



中原銀行股份有限公司

ZHONGYUAN BANK CO., LTD.

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

**Stock Code: 1216**



2024  
Annual Report

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# Chapter 1 Corporate Information

## 1 Basic Corporate Profile

### Legal Name of the Company

中原銀行股份有限公司<sup>1</sup> (abbreviated as 中原銀行)

### English Name of the Company

ZHONGYUAN BANK CO., LTD.<sup>1</sup> (abbreviated as ZYBANK)

### Registered Office

Zhongke Golden Tower, No. 23 Shangwu Waihuan Road, Zhengdong New District CBD, Zhengzhou, Henan Province, PRC

### Headquarters in China

Zhongke Golden Tower, No. 23 Shangwu Waihuan Road, Zhengdong New District CBD, Zhengzhou, Henan Province, PRC

### Principal Business Place in Hong Kong

40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong

<sup>1</sup> Zhongyuan Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.

<sup>2</sup> **ZHONGYUAN BANK CO., LTD.**



# Chapter 1 Corporate Information

## Board of Directors

### Executive Director:

Mr. GUO Hao (*Chairman*)

### Non-Executive Directors<sup>1</sup>:

Mr. FENG Ruofan

Ms. ZHANG Shu

### Independent non-executive Directors:

Mr. XU Yiguo

Ms. ZHAO Zijian

Mr. WANG Maobin

Mr. PAN Xinmin

Mr. GAO Pingyang

<sup>1</sup> On April 17, 2025, Ms. ZHANG Qiuyun, non-executive Director, resigned as the non-executive Director and the member of the Strategy and Development Committee, with effect from April 17, 2025. For more details, please refer to the Bank's announcement dated April 17, 2025.

# Chapter 1 Corporate Information

## **Legal Representative**

Mr. GUO Hao

## **Authorized Representatives**

Mr. GUO Hao  
Ms. CHAN Yin Wah

## **Company Secretary**

Ms. CHAN Yin Wah

## **Unified Social Credit Code**

9141000031741675X6

## **Financial License Institution Number**

B0615H241010001

## **Auditors**

### **PRC Auditor**

Baker Tilly China Certified Public Accountants  
Building 12, Sci-tech Cultural Park for Global Communication, 19 Chegongzhuang West Road,  
Haidian District, Beijing, China

### **International Auditor**

Baker Tilly Hong Kong Limited  
8/F, 728 King's Road, Quarry Bay, Hong Kong

## **Legal Advisor as to PRC mainland Laws**

King & Wood Mallesons  
17-18/F, East Tower, World Financial Center, 1 Dongsanhuan Zhonglu, Chaoyang District,  
Beijing, PRC

# Chapter 1 Corporate Information

## Legal Advisor as to Hong Kong Laws

Clifford Chance  
27th Floor, Jardine House, One Connaught Place, Central, Hong Kong

## H Share Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

## Domestic Shares Trustee Agency

China Securities Depository and Clearing Corporation Limited  
Western Hall, 2/F, Shenzhen Stock Exchange Building, 2012 Shennan Avenue, Futian District, Shenzhen

## H Share Stock Code

1216

## Investor's Enquiry

### Website Address:

[www.zybank.com.cn](http://www.zybank.com.cn)

### Contact Telephone No.:

(86) 0371-85517898

### Fax:

(86) 0371-85519888

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[dongshihui@zybank.com.cn](mailto:dongshihui@zybank.com.cn)

# Chapter 1 Corporate Information

## 2 Company Profile

Established in December 2014, Zhongyuan Bank is a provincial corporate bank with institutions and outlets covering the whole Henan province. Zhongyuan Bank was listed on the Main Board of the Hong Kong Stock Exchange in July 2017. In May 2022, Bank of Luoyang, Bank of Pingdingshan and Bank of JZCTS were merged and absorbed into the Bank with the approval of the former CBIRC.

As of the end of the Reporting Period, Zhongyuan Bank operates 18 branches with over 600 business outlets, one consumer finance company, two financial leasing companies and 14 county banks. The Bank's total assets exceeded RMB1.3 trillion and the number of employees exceeded 18,000. With its excellent operating results and high-quality financial services, Zhongyuan Bank has won widespread praise from all walks of life, and was awarded "World's Best Banks by Forbes (福布斯世界最佳銀行)", "Ten Best City Commercial Banks of the Year (年度十佳城市商業銀行)", "Top Ten Iron-horse Banks (鐵馬十佳銀行)", "Best Listed Company (最佳上市公司)", "Outstanding City Commercial Bank of the Year (年度卓越城商行)" "Top 500 Listed Chinese Companies published by The Fortune in 2024 (2024 年《財富》中國上市公司 500 強)", and other honors. Zhongyuan Bank ranked 144th amongst the top 1,000 banks in the world by The Banker (UK) in 2024, and its social reputation and brand influence continued to enhance.

Zhongyuan Bank will continuously adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, concentrate on the goal of "building a first-class city commercial bank" proposed by CPC Committee and Government of Henan Province, focus on the "Four Highs and Four Leadership (四高四爭先)" work requirements of CPC Committee of Henan Province and centre on the mission positioning of "being the bank of people themselves in central China". The Bank insists that the Party's leadership is the soul, the Party Committee and the government are the reliance, recognises that the market environment is the environment, the institutional nature is a bank, and firmly protects the asset quality as life and the operating results as the fundamentals, and it continues to demonstrate its responsibility in serving local economic development, and contributes to Zhongyuan Bank's efforts to write a chapter of Chinese-style modernization in Henan.

# Chapter 1 Corporate Information

## 3 Major Honors in 2024

In January 2024, the Bank was awarded the “Henan Financial Institution with High-quality Development of the Year 2023 (2023 年度河南高質量發展金融機構)”.

In January 2024, the Bank won the “Award for Outstanding Brand Promotion by the Brand Promotion Conference of the Year 2023 (2023 年度品牌傳播大會卓越品牌傳播獎)”.

In May 2024, the Bank was granted the title of “2024 Jinnuo•Financial Brand Annual New Media (Banking) (2024 金諾•金融品牌年度新媒體(銀行))”.

In May 2024, the Bank was once again listed in the financial and insurance industry ranking by “China Brand Value Evaluation Information (中國品牌價值評價信息)”.

In June 2024, the Bank won the “HarmonyOS Pioneer – Excellence in Innovation Award (鴻蒙先鋒—卓越創新獎)” by Huawei.

In July 2024, the Bank won the Prize for “Best Ten Small and Medium Banks for ‘Iron-horse Banks’ (鐵馬十佳中小銀行)” for 2024 (the Sixth Session) by Modern Bankers.

In July 2024, the Bank ranked 144th amongst the Top 1,000 World Banks 2024 published by The Banker (UK), one place higher than the previous year.

In July 2024, the Bank was awarded the “Pioneer Enterprise in Digital and Intelligent Transformation (數智化轉型先鋒企業)” and “Excellent Case of Digital Risk Control (數字風控優秀案例)”.

In September 2024, the Bank won the Second Prize of the Team in the Anti-Counterfeit Currency Business Skills Competition for Banking Financial Institutions in Henan Province (河南省銀行業金融機構反假貨幣業務技能大賽).

In September 2024, the Bank won the “Golden Hazelnut Award for Outstanding Banking Wealth Management Institution (優秀銀行理財機構金榛子獎)” for 2024 by Cailian Press (財聯社).

In September 2024, the Bank was honored as one of the Top 20 for Comprehensive ESG Performance among City Commercial Banks (城商行 ESG 綜合表現 TOP 20) by China Financial Media.

In November 2024, the Bank won the “Tianji Award for Golden Brand Bank of the Year 2024 (2024 年度金質銀行品牌天璣獎)”.

In November 2024, the Bank was selected as the Financial Institution with Brand Influence of the Year (年度品牌影響力金融機構).



## Chapter 2 Financial Summary

For the year ended December 31,						
	2024	2023	2024 vs 2023	2022	2021	2020
<i>(Expressed in millions of Renminbi, unless otherwise stated, except percentages)</i>						
<b>Operating Results</b>			<b>Rate of Change (%)</b>			
Net interest income	21,542.7	22,263.0	(3.2)	21,276.3	16,693.0	16,565.0
Net fee and commission income	1,418.1	1,318.5	7.6	1,783.1	1,932.5	1,786.4
Operating income	25,955.3	26,183.4	(0.9)	25,611.2	19,282.8	19,427.8
Operating expenses	(10,449.6)	(10,861.8)	(3.8)	(10,278.0)	(7,143.5)	(7,118.6)
Impairment losses on assets	(12,885.6)	(12,559.7)	2.6	(11,189.5)	(7,640.2)	(7,848.6)
Profit before tax	2,750.5	2,957.1	(7.0)	4,307.7	4,598.4	4,449.0
Net profit	3,469.7	3,206.3	8.2	3,825.1	3,633.3	3,354.7
Net profit attributable to equity shareholders of the Bank	3,445.9	3,221.0	7.0	3,650.2	3,565.0	3,300.8
<b>Calculated on a per share basis (RMB)</b>			<b>Rate of Change (%)</b>			
Net assets per share attributable to equity shareholders of the Bank <sup>(1)</sup>	2.26	2.15	5.1	2.07	2.57	2.42
Earnings per share <sup>(2)</sup>	0.08	0.07	14.3	0.10	0.15	0.14
<b>Profitability Indicators (%)</b>			<b>Change</b>			
Return on average total assets <sup>(3)</sup>	0.26	0.24	0.02	0.37	0.48	0.46
Return on average equity <sup>(4)</sup>	3.47	3.11	0.36	4.35	5.99	5.70
Net interest spread <sup>(5)</sup>	1.52	1.56	(0.04)	1.89	2.13	2.36
Net interest margin <sup>(6)</sup>	1.61	1.73	(0.12)	2.06	2.31	2.48
Net fee and commission income to operating income	5.46	5.04	0.42	6.96	10.02	9.20
Cost-to-income ratio <sup>(7)</sup>	38.80	40.07	(1.27)	39.05	35.95	35.61

## Chapter 2 Financial Summary

	December 31, 2024	December 31, 2023	2024 vs 2023	December 31, 2022	December 31, 2021	December 31, 2020
<i>(Expressed in millions of Renminbi, unless otherwise stated, except percentages)</i>						
<b>Capital adequacy ratio indicators<sup>(8)</sup> (%)</b>			<b>Change</b>			
Calculated based on the Administrative Measures for the Capital of Commercial Banks						
Core Tier-one capital adequacy ratio	8.46	8.10	0.36	7.98	8.70	8.59
Tier-one capital adequacy ratio	10.93	10.44	0.49	9.47	10.39	10.35
Capital adequacy ratio	13.02	11.64	1.38	11.83	13.30	13.20
Total equity to total assets	7.35	7.20	0.15	7.06	8.12	7.84
<b>Asset quality indicators (%)</b>			<b>Change</b>			
Non-performing loans to total loans <sup>(9)</sup>	2.02	2.04	(0.02)	1.93	2.18	2.21
Allowance for loan impairment losses to non-performing loans <sup>(10)</sup>	155.03	154.06	0.97	157.08	153.49	153.31
Allowance for loan impairment losses to total loans <sup>(11)</sup>	3.14	3.15	(0.01)	3.03	3.35	3.39
<b>Other indicators (%)</b>						
Loan-to-deposit ratio	80.33	84.47	(4.14)	82.69	86.56	84.01
<b>Scale indicators</b>			<b>Rate of Change (%)</b>			
Total assets	1,365,197.0	1,346,446.5	1.4	1,326,736.4	768,233.3	757,482.5
Of which: Net loans and advances to customers	697,845.2	689,869.4	1.2	666,892.4	378,116.5	347,656.8
Total liabilities	1,264,813.7	1,249,558.3	1.2	1,233,101.9	705,853.7	698,127.2
Of which: deposits from customers	911,799.8	859,783.8	6.0	845,257.2	455,692.2	431,341.4
Share capital	36,549.8	36,549.8	–	36,549.8	20,075.0	20,075.0
Equity attributable to equity shareholders of the Bank	96,557.7	92,504.6	4.4	89,228.4	61,210.1	58,261.5
Non-controlling interests	3,825.6	4,383.6	(12.7)	4,406.1	1,169.5	1,093.8
Total equity	100,383.3	96,888.2	3.6	93,634.5	62,379.6	59,355.3

## Chapter 2 Financial Summary

Notes:

- (1) Calculated by dividing equity attributable to equity holders of the parent company after deduction of other equity instruments at the end of the reporting period by the total number of ordinary shares at the end of the reporting period.
- (2) The ratio of net profit (net of dividends of preference shares distributed during the year) attributable to shareholders of the Bank to weighted average number of ordinary shares.
- (3) Represents net profit for the period as a percentage of average balance of total assets at the beginning and the end of the period.
- (4) Calculated based on the “Rules on the Preparation and Submission of Information Disclosed by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share” (Revision 2010) issued by China Securities Regulatory Commission. Represents net profit attributable to shareholders of the Bank for the period as a percentage of weighted average balance attributable to shareholders of the Bank for the period.
- (5) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities, calculated based on daily average of the interest-earning assets and the interest-bearing liabilities.
- (6) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.
- (7) Calculated by dividing operating expenses after deduction of taxes and surcharges by operating income.
- (8) The Administrative Measures for the Capital of Commercial Banks came into effect on January 1, 2024.
- (9) Calculated by dividing total non-performing loans and advances to customers by gross loans and advances to customers. Gross loans and advances to customers are exclusive of accrued interest.
- (10) Calculated by dividing allowance for impairment losses on loans and advances to customers by total non-performing loans. Total allowance for impairment losses on loans and advances to customers included allowance for impairment losses on loans at amortized cost and allowance for impairment losses on loans at fair value through other comprehensive income.
- (11) Calculated by dividing allowance for impairment losses on loans and advances to customers by gross loans and advances to customers.



## Chapter 3 Chairman's Statement





## Chapter 3 Chairman's Statement

2024 marks the 75th anniversary of the founding of the People's Republic of China, a crucial year when China tackled the difficulties in the in-depth implementation of its "14th Five-Year" Plan for national economic and social development, and the tenth anniversary since the inception of Zhongyuan Bank. Faced with the immensity of external pressure, the difficulty of deepening reform, and the urgency of transformation and development, we adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and thoroughly implemented the spirit of the 20th National Congress of the Communist Party of China (the "Party") and the Second and Third Plenary Sessions of the 20th Central Committee of the Party. Moreover, conscientiously carrying out the decisions and plans made by the Provincial Party Committee and the Provincial People's Government, we reinforced the leadership of the Party, relentlessly sought progress while maintaining stability, upheld fundamental principles while breaking new ground, and overcame obstacles, with an all-out effort to serve the construction of modern Henan Province through our high-quality development. As of the end of 2024, the Group's total assets amounted to RMB1,365.197 billion; the operating income amounted to RMB25.955 billion, with a net profit of RMB3.470 billion; the non-performing loan ratio was 2.02%; the allowance coverage ratio was 155.03%. The asset quality, efficiency, and size continued to make a solid and positive improvement, achieving balanced development. Along the way, we are grateful for the efforts and contributions of all our cadres and employees, and we especially appreciate the supports from our customers, Shareholders, partners, and various sectors of society as well as their trust in us.

**Strengthening the Party's leadership, we steered our high-quality development towards the intended path.** By enhancing Party building across all areas, we carried out solid Party discipline education campaigns, fully cooperated with the Provincial Party Committee in its inspection, and deeply promoted rectification after inspection. Furthermore, with a holistic approach, we implemented comprehensive and strict governance of the Party and the Bank while intensifying comprehensive supervision. Completely playing its part in setting the direction, handling the overall situation, and ensuring implementation, our Party Committee enhanced the construction and implementation of our systems, optimized the "Double A" assessment mechanism for Party building and business operations, and heightened the political and organizational functions of grassroots Party organizations. Ultimately, our high-quality development could be guided and guaranteed by high-quality Party building. We adhered to the principle that the Party should manage cadres and talents. In accordance with the standards of good cadres in the new era, we have established a clear guide for selection and employment, under which we prefer candidates who are up to high political standards, performance-oriented, and armed with experience in working at grassroots institutions and awareness of bottom line of risk control. In doing so, we have cultivated a financial culture with Chinese characteristics and built a high-quality, professional team of cadres and talents who are loyal, clean, and responsible.

## Chapter 3 Chairman's Statement

**Focusing on our main mission and business, we served as fresh troop to the real economy.** By proactively serving and integrating into the new development pattern, we aligned our development with major national and provincial strategies and followed where the local economy was heading. Apart from the “Five Priorities”, i.e. technology finance, green finance, inclusive finance, pension finance, and digital finance, we have been supporting the “Renewal and Trade-in (兩新)” initiative, which promotes greater private sector involvement in the large-scale renewal of equipment and the trade-in of consumer goods, the “Major Strategies and Key Fields (兩重)” initiative, which encourages greater private sector participation in major national projects and programs, including those aligned with major national strategies, and building up security capacity in key areas, and the “Three Batches (三個一批)” program promoting “a batch of contracts signed”, “a batch of projects started” and “a batch of projects put into production”. In particular, we vigorously promoted the high-quality development of green finance and pension finance and created the “Zhongyuan Model” of policy-based technology finance. We offered a loan balance of RMB335.3 billion as a proponent of the “Yellow River Basin Ecological Protection and High-quality Development” strategy and the high-quality development of the follow-up projects for South-to-North Water Diversion. We originated additional credit loans of RMB143.6 billion for the “Ten Strategies” as well. As required by a raft of incremental policies, we diligently promote the mechanism designed to coordinate the financing for small and micro enterprises and the real estate financing coordination mechanism. The balance of inclusive small and micro loans exceeded RMB90 billion, and our service quality and efficiency were significantly improved.

**Adhering to the strategy, we developed a new distinctive growth engine for operation.** Positioning itself for future development, the Bank enhanced its top-level design, and gathered concerted efforts for high-quality development to take root, grow strong, and make breakthroughs, thereby accelerating the formation of new core competitiveness. The Bank consolidated its advantage as a “bank for governments”. It entered into strategic cooperation agreements with nine governments of prefecture-level cities, including Jiaozuo and Xinxiang, and its service capability was recognized by the governments at all levels. To develop a “bank for industries”, the Bank has been progressing rapidly and steadily, offering new loans of RMB19.2 billion to key enterprises in the seven major industrial chain clusters across Henan province, with an industrial finance loan balance of RMB159.6 billion. To enhance its brand as a “bank for citizens”, the Bank launched products such as the “Huanxin Loan” and the “New Citizen Home Loan (新市民安家貸)” and improved the aging-friendly service system, serving 7.65 million individual customers in the payment agency business and 10.49 million elderly customers. The Bank achieved a significant success in establishing “bank for rural revitalization”, with an aim to create “Benchmark County Sub-branches”. The balance of general loans for county areas amounted to RMB149.7 billion, and the market share continued to increase.

## Chapter 3 Chairman's Statement

**Tirelessly solidifying the foundation, we aimed to serve as a cornerstone for regional financial stability.** The Bank has established a long-term corporate governance mechanism, enhancing the “General Meeting-Board of Directors-Board of Supervisors and Senior Management” governance system, and fortified the internal control and compliance management, thus building a robust foundation for security and stability. Treating asset quality as its lifeline, the Bank maintained a stable risk appetite, clarified the bottom-line standards for credit origination, strengthened the intelligent risk control, worked flat out to control new exposure while addressing the existing ones, and deeply carried out regular liquidation and restored the mobility of non-performing assets. The targets and tasks set by the provincial government were accomplished. The Bank streamlined its organizational structure, standardized the management structure and job design of the headquarters and branches, and formulated medium – and long-term plans for the construction of institutions and outlets, thus effectively enhancing organizational effectiveness. The Group’s management capability has been strengthened. The merger and absorption of Lushi Zhongyuan County Bank marked the first successful case in Henan province; the assets quality and profitability of Zhongyuan Consumer Finance improved steadily; the regulatory ratings of AB Leasing and BOL Financial Leasing steadily looked up.

Everything bursts into life in spring and we are set to start our next chapter this spring. The year 2025 marks the end of China’s “14th Five-Year” Plan, the beginning of the formulation of “15th Five-Year” Plan, and the first year of the “Three Five-Year” strategic plan of Zhongyuan Bank. Bearing in mind the important instructions of President Xi Jinping and forging ahead with gratitude, we will concentrate on the “Four Highs and Four Leaderships (四高四爭先)”, taking responsibility and pursuing innovation. We will serve business entities with financial resources and people with high-quality services while accelerating development, enhancing quality and efficiency, leading the industry, and strengthening branding. We are committed to building a first-class city commercial bank and becoming the vanguard in the Henan financial army, serving as a faithful champion of Henan province in Chinese modernization.

Executive Director, Chairman of the Board  
GUO Hao



## Chapter 4 President's Statement





## Chapter 4 President's Statement

In 2024, adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Zhongyuan Bank thoroughly studied and implemented the guiding principles from the 20th National Congress and the Second and Third Plenary Sessions of the 20th Central Committee of the Communist Party of China (CPC), and comprehensively executed each of the decisions and plans made by the Provincial Party Committee and the Provincial People's Government of Henan Province. Focusing on the goal of "building a first-class city commercial bank and becoming the vanguard in the Henan financial army", the Bank has striven to promote characteristic operation and differentiated development, consolidated the foundation, optimized the structure, prevented the risks, strengthened the services, cultivated the talents and contributed to the society, to realize the alignment with the development of the local economy, act as the companion for investors, and share same fate and future with the customers.

**During the year, we adhered to the guidance of Party building, and deeply integrated Party building into our business operations.** We thoroughly studied and implemented the guiding principles from the Third Plenary Session of the 20th Central Committee of the CPC, and completed the study and education of Party discipline with high quality. We strictly enforced the "Double A System (雙A制)" assessment of Party building and business operations, and effectively performed the principal responsibility of Party management and Party governance and the operational responsibility of corporate governance and development in a unified manner. We deeply carried out the centralized rectification of misconduct and corruption issues close to the people, and remedied the formalism to reduce the burden on the grassroots, shaping the atmosphere and correcting the conduct with exemplary work styles of the Party.

**During the year, we pursued progress while maintaining stability, achieving a sustainable and solid improvement in business development.** By highlighting our efficiency advantages, being rooted in local advantages, and capitalizing on team advantages, we accelerated the formation of new core competitiveness. As of the end of 2024, the Group's total assets amounted to RMB1,365.197 billion, representing an increase of RMB18.751 billion as compared to the end of last year. The balance of deposits (excluding accrued interest) amounted to RMB889.434 billion, representing an increase of RMB51.913 billion as compared to the end of last year; and the balance of all loans (excluding accrued interest) amounted to RMB714.455 billion, representing an increase of RMB6.993 billion as compared to the end of last year. The annual operating income amounted to RMB25.955 billion.

**During the year, we insisted on shouldering our responsibilities and served the "Five Priorities" of finance in a powerful and effective manner.** By making continuous efforts in policy-based sci-tech finance, the Bank established 13 special teams and 7 technology sub-branches. The growth rate of the key product "Science and Technology Loan" and the balance of "Loan to Enterprises that Apply Special, Sophisticated Techniques to Produce Unique and Novel Products" and "Intellectual Property Loan" ranked first in Henan Province. The green credit balance amounted to RMB41.759 billion, representing an increase of RMB8.068 billion as compared to the end of last year. We actively implemented the financing coordination mechanism for small and micro enterprises, and took the initiative to build a financing declaration system for provincial small and micro enterprises, with the balance of inclusive small and micro loans exceeding RMB90 billion. We created model outlets for pension finance, and the sales of commercial pension products exceeded RMB0.4 billion in the first month after the launch. We studied and formulated the Three Five-Year Plan for digital finance, achieving successful completion of the digital transformation project.

## Chapter 4 President's Statement

**During the year, we adhered to the strategic orientation and achieved significant in the construction of the “Four Banks”.** The Bank enhanced its role as a government bank, entered into strategic cooperation agreements with nine governments of prefecture-level cities, including Jiaozuo and Xinxiang, won the first bid and successfully opened a provincial social security fund special account, and ranked first in the province in terms of serving local government debt resolution and issuing special bonds. The Bank solidified its role as an industrial bank, established a special research and business tracking mechanism for industrial chains, and launched the mapping of four industrial chains, including aluminum processing, petrochemicals, fine processing and nylon, integrating 50,000 enterprises into such chains. The Bank strengthened its role as a citizen bank, fully upgraded the Mobile Banking 6.0, and innovatively launched the “Huanxin Loan (焕新贷)” series of products, proactively serving the “trade-in” to release the potential of consumption. The Bank expanded its role as a rural revitalization bank, carried out the construction actions of the “Benchmark County Sub-branches”, and strengthened financing support for special industries in the counties.

**During the year, we maintained a focus on controlling new exposure while addressing the existing ones with our risk control capabilities being continuously improved.** We effectively replenished the capital and successfully issued RMB8 billion of Tier 2 capital bonds. We built a unified risk view and launched a comprehensive risk management platform to strengthen the construction of intelligent risk control. We enhanced the basic credit management, established a review mechanism for credit operations, and further unified credit standards and risk preferences. We strictly implemented the mechanism for controlling new non-performing loans to prevent the occurrence of substantial deteriorations in newly issued loans to the maximum extent. We carried out regular liquidation of non-performing assets and restored their mobility, and achieved tangible results in the key projects.

**During the year, we upheld the principle of parent-subsidiary synergies, with the Group's linkage effect becoming more pronounced.** The Bank fully empowered its subsidiaries in terms of organizational construction and business development. Consumer Finance Company achieved significant results in the self-operated business, with its profitability continuously increasing and its ROE reaching 17%, which was at a relatively good level in the industry. AB Leasing underwent a fundamental change in its asset structure, with new investments toward industrial projects accounting for 83%. The direct leasing business of BOL Financial Leasing reached a new level, with its investments amounting to RMB2.4 billion, exceeding the total investment amount in the nine years since the establishment of the company. The county banks took substantial steps in the reform to defuse risks, with the merger and absorption of Lushi Zhongyuan County Bank completed on schedule, which was the first case in Henan Province.

