.2 Off-balance-sheet items

Off-balance-sheet items of the Group mainly include bank acceptance drafts, letter of credit issued, letter of guarantee issued, irrevocable loan commitments and unused credit card limit. Amounts of off-balance-sheet items are presented in the table below by residual maturity of contract:

	The Group					
	31 December 2024					
	No more than 1 year	1 – 5 years	Over 5 years	Total		
Bank acceptance drafts	478,418	_	_	478,418		
L/Cs issued	148,932	565	_	149,497		
L/Gs and other payment commitments issued	28,947	15,892	200	45,039		
Irrevocable loan commitments	23,624	10,972	3,394	37,990		
Unused credit card limit	341,821	_	_	341,821		
Total	1,021,742	27,429	3,594	1,052,765		

	The Group					
	31 December 2023					
	No more than 1 year	1 – 5 years	Over 5 years	Total		
Bank acceptance drafts	420,564	_	_	420,564		
L/Cs issued	149,197	227	_	149,424		
L/Gs and other payment commitments issued	15,426	13,564	183	29,173		
Irrevocable loan commitments	11,318	9,040	1,069	21,427		
Unused credit card limit	343,372	_	_	343,372		
Total	939,877	22,831	1,252	963,960		



	The Bank					
		31 Decembe	er 2024			
	No more than 1 year	1 – 5 years	Over 5 years	Total		
Bank acceptance drafts	478,427	_	_	478,427		
L/Cs issued	148,932	565	_	149,497		
L/Gs and other payment commitments issued	28,947	15,892	200	45,039		
Irrevocable loan commitments	8,397	10,972	3,394	22,763		
Unused credit card limit	341,821	_	_	341,821		
Total	1,006,524	27,429	3,594	1,037,547		

	31 December 2023				
	No more than 1 year	1 – 5 years	Over 5 years	Total	
Bank acceptance drafts	420,672	_	_	420,672	
L/Cs issued	149,197	227	_	149,424	
L/Gs and other payment commitments issued	15,426	13,564	183	29,173	
Irrevocable loan commitments	3,986	9,040	1,069	14,095	
Unused credit card limit	343,372	_	_	343,372	
Total	932,653	22,831	1,252	956,736	

5. Market risk

Market risk means the possibility of loss to the Group's on- and off-balance-sheet businesses that results from changes in the market prices (including exchange rate, interest rate, commodity price and stock price). Market risk of the Group mainly consists of exchange rate risk and interest rate risk. Exchange rate risk of the Group mainly refers to risk of loss caused by exchange rate fluctuation in exposure of assets and liabilities denominated in foreign currency. Interest rate risk mainly refers to risk of loss caused by interest rate fluctuation arising from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities.

5.1 Exchange rate risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and other currencies. Transactions in foreign currencies mainly include the Group's treasury operation exposure and foreign exchange business.

As for the business varieties involving exchange rate risk, the Group strictly manages various links of development, launching and operation, and formulates necessary risk control system in terms of business authorization, exposure limits and process monitoring. The Bank divides its foreign exchange trading businesses between banking book and trading book and the foreign exchange exposure of the whole bank is managed by the Head Office in a unified manner.

At the end of the reporting period, exchange rate risk of financial assets and financial liabilities is as follows:

		The Group 31 December 2024			
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash on hand and balances with central banks	165,995	1,635	29	40	167,699
Due from banks	12,161	5,542	573	2,772	21,048
Placements with banks and other financial institutions	59,206	4,763	_	500	64,469
Derivative financial assets	1,097	18,418	98	444	20,057
Financial assets purchased under agreements to resell	31,389	-	_	_	31,389
Loans and advances to customers	2,244,207	36,765	23,682	8,702	2,313,356
Held-for-trading financial assets	427,408	10,586	_	_	437,994
Debt investments	869,613	24,997	_	3,626	898,236
Other debt investments	260,232	41,461	4,718	2,181	308,592
Other equity instrument investments	6,210	18	5	_	6,233
Other financial assets	14,430	1,451	194	17	16,092
Total financial assets	4,091,948	145,636	29,299	18,282	4,285,165