As time progresses, we continue to advance and achieve notable accomplishments. Facing the future, we are filled with confidence, vision, and strength. Zhongyuan Bank is dedicated to nurturing the real economy with finance, contributing to the happy life of the people by performing all its responsibilities, supporting such major economic province to play a pivotal role with its own high-quality development, striving to build a first-class city commercial bank and become the vanguard in the Henan financial army, and contributing even greater strength to advancing the Chinese modernization in Henan Province. We are committed to creating greater value for society and dedicating our utmost efforts to reciprocate the trust and support of our customers, investors and all sectors of the society.

President  
LIU Kai

# Chapter 5 Management Discussion and Analysis

## 1 Past Economic and Financial Environment and Future Prospects

During the Reporting Period, the momentum of global economic growth was weak, divergence among economies became increasingly evident, inflationary pressures in major developed economies generally eased, and the overall labor market remained stable. However, with the rising impact of unilateralism and protectionism, major adjustments in the global industrial chain, greater uncertainty in trade policies after the change of government in major economies, and still higher geopolitical risks, the global economic recovery faced greater challenges.

During the Reporting Period, the shift in domestic economy turned out to be effective, various supportive policies were introduced in a timely manner, solid progress was made in safeguarding and improving people's livelihood, risks in key areas were effectively resolved, and overall effective improvement in the quality of the economy and reasonable growth in quantity were achieved. Gross domestic product (GDP) amounted to RMB134,908.4 billion, representing a year-on-year increase of 5.0% at constant prices. Market sales saw a stable growth, with total retail sales of consumer goods amounting to RMB48,789.5 billion, representing a year-on-year increase of 3.5%. The scale of investment continued to expand, with fixed asset investment (excluding rural households) amounting to RMB51,437.4 billion, representing a year-on-year increase of 3.2%. The import and export of goods increased rapidly, with a total import and export volume of RMB43,846.8 billion, representing a year-on-year increase of 5.0%. The overall consumer prices were generally stable, with the consumer price index (CPI) rising by 0.2% year-on-year. Resident income continued to increase, with per capita disposable income of RMB41,314, representing a year-on-year increase of 5.1% in real terms. With the accumulation of more positive factors for economic development, the growing new momentum and advantages for development, and the lasting effects of policy packages, China's economy will continue to rebound and improve.

During the Reporting Period, Henan Province implemented innovation-driven development, strengthened the deep integration of scientific and technological innovation and industrial innovation, and continued to promote the optimization and upgrading of the economic structure and accelerated the green and low-carbon transformation with deepening reform as the driving force. The province's economic demonstrated a development trend of progress, innovation and higher quality amid stability. The province's GDP was RMB6,358.999 billion, representing a year-on-year increase of 5.1%. The industrial economy developed steadily, with the added value of the province's industrial enterprises above designated size increasing by 8.1% year-on-year, 3.1 percentage points higher than the previous year. Fixed asset investment grew steadily, with a year-on-year increase of 7.0%, 4.9 percentage points higher than the previous year. The consumer market rose steadily, with total retail sales of consumer goods amounting to RMB2,759.669 billion, representing a year-on-year increase of 6.1%. Foreign trade exports rose against the trend, with the total value of foreign trade imports and exports amounting to RMB820.17 billion, representing a year-on-year increase of 1.2%.



## Chapter 5 Management Discussion and Analysis

During the Reporting Period, the Central Bank implemented a prudent monetary policy, gave full play to the guiding role of the monetary and credit policies, and further supported the sustained upturn of the real economy and the stable operation of the financial market through the improvement of the market-based interest rate regulation and transmission mechanism. The monetary aggregate recorded stable growth. The balance of the broad money supply (M2) amounted to RMB313.5 trillion, representing a year-on-year increase of 7.3%; the scale of social financing grew steadily, with the stock of social financing scale of RMB408.3 trillion yuan, up 8.0% year-on-year. The total credit recorded reasonable growth, with the balance of RMB and foreign currency loans of financial institutions amounting to RMB259.6 trillion yuan, representing a year-on-year increase of 7.2%. Moving forward, the Central Bank will accelerate the improvement of the central banking system, further improve the monetary policy framework, focus on balancing the relationships between short term and long term, stable growth and risk prevention, and internal and external equilibrium, improve the foresight, targeting and effectiveness of macro-adjustment and control, and enhance the coordination of macro-policies, support expanding domestic demand, stabilizing expectations, and stimulating vitality, thus promoting stable economic growth.

### 2 Overall Operation Overview

During the Reporting Period, with the goal of “building a first-class city commercial bank and becoming the vanguard in the Henan financial army”, the Bank adhered to the general tone of seeking progress while maintaining stability, continued to make up for shortcomings, adjust the structure and promote transformation, and focused on laying foundations, building mechanisms and strengthening the workforce, with the overall development showing a steady, solid and positive momentum. The Bank ranked 144th among the Top 1,000 World Banks 2024 published by The Banker (UK), one place higher than the previous year; it won the “Iron Horse Top 10 Small and Medium-sized Banks” award of Modern Bankers 2024 (Sixth); it was included on the list of 2024 Fortune China 500 Listed Companies.

Over the past ten years since its establishment, the Bank has made a series of development achievements and laid a solid foundation for development through in-depth reform and development, continuous optimization of systems and mechanisms, determined digital transformation, and close relations among the Bank, governments, and enterprises. In 2024, the Bank further strengthened its strategic direction of becoming a better bank for governments, a solid bank for industries, a stronger bank for citizens, and a larger bank for rural revitalization, accelerating the formation of a new differentiated competitive advantage. As of the end of the Reporting Period, the Bank's total assets amounted to RMB1,365.197 billion, representing an increase of RMB18,751 million or 1.4% as compared to the end of last year. The total loans (excluding accrued interest) amounted to RMB714,455 million, representing an increase of RMB6,993 million or 1.0% as compared to the end of last year. The balance of deposits (excluding accrued interest) amounted to RMB889,434 million, representing an increase of RMB51,913 million or 6.2% as compared to the end of last year. The operating income was RMB25,955 million; the net profit was RMB3,470 million, representing an increase of 8.2%; the non-performing loan ratio was 2.02%, representing a decrease of 0.02 percentage point as compared to the end of last year; the allowance coverage ratio was 155.03%, representing an increase of 0.97 percentage point as compared to the end of last year; the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio were 8.46%, 10.93% and 13.02%, respectively, representing an increase of 0.36, 0.49 and 1.38 percentage points as compared to the end of last year, indicating a continuous improvement in capital strength.



# Chapter 5 Management Discussion and Analysis

## 3 Analysis on Income Statement

For the year ended December 31, 2024, the Bank achieved operating income and net profit of RMB25,955 million and RMB3,470 million.

	For the year ended December 31,			
	2024	2023	Change	Rate of change
(in millions of RMB, except percentages)				
Interest income	48,035.7	50,705.1	(2,669.4)	(5.3%)
Interest expense	(26,493.0)	(28,442.1)	1,949.1	(6.9%)
<b>Net interest income</b>	<b>21,542.7</b>	22,263.0	(720.3)	(3.2%)
Fee and commission income	2,825.1	2,680.6	144.5	5.4%
Fee and commission expense	(1,407.0)	(1,362.1)	(44.9)	3.3%
<b>Net fee and commission income</b>	<b>1,418.1</b>	1,318.5	99.6	7.6%
Net trading gains	191.8	312.1	(120.3)	(38.5%)
Net gains arising from investment securities	2,503.9	1,892.2	611.7	32.3%
Other operating income <sup>(1)</sup>	298.8	397.6	(98.8)	(24.8%)
<b>Operating income</b>	<b>25,955.3</b>	26,183.4	(228.1)	(0.9%)
Operating expenses	(10,449.6)	(10,861.8)	412.2	(3.8%)
Impairment losses on assets	(12,885.6)	(12,559.7)	(325.9)	2.6%
Share of gains of joint ventures	130.4	195.2	(64.8)	(33.2%)
<b>Operating profit</b>	<b>2,750.5</b>	2,957.1	(206.6)	(7.0%)
<b>Profit before taxation</b>	<b>2,750.5</b>	2,957.1	(206.6)	(7.0%)
Income tax	719.2	249.2	470.0	188.6%
<b>Net profit</b>	<b>3,469.7</b>	3,206.3	263.4	8.2%
Net profit attributable to equity shareholders of the Bank	3,445.9	3,221.0	224.9	7.0%
Non-controlling interests	23.8	(14.7)	38.5	N/A

Note:

- (1) Other operating income includes government subsidies, rental income, net gains arising from disposal of property and equipment, etc.

## Chapter 5 Management Discussion and Analysis

### 3.1 Net interest income, net interest spread and net interest margin

For the year ended December 31, 2024, the Bank recorded net interest income of RMB21,543 million, representing a decrease of RMB720 million or 3.2% as compared to last year. Particularly, a decline of net interest income of RMB507 million as compared to last year was attributable to the change in the Bank's business scale, and a decrease in net interest income of RMB213 million was attributable to the changes in yield or cost rate.

The following table sets forth the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income or expense from these assets and liabilities, and the average yield of these interest-earning assets and the average cost rate of these interest-bearing liabilities for the years ended December 31, 2024 and 2023.

	For the year ended December 31,					
	Average balance	2024 Interest income/ expense	Average yield/cost <sup>(1)</sup>	Average balance	2023 Interest income/ expense	Average yield/cost <sup>(1)</sup>
(in millions of RMB, except percentages)						
<b>Interest-earning assets</b>						
Loans and advances to customers	707,940.2	31,841.8	4.50%	713,190.4	33,624.5	4.71%
Investment securities and other financial assets <sup>(2)</sup>	371,516.1	8,725.5	2.35%	342,388.3	9,805.1	2.86%
Lease receivables	77,705.0	4,060.0	5.22%	74,111.7	4,044.0	5.46%
Deposits with the Central Bank	57,920.3	747.4	1.29%	53,810.8	744.1	1.38%
Deposits with banks and other financial institutions	35,339.0	625.8	1.77%	27,827.3	697.3	2.51%
Financial assets held under resale agreements	44,604.9	861.3	1.93%	40,465.7	842.4	2.08%
Placements with banks and other financial institutions	46,192.2	1,173.9	2.54%	33,630.9	947.7	2.82%
<b>Total interest-earning assets</b>	<b>1,341,217.8</b>	<b>48,035.7</b>	<b>3.58%</b>	<b>1,285,425.1</b>	<b>50,705.1</b>	<b>3.94%</b>
<b>Interest-bearing liabilities</b>						
Deposits from customers	942,458.8	18,616.2	1.98%	865,443.8	19,698.9	2.28%
Financial assets sold under repurchase agreements	58,057.8	1,077.5	1.86%	51,584.4	1,054.3	2.04%
Placements from banks and other financial institutions	63,856.0	1,749.4	2.74%	58,302.2	1,860.5	3.19%
Borrowings from the Central Bank	62,421.2	1,397.3	2.24%	52,634.5	1,286.7	2.44%
Deposits from banks and other financial institutions	34,087.7	779.2	2.29%	32,188.2	823.0	2.56%
Debt securities issued <sup>(3)</sup>	123,220.1	2,873.4	2.33%	137,025.1	3,718.7	2.71%
<b>Total interest-bearing liabilities</b>	<b>1,284,101.6</b>	<b>26,493.0</b>	<b>2.06%</b>	<b>1,197,178.2</b>	<b>28,442.1</b>	<b>2.38%</b>
<b>Net interest income</b>		<b>21,542.7</b>			<b>22,263.0</b>	
<b>Net interest spread<sup>(4)</sup></b>			<b>1.52%</b>			<b>1.56%</b>
<b>Net interest margin<sup>(5)</sup></b>			<b>1.61%</b>			<b>1.73%</b>

## Chapter 5 Management Discussion and Analysis

Notes:

- (1) Calculated by dividing interest income/expense by average balance.
- (2) Such interest-earning assets consist of financial assets at amortized cost and financial assets at fair value through other comprehensive income.
- (3) Mainly consists of interbank deposits issued, financial bonds and tier-two capital bonds.
- (4) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities, and based on daily average interest-earning assets and interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the average balance of total interest-earning assets, and based on daily average interest-earning assets.

The following table sets forth the changes in the Bank's interest income and interest expense due to changes in volume and rate for the periods indicated. Changes in volume are measured by changes in the average balances of the Bank's interest-earning assets and interest-bearing liabilities and changes in rate are measured by changes in the average rates of the Bank's interest-earning assets and interest-bearing liabilities. Effects of changes caused by both volume and rate have been allocated to changes in interest.

## Chapter 5 Management Discussion and Analysis

For the year ended December 31, 2024 vs 2023			
Reasons for increase/(decrease)			
	Volume <sup>(1)</sup>	Rate <sup>(2)</sup>	Net increase/ (decrease) <sup>(3)</sup>
(in millions of RMB)			
<b>Interest-earning assets</b>			
Loans and advances to customers	(247.5)	(1,535.2)	(1,782.7)
Investment securities and other financial assets	834.1	(1,913.7)	(1,079.6)
Lease receivables	196.1	(180.1)	16.0
Deposits with the Central Bank	56.8	(53.5)	3.3
Deposits with banks and other financial institutions	188.2	(259.7)	(71.5)
Financial assets held under resale agreements	86.2	(67.3)	18.9
Placements with banks and other financial institutions	354.0	(127.8)	226.2
<b>Changes in interest income</b>	<b>1,467.9</b>	<b>(4,137.3)</b>	<b>(2,669.4)</b>
<b>Interest-bearing liabilities</b>			
Deposits from customers	1,753.0	(2,835.7)	(1,082.7)
Financial assets sold under repurchase agreements	132.3	(109.1)	23.2
Placements from banks and other financial institutions	177.2	(288.3)	(111.1)
Borrowings from the Central Bank	239.2	(128.6)	110.6
Deposits from banks and other financial institutions	48.6	(92.4)	(43.8)
Debt securities issued	(374.7)	(470.6)	(845.3)
<b>Changes in interest expense</b>	<b>1,975.6</b>	<b>(3,924.7)</b>	<b>(1,949.1)</b>

Notes:

- (1) Represents the average balance for the year minus the average balance for the previous year, multiplied by the average yield/cost for the previous year.
- (2) Represents the average yield/cost for the year minus the average yield/cost for the previous year, multiplied by the average balance for the year.
- (3) Represents interest income/expense for the year minus interest income/expense for the previous year.



## Chapter 5 Management Discussion and Analysis

### 3.2 Interest Income

For the year ended December 31, 2024, the Bank recorded an interest income of RMB48,036 million, representing a decrease of RMB2,669 million or 5.3% as compared with the same period of last year, primarily attributable to the decrease in the interest income from loans and advances to customers and investment securities and other financial assets.

#### 3.2.1 Interest income from loans and advances to customers

For the year ended December 31, 2024, the Bank's interest income from loans and advances to customers recorded RMB31,842 million, representing a decrease of RMB1,783 million or 5.3% as compared with the same period of last year, primarily attributable to the Bank's active response to the call of the state to support the real economy by further lowering the interest rate in order to reduce the financing costs of enterprises.

The following table sets out, for the periods indicated, the average balance, interest income and average yield for each component of the Bank's loans and advances to customers.

	For the year ended December 31,					
	Average balance	2024 Interest income	Average yield	Average balance	2023 Interest income	Average yield
	(in millions of RMB, except percentages)					
Corporate loans	395,809.9	19,832.7	5.01%	379,559.9	20,078.6	5.29%
Discounted bills	33,682.3	450.1	1.34%	83,253.3	937.4	1.13%
Personal loans	278,448.0	11,559.0	4.15%	250,377.2	12,608.5	5.04%
<b>Total</b>	<b>707,940.2</b>	<b>31,841.8</b>	<b>4.50%</b>	<b>713,190.4</b>	<b>33,624.5</b>	<b>4.71%</b>

#### 3.2.2 Interest income from investment securities and other financial assets

For the year ended December 31, 2024, the Bank's interest income from investment securities and other financial assets decreased by RMB1,080 million or 11.0% to RMB8,726 million as compared with the same period of last year, primarily attributable to the decrease in the average yield of investment securities and other financial assets.

#### 3.2.3 Interest income from lease receivables

For the year ended December 31, 2024, the Bank's interest income from lease receivables was RMB4,060 million, representing an increase of RMB16 million or 0.4% as compared with the same period of last year, primarily attributable to the increase in the average balance of finance lease receivables.

## Chapter 5 Management Discussion and Analysis

### **3.2.4 Interest income from deposits with the Central Bank**

For the year ended December 31, 2024, the Bank's interest income from deposits with the Central Bank increased by RMB3 million or 0.4% to RMB747 million as compared with the same period of last year, primarily attributable to the increase in the average balance of deposits with the Central Bank.

### **3.2.5 Interest income from deposits with banks and other financial institutions**

For the year ended December 31, 2024, the Bank's interest income from deposits with banks and other financial institutions decreased by RMB72 million or 10.3% to RMB626 million as compared with the same period of last year, primarily attributable to the decrease in the average yield of deposits with banks and other financial institutions.

### **3.2.6 Interest income from financial assets held under resale agreements**

For the year ended December 31, 2024, the Bank's interest income from financial assets held under resale agreements increased by RMB19 million or 2.2% to RMB861 million as compared with the same period of last year, primarily due to an increase in the average balance of financial assets held under resale agreements.

### **3.2.7 Interest income from placements with banks and other financial institutions**

For the year ended December 31, 2024, the Bank's interest income from placements with banks and other financial institutions increased by RMB226 million or 23.9% to RMB1,174 million as compared with the same period of last year, primarily due to an increase in the average balance of placements with banks and other financial institutions.

## Chapter 5 Management Discussion and Analysis

### 3.3 Interest Expense

For the year ended December 31, 2024, the Bank's interest expense decreased by RMB1,949 million or 6.9% to RMB26,493 million as compared with the same period of last year, primarily attributable to the decrease in the interest expense on deposits from customers and debt securities issued.

#### 3.3.1 Interest expense on deposits from customers

For the year ended December 31, 2024, the Bank's interest expense on deposits from customers decreased by RMB1,083 million or 5.5% to RMB18,616 million as compared to the same period last year, primarily attributable to the decrease in the average cost of deposits from customers of the Bank.

	For the year ended December 31,					
	Average balance	2024 Interest expense	Average cost	Average balance	2023 Interest expense	Average cost
	(in millions of RMB, except percentages)					
<b>Corporate deposits</b>						
Demand	143,523.9	911.3	0.63%	139,277.8	1,088.0	0.78%
Time	185,775.5	4,435.4	2.39%	206,932.9	4,897.9	2.37%
<b>Sub-total</b>	<b>329,299.4</b>	<b>5,346.7</b>	<b>1.62%</b>	<b>346,210.7</b>	<b>5,985.9</b>	<b>1.73%</b>
<b>Personal deposits</b>						
Demand	110,637.8	314.1	0.28%	93,751.1	226.1	0.24%
Time	502,521.6	12,955.4	2.58%	425,482.0	13,486.9	3.17%
<b>Sub-total</b>	<b>613,159.4</b>	<b>13,269.5</b>	<b>2.16%</b>	<b>519,233.1</b>	<b>13,713.0</b>	<b>2.64%</b>
<b>Total deposits from customers</b>	<b>942,458.8</b>	<b>18,616.2</b>	<b>1.98%</b>	<b>865,443.8</b>	<b>19,698.9</b>	<b>2.28%</b>

#### 3.3.2 Interest expense on debt securities issued

For the year ended December 31, 2024, the Bank's interest expense on debt securities issued decreased by RMB845 million or 22.7% to RMB2,873 million as compared to the same period last year, primarily attributable to the decrease in the average balance and average cost of debt securities issued.

#### 3.3.3 Interest expenses on placements from banks and other financial institutions

For the year ended December 31, 2024, the Bank's interest expenses on placements from banks and other financial institutions decreased by RMB111 million or 6.0% to RMB1,749 million as compared to the same period last year, primarily attributable to the decrease in the average cost of the placements from banks and other financial institutions.

#### 3.3.4 Net interest spread and net interest margin

The Bank's net interest spread decreased from 1.56% last year to 1.52% this year, while the Bank's net interest margin decreased from 1.73% for last year to 1.61% for the current year. The decreases in net interest spread and net interest margin were primarily attributable to (i) the decrease in the yield of investment and financing businesses as a result of the overall decline in market interest rates under the guide of flexible and appropriate monetary policies; and (ii) the decline in loan yield due to the decline in the loan prime rate (LPR) and the implementation of the national profit-concession policies by the Bank.

## Chapter 5 Management Discussion and Analysis

### 3.4 Non-interest income

#### 3.4.1 Net fee and commission income

For the year ended December 31, 2024, the Bank's net fee and commission income increased by RMB100 million or 7.6% to RMB1,418 million as compared to the same period last year, primarily attributable to the increase in acceptance and guarantee services fees.

	For the year ended December 31,			
	2024	2023	Change	Rate of change
	(in millions of RMB, except percentages)			
<b>Fee and commission income</b>				
Bank card services fees	535.8	570.2	(34.4)	(6.0%)
Settlement and clearing services fees	733.1	638.5	94.6	14.8%
Agency services fees	191.2	217.7	(26.5)	(12.2%)
Underwriting fees	314.8	311.3	3.5	1.1%
Acceptance and guarantee services fees	267.9	122.7	145.2	118.3%
Advisory and consulting fees	264.4	333.1	(68.7)	(20.6%)
Custodial services fees	4.2	17.0	(12.8)	(75.3%)
Wealth management business fees	513.7	470.1	43.6	9.3%
<b>Sub-total</b>	<b>2,825.1</b>	<b>2,680.6</b>	<b>144.5</b>	<b>5.4%</b>
<b>Fee and commission expenses</b>	<b>(1,407.0)</b>	<b>(1,362.1)</b>	<b>(44.9)</b>	<b>3.3%</b>
<b>Net fee and commission income</b>	<b>1,418.1</b>	<b>1,318.5</b>	<b>99.6</b>	<b>7.6%</b>

#### 3.4.2 Net trading gains

For the year ended December 31, 2024, the Bank's net trading gains were RMB192 million, representing a decrease of RMB120 million or 38.5% as compared to the same period last year, primarily attributable to the year-on-year decline in the net gains from debt securities.

#### 3.4.3 Net gains arising from investment securities

For the year ended December 31, 2024, the Bank's net gains arising from investment securities amounted to RMB2,504 million, representing an increase of RMB612 million or 32.3% as compared to the same period last year, primarily attributable to the increase in the gains of financial investments at fair value through profit or loss.



## Chapter 5 Management Discussion and Analysis

### 3.5 Operating expenses

For the year ended December 31, 2024, the Bank's operating expenses decreased by RMB412 million or 3.8% to RMB10,450 million as compared to the same period last year, primarily attributable to the decrease in depreciation and amortisation as well as other general and administrative expenses due to that the Bank continued to suppress inefficient assets and conducted cost reduction and efficiency improvement.

	For the year ended December 31,			
	2024	2023	Change	Rate of change
	(in millions of RMB, except percentages)			
<b>Staff costs</b>				
Salaries, bonuses and allowances	<b>4,418.6</b>	4,228.6	190.0	4.5%
Staff welfare	<b>223.6</b>	231.8	(8.2)	(3.5%)
Social insurance and annuity	<b>1,138.8</b>	1,075.2	63.6	5.9%
Housing fund	<b>413.0</b>	405.3	7.7	1.9%
Employee education expenses and labor union expenses	<b>155.4</b>	146.7	8.7	5.9%
Others <sup>(1)</sup>	<b>119.6</b>	130.5	(10.9)	(8.4%)
<b>Sub-total of staff costs</b>	<b>6,469.0</b>	6,218.1	250.9	4.0%
<b>Taxes and surcharges</b>	<b>378.7</b>	370.3	8.4	2.3%
<b>Depreciation and amortisation</b>	<b>1,520.1</b>	1,701.0	(180.9)	(10.6%)
<b>Other general and administrative expenses</b>	<b>2,081.8</b>	2,572.4	(490.6)	(19.1%)
<b>Total</b>	<b>10,449.6</b>	10,861.8	(412.2)	(3.8%)

Note:

(1) Primarily included dispatched labor fees and supplementary retirement benefits.

## Chapter 5 Management Discussion and Analysis

### 3.6 Impairment losses

For the year ended December 31, 2024, the Bank's impairment losses increased by RMB326 million or 2.6% to RMB12,886 million as compared to the same period last year, primarily due to the continuous efforts of the Bank to make provisions, effectively improving the risk compensation capability.

	For the year ended December 31,			
	2024	2023	Change	Rate of change
	(in millions of RMB, except percentages)			
Loans and advances to customers	<b>3,839.8</b>	3,555.2	284.6	8.0%
Investment securities and other financial assets <sup>(1)</sup>	<b>7,106.1</b>	6,142.4	963.7	15.7%
Lease receivables	<b>979.1</b>	784.9	194.2	24.7%
Other assets <sup>(2)</sup>	<b>960.6</b>	2,077.2	(1,116.6)	(53.8%)
<b>Total impairment losses</b>	<b>12,885.6</b>	12,559.7	325.9	2.6%

Notes:

- (1) The impairment losses on such assets include impairment losses on financial investments at amortized cost and financial investments at fair value through other comprehensive income.
- (2) The impairment losses on such assets mainly include impairment losses on deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, off-balance sheet credit asset, repossessed assets, fixed assets, interest receivables and other receivables.

### 3.7 Income tax expense

For the year ended December 31, 2024, the Bank's income tax expense decreased by RMB470 million to RMB-719 million as compared to the same period last year, primarily attributable to the combined effect of the increase in non-taxable income and temporary differences in tax accounting.

	For the year ended December 31,			
	2024	2023	Change	Rate of change
	(in millions of RMB, except percentages)			
Current income tax	<b>280.6</b>	516.2	(235.6)	(45.6%)
Deferred income tax	<b>(1,066.5)</b>	(772.2)	(294.3)	38.1%
Prior year income tax adjustments	<b>66.7</b>	6.8	59.9	880.9%
<b>Total income tax expenses</b>	<b>(719.2)</b>	(249.2)	(470.0)	188.6%

# Chapter 5 Management Discussion and Analysis

## 4 Analysis on Key Items of Assets and Liabilities

### 4.1 Assets

As of the end of the Reporting Period, the Bank's total assets increased by RMB18,751 million or 1.4% to RMB1,365,197 million as compared to the end of last year. The principal components of the Bank's assets consist of (i) loans and advances to customers (net); and (ii) investment securities and other financial assets (net), representing 51.1% and 30.3% of the Bank's total assets as of December 31, 2024, respectively.

The following table sets forth the components of the Bank's total assets as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Gross loans and advances to customers	719,653.2	52.7%	711,680.1	52.9%
Allowance for impairment losses	(21,808.0)	(1.6%)	(21,810.7)	(1.6%)
Net loans and advances to customers	697,845.2	51.1%	689,869.4	51.3%
Lease receivables	68,208.9	5.0%	65,327.5	4.9%
Investment securities and other financial assets	413,852.8	30.3%	386,840.8	28.7%
Financial assets held under resale agreements	23,797.5	1.7%	56,302.7	4.2%
Cash and deposits with Central Bank	65,828.4	4.8%	67,033.1	5.0%
Deposits with banks and other financial institutions	22,114.8	1.6%	16,712.5	1.2%
Placements with banks and other financial institutions	43,520.1	3.2%	35,591.8	2.6%
Derivative financial assets	21.6	0.0%	33.5	0.0%
Interest in associate	257.2	0.0%	—	—
Interest in joint venture	1,790.3	0.1%	1,542.5	0.1%
Other assets <sup>(1)</sup>	27,960.2	2.2%	27,192.7	2.0%
<b>Total assets</b>	<b>1,365,197.0</b>	<b>100.0%</b>	<b>1,346,446.5</b>	<b>100.0%</b>

Note:

- (1) Primarily consist of properties and equipment, deferred income tax assets, goodwill and other assets.

## Chapter 5 Management Discussion and Analysis

### 4.1.1 Loans and advances to customers

As of the end of the Reporting Period, the Bank's gross loans and advances to customers increased by RMB7,973 million or 1.1% to RMB719,653 million as compared to the end of last year. The Bank's loans and advances to customers consist of corporate loans, personal loans and discounted bills, representing 56.9%, 36.9% and 5.5% of the Bank's gross loans and advances to customers as of December 31, 2024, respectively.

The following table sets forth the distribution of the Bank's loans by business line as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Corporate loans	409,824.4	56.9%	397,457.5	55.8%
Personal loans	265,378.6	36.9%	259,501.3	36.5%
Discounted bills	39,252.2	5.5%	50,503.4	7.1%
<b>Sub-total</b>	<b>714,455.2</b>	<b>99.3%</b>	<b>707,462.2</b>	<b>99.4%</b>
Accrued interest	5,198.0	0.7%	4,217.9	0.6%
<b>Total loans and advances to customers</b>	<b>719,653.2</b>	<b>100.0%</b>	<b>711,680.1</b>	<b>100.0%</b>

#### (1) Corporate loans

As of the end of the Reporting Period, the Bank's corporate loans increased by RMB12,367 million or 3.1% to RMB409,824 million as compared to the end of last year, primarily attributable to the Bank's continuous increase in supports to real economy.

The following table sets forth a breakdown of the Bank's corporate loans by collateral as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Unsecured loans	60,130.3	14.7%	80,899.1	20.4%
Guaranteed loans	172,889.7	42.2%	178,127.7	44.8%
Collateralised loans	87,774.3	21.4%	81,547.1	20.5%
Pledged loans	89,030.1	21.7%	56,883.6	14.3%
<b>Total corporate loans</b>	<b>409,824.4</b>	<b>100.0%</b>	<b>397,457.5</b>	<b>100.0%</b>



## Chapter 5 Management Discussion and Analysis

### (2) Personal loans

As of the end of the Reporting Period, the Bank's personal loans increased by RMB5,877 million or 2.3% to RMB265,379 million as compared to the end of last year, primarily attributable to the Bank's further increased support for growth of social consumption.

The following table sets forth a breakdown of the Bank's personal loans by product type as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Personal residential mortgage loans	123,407.0	46.5%	119,302.0	46.0%
Personal business loans	69,936.5	26.4%	69,160.1	26.7%
Personal consumption loans	51,410.9	19.4%	50,113.3	19.3%
Credit card loans	20,624.2	7.7%	20,925.9	8.0%
<b>Total personal loans</b>	<b>265,378.6</b>	<b>100.0%</b>	<b>259,501.3</b>	<b>100.0%</b>

### (3) Discounted bills

As of the end of the Reporting Period, the Bank's discounted bills decreased by RMB11,251 million or 22.3% to RMB39,252 million as compared to the end of last year, which was primarily due to the Bank's adjustment of the size of discounted bills according to customers' financing demand.

#### 4.1.2 Investment securities and other financial assets

As of the end of the Reporting Period, the Bank's net investment securities and other financial assets increased by RMB27,012 million or 7.0% to RMB413,853 million as compared to the end of last year, primarily attributable to an increase in the holding of the bonds and certificates of interbank deposits issued by the banks and other financial institutions by the Bank.

The following table sets forth the composition of the Bank's investment securities and other financial assets as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Financial assets at fair value through profit or loss	84,936.8	19.8%	61,148.2	15.5%
Financial assets at fair value through other comprehensive income	88,501.3	20.7%	76,325.7	19.4%
Financial assets at amortized cost	254,668.0	59.5%	256,443.3	65.1%
<b>Total investment securities and other financial assets</b>	<b>428,106.1</b>	<b>100.0%</b>	<b>393,917.2</b>	<b>100.0%</b>
Accrued interest	3,641.0		4,882.7	
Impairment provisions	(17,894.3)		(11,959.1)	
<b>Net investment securities and other financial assets</b>	<b>413,852.8</b>		<b>386,840.8</b>	

## Chapter 5 Management Discussion and Analysis

The following table sets forth the distribution of the Bank's investment securities and other financial assets as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
<b>Debt securities</b>				
Debt securities issued by the PRC government	196,112.2	47.4%	187,580.9	48.5%
Debt securities issued by PRC policy banks and other financial institutions	132,002.9	31.9%	95,375.5	24.7%
Debt securities issued by corporate issuers	9,259.3	2.2%	11,450.0	3.0%
<b>Sub-total</b>	<b>337,374.4</b>	<b>81.5%</b>	<b>294,406.4</b>	<b>76.2%</b>
<b>Other financial assets</b>				
Asset management plans	3,373.4	0.8%	5,247.1	1.4%
Trust plans	15,067.9	3.6%	27,558.3	7.0%
Others	54,396.1	13.1%	54,746.3	14.1%
<b>Sub-total</b>	<b>72,837.4</b>	<b>17.5%</b>	<b>87,551.7</b>	<b>22.5%</b>
Accrued interest	3,641.0	1.0%	4,882.7	1.3%
<b>Net investment securities and other financial assets</b>	<b>413,852.8</b>	<b>100.0%</b>	<b>386,840.8</b>	<b>100.0%</b>

### 4.1.3 Other components of the Bank's assets

Other components of the Bank's assets consist primarily of (i) financial assets held under resale agreements; (ii) cash and deposits with the Central Bank; (iii) deposits with banks and other financial institutions; (iv) placements with banks and other financial institutions; (v) lease receivables; and (vi) other assets.

As of the end of the Reporting Period, the balance of financial assets held under resale agreements decreased by RMB32,505 million or 57.7% to RMB23,798 million as compared to the end of last year, primarily attributable to the Bank's adjustment of the size of the financial assets held under short-term resale agreements after taking comprehensive consideration of market price and the allocation demand of assets and liabilities.

As of the end of the Reporting Period, the balance of cash and deposits with the Central Bank decreased by RMB1,205 million or 1.8% to RMB65,828 million as compared to the end of last year, primarily attributable to the Bank's improvement of the efficiency of capital utilization on the basis of ensuring its own reasonable and sufficient liquidity and appropriate reduction of excess reserves.

As of the end of the Reporting Period, the balance of deposits with banks and other financial institutions increased by RMB5,402 million or 32.3% to RMB22,115 million as compared to the end of last year, primarily attributable to the Bank's adjustment of the size of the deposits with banks and other financial institutions after consideration of market price and the allocation demand of assets and liabilities.

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As of the end of the Reporting Period, the balance of placements with banks and other financial institutions increased by RMB7,928 million or 22.3% to RMB43,520 million as compared to the end of last year, primarily attributable to the Bank's adjustment of the size of the placements with banks and other financial institutions according to market demands and gains from assets.

As of the end of the Reporting Period, the balance of lease receivables increased by RMB2,881 million or 4.4% to RMB68,209 million as compared to the end of last year. The increase was mainly due to the increased support of the Bank's financial leasing subsidiaries for the real economy.

### 4.2 Liabilities

As of the end of the Reporting Period, the Bank's total liabilities increased by RMB15,255 million or 1.2% to RMB1,264,814 million as compared to the end of last year.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Deposits from customers	911,799.8	72.1%	859,783.8	68.8%
Deposits from banks and other financial institutions	52,658.6	4.2%	38,704.0	3.1%
Debt securities issued	146,878.4	11.6%	131,990.6	10.6%
Financial assets sold under repurchase agreements	34,874.8	2.8%	73,121.3	5.9%
Placements from banks and other financial institutions	60,771.6	4.8%	64,482.8	5.2%
Borrowings from the Central Bank	44,035.5	3.5%	68,055.9	5.4%
Tax payable	156.1	0.0%	130.3	0.0%
Derivative financial liabilities	174.2	0.0%	335.6	0.0%
Other liabilities <sup>(1)</sup>	13,464.7	1.0%	12,954.0	1.0%
<b>Total liabilities</b>	<b>1,264,813.7</b>	<b>100.0%</b>	<b>1,249,558.3</b>	<b>100.0%</b>

Note:

- (1) Consist of payment and collection clearance accounts, staff salaries payable, finance lease deposits payable, lease liabilities, other tax payable, dividends payable, provisions and other payables.

#### 4.2.1 Deposits from customers

As of the end of the Reporting Period, the Bank's total deposits from customers increased by RMB52,016 million or 6.0% to RMB911,800 million as compared to the end of last year, primarily attributable to the Bank's continued efforts to improve financial service capabilities, which effectively derived an increase in deposits.

## Chapter 5 Management Discussion and Analysis

The following table sets forth the Bank's deposits from customers by product type and maturity profile of deposits as of the dates indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
<b>Corporate deposits</b>				
Demand	129,003.9	14.1%	144,137.3	16.8%
Time	201,490.2	22.1%	173,618.7	20.2%
<b>Sub-total</b>	<b>330,494.1</b>	<b>36.2%</b>	317,756.0	37.0%
<b>Personal deposits</b>				
Demand	102,655.5	11.3%	107,862.1	12.5%
Time	456,284.6	50.0%	411,903.5	47.9%
<b>Sub-total</b>	<b>558,940.1</b>	<b>61.3%</b>	519,765.6	60.4%
Accrued interest	22,365.6	2.5%	22,262.2	2.6%
<b>Total deposits from customers</b>	<b>911,799.8</b>	<b>100.0%</b>	859,783.8	100.0%

### 4.2.2 Deposits from banks and other financial institutions

As of the end of the Reporting Period, the Bank's balance of deposits from banks and other financial institutions increased by RMB13,955 million or 36.1% to RMB52,659 million as compared to the end of last year, primarily because of the Bank's adjustment of the size of deposits from banks and other financial institutions according to its own liquidity demands and comprehensively taking into account the cost of liabilities.

### 4.2.3 Placements from banks and other financial institutions

As of the end of the Reporting Period, the Bank's balance of placements from banks and other financial institutions decreased by RMB3,711 million or 5.8% to RMB60,772 million as compared to the end of last year, primarily because of the Bank's adjustment of the size of the placements from banks and other financial institutions after taking into account market liquidity and capital cost.

### 4.2.4 Debt securities issued

As of the end of the Reporting Period, the Bank's balance of debt securities issued increased by RMB14,888 million or 11.3% to RMB146,878 million as compared to the end of last year, primarily due to new certificates of interbank deposits and tier-2 capital bonds issued by the Bank.

### 4.2.5 Financial assets sold under repurchase agreements

As of the end of the Reporting Period, the Bank's balance of financial assets sold under repurchase agreements decreased by RMB38,247 million or 52.3% to RMB34,875 million as compared to the end of last year, primarily due to the Bank's adjustment of the size of the assets sold under repurchase agreements according to liquidity and capital demands.



## Chapter 5 Management Discussion and Analysis

### 4.3 Shareholders' Equity

As of the end of the Reporting Period, the Bank's total shareholders' equity increased by RMB3,495 million or 3.6% to RMB100,383 million as compared to the end of last year; the total equity attributable to shareholders of the Bank increased by RMB4,053 million or 4.4% to RMB96,558 million as compared to the end of last year, which was primarily attributable to the increase in profit during the Reporting Period.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Share capital	36,549.8	36.4%	36,549.8	37.7%
Other equity instrument	13,998.9	13.9%	13,998.9	14.4%
Capital reserve	19,004.4	18.9%	19,022.0	19.6%
Surplus reserve	3,419.3	3.4%	3,107.8	3.2%
General reserve	16,679.1	16.6%	16,547.7	17.1%
Re-evaluation and impairment reserve	2,123.6	2.1%	846.7	0.9%
Retained earnings	4,782.6	4.8%	2,431.7	2.5%
Equity attributable to shareholders of the Bank	96,557.7	96.1%	92,504.6	95.4%
Non-controlling interests	3,825.6	3.9%	4,383.6	4.6%
<b>Total shareholders' equity</b>	<b>100,383.3</b>	<b>100.0%</b>	<b>96,888.2</b>	<b>100.0%</b>

## 5 Off-balance Sheet Commitments

The following table sets forth the contractual amounts of the Bank's off-balance sheet credit commitments as of the date indicated.

	As of December 31, 2024	As of December 31, 2023
(in millions of RMB)		
<b>Credit commitments</b>		
Loan commitments	16,178.4	14,369.8
Bank acceptance	77,847.8	70,913.6
Letters of credit	34,866.5	37,114.6
Letters of guarantees	2,783.7	3,386.7
<b>Total</b>	<b>131,676.4</b>	<b>125,784.7</b>

# Chapter 5 Management Discussion and Analysis

## 6 Analysis on Loan Quality

In 2024, in face of the complicated economic and financial situation, the Bank further deepened the adjustment of credit structure, continued to strengthen credit risk management, optimized credit procedures and strengthened post-loan management measures to step up the efforts on collection and disposal of non-performing loans, so as to keep the loan quality at a generally manageable level. As of the end of the Reporting Period, the balance of non-performing loans of the Bank amounted to RMB14,458 million, representing an increase of RMB6 million as compared to the end of last year. The non-performing loan ratio was 2.02%, representing a decrease of 0.02 percentage point as compared to the end of last year. Special mention loan accounted for 3.22%, representing a decrease of 0.03 percentage point as compared to the end of last year.

### 6.1 Distribution of Loans by Five-Category Loan Classification

The following table sets forth, as of the dates indicated, the Bank's loans by its five-category loan classification. According to the five-category loan classification system, the Bank classified its non-performing loans into substandard, doubtful and loss categories.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(In millions of RMB, except percentages)				
Normal	676,994.4	94.76%	669,984.0	94.71%
Special mention	23,002.8	3.22%	23,025.9	3.25%
Substandard	3,347.9	0.47%	3,104.3	0.44%
Doubtful	1,155.8	0.16%	1,716.7	0.24%
Loss	9,954.4	1.39%	9,631.3	1.36%
Total loans and advances to customers	714,455.3	100.00%	707,462.2	100.00%
Non-performing loans and non-performing loan ratio	14,458.0	2.02%	14,452.3	2.04%

Note: Non-performing loan ratio is calculated by dividing non-performing loans by total loans to customers.

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### 6.2 Distribution of Loans and Non-Performing Loans by Product Type

The following table sets forth, as of the dates indicated, the Bank's loans and non-performing loans by product type.

	As of December 31, 2024				As of December 31, 2023			
	Loan amount	% of total	NPL amount	NPL ratio	Loan amount	% of total	NPL amount	NPL ratio
(In millions of RMB, except percentages)								
<b>Corporate loans</b>								
Short-term loans	166,390.2	23.3%	4,084.7	2.45%	147,430.9	20.8%	2,884.9	1.96%
Medium-to-long-term loans	243,434.2	34.1%	2,499.2	1.03%	250,026.6	35.4%	4,174.7	1.67%
Sub-total	409,824.4	57.4%	6,583.9	1.61%	397,457.5	56.2%	7,059.6	1.78%
<b>Personal loans</b>								
Personal residential mortgage loans	123,407.0	17.2%	1,728.9	1.40%	119,302.0	16.8%	1,695.7	1.42%
Personal consumption loans	51,410.9	7.2%	1,666.5	3.24%	50,113.3	7.1%	1,482.0	2.96%
Personal business loans	69,936.5	9.8%	3,403.9	4.87%	69,160.1	9.8%	3,376.3	4.88%
Others	20,624.2	2.9%	1,074.8	5.21%	20,925.9	3.0%	838.7	4.01%
Sub-total	265,378.7	37.1%	7,874.1	2.97%	259,501.3	36.7%	7,392.7	2.85%
Discounted bills	39,252.2	5.5%	–	0.00%	50,503.4	7.1%	–	0.00%
<b>Total</b>	<b>714,455.3</b>	<b>100.00%</b>	<b>14,458.0</b>	<b>2.02%</b>	<b>707,462.2</b>	<b>100.00%</b>	<b>14,452.3</b>	<b>2.04%</b>

Notes:

- (1) Short-term loans include loans with maturity of one year or less and advances.
- (2) Medium-to-long-term loans include loans with maturity of more than one year.
- (3) Others mainly include credit cards.
- (4) NPL ratio is calculated by dividing non-performing loans in each product type by gross loans in that product type.

As of the end of the Reporting Period, the balance of corporate non-performing loans of the Bank amounted to approximately RMB6,584 million, representing a decrease of approximately RMB476 million as compared with the end of last year. The non-performing loan ratio was 1.61%, representing a decrease of approximately 0.17 percentage point as compared with the end of last year. The decrease in corporate non-performing loans of the Bank was primarily because the Bank stepped up efforts on risk prevention and disposals of non-performing asset this year.

The balance of personal non-performing loans of the Bank amounted to approximately RMB7,874 million, representing an increase of approximately RMB481 million as compared with the end of last year. The non-performing loan ratio was 2.97%, representing an increase of approximately 0.12 percentage point as compared with the end of last year. The increase in personal non-performing loans of the Bank was mainly due to the repayment abilities of certain individual customers were deteriorated as a result of a significant decrease in income caused by the economic environment.

## Chapter 5 Management Discussion and Analysis

### 6.3 Distribution of Loans and Non-Performing Loans by Industry

The following table sets forth, as of the dates indicated, the Bank's loans and non-performing loans by industry.

	As of December 31, 2024				As of December 31, 2023			
	Loan amount	% of total	NPL Amount	NPL ratio	Loan amount	% of total	NPL Amount	NPL ratio
(In millions of RMB, except percentages)								
Manufacturing	50,607.9	7.1%	1,610.8	3.18%	51,855.2	7.3%	1,790.9	3.45%
Leasing and business services	148,291.3	20.8%	299.8	0.20%	142,568.9	20.2%	308.2	0.22%
Wholesale and retail	43,096.4	6.0%	1,521.2	3.53%	41,659.5	5.9%	1,256.0	3.01%
Real estate	28,180.2	3.9%	1,244.6	4.42%	27,906.3	3.9%	1,272.1	4.56%
Construction	42,267.8	5.9%	756.5	1.79%	39,878.0	5.6%	941.8	2.36%
Water, environment and public facility management	28,080.9	3.9%	61.6	0.22%	27,202.0	3.9%	29.8	0.11%
Electricity, gas and water production and supply	15,825.6	2.2%	70.9	0.45%	14,336.9	2.0%	75.2	0.52%
Agriculture, forestry, animal husbandry and fishery	5,344.3	0.7%	304.9	5.71%	6,525.6	0.9%	484.2	7.42%
Accommodation and catering	2,479.8	0.3%	150.9	6.09%	2,980.2	0.4%	111.6	3.74%
Education	7,635.9	1.1%	23.7	0.31%	6,952.1	1.0%	25.0	0.36%
Health, social security and social welfare	8,565.0	1.2%	90.9	1.06%	7,998.8	1.1%	80.9	1.01%
Mining	7,901.8	1.1%	36.5	0.46%	7,689.5	1.1%	169.3	2.20%
Transportation, storage and postal services	6,848.5	1.0%	21.5	0.31%	9,110.0	1.3%	196.0	2.15%
Others	14,699.0	2.2%	390.1	2.65%	10,794.5	1.6%	318.6	2.95%
Total corporate loans	409,824.4	57.4%	6,583.9	1.61%	397,457.5	56.2%	7,059.6	1.78%
Total personal loans	265,378.6	37.1%	7,874.1	2.97%	259,501.3	36.7%	7,392.7	2.85%
Discounted bills	39,252.2	5.5%	0.00	0.00%	50,503.4	7.1%	–	0.00%
Total	714,455.3	100.0%	14,458.0	2.02%	707,462.2	100.0%	14,452.3	2.04%

Note: Non-performing loan ratio of an industry is calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.

As of the end of the Reporting Period, the industries where the non-performing loan ratios of the corporate loans of the Bank were relatively high, mainly concentrated in the accommodation and catering industry, real estate industry, the agriculture, forestry, animal husbandry and fishery industry with non-performing loan ratio of approximately 6.09%, 4.42% and 5.71%, respectively, of which:

- (i) the balance of non-performing loans in the accommodation and catering industry increased by approximately RMB0.039 billion as compared with the end of last year, with an increase of approximately 2.35 percentage points in non-performing loan ratio, mainly due to the weak consumption performance of accommodation and catering, the slower capital recovery by enterprises and the rise in the non-performing loan ratio.



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- (ii) the balance of non-performing loans in the real estate industry decreased by approximately RMB0.028 billion as compared with the end of last year, with a decrease of approximately 0.14 percentage point in the non-performing loan ratio, mainly due to the fact that the Bank responded to the national support policies for real estate enterprises this year, which alleviated the pressure of concentrated repayment from customers and reduced risk exposure.
- (iii) the balance of non-performing loans in the agriculture, forestry, animal husbandry and fishery industry decreased by approximately RMB0.179 billion as compared with the end of last year, with a decrease of approximately 1.71 percentage points in the non-performing loan ratio, due to the fact that credit clients in agriculture, forestry, animal husbandry and fishery industry were affected by industry cycles, and their operating conditions were not improved significantly, leading to an increase in the non-performing loan ratio.

### 6.4 Distribution of Loans and Non-Performing Loans by Collateral

The following table sets forth, as of the dates indicated, the Bank's loans and non-performing loans by collateral (Unit: in millions of RMB).

	As of December 31, 2024				As of December 31, 2023			
	Loan amount	% of total	NPL Amount	NPL ratio	Loan amount	% of total	NPL Amount	NPL ratio
(In millions of RMB, except percentages)								
Unsecured loans	160,326.0	22.5%	3,257.7	2.03%	135,525.9	19.2%	2,817.8	2.08%
Guaranteed loans	182,496.1	25.5%	4,060.3	2.22%	190,607.4	26.9%	4,309.3	2.26%
Collateralised loans	282,307.3	39.5%	6,880.8	2.44%	274,963.1	38.9%	6,841.7	2.49%
Pledged loans	89,325.9	12.5%	259.2	0.29%	106,365.8	15.0%	483.5	0.45%
Total	714,455.3	100.0%	14,458.0	2.02%	707,462.2	100.0%	14,452.3	2.04%

Note: Non-performing loan ratio is calculated by dividing non-performing loans in each product type secured by each type of collateral by gross loans in that type of collateral.

As of the end of the Reporting Period, the balance of our guaranteed non-performing loans decreased by approximately RMB249 million as compared with the end of last year, representing a decrease in non-performing loan ratio of approximately 0.04 percentage point, and the balance of our pledged non-performing loans decreased by approximately RMB224 million as compared with the end of last year, representing a decrease in non-performing loan ratio of approximately 0.16 percentage point, mainly attributable to the Bank's active efforts to resolve non-performing loans through write-offs, cash collection, loan restructuring and other means.

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### 6.5 Borrowers Concentration

As of the end of the Reporting Period, the balance of loans to any single borrower of the Bank did not exceed 10% of the Bank's net capital.

The following table sets forth, as of the end of the Reporting Period, the loan balance of the top ten single borrowers (excluding group borrowers) of the Bank (Unit: in millions of RMB).

		As of December 31, 2024		
	Industry	Balance	% of total loans	% of net capital
(In millions of RMB, except percentages)				
Borrower A	L-Leasing and commercial services	7,334.6	1.1%	7.7%
Borrower B	L-Leasing and commercial services	4,605.5	0.7%	4.8%
Borrower C	L-Leasing and commercial services	3,666.0	0.5%	3.9%
Borrower D	L-Leasing and commercial services	3,559.5	0.5%	3.7%
Borrower E	L-Leasing and commercial services	3,519.5	0.5%	3.7%
Borrower F	L-Leasing and commercial services	2,960.0	0.4%	3.1%
Borrower G	F-Wholesale and retail	2,890.0	0.4%	3.0%
Borrower H	L-Leasing and commercial services	2,654.0	0.4%	2.8%
Borrower I	L-Leasing and commercial services	2,469.6	0.4%	2.6%
Borrower J	D-Electricity, heat, gas and water production and supply	2,156.2	0.3%	2.3%
<b>Total</b>		<b>35,814.9</b>	<b>5.1%</b>	<b>37.6%</b>

As of the end of the Reporting Period, the loan balance of the largest single borrower of the Bank was approximately RMB7,335 million, accounting for approximately 1.1% of the total amount of loans of the Bank, and the total amount of loans to the top ten single borrowers was approximately RMB35,815 million, accounting for approximately 5.1% of the total amount of loans of the Bank.

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### 6.6 Overdue Loans

The following table sets forth, as of the dates indicated, the distribution of the Bank's loans to customers by maturity.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(In millions of RMB, except percentages)				
<b>Current loans</b>	<b>685,204.8</b>	<b>95.91%</b>	679,317.8	96.02%
<b>Overdue loans</b>				
Up to 3 months	<b>15,640.2</b>	<b>2.19%</b>	14,943.8	2.11%
Over 3 months up to 1 year	<b>5,617.2</b>	<b>0.79%</b>	4,207.1	0.60%
Over 1 year up to 3 years	<b>5,461.8</b>	<b>0.76%</b>	8,075.9	1.14%
Over 3 years	<b>2,531.3</b>	<b>0.35%</b>	917.6	0.13%
Sub-total	<b>29,250.5</b>	<b>4.09%</b>	28,144.4	3.98%
<b>Total loans</b>	<b>714,455.3</b>	<b>100.00%</b>	707,462.2	100.00%

Note: Overdue loans represent the principal amount of the loans on which principal or interest is overdue.