The Group

31 December 2024

	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Due to central banks	171,587	-	_	_	171,587
Due to banks and other financial institutions	564,051	6,347	_	59	570,457
Placements from banks and other financial institutions	170,586	50,992	9,159	2,037	232,774
Derivative financial liabilities	1,137	17,873	103	741	19,854
Financial assets sold under agreements to repurchase	151,149	4,265	_	_	155,414
Deposits taken	2,090,896	70,740	10,096	12,405	2,184,137
Lease liabilities	5,238	_	8	_	5,246
Debt obligations payable	635,049	_	_	1,940	636,989
Other financial liabilities	21,575	772	48	14	22,409
Total financial liabilities	3,811,268	150,989	19,414	17,196	3,998,867
Net exposure	280,680	(5,353)	9,885	1,086	286,298

			The Group		
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash on hand and balances with central banks	195,342	7,037	25	30	202,434
Due from banks	5,601	7,518	168	4,471	17,758
Placements with banks and other financial institutions	46,415	3,899	-	-	50,314
Derivative financial assets	347	3,232	76	148	3,803
Financial assets purchased under agreements to resell	20,157	_	_	-	20,157
Loans and advances to customers	2,202,977	30,360	18,501	4,758	2,256,596
Held-for-trading financial assets	311,398	5,184	_	4	316,586
Debt investments	949,348	33,597	-	3,860	986,805
Other debt investments	252,549	36,789	3,695	2,375	295,408
Other equity instrument investments	6,469	15	5	_	6,489
Other financial assets	15,340	2,848	195	679	19,062
Total financial assets	4,005,943	130,479	22,665	16,325	4,175,412

The Group

31 December 2023

	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Due to central banks	153,561	-	_	_	153,561
Due to banks and other financial institutions	573,930	1,271	_	1,190	576,391
Placements from banks and other financial institutions	139,268	53,072	9,810	2,886	205,036
Derivative financial liabilities	360	3,303	57	180	3,900
Financial assets sold under agreements to repurchase	199,496	3,331	_	_	202,827
Deposits taken	2,075,898	70,181	2,868	16,934	2,165,881
Lease liabilities	5,586	_	40	1	5,627
Debt obligations payable	589,419	2,781	_	443	592,643
Other financial liabilities	13,296	736	459	8	14,499
Total financial liabilities	3,750,814	134,675	13,234	21,642	3,920,365
Net exposure	255,129	(4,196)	9,431	(5,317)	255,047

			The Bank			
		31 December 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total	
Cash on hand and balances with central banks	165,638	1,635	29	40	167,342	
Due from banks	5,724	3,989	573	2,772	13,058	
Placements with banks and other financial institutions	59,206	4,763	_	500	64,469	
Derivative financial assets	1,097	18,418	98	444	20,057	
Financial assets purchased under agreements to resell	26,963	_	_	_	26,963	
Loans and advances to customers	2,134,333	33,381	23,682	8,702	2,200,098	
Held-for-trading financial assets	543,383	10,586	-	_	553,969	
Debt investments	685,063	24,997	-	3,626	713,686	
Other debt investments	258,056	41,461	4,718	2,181	306,416	
Other equity instrument investments	5,763	18	5	_	5,786	
Other financial assets	4,167	1,413	194	17	5,791	
Total financial assets	3,889,393	140,661	29,299	18,282	4,077,635	



The Bank

31 December 2024

	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Due to central banks	171,587	_	_	_	171,587
Due to banks and other financial institutions	565,837	6,347	_	59	572,243
Placements from banks and other financial institutions	19,756	42,193	9,159	2,037	73,145
Derivative financial liabilities	1,137	17,873	103	741	19,854
Financial assets sold under agreements to repurchase	80,249	4,265	_	_	84,514
Deposits taken	2,092,912	70,740	10,096	8,320	2,182,068
Lease liabilities	5,125	_	8	_	5,133
Debt obligations payable	630,979	-	_	1,940	632,919
Other financial liabilities	16,441	471	48	14	16,974
Total financial liabilities	3,584,023	141,889	19,414	13,111	3,758,437
Net exposure	305,370	(1,228)	9,885	5,171	319,198

			The Bank		
	31 December 2023				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash on hand and balances with central banks	195,137	7,037	25	31	202,230
Due from banks	5,099	7,297	168	4,451	17,015
Placements with banks and other financial institutions	48,423	3,899	_	_	52,322
Derivative financial assets	347	3,232	76	148	3,803
Financial assets purchased under agreements to resell	18,558	-	_	_	18,558
Loans and advances to customers	2,095,312	29,316	18,501	4,758	2,147,887
Held-for-trading financial assets	451,409	5,184	-	4	456,597
Debt investments	710,085	33,597	-	3,860	747,542
Other debt investments	250,582	36,789	3,695	2,376	293,442
Other equity instrument investments	6,061	15	5	_	6,081
Other financial assets	3,633	1,145	195	218	5,191
Total financial assets	3,784,646	127,511	22,665	15,846	3,950,668