As of the end of the Reporting Period, the amount of overdue loans of the Bank totaled approximately RMB29,251 million, representing an increase of approximately RMB1,106 million as compared with the end of last year. Overdue loans accounted for approximately 4.09% of the total loans, representing an increase of approximately 0.11 percentage point as compared with the end of last year.

## 7. Business Operation Segment Report

The table below sets forth the Bank's total operating income by business segments for the periods as indicated.

	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Corporate banking business	<b>13,361.6</b>	<b>51.5%</b>	15,116.0	57.7%
Retail banking business	<b>6,986.2</b>	<b>26.9%</b>	5,646.4	21.6%
Treasury business	<b>5,480.4</b>	<b>21.1%</b>	5,311.9	20.3%
Other businesses	<b>127.1</b>	<b>0.5%</b>	109.1	0.4%
<b>Total operating income</b>	<b>25,955.3</b>	<b>100.0%</b>	26,183.4	100.0%

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### 8 Analysis on Capital Adequacy Ratio

As of the end of the Reporting Period, the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of the Bank were 8.46%, 10.93% and 13.02% respectively, representing an increase of 0.36 percentage point, 0.49 percentage point and 1.38 percentage points respectively, as compared with the end of last year. The measurement of capital and risk-weighted assets fulfilled the regulatory requirements of the National Financial Regulatory Administration on the Administrative Measures for the Capital of Commercial Banks. In 2024, the Bank adopted the multi-pronged approach by increasing internal retained earnings and issuing tier-two capital instruments in an orderly manner on the one hand, and strengthening risk-weighted assets management while promoting the implementation of the new capital regulations on the other hand, to improve the capital adequacy ratio.

In accordance with the Administrative Measures for the Capital of Commercial Banks of the National Financial Regulatory Administration, the capital adequacy ratio of the Bank was calculated as follows:

	As of December 31, 2024	As of December 31, 2023
In millions of RMB, except percentages		
Share capital	36,549.8	36,549.8
Valid portion of capital reserve	19,004.4	19,022.0
Valid portion of other reserve	2,123.6	392.1
Surplus reserve	3,419.3	3,107.8
General reserve	16,679.1	16,547.7
Retained earnings	4,782.6	2,431.7
Valid portion of minority interests	2,062.2	2,041.1
<b>Total core tier-one capital</b>	<b>84,621.0</b>	<b>80,092.2</b>
Core tier-one capital deductions	(8,317.6)	(3,186.7)
<b>Net core tier-one capital</b>	<b>76,303.4</b>	<b>76,905.5</b>
Other tier-one capital	22,273.9	22,265.7
<b>Net tier-one capital</b>	<b>98,577.3</b>	<b>99,171.2</b>
Net tier-two capital	18,838.6	11,456.2
<b>Net capital base</b>	<b>117,415.9</b>	<b>110,627.4</b>
<b>Total risk-weighted assets</b>	<b>901,608.8</b>	<b>950,017.4</b>
<b>Core tier-one capital adequacy ratio</b>	<b>8.46%</b>	<b>8.10%</b>
<b>Tier-one capital adequacy ratio</b>	<b>10.93%</b>	<b>10.44%</b>
<b>Capital adequacy ratio</b>	<b>13.02%</b>	<b>11.64%</b>

Note: The capital adequacy ratio indicators as of December 31, 2023 were calculated in accordance with the regulatory requirements of the former CBIRC on the Administrative Measures for the Capital of Commercial Banks (Provisional).



# Chapter 5 Management Discussion and Analysis

## 9 Business Review

### 9.1 Corporate Banking Business

#### 9.1.1 Corporate deposits

In strict compliance with the regulatory requirements, the Bank continued to optimize the business structure of corporate debts and product service system, and vigorously consolidated its deposit base. By focusing on key policy opportunities and securing large funds from key customers, the Bank increased the coverage over strategic customers. The Bank focused on following up the marketing opportunities for the bidding of the local government funds, special bonds services and other institutional businesses, carried out chain marketing of financial funds, deepened the comprehensive operation of credit customers, and enhanced the contribution of settlement deposits of basic customer groups, etc., thus effectively promoting the operation of deposits in large size.

As of the end of the Reporting Period, the balance of corporate deposit was RMB330,494 million, and the market share ranked first in the province.

#### 9.1.2 Corporate loans

Adhering to the fundamental purpose of finance serving the real economy, the Bank continued to deepen the cooperation among governments, banks and enterprises, constantly optimized financial services, and strived to improve the quality and efficiency of finance serving the real economy, based on its role as a provincial corporate bank. The Bank has resolutely shouldered the responsibility and done a good job in the “Five Priorities” in finance. The Bank has proactively served the major strategies, fully supported ecological protection and high-quality development in the Yellow River valley and high-quality development of follow-up projects of the South-to-North Water Diversion Project, and actively supported the construction of provincial key projects such as “Renewal and Trade-in (兩新)” and “Major Strategies and Key Fields (兩重)” and “Three Batches (三個一批)”. We have increased credit allocation for key areas and actively supported high-quality development of the private economy, manufacturing, and emerging industries. The Bank has actively responded to policies and steadily promoted the implementation of the real estate financing coordination mechanism. To support industrial transformation and upgrading, the Bank has carried out strategic planning around the transformation of industrial banks with a focus on key industries, condensed experience and methods, promoted pilot projects and took a lead in the trials; and empowered front-line businesses by building an industry map and conducting a series of training.

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As of the end of the Reporting Period, the Bank's corporate loan balance was RMB409,824 million, ranking third in the province in terms of market shares.

### 9.1.3 Corporate customers

During the Reporting Period, the Bank followed the national and regional strategies closely, maintained serving the real economy as its responsibilities and facilitated the high-quality economic and social development of Henan Province. The Bank adhered to being customer-oriented, reinforced the construction of the customer base, and carried out category-based operations and classified policies targeting at strategic customers, basic customer groups, institutional customers, and key industrial chain customers. The Bank continuously transformed to in-depth operation and creation of value through professional competence, enhanced the comprehensive service capability, and achieved comprehensive and coordinated development of the benefits, quality and scale of the corporate business.

As of the end of the Reporting Period, the Bank had 477,700 corporate customers in total. During the Reporting Period, the Bank had 59,500 new accounts with 27,100 new accounts meeting specified standards, representing 45.55% of the new accounts; and the Bank had 47,900 valid basic accounts, representing an increase of 4,407 as compared to the end of the previous year.

## Chapter 5 Management Discussion and Analysis

### 9.1.3.1 Strategic customers

Adhering to the customer-centered approach, the Bank implemented category-based services and in-depth operation of customer base, continued to build differentiated core competitiveness, and enhanced its comprehensive service capabilities for strategic customers. The Bank improved its strategic customer service system, integrated front, middle and back office departments, and coordinated head office, branches and sub-branches, customized the comprehensive customer service plan of “one policy for one household (一戶一策)”, and strengthened the coordination and promotion of key businesses and key projects. The Bank expanded the strategic customer ecosystem along the equity chain and industrial chain, comprehensively used trade financing, supply chain financing, and investment banking financing products, increased cooperation with strategic customer core enterprises, subsidiaries, and upstream and downstream enterprises in the industrial chain, further deepened the scope of cooperation, optimized the business structure, and provided customers with comprehensive financial services.

As of the end of the Reporting Period, the balance of loans of strategic customers at the Bank’s head office-level was RMB90.124 billion, representing an increase of RMB1.668 billion as compared to the end of the previous year, driving 488 accounts of upstream and downstream customers, and the effectiveness of customer base expansion continued to emerge.

### 9.1.3.2 Institutional customers

During the Reporting Period, with a focus on the major decisions and arrangements of the Provincial Party Committee and the Provincial People’s Government of Henan Province, the Bank actively gave play to the role and advantages of provincial corporate banks, actively aligned with the financial needs of economy development in local areas, continuously deepened the cooperation between banks and governments, formulated the comprehensive financial service plan of “financing + financial intelligence + financial technology + financial talent (融資+融智+融技+融才)” based on the needs of institutional customers at all levels, and deeply integrated into key economic works of governments at all levels. The Bank positively affected the improvement of the efficiency of government fund management and financing, the centralized treasury payment, the issuance of specialized debt and the promotion of the smart construction of the government. The Bank aligned with local major strategic arrangements and major project promotion through financial support and built a good reputation of being based on local economic development and serving local economic development, and established a good relationship of win-win cooperation and sustainable development with governments at all levels.

As of the end of the Reporting Period, the Bank provided issuance services of local government special debt to 18 cities and 170 counties in Henan Province, with its market share ranking at the top among the banks and at the first tier in Henan Province in terms of the fund amount generated from serving centralized treasury payment agency. The Bank won the bid on the provincial agent of special accounts of social insurance and finance for the first time, which marked the Bank’s achievement of making a new breakthrough in serving the economic and social development of Henan Province and was of great significance in improving the comprehensive financial service level and promoting high-quality development.

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### 9.1.3.3 *Sci-tech innovation customer groups*

During the Reporting Period, the Bank thoroughly implemented the various decision-making deployments of the first key area of sci-tech finance, focusing on new productive forces. Starting from the deep integration of technological innovation and industrial innovation, the Bank concentrated on customers and projects in the areas of “government hotspots, development pain points, technological difficulties, industry bottlenecks, and industrial priorities (政府熱點、發展痛點、技術難點、行業堵點、產業重點)”. The Bank strengthened early-stage investment, small-scale investment, long-term investment, and investment in key and core technologies, directing investments of credit resources towards key areas of technological innovation, such as startup tech companies, new productive forces, strategic emerging industries, future industries, and the transformation and upgrading of traditional industries.

The Bank resolutely implemented the decision-making deployments of the Provincial Party Committee and the Provincial People's Government of Henan Province regarding the acceleration and strengthening of policy-based sci-tech finance. The Bank explored the “Zhongyuan Model (中原模式)” for policy-based sci-tech finance, continually enriching the connotation of policy-based sci-tech finance, and constructed “six special mechanisms (六專機制)” for sci-tech finance that aligned with technological innovation. By establishing a long-term and stable policy-based funding source mechanism, the Bank strengthened the guiding and driving role of policy-specific funds, continuously increasing support for startups, bottleneck enterprises, key and core technology companies, and accelerating the transformation of technological achievements into real productive forces.

As of the end of the Reporting Period, the Bank provided financial services to more than 13,000 technology-based enterprises, of which 2,533 are borrowers. The balance of sci-tech financial business loans was RMB77.046 billion, representing an increase of RMB11.757 billion from the end of the previous year, or 18.01%, ranking first among banks in Henan Province. In the evaluation of the implementation effect of Henan Province's science and technology credit policy in the first half of 2024, the Bank was rated as excellent by the Henan Branch of the People's Bank of China, the Financial Office of the Henan Provincial Committee of the Communist Party of China, the Provincial Department of Science and Technology, and the Provincial Department of Industry and Information Technology.



## Chapter 5 Management Discussion and Analysis

### 9.1.4 Key areas

During the Reporting Period, the Bank innovated product strategies, optimized product functions, kept improving comprehensive and all-round product system and service capabilities, and improved customers' experience and satisfaction.

#### 9.1.4.1 *Sci-tech innovation finance*

During the Reporting Period, the Bank strengthened its awareness of opportunities, vigorously developed sci-tech finance, actively explored the institutional mechanisms of policy-based sci-tech finance, continuously optimized innovative products, enhanced service capabilities, and built an all-around, whole chain, full cycle, full spectrum characteristic financial service system. The Bank established a unique brand for sci-tech financial services, and its key products continued to lead the industry in the province.

As of the end of the Reporting Period, the balance of the key product "Loan to Enterprises that Apply Special, Sophisticated Techniques to Produce Unique and Novel Products" was RMB3.603 billion, representing an increase of RMB1.687 billion or 88.05% from the end of the previous year. The number of supported enterprises and the amount of investment both ranked first among the 20 cooperative banks of the Provincial Department of Industry and Information Technology; the balance of the provincial "Science and Technology Loan" was RMB1.228 billion, representing an increase of RMB302 million or 32.61% from the end of the previous year, ranking first in the province in terms of both increase and growth rate; the balance of "Intellectual Property Pledge Loan" was RMB1.340 billion, representing an increase of RMB318 million from the end of the previous year, and the balance ranked first in the province.

#### 9.1.4.2 *Green Finance*

During the Reporting Period, the Bank firmly established the concept of "lucid waters and lush mountains are invaluable assets", actively implemented the national goal of "Carbon Peak and Carbon Neutrality", and closely focused on the strategy of "green and low-carbon transition" put forward by the Provincial Party Committee and the Provincial People's Government of Henan Province. The Bank kept closer interconnection with the government, integrated resources, gathered joint efforts for development, and provided targeted green finance services and support according to the industrial layout and policy orientation of the province. Focusing on six major green areas, such as the green and low-carbon transition of traditional sectors and the green upgrading of infrastructure, the Bank built a "Zhongyuan Green Finance" Green financial product system covering financing, investment, inclusion, industrial chain and financial intelligence, and continuously increased the innovation of green financial products and service models. The Bank actively explored green, inclusive and integrated development paths. In 2024, it successfully launched the Bank's first green government procurement loan business under the green and inclusive collaborative model and the first green corporate overdraft loan product, helping small and medium-sized enterprises to embark on a path of green and low-carbon development. The Bank supported accelerated development of green finance focusing on fields such as new energy, new materials and new manufacturing, in environmental protection and resource recycling and other aspects.

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As of the end of the Reporting Period, the green credit of the Bank invested a total of RMB19.906 billion, with a green credit balance of RMB41.759 billion, representing an increase of RMB8.068 billion as compared with the end of the previous year.

### 9.1.4.3 Transaction Banking

During the Reporting Period, our Bank continued to strengthen product innovation and online system construction, in-depth industry research, and vigorously develop transaction banking businesses such as treasury management, supply chain finance, international business and electronic channels, continued to improve the product system of transaction banking, and promoted the implementation of key businesses.

#### **Treasury management**

Focusing on the capital appreciation needs of small and medium-sized enterprises, the Bank built an online product management system that combined deposits and wealth management, and combined finance and non-finance. Through continuous product optimization and iteration, the Bank was able to launch differentiated portfolio products for specific customer bases. The application of the Yihutong (一戶通) product in special scenarios such as social security funds, public resource transactions, one case one account, and property maintenance fund division for institutional customers achieved business breakthroughs, and the cash pool product centralized fund management scenario also achieved business implementation for key strategic customers. As of the end of the Reporting Period, the Bank had 28,764 customers for treasury management products and services, representing an increase of 2,293 as compared with the end of the previous year.

#### **Supply chain finance**

The Bank adhered to the customer-oriented principle, created new service models, continuously improved the level of digital and intelligent service of products, enriched comprehensive service solutions under supply chain scenarios, and provided differentiated comprehensive service solutions focusing on the liquidity financial needs of industry chain participants in procurement, production, sales and other links. During the Reporting Period, the Bank provided enterprises with convenient and efficient supply chain financing of RMB187.4 billion.

#### **International business**

The Bank insisted on digital and intelligent transformation of its business, realizing the automation of foreign exchange collection and accounting for export letters of credit, export collection and other businesses, the automation of forfeiting collection and accounting, and the automation of forfeiting quota occupation/release in the secondary market. The Bank built an intelligent blacklist system, optimized the approval process, improved the screening accuracy, made sanctions compliance more accurate and effective, and greatly improved customer experience. The

## Chapter 5 Management Discussion and Analysis

Bank adhered to sound, prudent, and compliant operations, and obtained a B+ grade in the 2024 Compliance and Prudent Operation Evaluation for Banks' Foreign Exchange Business organized by the State Administration of Foreign Exchange, which was recognized by the regulatory authorities. As of the end of the Reporting Period, the international business recorded cross-border foreign exchange collection and payment of USD3.9 billion, which indicated that the international business is moving towards the goal of zero risk, high efficiency and high-quality development while maintaining stable operation.

### ***Corporate digital channels***

The Bank further gave play to the value of online service as the main strength, fully enhanced the digital and intelligent service capabilities of online channels, implemented an open approach to customer acquisition by focusing on the Company's Yidiantong and integrating customer-facing channels, enhanced customer experience, strengthened security defenses, and create a one-stop online service platform for corporate customers, to help the Company's business transformation and development. As of the end of the Reporting Period, the cumulative number of customers for corporate digital channels was 305,000, increased by 23,900 customers as compared to the end of the previous year.

#### *9.1.4.4 Investment banking*

During the Reporting Period, the Bank vigorously promoted the steady transformation and development of investment banking business. The Bank actively expanded innovative business products such as non-financial corporate debt financing instrument underwriting, asset securitization, syndicated loan, merger and acquisition loan, and fund matching, continued to enrich investment banking business products, and positively provided more comprehensive and professional financial service solutions. In particular, it successfully underwrote 36 non-financial corporate debt financing instruments, with a total scale of RMB28.757 billion. The Bank enhanced the ability to serve key customers through the debt-loan portfolio, and helped enterprises achieve financing with a scale of nearly RMB64.826 billion during the Reporting Period.

The Bank tapped into the channels of bond market investment institutions, continued to strengthen the construction of financial industry circles, and improved the "headquarters-to-headquarters" communication mechanism. On the one hand, the Bank built a communication bridge between provincial enterprises and national investment institutions through online and offline exchanges and roadshows, etc. to "bring in investment for Henan". On the other hand, the Bank tracked and researched the latest developments in the bond market, giving full play to its primary role in serving the bond market of Henan, promoting economic development, and optimizing resource allocation.

The Bank actively leveraged the channel advantages established with other banks, insurance, trust, and leasing financial institutions, met the differentiated demands of our customers, and provided comprehensive and multi-channel integration financial services for customers within the province through syndicated loans, merger and acquisition loans, and fund matching, etc.

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### 9.1.4.5 Auto finance

During the Reporting Period, the Bank anchored the strategic transformation goal of industrial banking, centered on the cultivation of new core competitiveness, actively adapted to the development and transformation of the automobile industry, seized development opportunities, deeply managed customers, and maintained a solid risk bottom line, laying a solid foundation for high-quality development in multiple dimensions. The Bank organized and implemented the special action of “shifting gears and speeding up (換擋提速)” of Zhongyuan Bank’s auto finance, promoted the regional deep cultivation strategy, continued to lay out the new energy vehicles field and launched the “Huanxin Car Loan” (換新車貸) product, and promoted the upgrading of automobile consumption and green transformation. The Bank deepened the “full-chain, full-region, full-cycle, full-spectrum, all-round, and full-process (六個全)” and solidified the industrial bank. The Bank tapped into the internal needs of core OEMs, expanded along the chain, improved its all-round, full-chain and full-process service capabilities, increased resource allocation and policy support, continuously expanded the scenarios of auto financial services, and always integrated quality and efficiency management throughout the entire business process to create a highland for industrial financial services. The Bank deepened risk control and consolidated the foundation of development. Facing the intensification of internal competition in the car market and the backlog of inventory in dealers, the Bank comprehensively reviewed the existing businesses, formulated credit policies for each brand, continued to strengthen the construction of digital and intelligent risk control capabilities, improved risk control models in multiple dimensions, and identified and mitigated business risks in advance.

As of the end of the Reporting Period, the Bank provided auto finance loans of RMB26.757 billion in total, serving 293,800 customers, and facilitating the transactions of RMB63.181 billion in total in auto industry chain finance.

## 9.2 Retail Banking Business

### 9.2.1 Retail deposits

During the Reporting Period, the Bank continued to strengthen the publicity and promotion of its brand products, expanded its brand influence, optimized business processes, enhanced customer experience, and achieved sustained growth in the scale of savings deposits by improving its comprehensive customer service capabilities.

As of the end of the Reporting Period, the balance of savings deposits was RMB558.94 billion, representing an increase of RMB39.174 billion or 7.54% as compared with the end of the previous year; the AUM balance was RMB645.412 billion, representing an increase of RMB45.993 billion or 7.67% as compared with the end of the previous year.



## Chapter 5 Management Discussion and Analysis

### 9.2.2 Retail loans

During the Reporting Period, the Bank insisted on characteristic operation and differentiated development, was committed to building a new core competitiveness in personal loans, and took various measures in areas such as product innovation, marketing operation, and risk management to promote the steady development of retail credit business. In terms of product innovation, the Bank implemented the policy orientation of “trade-in” (以舊換新), innovatively launched the “Huanxin Loan (煥新貸)” product, and introduced 0 down payment for car purchase, with cumulative investment of RMB1.7 billion; segmented the public customer group, and innovatively launched the “Science and Technology Talent Loan (科技人才貸)” product; practised the work requirements of the “Five Priorities” of finance, demonstrated the people-oriented finance work, innovatively introduced the function of renewal of loans without repayment of the principal. In terms of marketing operation, the Bank established an online operation team and continued to promote the big data use cases to increase the number of effective customers and the withdrawal rate of personal loans with data empowerment. In terms of risk management, the Bank strengthened the management on existing loans and control over new loans, created a risk management plan for retail loans, built a risk management system for retail loans, and continuously prevented and controlled the risks of the retail loan business.

As of the end of the Reporting Period, the balance of the personal loans of the Bank was RMB265.379 billion, representing an increase of RMB5.877 billion or 2.26% as compared with the end of last year.

### 9.2.3 Retail customers

During the Reporting Period, the Bank conducted precise marketing by levels and categories, established a retail customer expansion and management system, improved the standards of the rights and interests of customers, restructured the category-based rights and interests system and the customer value system, and set up a closed-loop customer operation mechanism to improve the customer acquisition and management capabilities. As of the end of the Reporting Period, the number of the Bank’s retail customers amounted to 35,436,100, representing an increase of 1,605,000 or 4.53% as compared to the end of last year.

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During the Reporting Period, the Bank insisted on focusing on the needs of the citizens, continued to cultivate key customer groups, matched different product portfolios for customers at different stages to satisfy diversified financial needs, and expanded its role as a citizen bank. For the customer group in the payment agency business, the Bank built a comprehensive service system for the “Kai Xin (開薪)” brand of payment agency services, strengthened the corporate-individual linkage comprehensive services, and met the financial and non-financial needs of the B terminal + C terminal of the agency units with a package of services of “platform, products, activities and rights”. For the elderly customer group, the Bank implemented the national strategy, promoted the high-quality development of elderly care finance, continuously enriched the “Happy Life” comprehensive service system, introduced the commercial pension business, and built model outlets for elderly care finance to provide more convenient financial services for the elderly customers. For the new citizen customer base, the Bank focused on the needs of new citizens in key fields such as housing, automobiles, entrepreneurship and consumption, and continued to enhance the financial accessibility and convenience of the new citizen group. For the acquiring customer base, the Bank rapidly increased the market coverage of the Acquiring Alliance products by methods such as carrying out special acquiring marketing activities and focusing on key markets and shopping districts; created the blockbuster of the Premium V Card (大 V 卡), serving a total of over 300,000 customers. At the same time, with the Premium V Card product, the Bank conducted targeted marketing on the small and micro merchants customer base, and continued to carry out transaction promotion and asset enhancement activities to deeply explore potential customers. As of the end of the Reporting Period, the Bank has served a total of 660,500 acquiring customers, providing a total of 434 million clearing services to acquiring customers during the year, and the transaction amount was RMB142.875 billion.

### 9.2.4 Wealth and private banking business

During the Reporting Period, the Bank adhered to the principle of prudent operation, screened outstanding managers across the market, created a one-stop open wealth product shelf, at the same time, deeply practised the concept of asset allocation, and continued to provide professional, personalized and diversified services to customers. We issued 497 issues of high-net-worth products throughout the year. As of the end of the Reporting Period, the Bank’s scale of high-net-worth products, such as trust on a commission basis and asset management plans, continued to grow, and consistently ranked in the top tier among the 28 banks in the province. The Bank’s wealth inheritance trust business continued to grow, achieving a comprehensive breakthrough in the three business types of family trust, insurance trust, and family service trust during the Reporting Period, with 163 transactions and a scale of RMB415 million during the year.

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### 9.2.5 Credit card business

During the Reporting Period, the Bank actively responded to the national policies to promote residents' consumption, gained insights into and deeply explored customer needs, enriched product supply, created and launched credit card products such as the Premium Platinum Card (優選白金卡), Cute Pet Card (萌寵卡), and Theme Card of Vision and Video Enjoyment (暢享視界視頻主題卡), and introduced a full range of value-added benefits including clothing, food, housing, and transportation upon considering the high-frequency daily consumption scenarios and the personalized card needs of the residents, the breadth and depth of service to the customers continued to be enhanced. The Bank actively improved and optimized the customer value model, and implemented differentiated activity allocation and targeted marketing strategies, elevating the operational level of existing customers to a new height. By continuously optimizing and iterating the risk strategy model and improving the fraud case prevention system, the level of risk prevention and control was further enhanced. As of the end of the Reporting Period, the Bank issued a total of 4,458,500 credit cards, representing an increase of 309,700 cards as compared with the end of last year.

## 9.3 Financial Market Business

### 9.3.1 Treasury business

During the Reporting Period, the Bank resolutely practiced the requirements for high-quality development of the Bank, steadily developed the monetary market business, and ensured the liquidity safety of the Bank. The Bank effectively fulfilled its responsibility as a "dealer in the monetary market", fully played the role of a market stabilizer, did a good job as a transmission channel for liquidity hierarchies, actively promoted the application of innovative instruments in the inter-bank market, deeply participated in the innovative business, and continued to maintain the Bank's market activity and influence.

During the Reporting Period, while the domestic economic fundamentals made steady progress with high-quality development, it also faced challenges such as lacking internal effective demand, increasing external pressure, and weak social demand. Under the expectation of moderately accommodative monetary policies, the bond market yield fell down with fluctuations, hitting a new low in recent years. Leveraging our excellent investment and research capabilities, the Bank accurately grasped the rhythm of the bond market, and actively and flexibly adjusted its position with the overall focus on increasing the allocation of bond assets, adopted a dumbbell-shaped allocation strategy to boost bond yields and prevent interest rate risk, and adopted a trend trade strategy to steadily obtain interest spread income, leaving room for strategic response in the future. Meanwhile, the Bank also closely tracked the changes in exchange rate trends, precisely researched and judged the market trends, and seized the appropriate time to carry out non-deliverable forward (NDF) transactions, which effectively reduced the exchange rate risk exposure of overseas assets, saved financial costs, increased actual returns, ensured the safety of the Bank's foreign exchange assets, and realized asset appreciation.

## Chapter 5 Management Discussion and Analysis

### 9.3.2 Interbank business

During the Reporting Period, the interbank business of the Bank closely focused on the overall operation of the Bank, and strengthened its actions in enhancing revenue and profit generation, boosting business operation and serving interbank customers. The Bank efficiently implemented its strategic plan, and adjusted its business strategy at the appropriate time in accordance with the operation requirements of "light asset, light capital and light cost" to optimize and strengthen its interbank business. The Bank actively built a favorable financial interbank cooperation ecosystem, continuously improved the customer service system, transformed from single product operation to providing integrated services for customers, and established an integrated management system for interbank customer integration oriented by customer demand and centered on comprehensive services. The Bank continued to deepen its brand building, organized and carried out various interbank research and exchange activities, the credit granted by external institutions was significantly increased, and the customer expansion and service works achieved remarkable results, and its influence in the industry was continuously improved.

During the Reporting Period, the Bank conducted a prospective study on the market and regulatory policies, optimized the structure of interbank assets and liabilities at the appropriate time, enriched the categories of assets, flexibly arranged the business terms, strictly controlled the risks, and cooperated with online and offline channels to better serve interbank customers.

### 9.3.3 Bill business

During the Reporting Period, the Bank actively performed its responsibility and mission of serving the regional economic and social development. Adhering to the purpose of serving the real economy and small and medium-sized enterprises, the Bank continuously promoted product innovation and process optimization so as to improve service efficiency and enhance customer experience. The Bank actively responded to market changes and effectively reduced the discount rate of enterprises by relying on the advantages of technology empowerment and direct transfer and linkage. By focusing on the original E-discount products, the Bank promoted the online provision of buyers' interest-bearing products to meet the diversified bill financing needs of enterprises. The Bank gave great support for the development of advanced manufacturing, scientific and technological innovation, green and low-carbon industries which are in line with the national policy orientation. With the focus on supporting the financing needs of micro, small and medium-sized enterprises, the Bank provided customers with convenient and efficient discount services.

During the Reporting Period, the Bank actively supported the People's Bank of China in implementing monetary policy instruments including rediscount, gave full play to the function of monetary policies as transmission channels, so as to facilitate more low-cost funds from the central bank to reach key areas of private economic development, such as scientific and technological innovation, green and low-carbon development, rural revitalization, and inclusive development of small and micro enterprises, reduce financing costs of enterprises and practise the philosophy of inclusive finance.



## Chapter 5 Management Discussion and Analysis

### 9.3.4 Asset management

During the Reporting Period, the Bank strictly implemented regulatory requirements, closely followed the Bank's overall strategy, adhered to our original aspiration of "being entrusted by customers and making wealth management on behalf of customers", took customers as the center, deepened its presence in the central China, and comprehensively promoted the sustained and stable development of wealth management business. As of the end of the Reporting Period, the scale of the Bank's wealth management products was RMB66.707 billion, all of which were net-worth products that met the requirements of the new asset management regulations.

During the Reporting Period, the Bank's wealth management business strictly adhered to the risk bottom line, strictly controlled asset quality, comprehensively prevented risks, and the underlying assets were safe and reliable; the Bank adhered to the customer demand-oriented approach and continuously optimized its product structure, forming a product structure with fixed income as the main and fixed income + as the auxiliary, effectively matching customers' diversified asset allocation needs; the Bank strengthened investment research capacity building, strengthened investment research integrated application, continuously optimized investment strategies and asset allocation, and created product robustness. At the same time, the Bank deeply empowered the front line, and through online and offline channels, it continued to strengthen the promotion of wealth management products and customer accompaniment, and held investment strategy meetings and product promotion meetings for wealth management business on a regular basis with sales channels, to help improve wealth management service capabilities and effectively improve customer wealth management experience. The Bank took a multi-pronged approach to help the high-quality development of wealth management business, and the brand recognition and influence continued to increase. In 2024, the Bank won the "Golden Hazelnut Award" for Excellent Bank Wealth Management Institutions of Cailian Press, the "Golden Reputation Award" for China Asset Management and Wealth Management Industry of Puyi Standard, and the "Golden Wealth Management" of Shanghai Securities Journal.

## 9.4 Inclusive Finance Business

### 9.4.1 Small and micro finance

During the Reporting Period, the Bank thoroughly implemented the decisions and plans of the Party Central Committee, the State Council, and the Provincial Party Committee and the Provincial People's Government on financial support for the development of private enterprises, adhered to the positioning of serving real economies and supporting small and micro enterprises, optimized the service structure, improved the accuracy of services in key areas. It developed a financial service system on small and micro enterprises which is suitable for the development of real economies, actively met the reasonable financial needs of inclusive small and micro enterprises, established a long-term mechanism for boosting the Bank's confidence, willingness, capability, and expertise of loans, and practically enhanced the sense of small and micro enterprises in obtaining financial services.

## Chapter 5 Management Discussion and Analysis

The Bank served real economies and comprehensively completed regulatory targets on inclusive small and micro enterprises. During the Reporting Period, the Bank provided inclusive small and micro loans of RMB74.848 billion for small and micro customers in total, with a weighted average rate of 3.96%. As of the end of the Reporting Period, the balance of inclusive small and micro loans was RMB90.097 billion, representing an increase of RMB6.32 billion or 7.54% as compared with the end of the previous year. The Bank had 166,600 inclusive small and micro customers, representing an increase of 8,400 as compared with the end of the previous year. The Bank has comprehensively completed regulatory targets on inclusive small and micro enterprises, and the increment and expansion were further improved. As of the end of the Reporting Period, the Bank had 27 teams and 321 managers in total dedicated to small and micro customers.

The Bank took responsibility and made every effort to promote the coordination mechanism for small and micro-enterprise financing. During the Reporting Period, the Bank implemented the major decisions and arrangements on the coordination mechanism for small and micro-enterprise financing, and fulfilled the responsibility of a provincial legal person bank. In accordance with the unified deployment of Henan Province, the Bank participated in the design and development of the Henan Province Small and Micro-Enterprise Financing Application System, and provided solid informatization support for the visits and management of about 70,000 users of 245 dedicated teams at the provincial, municipal and county levels. For customers on the “recommended list”, the Bank created a special financing product “Loans for Thousands of Enterprises and Users (千企萬戶貸)”, formulated a special authorization plan, and insisted on fast review and fast loan. With branches and sub-branches as the core and featured customer groups as the basis, the Bank divided grid areas, divided them into sections, and cooperated in the publicity activity of “Thousands of Enterprises and Users Visit • Precision Service to Promote Development (千企萬戶大走訪•精準服務促發展)”, giving full play to the strength of the entire Bank’s personnel, visiting and investigating, assigning responsibilities to people, and opening up the “last mile” of benefiting enterprises and the people. As of the end of the Reporting Period, there were 66,300 users on the application list and 23,500 users on the recommended list.

The Bank took customer groups as the development orientation and improved its product and service capabilities. During the Reporting Period, the Bank continued to create products and innovate businesses, introduced invoice data, verified transaction relationships through real transactions with core enterprises, created supply chain inclusive loan products, and deepened the upstream and downstream customer groups of the supply chain. The Bank optimized its loan renewal and credit loan services, added functions such as online product loan renewal and renewal of loans without repayment of the principal, realized early loan renewal for businesses, and ensured the continuity of customer financing. The Bank transformed the Zhongyuan re-guarantee batch guarantee business model of Shangyi Loan (商易貸) (for enterprises), launched short-term guarantees based on customer’s needs to improve business flexibility, and adjusted the product limit to provide more powerful support for small and micro enterprises with development prospects. The Bank innovated village collective economic cooperation, cooperated with Henan Agricultural Credit Guarantee Co., Ltd. (河南省農業信貸擔保有限責任公司) to expand agricultural customers in cities and counties, and launched the corporate business agricultural credit guarantee model to support the development of agricultural industries and agriculture-related secondary and tertiary industries in the province.

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The Bank took “inclusiveness + industry” as its development logic and promoted deep integration with regional industries. The Bank increased the exploration of Henan Province’s characteristic industries and regional featured customer groups, and combined with the pillar industries and characteristic industries of each region to achieve the “one bank, one policy (一行一策)” and “one county, one product (一縣一品)” scenario construction in various regions and cities, and built a financial ecology around the underlying needs of customers. Throughout the year, the Bank had 11 new credit policy guidelines for characteristic industries (food, textiles, wholesale markets, etc.). The Bank signed 19 new plans for regional featured customer groups, and had 166 new applications from industrial customer groups, with a credit line of RMB584 million.

The Bank took quality as the guarantee of development and insisted on giving equal importance to business expansion and risk management. The Bank used “data + experience” to drive the optimization of model access strategies, quota strategies, application scorecards and other model strategies, and improved the construction of model groups. The Bank launched the scenario anti-fraud model, built the electronic verification function of online products, and carried out risk identification and information verification through the risk team to win back high-quality customers and reduce customer leakage. The Bank improved its due diligence exemption management system, expanded the scope of due diligence exemption from inclusive small and micro businesses to inclusive credit business. The Bank implemented the requirements of the Notice on Doing a Good Job in Renewal of Loans and Improving the Financial Service Level of Small and Micro Enterprises, clarified the access, review and approval conditions and due diligence exemption of renewal of loans without repayment of principal for small and micro enterprises, and encouraged the business development of renewal of loans without repayment of principal.

### 9.4.2 Rural revitalization and finance

During the Reporting Period, the Bank closely concentrated on the national strategy of rural revitalization and the requirements for building Henan into a strong agricultural province, taking into account its resource advantages and development realities, vigorously promoted the construction of a rural revitalization bank, and facilitated the development of inclusive finance.

The Bank took industrial finance as the main focus, centered on the entire agricultural industry chain and county-level characteristic industries, and continuously deepened the “government-bank-insurance-guarantee-enterprise (政銀保擔企)” head office-to-head office cooperation, increased resource allocation and credit support for agriculture, rural areas and farmers, and implemented inclusive finance with practical actions. As of the end of the Reporting Period, the balance of full-scale agriculture-related loans of the Bank was RMB171.926 billion, representing an increase of RMB11.155 billion or 6.94% as compared to the end of the previous year; the balance of inclusive agriculture-related loans of the Bank was RMB19.372 billion, representing an increase of RMB2.357 billion or 13.86% as compared to the end of the previous year.



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The Bank further promoted the “four-in-one” channel service system of “county sub-branch + township sub-branch + service point + online platform”, continuously optimized and improved the channel financial and non-financial service functions, and improved customer experience and satisfaction. As of the end of the Reporting Period, the Bank had set up 165 county outlets, 79 township outlets, and more than 5,000 service points; mobile banking (rural online version) served 3.4275 million users.

The Bank focused on products such as “Industry Inclusive Loan (產業普惠貸)” and “Yunong Loan (豫農貸)” and continued to strengthen the online, intelligent and scenario-based construction of products, further improving the availability, convenience and coverage of rural inclusive financial services. As of the end of the Reporting Period, the Bank’s industry inclusive loans cumulatively served 88 industrial customer groups, basically achieving full coverage of the top ten advantageous and characteristic agricultural industries in Henan Province; Yunong Loan cumulatively served 68,300 farmers.

### 9.5 Distribution Channels

Adhering to the people-oriented concept and with people’s livelihood as the starting point, the Bank deepened the online and offline synergies, continued to broaden its service radius, expedited the service response speed, and constantly optimized the customer experience through the “Internet” advantage during the Reporting Period. It strengthened the operating service support, consolidated the building of platform capabilities, and strived to create an intelligent and convenient one-stop financial service circle to achieve a further upgrade of the intelligent service experience of customers.

#### 9.5.1 Mobile banking

During the Reporting Period, the Bank released Zhongyuan Bank APP version 6.0, focusing on “Simplicity, Intelligence and Security” to create a better wealth life for users. This version returned to the nature of financial services, continued to optimize the transaction processes, to enhance the level of personalized services based on various demands; it built an open mobile banking system to realize open users, open products and open platforms; it focused on the wealth service demands during the process of “pre-sales, sales and after-sales”, created a comprehensive wealth service throughout the entire journey, and enhanced the wealth service and management capabilities; it built a “human+digital” service system integrating cloud counters, intelligent customer service, online account managers and online operation teams to realize online services of all employees; it focused on the surrounding life preferences and city-specific services, comprehensively upgraded the life service scenarios; and leveraging “Big Data + AI”, it built a “suspicious” + “trustworthy” security and risk control system to create a safe and reliable financial environment for customers. It deepened the close linkage between online and offline to continuously promote the online migration of retail customers, and achieve the growth of the scale of service customers. Through the formulation of three major categories of online activities for new customers, festivals, and product experience improvement, a total of 11 themed blockbuster events were launched, which strongly supported the growth and activity of online customers.



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As of the end of the Reporting Period, the number of registered users of the Bank's mobile banking reached 17.5624 million, representing a new increase of 1.6413 million as compared with the end of the previous year, and the number of customers of the Bank's mobile banking reached 15 million, representing a net increase of 1.3272 million as compared with the end of the previous year.

### 9.5.2 WeChat banking

During the Reporting Period, the Bank continued to improve multichannel coordination and planning and enhanced the attraction and transformation of customers through the channel. WeChat official account of the Bank has sent 300 tweets in 48 issues in aggregate, which have been viewed for 7 million times, further enhancing the brand influence.

As of the end of the Reporting Period, the number of fans of our WeChat banking official account reached 10.1336 million, representing an increase of 1.2456 million as compared with the end of the previous year, of which there were 6.8699 million card binding customers, representing an increase of 1.1133 million as compared with the end of the previous year.

### 9.5.3 Personal online banking

During the Reporting Period, the Bank continued to optimize personal online banking customers' online service experience by upgrading its core functions such as transfer and remittance and customer services, and providing customers with convenient and fast personal account inquiries, reporting of loss, transfer, wealth management, online payment and other businesses, so that the customers can obtain timely financial information and professional wealth management services.

As of the end of the Reporting Period, the Bank's personal online banking attracted 7,200 new users, with the total number of users reaching 1.6732 million. During the Reporting Period, the total number of personal online banking transactions reached 12.4857 million, and the total transaction amount reached RMB636.302 billion.

### 9.5.4 Remote service center

During the Reporting Period, the Bank was committed to the functional optimization of the remote service system and technology platform, constantly improving the customer service process, further enhancing quality and efficiency of service, and striving to better meet the diversified needs of customers and improve customer service experience. The customer service center of remote Banking received a total of 3,990,500 incoming customer calls, including 2,134,500 calls transferred to automated voice service, accounting for 53.49% and 1,856,200 calls transferred to manual service, accounting for 46.51%. 96.15% of calls were received, with a customer satisfaction of 99.76% during the year; 5,034,100 customer calls, including 377,800 calls transferred to manual service, were received by online customer service, and 92.48% of the calls were transferred to intelligent text service, with a customer satisfaction of 94.24%.

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### 9.5.5 Joint innovation

During the Reporting Period, the Bank kept on implementing the new concept of initiating open and win-win cooperation, devoted to promoting the jointly innovative business of perpetual loans and optimized the services to cooperative banks to support them in providing housing mortgage services for individuals and small and micro merchants in the areas where they conducted businesses. As of the end of the Reporting Period, a total of 41 cooperative banks have signed agreements with us on jointly innovative business of perpetual loans. The cooperative banks have granted RMB67.095 billion of loans in total, establishing a good brand image and word-of-mouth effect in the industry. At the same time, the Bank continued to enrich the product variety of jointly innovative products and launched four new products, i.e. model training ground, big data use cases, digital courses, and new and secondhand residential property mortgages.

## 9.6 Information Technology

During the Reporting Period, with “deeply promoting the characteristic operation and differentiated development and building new core competitiveness” as the main line of work, the Bank focused on business value creation, fully promoted the implementation of the digital transformation strategies, gave full play to the two-wheel-drive effect of technology and data, continuously laid a solid foundation for science and technology development, strengthened the integration and collaboration between business and technology, enhanced the quality and efficiency of technological services, and contributed to the Bank’s high-quality development.

### 9.6.1 Strategically planning the digital finance

**The transformation projects achieved remarkable results.** The Bank launched the implementation of 16 transformation projects focusing on areas such as online, digital marketing of key products, and the construction of whole-process intelligent risk control, and achieved good business effectiveness. Mobile Banking 6.0 was upgraded and launched, the number of APP users achieved 17,562,400, representing an increase of 1,641,300 users as compared with the end of the last year, and the number of monthly active users amounted to 4,452,000. The Bank achieved the automatic approval for single-customer supplier credit limits models under specific scenarios, shortening the approval time efficiency from one month to one day. The Bank built a stratified model of customer value and integrated it into retail big data use cases, achieving an AUM growth that accounted for 76% of the Bank’s retail AUM growth. The Bank completed the launch of business fusion protection for eight credit products, including the original e-loan (consumption), realizing automatic risk monitoring and intelligent early warning. The Bank’s good practices in the field of digital transformation were awarded the “Pioneer Enterprise of Digital Transformation (數智化轉型先鋒企業)”, “Outstanding Case in Digital Risk Control (數字風控優秀案例)”, the Golden Award for Financial Risk “Tianyi Awards” (金融風險“天奕獎”金獎), and “Typical Case of Digital Finance in the Banking Industry for 2024 (2024 銀行業數字金融典型案例)”, further enhancing the brand influence of the Bank’s digital transformation within the industry.

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**Enhancing and improving the efficiency of digital finance.** The Bank enhanced the top design of digital finance, and studied and formulated the new five-year digital finance strategic plan. The Bank has completed the establishment of the Digital Transformation Evaluation System of Zhongyuan Bank (《中原銀行數字化轉型評價體系》) and the first self-assessment of the Bank, with its digital capability reaching “mature level”. The Bank, cooperating with the China Banking Association, organized a seminar on digital transformation indicator system and data reporting, which provided important references for the standardized construction of digital transformation evaluation for the banking industry.

**Deeply promoting digital and intelligent empowerment.** The Bank formulated the Special Work Plan for Zhongyuan Bank on Digital Transformation to Empower the Business Development of Branches (《中原銀行數字化轉型賦能分支行業務發展的專項工作方案》), established a “matrix” mechanism for head office and branches coordination, promoted the implementation of digital solutions in branches, and concluded and published general cases to improve quality and efficiency of branch business operations. The Bank focused on serving the localized digital operations of its branches and strengthened the application and promotion of the Zhongyuan Micro Activities Platform (中原微活動平台), the number of the platform users exceeded 200,000, and supported 119 localized marketing activities throughout the year, contributing to the increase of AUM by RMB3.34 billion, and the number of customers participated increased by 58.4%. The Bank successfully organized the “First Digital Financial Innovation Competition of Zhongyuan Bank (中原銀行第一屆數字金融創新大賽)”, established a digital transformation community “Yuan Zhi She (原智社)” and built a digital and intelligent course system and an internal communication platform, “Ran Liu Dian (燃六點)”, which fully stimulated the innovation enthusiasm of all employees.

### 9.6.2 Strengthening the support of the foundation of science and technology

**Steadily promoting the enterprise structure.** The Bank accomplished the enterprise-level structure planning, formed an enterprise structure system with 280 sets of target systems in 7 layers and 26 groups, realized the interconnection between the business structure and application structure, provided top-level specifications and scientific guidance for the construction of application systems, gradually improved the data structure and technical structure system, strengthened the implementation of structure governance, and continued to enhance the refined management of the system structure. The Bank initiated the establishment and implementation of the network of new-generation systems designed for the core business, and promoted and completed demand analysis and system design, as well as the development of first phase loan-related functions as planned.

**Strengthening the foundation of the intermediate platform.** As for technology intermediate platform, our mobile development platform completed the development of 15 basic capabilities and 33 business functions of HarmonyOS system, supporting the launch of mobile banking with HarmonyOS version. The front-end development platform completed the introduction of the new front-end construction engine Vite tool, promoted the use of 5 sets of business systems, and shortened the start-up time for the project by more than 5 times on average. The back-end development platform released a new version of IDE and the foundation framework 3.0 official version to achieve strong management and control over API design. The construction of dedicated cloud for middleware and cache proxy layer has been

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completed with a total of 15 sets of business systems migrated and accessed. As for business intermediate platform, the Bank improved the construction of payment intermediate platform, adopted domestic infrastructure, reconstructed large and small payment systems based on cloud-native and distributed architecture, marking the Bank's payment service to a new level. The Bank perfected the construction of intermediate platform of retail channels, initiated the microservice retrofit of the WeChat banking, and completed the launch of the public microservice system on WeChat, significantly optimizing the average response time for login and other transactions. As for data intermediate platform, the Bank refined the data life cycle management strategy, optimized the storage space for historical data, and reduced the unit storage cost of the data lakehouse by approximately 13%. The Bank completed the domestic equipment migration and transformation for the GaussDB big data application clusters, and the average execution efficiency of batch processing tasks of each system has increased by more than 70%. The Bank deepened the application of graph database, developed and launched 76 graph data models, and realized 12 new application scenarios such as enterprise graph, real-time mining of group relationships, and credit card group mining, supporting the improvement of the risk prevention and control capability of the Bank.

**Deepening and improving data capabilities.** The Bank strengthened the closed-loop management of data governance, established and improved the indicator data management process. The Bank continued to strengthen the operation of data assets, introduced new corporate invoices and market risk evaluation of wealth management investment, data services such as insurance data and farmer information, and signed the Framework Agreement on Public Data Cooperation with Zhengzhou Smart Office (鄭州市智慧辦). Combined with the policy opportunities of the financing coordination mechanism for small and micro enterprises, the Bank actively participated in the construction of the financing application system for small and micro enterprises and the provincial financing credit service platform, and the results of the work were fully recognized by the competent government authorities. The Bank effectively accumulated and deposited user behavior data assets by launching an integrated platform for collection, analysis and management of user behavior data. By launching the core functions of the new external data platform, the Bank reduced the external data calling fee by 16.6%.



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**Laying a solid foundation for safe production.** The Bank deeply promoted the construction of cloud platforms. The rate of bank-wide cloud-based application systems reached 96%. The Bank completed the upgrading of business clusters for container cloud platforms and Qingyun platform resource pools for information innovation. The Bank also promoted the implementation of cloud cluster for middleware dedicated container, achieving the dual stack operation of homemade and virtualization, which continuously enhanced the strongness of the cloud-based infrastructure and the effectiveness of resource management. The Bank constructed a diverse heterogeneous intelligent arithmetic infrastructure, which achieved operation arithmetic of 45.5PFlops, representing a year-on-year increase of approximately 7.5 times. The Bank optimized the construction of disaster recovery system and intelligent operation and maintenance, which improved the level of guarantee of our business continuity. During the Reporting Period, information systems of the Bank were running smoothly with no level 3 and above production liability incident incurred. The availability rate of the important information systems reached more than 99.95%. The Bank improved the construction of the security defense system in depth, which achieved safe operation synergy for the group. The Bank also developed a Zero Trust platform to decrease the data security risk, strengthened the business defraud defense drill, and successfully blocked 35 illegal attacks, which strongly safeguarded the safety of customers' funds and information. During the Reporting Period, the Bank was recognized as "Outstanding Contributor to Intelligence Support for Financial Network Security Situation Awareness Platform" by the People's Bank of China.

### 9.6.3 Strengthening the application of innovative technology

The Bank actively explored the research and application of new technology such as artificial intelligence (AI). The Bank was granted 10 software copyrights and 2 invention patents throughout the year. Firstly, it promoted the application practice of large model technology. The Bank completed the development of the intelligent credit assistant, and improved work quality and efficiency. Knowledge Questions Assistant was applied and implemented in 10 scenarios such as companies, small and micro, operation and internal control and compliance, etc. It integrated more than 70,000 internal and external expertise documents. Secondly, it deepened AI benchmarking applications. Key business processes were optimized by application process exploring technology. 64 new RPA robots were added, and the number of RPA robots in production and operation reached 384, with a cumulative total of 53,000 tasks performed, saving approximately more than 2,000 person-months of manpower. Thirdly, the Bank strengthened the construction of basic intelligence technology. It initiated the joint innovation with Huawei Company and was the first in the industry to implement the migration of the large model application in domestic intelligent computing equipment. It completed the construction of evaluation system of the Bank's large model, realizing the private deployment and application of Alibaba's Qwen Large Model and Huawei Pangu Large Model in the Bank. The Bank developed its own knowledge questions framework and completed the optimization of construction of RAG evaluation system to support the effective implementation of various large model knowledge questions assistants. It conducted a full inventory of AI model assets across the Bank, issued the Administrative Measures for AI Model (《人工智能模型管理办法》), established the access criteria of the model evaluation, built a model safety detection mechanism to effectively prevent model risks. The large model platform application plan was selected in White Paper on the Application and Ecology of Ascend in the Financial Industry (《昇腾在金融行业的應用與生態白皮書》) of Huawei Company.

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### 9.6.4 Building a team of digital talents

The Bank strengthened the construction of the technology team, introduced talents for key positions such as demand, R&D and data intelligence, optimized the key staffing of echelon, organized and carried out multi-level professional training, and continuously enhanced the professional skills of technical personnel. As of the end of the Reporting Period, the technology team of the whole Bank consisted of nearly 1,000 people. The Bank deepened the construction of business and technology integration mechanism, built agile teams with technology, data and business personnel collaborated, efficiently responded to the market changes and demands of customers and continued to improve the quality and effectiveness of technology services.