The Bank

31 December 2023

	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Due to central banks	153,561	_	_	_	153,561
Due to banks and other financial institutions	573,910	1,271	_	1,543	576,724
Placements from banks and other financial institutions	3,669	48,840	9,810	2,886	65,205
Derivative financial liabilities	360	3,303	57	180	3,900
Financial assets sold under agreements to repurchase	106,389	3,331	_	_	109,720
Deposits taken	2,077,727	70,181	2,868	13,316	2,164,092
Lease liabilities	5,430	_	40	1	5,471
Debt obligations payable	585,308	2,781	_	444	588,533
Other financial liabilities	7,346	602	459	8	8,415
Total financial liabilities	3,513,700	130,309	13,234	18,378	3,675,621
Net exposure	270,946	(2,798)	9,431	(2,532)	275,047
	, , ,	,		,	, ,

The potential impact on pre-tax profit and shareholders' equity is presented below, in the case that the spot and forward exchange rates of RMB against all foreign currencies appreciate or depreciate by 5% at the same time.

		The Group and the Bank				
	31 Decer	31 December 2024		nber 2023		
	Pre-tax profit	Shareholders' equity	Pre-tax profit	Shareholders' equity		
Appreciation by 5%	(280)	(281)	893	892		
Depreciation by 5%	280	281	(893)	(892)		

Impact on pre-tax profit arises from impact of RMB exchange rate fluctuation on net exposure of monetary assets and liabilities and monetary derivative instruments denominated in foreign currency.

The impact on pre-tax profit is determined based on the assumption that the Group's exchange rate sensitive position and net position of monetary derivative instruments remain unchanged on balance sheet dates. The Group actively adjusts foreign currency exposure and applies proper derivative instruments to reduce the foreign exchange risk, based on the Management's judgment on the exchange rate fluctuation trend. Therefore, the sensitivity analysis above may deviate from the actualities to some extent.

5.2 Interest rate risk

Interest rate risk is defined as the risk of loss in the overall gain and economic value arising from adverse movements in interest rate and term structure. Interest rate risks are divided into interest rate risk in the trading book and interest rate risk in the banking book.

Interest rate risk in the trading book

During the reporting period, the Group controlled the interest rate risk in the trading book by setting limits on exposure, stoploss, interest rate sensitivity and value at risk (VaR), strengthening market assessment and mark-to-market management, conducting stress tests in a timely manner and flexibly adjusting durations. During the reporting period, all the indicators fell within the market risk appetite and limit and the interest rate risk in the trading book remained under control.



Interest rate risk in the banking book (IRRBB)

During the reporting period, the Group implemented a prudent IRRBB appetite and risk management strategy. The Group controlled the IRRBB by closely monitoring the movements in domestic and foreign policies and interest rates and making well-timed improvements in the structure of assets and liabilities through gap analysis, sensitivity analysis and stress testing and other methods in coordination with the internal fund transfer pricing (FTP) policy. During the reporting period, the Group maintained stability in all monitoring indicators and the IRRBB was basically kept under control.

At the end of reporting periods, the expiry date of contract or repricing date (whichever is earlier) of financial assets and financial liabilities is as follows:

				The Group			
			31	December 2024	ļ		
	Within 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Overdue/ non-interest generating	Total
Cash on hand and balances with central banks	162,424	-	-	-	-	5,275	167,699
Due from banks	19,797	30	-	_	-	1,221	21,048
Placements with banks and other financial institutions	6,478	12,597	26,490	18,826	-	78	64,469
Derivative financial assets	-	-	-	_	-	20,057	20,057
Financial assets purchased under agreements to resell	29,951	1,419	-	-	-	19	31,389
Loans and advances to customers	701,343	388,629	884,998	245,419	68,766	24,201	2,313,356
Held-for-trading financial assets	303,555	2,429	20,262	59,696	44,780	7,272	437,994
Debt investments	17,576	39,676	133,912	399,236	288,557	19,279	898,236
Other debt investments	10,642	17,021	48,247	143,162	85,642	3,878	308,592
Other equity instrument investments	-	_	-	_	-	6,233	6,233
Other financial assets	3,396	335	3,269	2,586	-	6,506	16,092
Total financial assets	1,255,162	462,136	1,117,178	868,925	487,745	94,019	4,285,165
Due to central banks	10,000	33,048	126,977	_	-	1,562	171,587
Due to banks and other financial institutions	159,211	222,890	186,933	-	-	1,423	570,457
Placements from banks and other financial institutions	53,064	59,193	106,900	12,051	-	1,566	232,774
Derivative financial liabilities	-	_	-	-	-	19,854	19,854
Financial assets sold under agreements to repurchase	117,741	35,504	2,100	_	-	69	155,414
Deposits taken	924,906	261,813	551,176	413,420	-	32,822	2,184,137
Lease liabilities	191	218	969	3,146	722	_	5,246
Debt obligations payable	26,794	104,993	306,987	165,000	30,000	3,215	636,989
Other financial liabilities	-	_	_	-	-	22,409	22,409
Total financial liabilities	1,291,907	717,659	1,282,042	593,617	30,722	82,920	3,998,867
Net position	(36,745)	(255,523)	(164,864)	275,308	457,023	11,099	286,298

				The Group			
			31	December 2023	}		
	Within 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Overdue/ non-interest generating	Tota
Cash on hand and balances with central banks	197,497	_	_	_	-	4,937	202,434
Due from banks	15,620	_	148	_	-	1,990	17,75
Placements with banks and other financial institutions	7,817	15,349	17,807	9,296	_	45	50,314
Derivative financial assets	-	_	_	_	_	3,803	3,80
Financial assets purchased under agreements to resell	15,450	4,496	178	_	-	33	20,15
Loans and advances to customers	806,663	321,628	843,616	199,729	58,189	26,771	2,256,59
Held-for-trading financial assets	219,645	4,866	52,642	22,929	8,501	8,003	316,58
Debt investments	18,634	29,021	145,143	437,259	334,161	22,587	986,80
Other debt investments	1,716	6,399	34,126	173,080	76,207	3,880	295,40
Other equity instrument investments	-	-	_	_	-	6,489	6,48
Other financial assets	250	_	_	6,062	_	12,750	19,06
Total financial assets	1,283,292	381,759	1,093,660	848,355	477,058	91,288	4,175,41
Due to central banks	10,000	26,367	115,792	_	-	1,402	153,56
Due to banks and other financial institutions	165,297	150,083	259,468	-	-	1,543	576,39
Placements from banks and other financial institutions	50,480	48,176	99,677	5,468	_	1,235	205,03
Derivative financial liabilities	-	_	_	_	-	3,900	3,90
Financial assets sold under agreements to repurchase	201,818	637	294	_	-	78	202,82
Deposits taken	1,139,653	166,199	446,190	377,905	_	35,934	2,165,88
Lease liabilities	195	223	1,040	3,303	866	-	5,62
Debt obligations payable	10,891	122,556	264,597	161,000	30,000	3,599	592,64
Other financial liabilities	-	-	-	-	_	14,499	14,49
Total financial liabilities	1,578,334	514,241	1,187,058	547,676	30,866	62,190	3,920,36
Net position	(295,042)	(132,482)	(93,398)	300,679	446,192	29,098	255,04



				The Bank			
			31	December 2024	ł		
	Within 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Overdue/ non-interest generating	Total
Cash on hand and balances with central banks	162,072	_	_	_	-	5,270	167,342
Due from banks	11,837	_	_	_	_	1,221	13,058
Placements with banks and other financial institutions	6,478	12,597	26,490	18,826	-	78	64,469
Derivative financial assets	_	_	_	_	_	20,057	20,057
Financial assets purchased under agreements to resell	25,525	1,419	_	_	_	19	26,963
Loans and advances to customers	701,254	388,276	878,976	188,761	19,909	22,922	2,200,098
Held-for-trading financial assets	302,571	2,019	13,280	51,061	174,584	10,454	553,969
Debt investments	16,709	39,526	133,262	383,470	124,234	16,485	713,686
Other debt investments	10,642	17,021	48,114	141,477	85,319	3,843	306,416
Other equity instrument investments	-	_	-	-	-	5,786	5,786
Other financial assets	1,307	_	-	604	-	3,880	5,791
Total financial assets	1,238,395	460,858	1,100,122	784,199	404,046	90,015	4,077,635
Due to central banks	10,000	33,048	126,977	-	-	1,562	171,587
Due to banks and other financial institutions	160,997	222,890	186,933	_	_	1,423	572,243
Placements from banks and other financial institutions	36,673	29,754	6,312	_	-	406	73,145
Derivative financial liabilities	-	_	_	_	-	19,854	19,854
Financial assets sold under agreements to repurchase	46,942	35,504	2,000	_	-	68	84,514
Deposits taken	924,252	261,646	550,573	412,840	-	32,757	2,182,068
Lease liabilities	186	211	929	3,104	703	_	5,133
Debt obligations payable	26,794	104,993	306,987	161,000	30,000	3,145	632,919
Other financial liabilities	_	_	-	-	_	16,974	16,974
Total financial liabilities	1,205,844	688,046	1,180,711	576,944	30,703	76,189	3,758,437
Net position	32,551	(227,188)	(80,589)	207,255	373,343	13,826	319,198