### 9.7 Investment Business of Subsidiaries and Joint Ventures

#### 9.7.1 Business of county banks

##### 9.7.1.1 Percentage of shareholding of the Bank in county banks

Name	Percentage of shareholding of the Bank
Linzhou Zhongyuan County Bank Co., Ltd. (林州中原村鎮銀行股份有限公司)	51.00%
Qixian Zhongyuan County Bank Co., Ltd. (淇縣中原村鎮銀行股份有限公司)	51.00%
Xinxiang Zhongyuan County Bank Co., Ltd. (新鄉中原村鎮銀行股份有限公司)	78.46%
Puyang Zhongyuan County Bank Co., Ltd. (濮陽中原村鎮銀行股份有限公司)	51.00%
Lushi Zhongyuan County Bank Co., Ltd. <sup>1</sup> (盧氏中原村鎮銀行股份有限公司)	51.00%
Xiangcheng Zhongyuan Rural Bank Co., Ltd. (襄城中原村鎮銀行股份有限公司)	51.00%
Xinyang Pingqiao Zhongyuan County Bank Co., Ltd. (信陽平橋中原村鎮銀行股份有限公司)	51.73%
Xiping Zhongyuan County Bank Co., Ltd. (西平中原村鎮銀行股份有限公司)	43.69%
Suiping Zhongyuan County Bank Co., Ltd. (遂平中原村鎮銀行股份有限公司)	51.02%
Shenzhen Nanshan Baosheng County Bank Co., Ltd. (深圳南山寶生村鎮銀行股份有限公司)	42.05%
Henan Luanchuan Minfeng County Bank Co., Ltd. (河南欒川民豐村鎮銀行股份有限公司)	30.33%
Mengjin Minfeng County Bank Co., Ltd. (孟津民豐村鎮銀行股份有限公司)	34.58%
Jiaxian Guangtian County Bank Co., Ltd. (郊縣廣天村鎮銀行股份有限公司)	51.28%
Luohe Yancheng Zhongyuan County Bank Co., Ltd. (漯河鄆城中原村鎮銀行有限責任公司)	51.00%

<sup>1</sup> The 2024 first extraordinary general meeting was held on November 4, 2024 to consider and approve the absorption and merger of Lushi Zhongyuan County Bank, please refer to the circular of the Bank dated October 15, 2024 and the announcement of the Bank dated November 4, 2024 for details. As of the date of this annual report, the National Financial Regulatory Administration Henan Office and the Sanmenxia Branch Office have approved and agreed the absorption and merger of Lushi Zhongyuan County Bank by the Bank, and the relevant procedures for the change are still in progress.

## Chapter 5 Management Discussion and Analysis

### 9.7.1.2 Business development during the Reporting Period

During the Reporting Period, with the focus on promoting the reform to defuse risks and transformation and development of its subsidiaries, the Bank continued to strengthen the control of risk, finance and personnel, and provided support for strategic synergy, technology, liquidity and personnel empowerment. It strengthened the management of county banks, and supervised them to firmly adhere to their market positions and return to their financial origins for high-quality development.

The 14 county banks always adhered to their market positioning of “supporting the agriculture and small and micro enterprises (支農支小)” and extended the principles of “micro and disperse (小額、分散)”. They focused on the actual financial needs of the four rural customer groups of “agriculture, rural areas, farmers, and migrant workers (四農)” within respective regions, continued to optimize their products and processes, further brought their staff and services down to the primary level, kept improving their ability to serve rural revitalization, deeply practised inclusive finance, strived to promote business structure optimization and comprehensive transformation and development, along with intensified support to agriculture and small and micro enterprises, and pursued steady progress while maintaining stability and took the road of scientific governance and stringent internal control with controllable risks and good services.

### 9.7.2 Consumer finance company

During the Reporting Period, Zhongyuan Consumer Finance Company always strengthened the guidance of the Party building, adhered to the people-centered value orientation, strictly implemented the requirements of high-quality development, actively responded to regulatory requirements and changes in the industry, vigorously practised inclusive finance, set up a firm bottom line for risks, strengthened the foundation of compliance, and continuously promoted high-quality development of the Company.

### 9.7.3 Financial leasing company

During the Reporting Period, AB Leasing adhered to the guidance of the Party building, with the goal of “polishing the signboard of industrial financial service provider and cultivating the background of equipment management service provider”, continuously strengthened the top design, improved the mechanism construction, shored up its weaknesses, explored the breakthroughs of differentiated development, and comprehensively promoted the construction of “specialization, refinement, differentiation, marketisation, technology”, vigorously strengthened the cultivation of “market development, scientific and technological support, risk prevention and control, operation and management, and innovation and research and development”, “strengthened the body” internally and “built the ecosystem and expanded the chain” externally. The dual-wheel driving pushed the Company’s high-quality development to a new stage.



## Chapter 5 Management Discussion and Analysis

Following the Company's working idea of "stabilizing the conduct of business on the basis of implementing business transformation, solidifying asset quality on the basis of strict control over new non-performing assets and reducing financing costs on the basis of guaranteeing capital demand", BOL Financial Leasing maintained its enthusiasm for work, endeavored to overcome financing problems, actively expanded its business, increased the pace of development and transformation, made a breakthrough in business transformation, and maintained a pressing attitude toward risk resolution to improve asset quality significantly, and took multiple measures to promote the Company's high-quality development in a deep and practicable manner.

### 10 Risk Management

During the Reporting Period, the Bank resolutely implemented the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China and the Central Financial Work Conference, insisted on the strategy of "Four Banks", focused on "building new core competitiveness through the characteristic operation and differentiated development", continuously optimized the comprehensive risk management system and consolidated the foundation for development; the Bank improved the risk-based policy system and strengthened the system management and control, strengthened the application of system tools and achieved quantitative management; and strengthened the construction of intelligent risk control and built up the advantages of risk control to provide solid support for the high-quality development of the business and build a strong competitive first-class city commercial bank.

#### 10.1 Credit Risk Management

The Bank improved credit risk management strategies and enhanced the guiding role of policies. It formulated and improved credit policies guidelines on key industries, products and areas in accordance with the changes in internal and external situation to lead the steady business development. The Bank optimized management measures of customer risk limits, and strengthened the active management of credit limits to improve the control and guiding role on the credit business.

The Bank formulated a credit management manual, standardized standard actions and consolidated the responsibilities of each link. Four major special inspections were carried out on the authenticity of credit investigation, credit authorization, the business of guaranteeing timely deliveries of presold homes and self-examination and self-correction of the group customer financing. The Bank continuously promoted the online system and implanted model rules such as credit guarantee requirements, credit policies in key areas, and compliance bottom-line standards into the rigid management and control of the credit system. The Bank advanced standardization and intelligent management of due diligence on credit, after-approval monitoring, post – credit management and other key links in an orderly manner to comprehensively improve the whole-process credit management capabilities.



## Chapter 5 Management Discussion and Analysis

The Bank continued to make efforts to improve the quality and efficiency of credit management. It formulated annual targets and plans on the management and control of the quality of assets under all standards and in all processes, and optimized the appraisal system on the quality of assets. The Bank made every effort to resolve the risks of group customers who have been insured, actively promoted the downsizing of business in other regions, did a good job in the prevention and control of real estate financing risks, and precisely prevented and controlled risks in key areas. The Bank combined regular off-site monitoring with on-site inspection, strengthened the depth of management assessment, efforts in guidance and accuracy of rectification and accountability, and enhanced the effectiveness of the near-due and collection management; promoted the construction and optimization of the post-loan system, initiated the credit risk early warning system upgrade and consulting project, increased the proportion of online lending business, and improved the efficiency of lending through technology empowerment.

The Bank built a solid foundation for risk quantification and strived to improve the quality and efficiency of risk management. It improved the construction of the internal rating system of credit risk, optimized the non-retail rating model and retail scorecard measurement model and further deepened the implementation of internal rating application results to improve the risk identification capability of customers. The Bank completed the update and smooth operation of the expected credit loss method model parameters to promote the functional upgrade and modification of the new financial asset impairment valuation system. It launched the in-depth implementation of the new capital management measures, improved the capital measurement system, built a risk-weighted asset management system to achieve systematic, standardized and systematic management of capital measurement.

The Bank strengthened the management of large amount risk exposure and strictly controlled the level of concentration. In strict compliance with the requirements of regulatory authorities on the management of large amount risk exposure, the Bank continuously improved the management mechanism and tools of large amount risk exposure, regularly carried out the measurement, monitoring and reporting of large amount risk exposure and effectively implemented the management of various risk limits.

During the Reporting Period, the Bank's large amount risk exposure indicators all met the regulatory requirements, and the credit risk was stable and controllable.

### 10.2 Market Risk Management

The Bank clarified the separation criteria of books, optimized the separation procedures of books, completed the re-examination of the separation of bank books, amended the administrative measures for the separation of books and enhanced the standardization of the system in accordance with the requirements of the new capital regulations.

The Bank promoted the implementation of the measurement plan for the new standardized method of market risk. Firstly, in accordance with the requirements of the new capital regulations, it amended market risk management systems and improved the policy and institutional system; secondly, it clarified the capital measurement plan for the new standardized method, improved the construction of risk factors, valuation methodology and models for financial market business, sensitivity indicator measurement system, etc. and enhanced the measurement level of market risk; thirdly, it optimized the measurement rules for regulatory statements, completed the development of templates for automated calculations for the new standardized method of market risk and design of counterparty credit risk measurement plan, and ensured regulatory reporting standards.

## Chapter 5 Management Discussion and Analysis

The Bank improved the management system of secondary limits of market risk. Based on business development, management needs and the changes in regulatory requirements, it established the measures of annual market risk limits, strengthened the monitoring and supervising of the implementation of the limits, and realized online real-time over-limit over-warning alerts to effectively guide and control the steady development of various businesses.

The Bank optimized the functions of the market risk management system. It strengthened the whole-process management of financial market businesses, opened the channel for connecting the system with new products and new business, and realized effective monitoring of financial market businesses through the system to improve the automation and intelligence level of market risk management.

The Bank constantly conducted market risk monitoring and reporting and strengthened risk analysis and management and control. It enhanced high-frequency measurement, monitoring and analysis on risk exposure and level based on the risk characteristics of different types of financial market businesses and improved the timeliness and effectiveness of market risk monitoring and control.

During the Reporting Period, the Bank's overall market risk was stable and controllable.

### 10.3 Operational Risk Management

The Bank continuously improved the operational risk management system. It comprehensively interpreted the requirements of the Measures for the Administration of Operational Risk of Banking and Insurance Institutions, conducted gap analysis and overcame the management shortcomings. Based on the regulatory requirements, the Bank launched the implementation of the new standardized method for operational risk, and carried out the supplement and improvement of operational risk loss data, the mapping of accounting item for business indicators, the establishment of capital measurement schemes and capital calculation, etc., so as to lay a solid foundation for the implementation of the new standardized method for operational risk in the Bank.

The Bank deepened the application of the three major operational risk management tools. It optimized and improved the self-appraisal methods for operational risk, conducted regular process assessment and annual process review, constantly identified control defects and hidden risks in key procedures and strengthened the rectification of problems identified in the assessment; optimized the library of key risk indicators for operational risk, improved the sensitivity and effectiveness of indicator monitoring and carried out key risk indicator monitoring on operational risk, the collection of loss events and other work on a normalized basis.

The Bank constantly enhanced internal control and compliance management. It carried out monitoring and investigation of abnormal transactions in employee accounts, and on-site inspection of case risks; attached great importance to operational risk management of operational categories, achieved full coverage of on-site inspections of branches, and continuously standardized counter management through training, coaching, reminding and other methods to improve the effectiveness of internal control and operational risk management.

## Chapter 5 Management Discussion and Analysis

The Bank continued to strengthen business continuity management during critical periods. It carried out the inspection and renovation of risks on business continuity, continued to improve the business continuity and emergency management mechanisms, and vigorously guaranteed the continuous stability of financial services during critical periods.

During the Reporting Period, the Bank's overall operation was standardized and orderly, and there was no major operational risk event.

### 10.4 Liquidity Risk Management

During the Reporting Period, the Bank continued to optimize and improve the organizational structure of liquidity risk management. It strengthened the three-level linkage of the head office, branches and sub-branches, and clarified the responsibilities of all levels. The Bank continuously improved the coordinated management and control of the liquidity risk at the group level. It also provided guidance and assistance to subsidiaries to strengthen liquidity management. Regular monitoring of its operating conditions and liquidity risk levels was conducted to ensure the safety of the Group's liquidity.

The Bank provided a systematic basis for liquidity management by improving management policies, management methods and operational procedures related to liquidity risks. The Bank continued to enrich management tools such as gap management, limit management, financing management, liquid assets reserve management, stress test and emergency drill, and enhance active management capabilities of liquidity risk. The management of intraday positions was refined, and the online and intelligent level of the management of positions and liquidity monitoring were improved to ensure sufficient intraday liquidity. It strengthened asset-liability structure management and duration management, and rationally adjusted the business term structure. The level of overall term mismatch and gap was controlled within a reasonable range; the active liability tools were rationally used to improve the diversity and stability of liability sources. The Bank seized the opportunities to increase the allocation of high-quality bonds, intensively deployed high-quality liquid assets to improve the risk mitigation abilities. The Bank conducted periodic liquidity risk-related stress test, specifically optimized the asset-liability structure and type based on the test results, strengthened its resilience to extreme risks, conducted emergency drills on a regular basis and reviewed the emergency drill process to prevent and reduce the negative impacts of the liquidity risk events to the maximum extent. The Bank actively disseminated the monetary policy of the central bank, strengthened its responsibility, and effectively maintained the safety and stability of regional liquidity.

During the Reporting Period, the Bank's liquidity risk was safe and controlled.

## Chapter 5 Management Discussion and Analysis

### 10.5 Information Technology Risk Management

During the Reporting Period, the Bank constantly improved its information technology risk management system, and actively implemented the three lines of defense governance of IT management. The Bank optimized standards and strategies of information technology risk management, conducted pre-launch risk assessment and post-evaluation of major changes and significant projects and conducted on-site inspection on off-site outsourcing services that meet material outsourcing standards, and promoted the embedding of information technology risk monitoring indicator modules in the comprehensive risk management system, improved on a timely basis and regularly monitored information technology key risk indicators, established risk disposal ledger, strictly implemented the periodic reporting mechanism of information technology risk, and formed an effective risk management process system that supports risk identification, assessment, monitoring, reporting and control/release.

During the Reporting Period, the Bank proactively implemented information technology strategy, completed enterprise-level structure planning, and provided top-level specifications and scientific guidance for the construction of application systems; built up a firm information security defense line, realized the Group's security operation synergy, strengthened business fraud attack and defense drills, and built a zero trust platform to mitigate the data security risks; continued to consolidate the disaster recovery system for its information systems, and completed the construction of 12 sets of dual-center disaster recovery for important information systems; commenced construction of a new generation of core business system project clusters, and accelerated the pace of technological self-reliance and self-improvement to help the high-quality development of the business.

During the Reporting Period, the Bank's information technology risk was stable and controllable.



## Chapter 5 Management Discussion and Analysis

### 10.6 Reputational Risk Management

During the Reporting Period, the Bank adhered to the combination of prevention and disposal to manage reputation risk, and followed the principles of “forward-looking”, “matching”, “full coverage” and “effectiveness” to constantly improve the ability and efficiency of preventing reputation risks and handling reputation events. The Bank improved the system of reputational risk management system, launched the public opinion emergency response plan for major events, strengthened the assessment orientation, and promoted the development of public opinion management work throughout the year in order. It performed monitoring, analysis and surveys on public opinions in an all-round way, formulated an important time-node special emergency plan, and made investigations into potential reputational risk quarterly to dig deep into the potential risks that may have a negative impact on the reputation of the Bank. The Bank also achieved early identification, warning, and solution for risk signs. The Bank improved the reputational risk management mechanism, established the online public opinion prompt sheet mechanism and optimized the “seven reports” reporting mechanism for public opinion management (i.e., annual report, semi-annual report, quarterly report, monthly report, weekly report, daily report and special report), to strengthen reputation risk management. The Bank also improved the reputational risk management team, carried out internal training and emergency drills effectively, continuously strengthened the awareness of reputational risk management of all employees, and enhanced the ability of responding to public opinion. With the implementation of “five priorities (technology finance, green finance, inclusive finance, pension finance and digital finance)” as the main line of publicity, the Bank carried out thematic publicity and series of reports by focusing on important nodes such as the implementation of the spirit of the Central Financial Conference, the annual report and interim report, annual report and the tenth anniversary of Zhongyuan Bank, innovatively launched “Zhongyuan Bank is there for you (中原伴你行)”, “Travel with Zhongyuan Bank in 18 cities (十八地市中原行)”, “10<sup>th</sup>-anniversary series of creative publicity (十週年系列創意宣傳)” and other activities, to actively occupy the position of public opinion and fully display the Bank’s good image.

During the Reporting Period, the Bank’s reputational risk was stable and controllable.

### 10.7 Exchange Rate Risk Management

During the Reporting Period, the Bank incorporated full-book exchange rate risk into the market risk capital measurement under strict compliance with regulatory requirements. The Bank maintained its prudent risk preference, closely monitored the changing trend of exchange rates, proactively analyzed the fluctuation of global exchange rate market, formulated staged foreign exchange hedging strategies, smoothed the hedging cost, and reduced foreign exchange exposure risk. The Bank formulated foreign exchange quota indicators, conducted the quota review on a regular basis to compact the exchange rate risk tolerance, paid continuous attention to the exposure positions of various foreign currencies held by the Bank during the daily management, carried out foreign exchange risk stress tests, and continuously managed foreign exchange business and quota.

During the Reporting Period, the Bank’s exchange rate risk was stable and controllable.

# Chapter 5 Management Discussion and Analysis

## 10.8 ESG Risk Management

In recent years, the Bank has actively undertaken environmental and social responsibilities, so as to improve its ESG performance constantly. The Bank has actively advanced the construction of the ESG risk management system. The Bank strengthened the significant decision-making function of the Board of Directors and relevant committees in ESG management, while carrying out ESG management-related training and promoting the concept of ESG to enhance the understanding of ESG management.

ESG risk management was strengthened in the industry. The Bank implemented the national guidelines and policies, and actively led credit resources to invest in green industries, including energy conservation and environmental protection, strategic emerging industries, which met the relevant ESG requirements with low energy consumption, low emission, low pollution and sound market prospects.

## 11 Operating Strategies and Prospects for Development

The year 2024 is a key year for achieving the goals and tasks of the “14th Five-Year Plan”. Facing a complex and severe situation of increasing external pressure and internal difficulties, with the support of a series of national macro policies, China’s economic operation was stable in general and achieved steady progress, with steady development of new quality productive forces and orderly progress in various reforms, and successfully achieved the annual economic growth target of 5%.

The year 2025 marks the end of China’s “14th Five-Year Plan”, and changes in internal and external policies will be an important variable affecting the trend of China’s economy. From the external perspective, trade protectionism such as “separating and breaking chains (脱钩断链)” and “small courtyard with high fence (小院高墙)” promoted by certain countries will have a certain impact on China’s relevant industries. From the internal perspective, China will implement a more proactive fiscal policy and a moderately loose monetary policy, and actively promote the effective prevention and resolution of risks in key areas and development support in weak areas. China will continue to advance steadily on the path of high-quality development, but it also faces challenges from insufficient domestic demand, production and operation difficulties of some enterprises, pressure on employment and income of the masses, and the existence of many hidden risks.

In 2025, Zhongyuan Bank, adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, will fully implement the spirits of the Party’s 20th National Congress, the Third Plenary Session of the 20th Central Committee, the Central Financial Work Conference and the Central Economic Work Conference, seriously implement the major decisions and arrangements of the Provincial Party Committee and the Provincial People’s Government of Henan Province to effectively unify the responsibility as a provincial legal bank with its own steady development. It will plan and implement the 2025-2029 strategic plan, maintain its strategic focus, adhere to the general tone of achieving steady progress while maintaining stability, and continue to explore differentiated development paths for the distinctive business.

**Firstly, the Bank will focus on the strategic emphasis of the “Four Banks” to consolidate the foundation for development.** Firstly, centering on the national and government strategic orientation, and focusing on the financial “five priorities”, new quality productive forces, as well as key areas of Henan Province, such as “ten strategies”, 7 industrial clusters and 28 key industrial chains, the Bank will do best to be a good government bank, and constantly improve its comprehensive service capacity. Secondly, focusing on the key industries in cities and counties and by way of the “six full” system methods of full-chain, all-region, full-cycle, full-spectrum, all-round and all-process, the Bank will build an industrial bank and explore the development path of the industrial bank. Thirdly, adhering to the customer-centric philosophy,

## Chapter 5 Management Discussion and Analysis

the Bank will strengthen the citizen's bank, constantly improve its products and services, satisfy the needs of customers throughout the life cycle, and continue to enhance the value of retail business, so as to build a "cornerstone" for business development. Fourthly, the Bank will strengthen the rural revitalization bank, adhere to "Internetization and Ruralization of Banking Services (上網下鄉)", further give play to their own advantages, improve the online service system, strengthen the integration of resources, and strive to build a new business model by integrating into the grass-roots governance system.

### **Secondly, the Bank will enhance its "six capabilities" to build the core competitiveness.**

Firstly, enhancing the management capability of customer groups, the Bank will grasp the logic of the relationship between customers and the bank, identify the scene, chain, organization, resources and other effective means to convert more potential customers into actual customers. Secondly, enhancing the customer service capability, the Bank will insist on efficiency first and give full play to its own advantages, strive to achieve quick response to customers, fast product innovation and iteration, and fast business decision-making and communication, so as to make efficiency the "key to success" of Zhongyuan Bank in the market competition. Thirdly, enhancing the product competitiveness, the Bank will strengthen the whole-process management of products, and improve market competitiveness of products by grasping the policy, improving targeting, and enhancing practicality. Fourthly, enhancing channel access capability, the Bank will continue to improve the "online + offline" channel service system, optimize the synergy mechanism among channels, enhance operational efficiency and improve customer experience. Fifthly, enhancing the risk control capability, the Bank will establish a long-term comprehensive risk management mechanism, improve the "four beams and eight pillars (四梁八柱)" of risk prevention and control, clarify the risk appetite of each key area, and balance the relationship between risk and development. Sixthly, enhancing the financial management capability, the Bank will continue to promote the operations of light asset, light capital and light cost, optimize the network layout, strengthen the revitalization and disposal of inefficient and ineffective assets in the statement, enhance full cost control, and adhere to the principle that "expenditure is determined by revenue".

### **Thirdly, the Bank will optimize the systems and mechanisms to enhance organizational effectiveness.**

Firstly, the Bank will strengthen the incentive constraint mechanisms, adhere to the performance orientation and strategy orientation, and build the incentive restraint mechanisms with economic value added and return on economic capital as the core. Secondly, the Bank will optimize resource allocation, build a resource allocation system with value creation as the core, and strengthen the integration of budget management, resource allocation and evaluation to highlight performance contribution by achieving management synergy. Thirdly, the Bank will deepen collaborative development, further improve cross-line, cross-departmental and head office, branches and sub-branches synergistic mechanism, strengthen the sense of "unity" across the Bank, and further break down "barriers between business lines and departments". Additionally, the Bank will reinforce group synergy, improve the parent-subsidiary synergies, and guide subsidiaries towards healthy development. Fourthly, the Bank will improve the allocation of human resources, strengthen the construction of the competence system, form the organizational effectiveness characteristic of the head office being good at empowerment and the branches being good at operation, and enhance the organizational operational efficiency.

## 12 Subsequent Events

As of the date of this annual report, the Bank has no other material subsequent event.

## 13 Contingent Liabilities

As at December 31, 2024, save as disclosed in Note 48(c) of the consolidated financial statements in this annual report, the Group has no other contingent liabilities.



# Chapter 6 Changes in Share Capital and Information on Shareholders

## 1 Changes in Ordinary Shares of the Bank during the Reporting Period

As of the end of the Reporting Period, the total issued ordinary share capital of the Bank was 36,549,823,322 Shares<sup>1</sup>, comprising 6,945,000,000 H Shares and 29,604,823,322 Domestic Shares.

## 2 Shareholdings of Top Ten Non-Overseas Listed Domestic Shareholders of the Bank

As of the end of the Reporting Period, there was no controlling shareholder and actual controller of the Bank. As at the end of the Reporting Period, the shareholdings of the Bank's top Ten non-overseas listed domestic Shareholders of ordinary Shares were as follows:

No.	Name of Shareholders	Nature of Shareholders	Number of Shares held at the end of the Reporting Period	Approximate percentage of the total share capital of issued ordinary shares of the Bank at the end of the Reporting Period
1	Henan Investment Group Co., Ltd. (河南投資集團有限公司)	State-owned Legal Person Shares	2,444,738,403	6.69%
2	Luoyang Municipal Finance Bureau (洛陽市財政局)	State Shares	1,361,571,120	3.73%
3	China Tourism Group Corporation Limited (中國旅遊集團有限公司)	State-owned Legal Person Shares	1,061,521,911	2.90%
4	Zhongyuan Trust Co., Ltd. (中原信託有限公司)	State-owned Legal Person Shares	791,131,350	2.16%
5	Henan Zhaoteng Investment Group Co., Ltd. (河南省兆騰投資集團有限公司)	Privately-owned Legal Person Shares	683,252,415	1.87%
6	Henan State-owned Capital Operation Group Investment Co., Ltd. (河南國有資本運營集團投資有限公司)	State-owned Legal Person Shares	506,751,425	1.39%
7	Luoyang Urban and Rural Construction Investment Group Co., Ltd. (洛陽城鄉建設投資集團有限公司)	State-owned Legal Person Shares	504,435,685	1.38%
8	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司)	Privately-owned Legal Person Shares	500,000,000	1.37%
9	Jiaozuo Construction Investment (Holdings) Co., Ltd. (焦作市建設投資(控股)有限公司)	State-owned Legal Person Shares	433,237,588	1.19%
10	Jiangsu Wuzhong Group Co., Ltd. (江蘇吳中集團有限公司)	Privately-owned Legal Person Shares	420,238,000	1.15%
Total			8,706,877,897	23.82%

<sup>1</sup> The registered capital of Zhongyuan Bank was changed from RMB20,075,000,000 to RMB36,549,823,322 as approved by the former CBIRC Henan Office. As of the date of this annual report, the registration of registered capital for change with the competent authority of industry and commerce is still in progress.