				The Bank			
			31	December 2023	}		
	Within 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Overdue/ non-interest generating	Tota
Cash on hand and balances with central banks	197,299	_	_	_	-	4,931	202,230
Due from banks	15,008	20	_	-	_	1,987	17,015
Placements with banks and other financial institutions	9,817	15,349	17,807	9,296	-	53	52,32
Derivative financial assets	-	_	-	-	-	3,803	3,80
Financial assets purchased under agreements to resell	13,851	4,496	178	_	_	33	18,558
Loans and advances to customers	806,384	320,953	839,755	137,034	17,655	26,106	2,147,88
Held-for-trading financial assets	218,999	4,866	52,642	31,622	141,385	7,083	456,597
Debt investments	17,505	28,921	144,342	425,810	111,498	19,466	747,54
Other debt investments	1,716	6,399	34,085	171,542	75,850	3,850	293,44
Other equity instrument investments	-	-	-	-	_	6,081	6,08
Other financial assets	250	_	-	238	-	4,703	5,19
Total financial assets	1,280,829	381,004	1,088,809	775,542	346,388	78,096	3,950,66
Due to central banks	10,000	26,367	115,792	-	-	1,402	153,56
Due to banks and other financial institutions	165,630	150,083	259,468	-	_	1,543	576,72
Placements from banks and other financial institutions	36,729	17,689	10,346	_	-	441	65,20
Derivative financial liabilities	-	_	_	-	-	3,900	3,90
Financial assets sold under agreements to repurchase	108,711	637	294	_	-	78	109,72
Deposits taken	1,138,950	166,070	445,856	377,345	_	35,871	2,164,09
Lease liabilities	190	217	1,000	3,224	840	-	5,47
Debt obligations payable	8,891	122,556	262,597	161,000	30,000	3,489	588,53
Other financial liabilities	-	-	-	-	-	8,415	8,41
Total financial liabilities	1,469,101	483,619	1,095,353	541,569	30,840	55,139	3,675,62
Net position	(188,272)	(102,615)	(6,544)	233,973	315,548	22,957	275,04



The Group measures the possible effects of interest rate changes on the Group's net interest income and equity through sensitivity analysis. The table below presents the results of interest rate sensitivity analysis based on assets and liabilities on 31 December 2024 and 31 December 2023.

	The Group				
	31 December 2024		31 December 2023		
Change in interest rate (basis points)	Net interest income	Shareholders' equity	Net interest income	Shareholders' equity	
Up 100 bps	(3,100)	(10,364)	(4,282)	(10,333)	
Down 100 bps	3,100	11,244	4,282	11,136	

	The Bank				
	31 December 2024		31 December 2023		
Change in interest rate (basis points)	Net interest income	Shareholders' equity	Net interest income	Shareholders' equity	
Up 100 bps	(1,883)	(10,295)	(2,684)	(10,328)	
Down 100 bps	1,883	11,165	2,684	11,131	

The above sensitivity analysis is conditional upon the static interest rate risk structure of assets and liabilities.

The relevant analysis only measures interest rate changes in one year, reflecting the impact of the Group's non-derivative asset and liability repricing within one year on annualized interest income of the Group upon the following assumptions: (i) the 100 bps change in interest rate represents the interest rate change over the next full year commencing on the balance sheet date; (ii) the yield curve moves in parallel with interest rate changes; (iii) no other changes occur to the asset and liability portfolios.

Sensitivity analysis on equity is conducted based on the impact of interest rate change on changes in fair value of fixed-rate financial assets measured at fair value through other comprehensive income held on balance sheet dates after revaluation.

This analysis will not take into account the impact of risk management methods the Management may take. Given the above assumptions, the actual changes in the Group's net interest income resulting from interest rate changes may be different from the sensitivity analysis results.

6. Capital management

Starting from 2024, the Group manages capital in accordance with the *Rules on Capital Management of Commercial Banks* (NFRA No. 4 Decree in 2023, hereinafter referred to as the "Capital Rules") and relevant regulatory rules. The Group measures credit risk-weighted assets using the weighting approach, market risk-weighted assets using the standardized approach, and operational risk-weighted assets using the standardized approach.

Capital composition of the Group is as follows:

Net core tier-1 capital: paid-in capital, capital reserve, surplus reserve, general risk reserve, retained profit, cumulative other comprehensive income, and recognizable part of capital contribution from minority shareholders;

Other tier-1 capital: other tier 1 capital instruments and their premiums, recognizable part of capital contribution from minority shareholders;

Tier-2 capital: tier-2 capital instruments and premium thereof, excessive allowance for impairment losses and recognizable part of capital contribution from minority shareholders.

Net capital is calculated by deducting corresponding capital deductions from capital at all levels in accordance with the *Capital Rules*.

Guided by the new *Capital Rules*, the Group adhered to the capital-light and asset-light approach to operation and strengthened Group-wide and fine-grained management, comprehensively promoted the capital development based on internal replenishments. Ongoing efforts were made to improve the structure and efficiency of capital use, enhance the self-balancing ability of capital and ensure the regulatory compliance of capital adequacy ratios, thereby supporting the healthy development across business segments.

The Group calculates the net capital at all levels and the capital adequacy ratio in accordance with the *Capital Rules*. Particulars are as follows:

	31 December 2024	31 December 2023
Net core tier-1 capital	304,366	280,828
Net tier-1 capital	364,696	321,128
Net capital	418,820	374,867
Core tier-1 capital adequacy ratio	9.77%	9.16%
Tier-1 capital adequacy ratio	11.70%	10.48%
Capital adequacy ratio	13.44%	12.23%

Note: Data for previous periods are calculated pursuant to the Rules on Capital Management of Commercial Banks (Provisional) (CBRC No. 1 Decree in 2012).

7. Fair value of financial assets and financial liabilities

Fair value refers to the amount received from selling an asset or the amount to be paid for transferring a liability by market players in orderly transactions on the measurement date. Whether the fair value is observed or estimated with valuation techniques, it is the basis of the fair value measured and disclosed in these financial statements. The Group measures and discloses the fair value of financial instruments on the following levels:

Level 1: Fair value measurement refers to the unadjusted quotation of the same assets or liabilities obtainable in the active market on the measurement date;

Level 2: Fair value measurement refers to the directly or indirectly observable input value of related assets or liabilities other than the input value in Level 1. Most bond investments classified on Level 2 are RMB bonds. The fair value of these bonds is determined on the valuation results provided by CCDC. Also on the level are most OTC derivatives. Valuation techniques include forward pricing, swap modeling and option pricing & modeling. The entered parameters come from the observable open markets such as Bloomberg, Wind and Reuters trading systems.

Level 3: Fair value measurement refers to the unobservable input value of related assets or liabilities.

Fair value measurement of financial assets and financial liabilities of the Group did not shift between Level 1 or Level 2 and Level 3.



7.1 Fair value of financial assets and financial liabilities continuously measured at fair value

The following table shows the financial instruments measured at fair value evaluated at three levels:

	The Group 31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	_	20,057	_	20,057
Loans and advances to customers measured at fair value through other comprehensive income	_	82,199	_	82,199
Held-for-trading financial assets	57,185	375,647	5,162	437,994
Other debt investments	_	308,592	_	308,592
Other equity instrument investments	859	9	5,365	6,233
Financial liabilities				
Derivative financial liabilities	_	19,854	_	19,854

	The Group				
	31 December 2023				
	Level 1	Level 2	Level 3	Total	
Financial assets					
Derivative financial assets	_	3,803	_	3,803	
Loans and advances to customers measured at fair value through other comprehensive income	_	83,792	_	83,792	
Held-for-trading financial assets	33,405	277,802	5,379	316,586	
Other debt investments	_	295,408	-	295,408	
Other equity instrument investments	1,188	_	5,301	6,489	
Financial liabilities					
Derivative financial liabilities	-	3,900	_	3,900	

	The Bank				
	31 December 2024				
	Level 1	Level 2	Level 3	Total	
Financial assets					
Derivative financial assets	_	20,057	_	20,057	
Loans and advances to customers measured at fair value through other comprehensive income	-	82,199	_	82,199	
Held-for-trading financial assets	56,991	491,816	5,162	553,969	
Other debt investments	_	306,416	_	306,416	
Other equity instrument investments	742	9	5,035	5,786	
Financial liabilities					
Derivative financial liabilities	_	19,854	_	19,854	

	The Bank				
	31 December 2023				
	Level 1	Level 2	Level 3	Total	
Financial assets					
Derivative financial assets	_	3,803	_	3,803	
Loans and advances to customers measured at fair value through other comprehensive income	_	83,792	_	83,792	
Held-for-trading financial assets	33,265	417,953	5,379	456,597	
Other debt investments	_	293,442	_	293,442	
Other equity instrument investments	1,080	_	5,001	6,081	
Financial liabilities					
Derivative financial liabilities	_	3,900	_	3,900	

Fair value measurement of financial assets and financial liabilities of the Group neither materially shifted between Level 1 and Level 2 nor shifted between Level 1 or Level 2 and Level 3 in the year and the previous year. For financial assets and liabilities stipulated by standard articles and traded on the active market, their fair value shall be determined separately with reference to the buy-in and sell-out prices available on the market. When the quotation is not available in the active market, the Group determines the fair value of financial assets and financial liabilities continuously measured at fair value by valuation techniques.

Valuation techniques used by the Group include cash flow discounting model for some derivative financial instruments whose quotation is not available in the active market (including FX forward, FX swap, interest rate swap, etc.) and the Black-Scholes option pricing model for valuation of option derivative instruments and the market comparison method for other equity instrument investments. Parameters used by the cash flow discounting model mainly include recent transaction prices and related yield curve while those used by the Black-Scholes option pricing model are related yield curve, exchange rate and volatility of underlying assets, etc. The main parameters used by the market comparison method include industry price-to-book ratio, price-to-earnings ratio and other industry ratios and liquidity discount.



The fair value of other financial instruments (including interbank market securities) is determined according to the general pricing model which is based on the future cash flow discounting method. No major changes occurred to the valuation techniques the Group used for fair value measurement in 2024 or 2023.

Except the financial assets and financial liabilities continuously measured at fair value, the Group held no financial instruments not continuously measured at fair value.

The table below presents the changes between opening balance and ending balance of fair value measured at Level 3 of fair value.

	2024		
The Group	Held-for-trading financial assets	Other equity instrument investments	Total
1 January 2024	5,379	5,301	10,680
Additions	205	190	395
Decrease	(144)	_	(144)
Losses recorded in profit or loss	(278)	_	(278)
Losses recorded in other comprehensive income	_	(126)	(126)
31 December 2024	5,162	5,365	10,527

	2023					
The Group	Held-for-trading financial assets	Other equity instrument investments	Total			
1 January 2023	3,720	5,589	9,309			
Additions	1,793	70	1,863			
Decrease	_	(148)	(148)			
Losses recorded in profit or loss	(134)	_	(134)			
Losses recorded in other comprehensive income	_	(210)	(210)			
31 December 2023	5,379	5,301	10,680			

	2024					
The Bank	Held-for-trading financial assets	Other equity instrument investments	Total			
1 January 2024	5,379	5,001	10,380			
Additions	205	190	395			
Decrease	(144)	_	(144)			
Losses recorded in profit or loss	(278)	_	(278)			
Losses recorded in other comprehensive income	-	(156)	(156)			
31 December 2024	5,162	5,035	10,197			

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	2023					
The Bank	Held-for-trading financial assets	Other equity instrument investments	Total			
1 January 2023	3,720	5,289	9,009			
Additions	1,793	70	1,863			
Decrease	_	(148)	(148)			
Losses recorded in profit or loss	(134)	_	(134)			
Losses recorded in other comprehensive income	_	(210)	(210)			
31 December 2023	5,379	5,001	10,380			

Effects of Level 3 assets on profit or loss for the year:

		2024			2023	
The Group and the Bank	Realized	Unrealized	Total	Realized	Unrealized	Total
Effect on net gains	(6)	(272)	(278)	_	(134)	(134)

7.2 Financial assets and financial liabilities not measured at fair value

The table below shows the book value and fair value of financial assets and financial liabilities that are not presented by fair value. Financial assets and financial liabilities with similar book value and fair value are not included in the table below, including balances with central banks, due from banks, placements with banks and other financial institutions, financial assets purchased under agreements to resell, loans and advances to customers measured at amortized costs, due to central banks, due to banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under agreements to repurchase, deposits taken etc.

		The Group			
	31 Decem	31 December 2024		ber 2023	
Financial assets	Book value	Fair value	Book value	Fair value	
Debt investments	898,236	932,461	986,805	991,199	

		The Group			
	31 Decem	31 December 2024		ber 2023	
Financial liabilities	Book value	Fair value	Book value	Fair value	
Debt obligations payable	636,989	641,445	592,643	593,629	



	The Bank			
	31 Decemi	31 Decem	ber 2023	
Financial assets	Book value	Fair value	Book value	Fair value
Debt investments	713,686	734,949	747,542	753,345

		The Bank			
	31 Deceml	oer 2024	31 December 2023		
Financial liabilities	Book value	Fair value	Book value	Fair value	
Debt obligations payable	632,919	637,337	588,533	589,511	

The table below lists the levels of fair value of financial assets and financial liabilities that are not presented at fair value on the balance sheet date:

	The Group			
	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments	_	808,231	124,230	932,461
Financial liabilities				
Debt obligations payable	-	641,445	_	641,445

	The Group			
	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments	_	816,076	175,123	991,199
Financial liabilities				
Debt obligations payable	_	593,629	_	593,629

		The Bank		
		31 December 2024		
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments	_	611,344	123,605	734,949
Financial liabilities				
Debt obligations payable	_	637,337	_	637,337

		The Bank			
		31 December 2023			
	Level 1	Level 2	Level 3	Total	
Financial assets					
Debt investments	_	578,222	175,123	753,345	
Financial liabilities					
Debt obligations payable	-	589,511	_	589,511	

As for the financial institutions' asset management plans and beneficiary rights of assets classified as debt investments, its fair value will be determined based on the cash flow discounting model and the unobservable discounting rate which reflects credit risk of counterparties and is adjusted based on the liquidity profile. These financial instruments are classified into Level 3.

The fair value of other financial instruments is determined according to the general pricing model which is based on the future cash flow discounting method. These financial instruments are classified into Level 2.

XV. POST BALANCE SHEET DATE EVENTS

- 1. The Bank held a meeting of the Board of Directors on 16 April 2025, approving to distribute dividend of RMB3.05 (before tax) per 10 shares after setting aside statutory surplus reserve and general risk reserve. Calculated based on the shares issued by the Bank as at 31 December 2024, the dividends distributed totaled RMB4,855 million. The above profit distribution plan is subject to approval by the Shareholders' General Meeting. Before that, accounting treatment is not made to the proposed surplus reserve, general risk reserve and dividend distribution.
- 2. The Bank issued the financial bond (series 1) of Hua Xia Bank Co., Ltd. for 2022 on 25 February 2022 and the issuance volume was RMB20 billion. The bonds have a term of three years, the coupon rate is fixed at 2.78% and the interest will be paid annually. The value date is 1 March 2022 and the bond was redeemed on its maturity date of 1 March 2025.

XVI. COMPARATIVE DATA

Certain comparative data have been reclassified to be consistent with this year's presentation of financial statements.

XVII. APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements were approved by the Board of Directors of the Bank on 16 April 2025.



UNAUDITED SUPPLEMENTARY INFORMATION

1 January to 31 December 2024 (In RMB millions, unless otherwise stated)

1. DETAIL LIST OF EXTRAORDINARY PROFIT AND LOSS

The table below is prepared in accordance with the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss* (CSRC Announcement [2023] No. 65) issued by CSRC.

	2024	2023
Profit/loss from the disposal of assets	24	39
Government subsidies	63	159
Other net operating income and expenses	(48)	(44)
Income tax influence of extraordinary profit and loss	(34)	(60)
Less: Extraordinary profit and loss attributable to minority shareholders	(7)	(4)
Total extraordinary profit and loss attributable to ordinary shareholders of the parent company	(2)	90

Extraordinary profit and loss refers to the profit or loss resulting from transactions and events that have no direct relation with normal operation of the Group or that although have direct relation with normal operation of the Group, they may affect the financial statements users' normal judgment on the Group's operating results and profitability due to their special and accidental nature.

2. RETURN ON EQUITY AND EARNINGS PER SHARE

The table below is prepared in accordance with the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings Per Share* (2010 Revision). During relevant periods, basic earnings per share will be calculated by dividing the current net profit with the weighted average ordinary shares issued.

	2024	2023
Net profit attributable to ordinary shareholders of the parent company	25,736	23,487
Weighted average return on equity, %	8.84	8.71
Basic earnings per share (RMB yuan, share)	1.62	1.48
Net profit attributable to ordinary shareholders of the parent company after deduction of extraordinary profit and loss	25,738	23,397
Weighted average return on equity, %	8.84	8.68
Basic earnings per share (RMB yuan, share)	1.62	1.47

The Group has no potential diluted ordinary share.

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