## Chapter 6 Changes in Share Capital and Information on Shareholders

### 3 Interests and Short Positions of Substantial Shareholders and Other Persons in the Shares and Underlying Shares

As of the end of the Reporting Period, so far as is known to the Bank and the Directors, substantial Shareholders of the Bank and other persons (other than Directors, Supervisors and chief executive officer of the Bank) who had interests and short positions in the Shares and underlying Shares of the Bank which were required to be notified to the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank under Section 336 of the SFO were as follows:

Name of Shareholders	Class of Shares	Nature of interests	Number of Shares <sup>(1)</sup>	Approximate percentage of the total issued share capital of the relevant class of the Bank (%) <sup>(2)</sup>	Approximate percentage of the total issued share capital of ordinary shares of the Bank (%) <sup>(2)</sup>
Henan Investment Group Co., Ltd. <sup>(3)</sup> (河南投資集團有限公司)	Domestic Shares	Beneficial owner	2,444,738,403 (L)	8.26	6.69
	Domestic Shares	Interest in controlled corporation	1,046,246,733 (L)	3.53	2.86
AMTD Group Company Limited <sup>(4)</sup>	H Shares	Interest in controlled corporation	482,288,000 (L)	6.94	1.32
L.R. Capital Management Company (Cayman) Limited <sup>(4)</sup>	H Shares	Interest in controlled corporation	482,288,000 (L)	6.94	1.32
NEW MERIT GROUP LIMITED	H Shares	Beneficial owner	453,636,000 (L)	6.53	1.24
GOLD LEADING CAPITAL LIMITED	H Shares	having a security interest in the Shares	573,964,000 (L)	8.26	1.57
Piramid Park Co., Ltd. <sup>(5)</sup>	H Shares	Beneficial owner	999,831,000 (L)	14.40	2.74
XU Yan (徐雁)	H Shares	Interest in controlled corporation	999,831,000 (L)	14.40	2.74

Notes:

- (1) (L) represents the long position, (S) represents short position.
- (2) As at December 31, 2024, the number of total issued Shares of the Bank was 36,549,823,322, comprising 6,945,000,000 H Shares and 29,604,823,322 Domestic Shares. As of the date of this annual report, the registration for change with the competent authority of industry and commerce is still in progress.
- (3) Henan Investment Group Co., Ltd. (河南投資集團有限公司) is wholly owned by the Finance Department of Henan Province (河南省財政廳). Henan Investment Group Co., Ltd. directly holds 2,444,738,403 Domestic Shares of the Bank (long positions), indirectly holds 17,696,926 Domestic Shares of the Bank (long positions) through its controlled corporation, Henan Investment Group Guarantee Co., Ltd. (河南投資集團擔保有限公司), and indirectly holds 791,131,350 Domestic Shares of the Bank (long positions) through controlled corporation, Zhongyuan Trust Co., Ltd. (中原信託有限公司), and indirectly holds 237,418,457 Domestic Shares of the Bank (long positions) through controlled corporation, Henan Asset Management Co., Ltd (河南資產管理有限公司).
- (4) L.R. Capital Management Company (Cayman) Limited, through its controlled corporations, namely L.R. Capital Financial Holdings Limited, AMTD Group Company Limited and AMTD Asia (Holdings) Limited, indirectly holds 482,288,000 H Shares of the Bank (long positions) held by AMTD Asia Limited. Therefore, by virtue of the SFO, each of L.R. Capital Management Company (Cayman) Limited, L.R. Capital Financial Holdings Limited, AMTD Group Company Limited and AMTD Asia (Holdings) Limited is deemed to be interested in the H Shares of the Bank (long positions) held by AMTD Asia Limited.
- (5) Piramid Park Co., Ltd is wholly owned by XU Yan (徐雁).

## Chapter 6 Changes in Share Capital and Information on Shareholders

Save as disclosed above, to the knowledge of the Bank, none of the other substantial Shareholders or persons had, as at December 31, 2024, any interests or short positions in the Shares or underlying Shares of the Bank as recorded in the register required to be kept under Section 336 of the SFO.

### 4 Shareholdings of Top Ten Shareholders as of the End of the Reporting Period

As at the end of the Reporting Period, the top ten Shareholders of the Bank together held 41.38% of the Bank's total share capital. Among the top ten Shareholders, the largest Shareholder of Non-overseas Listed Shares was Henan Investment Group Co., Ltd., which held 6.69% of the total share capital, the second largest Shareholder was Luoyang Municipal Finance Bureau with 3.73% of the total share capital, and the third largest Shareholder was China Tourism Group Corporation Limited with 2.90% of the total share capital. The largest and third largest Shareholders of Non-overseas Listed Shares are wholly state-owned enterprises, and the second is a local financial department.

The shareholdings of the top ten Shareholders were as follows:

No.	Name of Shareholders	Class of Shares	Nature of Shareholders	Number of Shares held at the end of the Reporting Period	Approximate percentage of the total share capital of issued ordinary shares of the Bank at the end of the Reporting Period <sup>(1)</sup>
1	HKSCC Nominees Limited <sup>(2)</sup>	H Shares	Other	6,836,769,900	18.71%
2	Henan Investment Group Co., Ltd. (河南投資集團有限公司)	Domestic Shares	State-owned Legal Person Shares	2,444,738,403	6.69%
3	Luoyang Municipal Finance Bureau (洛陽市財政局)	Domestic Shares	State Shares	1,361,571,120	3.73%
4	China Tourism Group Corporation Limited (中國旅遊集團有限公司)	Domestic Shares	State-owned Legal Person Shares	1,061,521,911	2.90%
5	Zhongyuan Trust Co., Ltd. (中原信託有限公司)	Domestic Shares	State-owned Legal Person Shares	791,131,350	2.16%
6	Henan Zhaoteng Investment Group Co., Ltd. (河南省兆騰投資集團有限公司)	Domestic Shares	Privately-owned Legal Person Shares	683,252,415	1.87%
7	Henan State-owned Capital Operation Group Investment Co., Ltd. (河南國有資本運營集團投資有限公司)	Domestic Shares	State-owned Legal Person Shares	506,751,425	1.39%
8	Luoyang Urban and Rural Construction Investment Group Co., Ltd. (洛陽城鄉建設投資集團有限公司)	Domestic Shares	State-owned Legal Person Shares	504,435,685	1.38%
9	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司)	Domestic Shares	Privately-owned Legal Person Shares	500,000,000	1.37%
10	Jiaozuo Construction Investment (Holdings) Co., Ltd. (焦作市建設投資(控股)有限公司)	Domestic Shares	State-owned Legal Person Shares	433,237,588	1.19%
Total				15,123,409,797	41.38%

Notes:

(1) It was calculated on the basis of the total share capital of the Bank of 36,549,823,322 shares.

(2) HKSCC Nominees Limited, as a nominee, held 6,836,769,900 H Shares in aggregate of the Bank on behalf of several clients, representing 18.71% of the issued share capital of the Bank. As a member of the Central Clearing and Settlement System, HKSCC Nominees Limited conducts registration and custodian business for clients.

## Chapter 6 Changes in Share Capital and Information on Shareholders

### 5 Shareholders Holding 5% or More of the Total Ordinary Share Capital of the Bank

Please refer to the relevant section “Changes in Share Capital and Information on Shareholders” for details of the Shareholders with an interest in 5% or more of the share capital of the Bank.

### 6 Information on Substantial Shareholders Disclosed Under the Interim Measures for the Equity Management of Commercial Banks

According to the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》), in addition to the one Shareholder mentioned above, namely Henan Investment Group Co., Ltd. (河南投資集團有限公司), the following three Shareholders are also substantial Shareholders of the Bank as of the end of the Reporting Period.

- (1) China Tourism Group Corporation Limited (中國旅遊集團有限公司), holding 1,061,521,911 Domestic Shares of the Bank, was incorporated in Haikou Integrated Free Trade Zone, Hainan Province on January 3, 1987 with a registered capital of RMB15,800 million. The company's business scope includes operation and management of state-owned assets within the scope authorized by the State Council; development and operation of tourism, steel and real estate, and investment and management of logistics trade; construction, planning design and operation management of tourist attractions, theme parks and resorts, golf clubs, and tourism infrastructure; tourist information services; retail and wholesale of tourist goods; organizing cultural and artistic exchange activities; hosting conferences and exhibitions; various ticket agency services; advertising production and publishing; hotels investment and operation management, entrusted management and consulting; real estate development and operation; property leasing and management; leasing commercial buildings; international and domestic freight forwarding; goods subcontracting and warehousing; technology development, sales, service and consulting; import and export business. During the Reporting Period, the company assigned a supervisor, namely YAN Yongfu (閆永夫), to the Bank.
- (2) Jiangsu Wuzhong Group Co., Ltd. (江蘇吳中集團有限公司), holding 420,238,000 Domestic Shares of the Bank, was incorporated in Wuzhong District, Suzhou City, Jiangsu Province on May 26, 1992 with a registered capital of RMB100 million. The company's business scope includes construction of municipal public facilities; investment in education, tourism and other industries; business management; domestic trade (where the business scope involves special approval stipulated by the state, approvals should be obtained prior to the commencement of operation); house leasing; property management; investment management consulting services; sales of gold, gold jewelry, handicrafts and non-ferrous metal materials; setting up branches operating in the design, production, agency and publishing of various domestic and foreign advertisements; real estate development and operation; (for projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation) general projects: sales of building materials; sales of ecological environment materials; sales of specialized equipment for environmental protection; sales of mechanical and electrical equipment (except for projects subject to the administrative approval, the business activities shall be conducted independently with the business licences in accordance with the laws). During the Reporting Period, the company assigned a director, namely ZHANG Shu (張姝), to the Bank.

## Chapter 6 Changes in Share Capital and Information on Shareholders

- (3) Henan Rebecca Hair Products Co., Ltd. (河南瑞貝卡髮製品股份有限公司), holding 109,125,598 Domestic Shares of the Bank, was incorporated in Jian'an District, Xuchang City on October 24, 1999 with a registered capital of RMB1,131,985,440. The company's business scope includes manufacture and sales of hair products series and technical services; manufacture and sales of composite fiber material (fiber hair) products and services; operation of export business of the enterprise's self-produced products and related technologies; operation of import business of raw and auxiliary materials, mechanical equipment, instruments, spare parts and related technologies required for the enterprise's production and scientific research; operation of the enterprise's processing of imported materials and three categories of processing and one category of compensation business; sales business of textiles, beauty and hairdressing commodities; conference services. During the Reporting Period, the company assigned a supervisor, namely LU Suyue (陸素月), to the Bank.

### 7 Equity Pledge and Freezing

As of the end of the Reporting Period, so far as is known to the Bank, the Bank's 4,726,155,696 Domestic Shares were subject to pledge, accounting for 12.93% of the total number of issued ordinary Shares (of which, the Domestic Shares pledged by the Bank's substantial Shareholders accounted for 1.15% of the total number of issued ordinary Shares). In addition, there were 810,916,150 Domestic Shares that were judicially frozen.



# Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

## 1 Basic Information of Directors, Supervisors and Senior Management as at the End of the Reporting Period

### 1.1 Basic Information of Directors

Name	Gender	Month and year of birth	Positions	Starting time of term of office	Shareholding or not
GUO Hao (郭浩)	Male	June 1974	Executive Director, chairman of the Board	October 2023	No
ZHANG Qiuyun <sup>1</sup> (張秋雲)	Female	February 1972	Non-executive Director	October 2023	No
FENG Ruofan (馮若凡)	Male	September 1983	Non-executive Director	November 2023	No
ZHANG Shu (張姝)	Female	June 1965	Non-executive Director	November 2023	No
XU Yiguo (徐義國)	Male	June 1972	Independent non-executive Director	November 2023	No
ZHAO Zijian (趙紫劍)	Female	October 1968	Independent non-executive Director	November 2023	No
WANG Maobin (王茂斌)	Male	October 1973	Independent non-executive Director	November 2023	No
PAN Xinmin (潘新民)	Male	January 1957	Independent non-executive Director	November 2023	No
GAO Pingyang (高平陽)	Male	July 1979	Independent non-executive Director	November 2023	No

### 1.2 Basic Information of Supervisors

Name	Gender	Month and year of birth	Positions	Starting time of term of office	Shareholding or not
ZHANG Ke (張克) <sup>2</sup>	Male	October 1977	Employee representative Supervisor, chairman of the supervisory Board	October 2023	No
DAN Limin (淡利敏)	Female	November 1978	Employee representative Supervisor	October 2023	No
WANG Xiaoyan (王小燕)	Female	November 1979	Shareholder representative Supervisor	October 2023	No
YAN Yongfu (閻永夫)	Male	August 1965	Shareholder representative Supervisor	October 2023	No
LU Suyue (陸素月)	Female	June 1969	Shareholder representative Supervisor	October 2023	No
LI Xingzhi (李興智)	Male	March 1962	External Supervisor	October 2023	No
Gu Xiujuan (谷秀娟)	Female	April 1968	External Supervisor	October 2023	No
LIU Xia (劉霞)	Female	November 1978	External Supervisor	October 2023	No

<sup>1</sup> On April 17, 2025, Ms. ZHANG Qiuyun, non-executive Director, resigned as the non-executive Director and the member of the Strategy and Development Committee, with effect from April 17, 2025. For more details, please refer to the Bank's announcement dated April 17, 2025.

<sup>2</sup> On April 17, 2025, Mr. ZHANG Ke, Chairman of the Board of Supervisors, resigned as the Chairman of the Board of Supervisors, Supervisor of the Bank, the member of the Nomination Committee of the Board of Supervisors and the member of the Supervision Committee of the Board of Supervisors, with effect from April 17, 2025. For more details, please refer to the Bank's announcement dated April 17, 2025.

# Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

## 1.3 Basic Information of Senior Management

Name	Gender	Month and year of birth	Positions	Starting time of term of office	Shareholding or not
LIU Kai (劉凱)	Male	March 1971	Deputy secretary to the party committee and president	November 2023	No
ZHOU Litao (周麗濤)	Male	November 1979	Vice president and secretary of the party committee and the president of Luoyang Branch	November 2023	No
LIU Qingfen (劉清奮)	Male	March 1970	Member of the party committee and assistant to the president	November 2023	No
SHAO Qiang (邵強)	Male	October 1970	Member of the party committee and assistant to the president	November 2023	No
WANG Tianqi (王天奇)	Male	February 1985	Member of the party committee, assistant to the president and secretary to the party committee and president of Zhengzhou Branch	November 2023	No
WANG Le (王樂)	Male	November 1977	Member of the party committee and assistant to the president	November 2023	No
LIU Juan (劉娟)	Female	November 1973	Member of the party committee and assistant to the president	November 2023	No
YAO Hongbo (姚紅波)	Male	April 1969	Assistant to the president	November 2023	No
SUO Jia (索佳)	Female	January 1975	Assistant to the president	November 2023	No
HU Hao (扈浩)	Male	July 1983	Chief information officer	November 2023	No
NIE Guoqing (聶國慶)	Male	April 1969	Business director	November 2023	No
PAN Wenyao (潘文堯)	Male	September 1972	Secretary to the Board	December 2023	No

## 2 Changes of the Directors, Supervisors and Senior Management during the Reporting Period

On August 12, 2024, Mr. YOU Xiang, Chairman of the Board of Supervisors, resigned as the Chairman of the Board of Supervisors, Supervisor of the Bank, the member of the Nomination Committee of the Board of Supervisors and the member of the Supervision Committee of the Board of Supervisors, with effect from August 12, 2024. For more details, please refer to the Bank's announcement dated August 12, 2024.

Upon election by the Board of Supervisors of the Bank, Mr. ZHANG Ke was elected as the Chairman of the third session of the Board of Supervisors on October 12, 2024, with a term of office commencing from the date of the approval of the election by the Board of Supervisors to the expiry of the third session of the Board of Supervisors.

Save as disclosed above, during the Reporting Period, there was no change in the Directors, Supervisors and senior management members of the Bank.

# Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

## 3 Biography of Directors, Supervisors and Senior Management

### 3.1 Biography of Directors

**Mr. GUO Hao (郭浩)**, born in June 1974, Chinese, doctoral degree. Mr. GUO Hao is the chairman of the Board and an executive Director of the Bank. He was a representative of the 13th and 14th National People's Congress and a member of the 11th Henan Provincial Committee of the Communist Party of China. Mr. GUO Hao has been the secretary of the party committee, the chairman of the Board and an executive Director of the Bank since June 2023. From May 2023 to June 2023, he served as the secretary of the party committee and an executive Director of the Bank. From April 2023 to May 2023, he served as the secretary of the party committee of the Bank. From March 2023 to April 2023, he served as the deputy secretary of the party leadership group and candidate for director of the Henan Provincial Financial Supervision and Administration. From November 2017 to March 2023, he served as the deputy secretary of the Hebi Municipal Committee, acting mayor and mayor of Hebi city, Henan Province. From August 2016 to November 2017, he served as the deputy secretary-general of the Henan Provincial Government, member of the party leadership group of the general office of the Henan Provincial Government, secretary of the party leadership group and director of the research office of the Henan Provincial Government. From September 2013 to August 2016, he served as the deputy secretary – general of the Henan Provincial Government and member of the party leadership group of the general office of the Henan Provincial Government. From February 2009 to September 2013, he served as a member of the party leadership group and the deputy director of the financial services office of the Henan Provincial Government. From October 2008 to February 2009, he served as a member of the party committee and deputy director of the Henan Rural Credit Cooperatives Union. From April 2004 to October 2008, he successively served as the deputy director and director of Financial Work Committee of Beijing Municipal Committee (Financial Work Office of Beijing Municipal Government), State-owned Assets Supervision and Administration Commission of Beijing Municipality, and Beijing Municipal Commission of Development and Reform (Beijing Municipal Financial Services Leading Group Office). From July 1999 to April 2004, he worked at the headquarters of China Development Bank. Mr. Guo Hao obtained a bachelor's degree in economics from Renmin University of China in July 1996, a master's degree in economics from Renmin University of China in July 1999, and a doctor's degree in economics from Renmin University of China in July 2003.

**Ms. ZHANG Qiuyun (張秋雲)**, born in February 1972, Chinese, doctoral degree. Ms. ZHANG Qiuyun is a non-executive Director of the Bank. Ms. ZHANG Qiuyun has been serving as the vice general manager of Henan Investment Group Co., Ltd. since September 2022. She served as head of financial management department of Henan Investment Group Co., Ltd. from June 2019 to September 2022; the executive deputy director of Management Committee of Zhengzhou Area of China (Henan) Pilot Free Trade Zone from August 2017 to June 2019; the secretary of the party branch of Henan Academy of Macroeconomic Research from June 2015 to August 2017; a deputy researcher and deputy director in Finance Department of Henan Provincial Development and Reform Commission from July 2004 to June 2015; and a teacher in Kaifeng No.1 Middle School from March 1993 to September 1998. She has been serving as a director of Central China Securities Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 601375.SH; and the Hong Kong Stock Exchange, stock code: 01375.HK) since June 2020. Ms. ZHANG Qiuyun obtained a bachelor's degree majoring in history from Henan University in June 1997, a master's degree in economics from Henan University in June 2001, and a doctor's degree in economics from Fudan University in June 2004.



## Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

**Mr. FENG Ruofan (馮若凡)**, born in September 1983, Chinese, with a master's degree, is a senior economist. Mr. Feng Ruofan is a non-executive Director of the Bank. Mr. FENG Ruofan has been serving as the director of the financial management department of Henan Investment Group Co., Ltd. (河南投資集團有限公司) since December 2023, an executive director of Zhongfu Digital Technology Co., Ltd. (中富數字科技有限公司) since April 2023, and the deputy general manager of Henan Zhongyuan Financial Holdings Co., Ltd. (河南中原金融控股有限公司) since September 2022. From September 2019 to December 2023, he served as the deputy director of the financial management department of Henan Investment Group Co., Ltd. (during which, he worked as an exchange personnel at the second customer division of the Henan Branch of China Development Bank and served as the deputy director from January 2020 to December 2020). From April 2018 to September 2019, he served as the senior business manager of the financial management department of Henan Investment Group Co., Ltd. From November 2015 to April 2018, he served as the business manager of the financial management department of Henan Investment Group Co., Ltd. From November 2008 to November 2015, he successively served as the business supervisor and business manager of the eighth asset management department and the business manager of the second asset management department of Henan Investment Group Co., Ltd. Mr. FENG Ruofan obtained a bachelor's degree in international communication from the School of Communication of the Universal College of Learning in New Zealand in July 2007 and a master's degree in global communication from the School of Journalism and Communication of The Chinese University of Hong Kong in December 2008.

**Ms. ZHANG Shu (張姝)**, born in June 1965, Chinese, with a master's degree, is an intermediate economist. Ms. ZHANG Shu is a non-executive Director of the Bank. Ms. ZHANG Shu has been serving as a director of Jiangsu Wuzhong Group Co., Ltd. (江蘇吳中集團有限公司) since March 2023. From December 2011 to March 2023, she served as the vice president of Jiangsu Wuzhong Group Co., Ltd. From October 2011 to December 2011, she served as the general manager of the risk management department of Bank of China Suzhou Branch (中國銀行蘇州分行). From March 2007 to October 2011, she served as the president of Bank of China Suzhou Wuzhong Branch (中國銀行蘇州吳中支行). From September 2003 to March 2007, she served as the vice president of Bank of China Suzhou Industrial Park Sub-branch (中國銀行蘇州工業園區支行). From October 1999 to September 2003, she successively served as the assistant president of the office and risk management department of BOC International Holdings (Hong Kong) Limited (中銀國際控股(香港)有限公司). From May 1992 to October 1999, she served as the section chief of the first credit division of the credit business department of Bank of China Suzhou Branch (中國銀行蘇州分行). From May 1990 to May 1992, she worked at the trade settlement department of Bank of China Suzhou Branch. From August 1986 to May 1990, she worked at the business department of Bank of China Suzhou Branch. She has been concurrently serving as a shareholder director of Bank of Suzhou Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 002966.SZ) since July 2016. Ms. ZHANG Shu graduated from Nanjing Normal University in June 1995, majoring in English and graduated from the Graduate School of Chinese Academy of Social Sciences in April 1998, majoring in world economy.



## Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

**Mr. XU Yiguo (徐義國)**, born in June 1972, Chinese, doctoral degree. Mr. XU Yiguo is an independent non-executive Director of the Bank. Mr. XU Yiguo has been a professor and doctoral supervisor at the University of Chinese Academy of Social Sciences since October 2022. He has been concurrently serving as the secretary-general of the National Institution for Finance & Development (the first batch of national high-end think tanks) since January 2016. From September 2003 to October 2022, he served as a researcher at the Institute of Finance & Banking, Chinese Academy of Social Sciences (中國社會科學院金融研究所). From July 1994 to September 2003, he served as the deputy director and a lecturer of the Department of Business Administration of the School of Administrators, Chinese Academy of Sciences (School of Management, University of Science and Technology of China) (中國科學院管理幹部學院(中國科技大學管理學院)). Mr. XU Yiguo obtained a bachelor's degree in economics from Renmin University of China (中國人民大學) in July 1994 and a doctor's degree in economics from the University of Chinese Academy of Social Sciences (中國社會科學院大學) in July 2008.

**Ms. ZHAO Zijian (趙紫劍)**, born in October 1968, Chinese, doctoral degree. Ms. ZHAO Zijian is an independent non-executive Director of the Bank. Ms. ZHAO Zijian has been serving as the dean of the School of Finance of Henan University of Economics and Law since June 2022. From November 2011 to June 2022, she served as the deputy dean of the School of Finance of Henan University of Economics and Law. From June 2004 to November 2011, she successively served as the deputy general manager of the personal finance business department and the vice president of the large branch of Bank of Communications Henan Branch (交通銀行河南省分行). From July 1996 to September 2001, she served as a lecturer at the Department of Finance of Henan College of Finance and Economics (河南財經學院). From July 1990 to September 1993, she worked at the comprehensive division of the Economic Information Center of the Planning Commission of Xinxiang City, Henan Province. Ms. ZHAO Zijian obtained a bachelor's degree in economics from Nankai University (南開大學) in July 1990, a master's degree in economics from Nankai University in July 1996 and a doctor's degree in economics from Central University of Finance and Economics in June 2004.

**Mr. WANG Maobin (王茂斌)**, born in October 1973, Chinese, doctoral degree. Mr. WANG Maobin is an independent non-executive Director of the Bank. Mr. WANG Maobin has been successively serving as a lecturer, associate professor, professor and vice dean of China School of Banking and Finance, University of International Business and Economics (對外經濟貿易大學中國金融學院) (the former School of Banking & Finance, University of International Business and Economics (對外經濟貿易大學金融學院)) since August 2007. From July 2003 to September 2004, he served as the head of the R&D center of Minan Futures Brokerage Co., Ltd. (民安期貨經紀有限公司). From April 2003 to July 2003, he served as the secretary of the president of Wanlian Securities Co., Ltd. (萬聯證券有限責任公司). From July 1999 to April 2003, he successively served as the investment manager and assistant to the general manager of the business department of China Southern Securities Guangzhou Branch (南方證券廣州分公司). From July 1994 to September 1996, he worked at Bank of China Huangshan Branch, Anhui Province (中國銀行安徽省黃山市分行). Mr. WANG Maobin obtained a bachelor's degree in economics from Renmin University of China in July 1994, a master's degree in economics from Renmin University of China in July 1999 and a doctor's degree in management majoring in finance and investment management from Sun Yat-sen University (中山大學) in June 2007.

## Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

**Mr. PAN Xinmin (潘新民)**, born in January 1957, Chinese, doctoral degree, is a senior economist. Mr. PAN Xinmin is an independent non-executive Director of the Bank. Mr. PAN Xinmin has been an external Supervisor of the Bank from early January 2019 to October 2023 and a senior researcher of Henan Songshan Think Tank (河南嵩山智庫) since November 2018. He served as an inspector in the inspection group at the head office of China Merchants Bank (招商銀行總行) from December 2015 to February 2017, the secretary of the party committee and the president of China Merchants Bank Kunming Branch (招商銀行昆明分行) from December 2009 to December 2015, the secretary of the party committee and the president of China Merchants Bank Zhengzhou Branch (招商銀行鄭州分行) from December 2002 to December 2009, head of the planning group of China Merchants Bank Zhengzhou Branch (招商銀行鄭州分行) from July 2002 to December 2002, the secretary of the party committee and the president of China Everbright Bank Dalian Branch (中國光大銀行大連分行) from April 2001 to July 2002. He worked at China Construction Bank Henan Branch (建設銀行河南省分行), successively serving a clerk, deputy chief officer of Henan Branch, vice president and member of the party leadership group of Zhumadian Branch (駐馬店分行), deputy director of Sanding office of Henan Branch, the general manager of Henan Trust Investment Co., Ltd. (河南省信託投資公司), the secretary of the party committee and the president of Shangqiu Branch (商丘分行) and vice president and member of the party leadership group of Henan Branch from April 1980 to April 2001. From September 1977 to April 1978, he worked at the Third Coal Mine of Hebi Mining Bureau (鶴壁礦務局第三煤礦). In July 1983, Mr. PAN Xinmin was appointed by Henan Construction Bank to audit and study in the Department of Infrastructure Construction of Finance & Economics Institution of Hubei. He graduated from the Party School of the CPC Committee of Henan Province with a bachelor's degree (night-school course) in economic management in July 1994. He obtained a master's degree in economics from Zhongnan University of Finance and Economics (中南財經大學) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in June 1997, a bachelor's degree in economics majoring in international finance from Wuhan University in July 1999 and a doctor's degree in management from Huazhong University of Science and Technology (華科技大學) in December 2008. Mr. PAN Xinmin obtained the senior economist qualification in March 1994, the certified public accountant qualification from the Chinese Institute of Certified Public Accountants in December 1997 and was granted the title of "outstanding expert in Henan Province" by the CPC Committee and Government of Henan Province in July 2008.

**Mr. GAO Pingyang (高平陽)**, born in July 1979, a Hong Kong resident, doctoral degree. Mr. GAO Pingyang is an independent non-executive Director of the Bank. Mr. GAO Pingyang has been an associate dean and professor of the Business School of the University of Hong Kong since June 2020. From July 2008 to June 2020, he successively served as an assistant professor and associate professor at The University of Chicago Booth School of Business. He has concurrently served as an independent non-executive director of The People's Insurance Company (Group) of China Limited (listed on the Hong Kong Stock Exchange, stock code: 1339.HK) since February 2025; and he has concurrently served as an independent non-executive director of Bloks Group Limited (listed on the Hong Kong Stock Exchange, stock code: 0325.HK) since January 2025. Mr. GAO Pingyang obtained a bachelor's degree in economics from Renmin University of China in July 2002 and a master's degree in economics from Peking University in June 2004, and a doctor's degree in philosophy from Yale University in the United States in December 2008.

# Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

## 3.2 Biography of Supervisors

**Mr. ZHANG Ke (張克)**, born in October 1977, Chinese, is a chief senior accountant. Mr. ZHANG Ke is an employee representative Supervisor of the Bank. Mr. ZHANG Ke has served as an employee representative Supervisor and the Chairman of the third session of the Board of Supervisors of the Bank since October 2024. From October 2023 to October 2024, he served as an employee representative Supervisor and the vice president of the third session of the Board of Supervisors of the Bank. He served as the secretary to the Board and a joint company secretary of the Bank from September 2023 to October 2023. From June 2022 to September 2023, he served as secretary to the Board, joint company secretary of the Bank and secretary of the Party Committee and president of Jiaozuo Branch of the Bank. From December 2021 to June 2022, he served as secretary to the Board and joint company secretary of the Bank. From July 2017 to December 2021, he served as secretary to the Board, joint company secretary and general manager of the Office of the Board and Supervisory Committee of the Bank. From December 2014 to July 2017, he served as secretary to the Board and general manager of the Office of the Board and Supervisory Committee of the Bank. From December 2013 to December 2014, he worked in the Restructuring Department of the Reform and Restructuring Committee of City Commercial Bank in Henan Province. From April 2010 to December 2013, he served as a director, chief accountant and general manager of the accounting and finance department of Kaifeng Commercial Bank Co., Ltd. From July 2007 to March 2010, he served as the business manager of the corporate planning department of Henan Investment Group Co., Ltd. From July 1999 to June 2007, he served as the deputy chief officer of the accounting and finance section of the Central Sub-branch of Sanmenxia City of the People's Bank of China.

Mr. ZHANG Ke obtained a bachelor's degree in accounting from Henan University of Finance and Economics in June 1999. He obtained a master's degree in business administration from Xi'an University of Technology in April 2006. He was accredited as a senior accountant in December 2008 and a chief senior accountant in December 2019.

**Ms. DAN Limin (淡利敏)**, born in November 1978, Chinese, is a senior accountant. Ms. DAN Limin has been serving as an employee representative Supervisor of the Bank since July 2023, vice chairman of the Labor Union of the Bank since February 2023, and general manager of the Office of the Supervisory Committee of the Bank since July 2022. From August 2019 to July 2022, she served as the general manager (business director level) of the Office of the Board (Supervisory Committee) of Bank of Jiaozuo China Travel Services Co., Ltd. From March 2011 to August 2019, she served as the deputy director (in charge of work) of the financing division of the Henan Provincial Land Development and Investment Management Center (河南省國土開發投資管理中心), and the general manager and legal representative of Henan Land Assets Operation Company (河南國土資產運營公司). From May 2008 to March 2011, she served as the general manager of the Group Finance Department of Henan Hexie Industrial Group Co., Ltd. (河南和諧實業集團有限公司). From January 2007 to May 2008, she served as the chief financial officer of Zhengzhou Real Estate Great Wall Real Estate Development and Operation Co., Ltd. (鄭州地產長城房地產開發經營有限公司). From March 2005 to January 2007, she served as the head of the treasury department of Henan Shunchi Real Estate Co., Ltd. (河南順馳地產有限責任公司). From July 2000 to December 2004, she worked in the finance department of Xi'an Tongshi Group Company (西安通視集團公司). Ms. DAN Limin obtained a bachelor's degree in economics from Xi'an Jiaotong University in July 2000 and a master's degree in business administration from Xi'an Jiaotong University in December 2010.



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**Ms. WANG Xiaoyan (王小燕)**, born in November 1979, Chinese, is a senior international finance manager, a senior management accountant and an intermediate accountant. Ms. WANG Xiaoyan is the Shareholder representative Supervisor of the Bank. Ms. WANG Xiaoyan has been serving as the financing director of Luoyang Guosheng Investment Holding Group Co., Ltd. (洛陽國晟投資控股集團有限公司) since April 2022. From November 2016 to April 2022, Ms. WANG Xiaoyan worked in Luoyang City Development Investment Group Co., Ltd. (洛陽城市發展投資集團有限公司) and successively acted as the deputy head and head of the financial management department and the financing director (during which she concurrently acted as the chairwoman of Shenzhen Heluo Tianji Holdings Co., Ltd. (深圳河洛天基控股有限公司), a subsidiary of Luoyang City Development Investment Group Co., Ltd. from April 2021 to April 2022). From June 2004 to November 2016, Ms. WANG Xiaoyan worked in Wanji Holding Group Co., Ltd. and successively served as an accountant of the financial division and the deputy head and head of the capital management office. Ms. WANG Xiaoyan obtained a bachelor's degree in accounting from Zhengzhou University in July 2021.

**Mr. YAN Yongfu (閆永夫)**, born in August 1965, Chinese, a Hong Kong resident, is a senior economist. Mr. YAN Yongfu is the Shareholder representative Supervisor of the Bank. Mr. YAN Yongfu has been serving as an assistant to the general manager of CTG Development Corporation Limited since November 2022. From September 2018 to November 2022, he served as an assistant to the general manager of CTG Financial Services Corporation Limited. From December 2014 to June 2020, he concurrently served as the chairman of the board of directors of China National Travel Service (HK) Finance Company Limited (港中旅財務有限公司). From August 2012 to September 2018, he served as the deputy general manager of China Travel Financial Holdings Co., Limited (renamed as China Travel Financial Investment Holdings Co., Limited in September 2015) (during which, he also served as the vice chairman of Bank of Jiaozuo China Travel Services Co., Ltd. from January 2016 to October 2017). From October 2003 to August 2012, he successively held various positions at the China Banking Regulatory Commission, including the head of the miscellaneous financial institutions supervision division of the Henan Office, the director and the secretary of the party committee of the Xinxiang Sub-office, the director and the secretary of the party committee of the Zhoukou Sub-office, the director of the propaganda department of the party committee of the Henan Office, the head of the second state-owned bank supervision division of the Henan Office, the head of the first on-site inspection division of the Henan Office, and the head of the urban commercial bank supervision division of the Henan Office. From August 1987 to October 2003, he successively held various positions at the People's Bank of China, including staff member of the Zhengzhou Branch, assistant to the head and auditor of the auditing division of the Henan Branch, deputy head of the banking supervision division of the Zhengzhou Central Sub-branch, deputy head of the investigation and statistics division of the Zhengzhou Central Sub-branch, and deputy head and head of the cooperative financial institutions supervision division of the Zhengzhou Central Sub-branch. Mr. YAN Yongfu obtained a bachelor's degree in economics majoring in finance from Renmin University of China in July 1987 and a master's degree in economics majoring in finance from the Department of Finance of Xiamen University in November 2001.

**Ms. LU Suyue (陸素月)**, born in June 1969, Chinese, is an intermediate economist. Ms. LU Suyue is the Shareholder representative Supervisor of the Bank. Ms. LU Suyue has been serving as the vice president and a director of Henan Rebecca Holding Co., Ltd. (河南瑞貝卡控股有限責任公司) since January 2017. From June 2006 to January 2017, Ms. LU Suyue served as the general manager of the capital management center and a director of Henan Rebecca Holding Co., Ltd. From March 1998 to May 2006, she served as the head of the financing department of Henan Rebecca Hair Products Co., Ltd. (河南瑞貝卡髮製品股份有限公司). From March 1993 to February 1998, she served as the head of the finance section of Henan Rebecca Co., Ltd. (河南瑞貝卡有限公司).



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**Mr. LI Xingzhi (李興智)**, born in March 1962, Chinese, is a researcher. Mr. LI Xingzhi is an external Supervisor of the Bank. Mr. LI Xingzhi has been the president of Henan Central China Industrial Economic Development Strategies Research Institute (河南省中原工業經濟發展戰略研究院) and the vice chairman of Henan Capital Market Institution (河南省資本市場學會) since December 2021. He served as the chairman of Henan Century Yongtai Holding Co., Ltd. (河南世紀永泰控股有限公司) from November 2017 to July 2022, the chairman of Henan Huachen Power Group Co., Ltd. (河南華晨電力集團有限公司) from August 2017 to March 2022, and the vice president of Yongtai Group Co., Ltd. (永泰集團有限公司) from August 2017 to March 2022. From September 2010 to January 2017, Mr. LI Xingzhi served as the secretary of the party committee and the president of the Nanjing Branch of China Guangfa Bank. From August 1995 to August 2010, Mr. LI Xingzhi worked at the Zhengzhou Branch of China Guangfa Bank and successively served as a member of the party leadership group, a member of the preparation group, the assistant president, the vice president and the president (and the secretary of the party committee). From November 1985 to August 1995, Mr. LI Xingzhi worked at the first division, the comprehensive division, the fourth division and the fifth division of the governor's office of the General Office of the People's Government of Henan Province and successively served as the deputy chief officer, the chief officer and the special secretary at deputy department director level. From August 1983 to November 1985, Mr. LI Xingzhi served as the deputy director of the development strategy office of the economic institute of Henan Province Planning Economy Commission (河南省計劃經濟委員會). Mr. LI Xingzhi obtained a bachelor's degree in economics from Jiangxi College of Finance and Economics (江西財經學院) in July 1983, a master's degree in philosophy from Tsinghua University in July 2002 and a doctor's degree in business administration from Huazhong University of Science and Technology in December 2009 and was awarded the qualification of a researcher in December 2003.

**Ms. GU Xiujuan (谷秀娟)**, born in April 1968, Chinese. Ms. GU Xiujuan is an external Supervisor of the Bank. Ms. GU Xiujuan has been a professor of the School of Economics and Trade of Henan University of Technology since November 2014 and retired in April 2023. From June 2004 to October 2014, Ms. GU Xiujuan served as the dean of the School of Economics and Trade of Henan University of Technology. From May 2001 to May 2004, Ms. GU Xiujuan served as the head of the inspection division of China Securities Regulatory Commission Beijing Bureau. From March 1997 to May 2001, Ms. GU Xiujuan served as the deputy head of the financial inspection division of China Securities Regulatory Commission Beijing Bureau. From October 1994 to February 1997, Ms. GU Xiujuan served as the head of the management division and the audit division of the sub-center of the Beijing Housing Fund Management Center. From May 1992 to September 1994, Ms. GU Xiujuan served as the deputy head of the housing project department of the housing project office of the World Bank in Beijing and the deputy head of the management division of the sub-center of the Beijing Housing Fund Management Center. In addition, Ms. GU Xiujuan has been concurrently serving as an independent director of Henan Shenhua Coal & Power Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 000933.SZ) since May 2020 and an independent director of Yutong Bus Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600066.SH) since April 2020. She has been concurrently serving as an independent director of Xinjiang Guotong Pipeline Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 002205.SZ) since October 2019. She concurrently served as an independent director of Shaanxi Zhongtian Rocket Technology Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 003009.SZ) from June 2020 to July 2023. Ms. GU Xiujuan obtained a bachelor's degree in statistics from Renmin University of China in July 1989, a master's degree in finance from Renmin University of China in July 1992 and a doctor's degree in international finance from Renmin University of China in September 2000.

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**Ms. LIU Xia (劉霞)**, born in November 1978, Chinese. Ms. LIU Xia is an external Supervisor of the Bank. Ms. LIU Xia has been a vice president of Henan Medical Economics Association (河南省醫藥經濟學會) since July 2024. Ms. LIU Xia has been a professor of Zhengzhou University since March 2023. Ms. LIU Xia has been the dean of the Department of Finance of the Business School of Zhengzhou University since May 2020; a doctoral supervisor of international students at Zhengzhou University since September 2019; and a master supervisor at Zhengzhou University since September 2014. From July 2004 to March 2023, Ms. LIU Xia successively served as a teaching assistant, a lecturer and an associate professor at Zhengzhou University (during which she pursued her doctor's degree in economics at Renmin University of China from September 2008 to January 2012 and acted as a visiting scholar at the University of California from November 2015 to May 2016). Ms. LIU Xia obtained a bachelor's degree in economics from Henan Normal University in July 2000, a master's degree in economics from Shaanxi Normal University in June 2004 and a doctor's degree in economics from Renmin University of China in January 2012. Ms. LIU Xia was awarded the Backbone Youth Teacher in Henan Province in 2018.

### 3.3 Biography of Senior Management

**Mr. LIU Kai (劉凱)**, born in March 1971, Chinese, senior economist. Mr. LIU Kai is the deputy secretary to the party committee and the president of the Bank. Mr. LIU Kai has served as the deputy secretary to the party committee and president of the Bank from January 2023 to present; served as the deputy secretary to the party committee and acting president of the Bank from August 2022 to January 2023; served as a member of the party committee and vice president of the Bank from December 2014 to August 2022; served as a member of the Leading Group Office for the reform and restructuring and the head of planning department of some city commercial banks in Henan Province from November 2013 to December 2014; served as the assistant to the head of the Bureau of Financial Market of PBOC from August 2011 to November 2013; served as the secretary to the party committee and the president of PBOC Anyang Central Sub-branch from May 2007 to August 2011; served as the manager of the office of PBOC Zhengzhou Central Sub – branch from December 1998 to May 2007; served as a section member of the Henan Branch of PBOC from July 1993 to December 1998. Mr. LIU Kai received a bachelor's degree in law from Zhengzhou University in June 1993 and a master's degree in liberal arts from Henan University in June 2007.

**Mr. ZHOU Litao (周麗濤)**, born in November 1979, Chinese, intermediate economist. Mr. ZHOU Litao is the vice president of the Bank. Mr. ZHOU Litao has served as the vice president of the Bank and the secretary of the party committee and the president of Luoyang Branch from June 2022 to present; served as the vice president of the Bank from May 2018 to June 2022; served as the corporate business director of the Bank from December 2014 to May 2018; served as the general manager of the asset management department of the investment banking division of the head office of the China CITIC Bank from May 2013 to December 2014; served as the general manager of the strategic customer department of the Zhengzhou Branch of China CITIC Bank (中信銀行鄭州分行) from January 2013 to May 2013; served as the general manager of investment banking division of the Zhengzhou Branch of China CITIC Bank from August 2012 to January 2013; served successively as the product manager, assistant to the general manager, deputy general manager and general manager of the investment banking center of Zhengzhou Branch of China CITIC Bank from March 2008 to August 2012; served as the product manager of the corporate banking department of Zhengzhou Branch of China CITIC Bank from February 2006 to March 2008; worked at the Henan Branch of the China Construction Bank (中國建設銀行河南省分行) from July 2001 to July 2003. Mr. ZHOU Litao obtained his bachelor's degree in economics and a master's degree in business administration from Xi'an Jiaotong University in July 2001 and February 2006, respectively.

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**Mr. LIU Qingfen (劉清奮)**, born in March 1970, Chinese, intermediate economist. Mr. LIU Qingfen is an assistant to the president of the Bank. Mr. LIU Qingfen has served as a member of the party committee and an assistant to the president of the Bank from October 2023 to present; served as a member of the party committee and an assistant to the president of the Bank and the secretary to the party committee of AB Leasing Co., Ltd. from January 2023 to October 2023; served as a member of the party committee and an assistant to the president of the Bank from March 2022 to January 2023; served as an assistant to the president of the Bank from June 2018 to March 2022; served as the general manager of the corporate banking department of the Bank from February 2018 to June 2018; served as the secretary to the party committee and president of Zhengzhou Branch of the Bank from July 2017 to February 2018; served as the secretary to the party committee and general manager of the head office of the Bank from December 2014 to July 2017; served as the deputy secretary to the party committee and the proposed president of Kaifeng Commercial Bank (開封市商業銀行) from February 2013 to December 2014; served as the Director of the Dongdajie business department of the Zhengzhou Branch of China Industrial Bank from July 2012 to February 2013; served as the president of the Dongdajie Sub-branch (東大街支行) of the Zhengzhou Branch of China Industrial Bank from August 2007 to July 2012; served as the head of business expansion department of the Zhengzhou Branch of China Industrial Bank (興業銀行鄭州分行) from April 2006 to August 2007; served as the president of the Weiwu East Road Sub-branch (緯五東路支行) of the Zhengzhou Branch of Bank of Communications from June 2005 to April 2006; served as the vice president of the Weizhong Sub-branch (緯中支行) of the Zhengzhou Branch of Bank of Communications from April 2004 to June 2005; served successively as the account manager and the deputy section chief of the customer section of the business department of Zhengzhou Branch of Bank of Communications (交通銀行鄭州分行) from November 2000 to April 2004; served as the deputy director of the office of Zhengzhou Commercial Bank from January 2000 to November 2000; the vice president of Zhengbian Road Sub-branch (鄭汴路支行) and Qiaojiamen Sub-branch (喬家門支行) of Zhengzhou Commercial Bank successively from July 1998 to January 2000 (taking charge of work) and the section member of the office of Zhengzhou Commercial Bank (鄭州市商業銀行) from July 1994 to July 1998. Mr. Liu Qingfen obtained his bachelor's degree in liberal arts from Zhengzhou University (鄭州大學) in July 1994.

**Mr. SHAO Qiang (邵強)**, born in October 1970, Chinese, senior economist. Mr. SHAO Qiang is an assistant to the president of the Bank. Mr. SHAO Qiang served as the member of the party committee and assistant to the president of the Bank since June 2022; served as a member of the party committee of the Bank from March 2022 to June 2022; served as the deputy secretary to the party committee and president of Bank of Luoyang Co., Ltd. from January 2021 to March 2022; served as the deputy secretary to the party committee of the Bank of Luoyang Co., Ltd. and acting president from July 2020 to January 2021; served as the deputy secretary to the party committee of the Bank of Luoyang Co., Ltd. from June 2020 to July 2020; served as the secretary to the party committee and president of Luoyang Branch of the Bank from November 2016 to June 2020; served as the head of the planning group of Luoyang Branch of the Bank from September 2016 to November 2016; served as the general manager of Luoyang Business Department of the Bank from July 2015 to September 2016; served as the head of Jiaozuo Branch of China Guangfa Bank from April 2015 to July 2015; served as general manager of Human Resources Department of Zhengzhou Branch of China Guangfa Bank from March 2013 to April 2015; served as general manager of Credit Management Department of Zhengzhou Branch of China Guangfa Bank from May 2012 to March 2013; served as the president of the Science and Technology Sub-branch of Zhengzhou Branch of China Guangfa Bank from July 2007 to May 2012; served successively as the business department manager,



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assistant to the president and president of Songshan Road Sub-branch of Zhengzhou Branch of China Guangfa Bank from July 1998 to July 2007; served as the manager of the branch office of Zhongyuan East Road of Zhengzhou branch of China Guangfa Bank from July 1997 to July 1998; worked at financial and accounting department of Zhengzhou Branch of China Guangfa Bank from September 1996 to July 1997; worked at branch office of Hongzhuan Road of Zhengzhou Branch of China Guangfa Bank from December 1995 to September 1996; served as a section member of the Inspection Section I of the Price Inspection Institute of Henan Province from July 1992 to December 1995. Mr. SHAO Qiang received a bachelor's degree in economics from Henan College of Finance in June 1992 and a doctorate degree in economics from Huazhong University of Science and Technology in December 2011.

**Mr. WANG Tianqi (王天奇)**, born in February 1985, Chinese. Mr. WANG Tianqi is an assistant to the president of the Bank. Mr. WANG Tianqi served as the member of party committee, assistant to the president and secretary to the party committee and president of Zhengzhou Branch of the Bank since September 2023; served as the member of party committee and assistant to the president of the Bank from August 2022 to September 2023; served as a member of party committee of the Bank from June 2022 to August 2022; served as the member of party committee and the head of the office of the Board of Directors of the Bank from March 2022 to June 2022; served as the head of the office of the Board of Directors of the Bank from January 2022 to March 2022; served as the secretary to the party committee and president of the Luoyang Branch of the Bank from July 2020 to January 2022; served as the secretary to the party committee and president of the Luohe Branch of the Bank from February 2018 to June 2020; served as the general manager of the investment banking division of the Bank from November 2016 to February 2018; served as the vice general manager of the investment banking division of the Bank from December 2014 to November 2016 (presided over the work); served as a registration and examination staff of the Registration Office of the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) from September 2014 to December 2014; served as the policy research post and issuance approval post of the Bond Issuance Management Division of the Bureau of Financial Market of PBOC from September 2013 to September 2014; served as the general post and registration review post of the Registration Office of the National Association of Financial Market Institutional Investors from July 2010 to September 2013. Mr. WANG Tianqi obtained a master's degree in law from China University of Political Science and Law in July 2010.

**Mr. WANG Le (王樂)**, born in November 1977, Chinese, intermediate economist. Mr. WANG Le is an assistant to the president of the Bank. Mr. WANG Le served as the member of the party committee and assistant to the president of the Bank since June 2022; served as a member of the party committee of the Bank from March 2022 to June 2022; served as a member of the party committee, vice president and director of Jiaozuo Bank of China Travel Service (焦作中旅銀行) from May 2019 to March 2022; served as a member of the party committee, vice president, director of Jiaozuo Bank of China Travel Service and the president of Zhengzhou Branch from November 2017 to May 2019; served as a member of the party committee, vice president and director of Jiaozuo Bank of China Travel Service and the head of the planning group of Zhengzhou Branch from August 2016 to November 2017; served as a member of the party committee, vice president and director of Jiaozuo Bank of China Travel Service from August 2015 to August 2016; served as the vice president of Jiaozuo Commercial Bank (焦作市商業銀行) from January 2015 to August 2015; from August 2014 to January 2015, he worked at Jiaozuo Commercial Bank; from September 2012 to August 2014, he served as the office chief of Haikou Branch of China CITIC Bank (中信銀行海口分行); from April 2012 to September 2012, he worked at the office of Haikou Branch of China CITIC Bank; from



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March 2012 to April 2012, he served as the deputy general manager of the corporate banking department of Zhengzhou Branch of China CITIC Bank (中信銀行鄭州分行); from February 2009 to March 2012, he served as the assistant to the general manager of corporate banking department of Zhengzhou Branch of China CITIC Bank; from March 2004 to February 2009, he served as the manager of planning and financial department of Zhengzhou Branch of China CITIC Bank; from February 2002 to March 2004, he worked at planning and financing department of Zhengzhou Branch of China CITIC Bank; from August 1998 to February 2002, he served as an integrated teller of business department of Zhongqing Sub-Branch (中青支行) of Zhengzhou Branch of China CITIC Bank. Mr. WANG Le obtained his bachelor's degree in economics from Zhengzhou University in July 1998.

**Ms. LIU Juan (劉娟)**, born in November 1973, Chinese, intermediate accountant. Ms. LIU Juan is an assistant to the president of the Bank. Ms. LIU Juan served as the member of the party committee and assistant to the president of the Bank since November 2022. From March 2022 to November 2022, she served as the member of the party committee of the Bank; from September 2021 to March 2022, she served as the member of party committee of Bank of Pingdingshan Co., Ltd., the secretary of the party committee, the president, the proposed Director and the vice president of Zhengzhou Branch; from March 2019 to September 2021, she served as a member of the party committee of Bank of Pingdingshan Co., Ltd., the secretary of the party committee and president of Zhengzhou Branch; from February 2019 to March 2019, she performed duties on behalf of the president of Zhengzhou Branch of Bank of Pingdingshan Co., Ltd.; from September 2017 to February 2019, she served as deputy head of the group applying for preparation of the proposed privately-owned bank of Zhengzhou Zhongrui Industrial Group Co., Ltd. (鄭州中瑞實業集團有限公司); from July 2015 to September 2017, she served as the general manager of corporate banking department and investment banking department of Haikou Branch of China CITIC Bank; from May 2014 to July 2015, she served successively as the deputy head of the planning group and the president of Sanya Branch of China CITIC Bank (中信銀行三亞分行); from July 2013 to May 2014, she served as the general manager of five business department of the company of Haikou Branch of China CITIC Bank; from March 2011 to July 2013, she served successively as deputy head of the planning group and the president of Pingdingshan Sub-branch of China CITIC Bank (中信銀行平頂山分行); from March 2008 to March 2011, she served successively as the manager of the corporate department, the assistant to the president and the vice president (presided over the work) of Nanyang Road Sub-Branch (南陽路支行) of Zhengzhou Branch of China CITIC Bank; from November 1997 to March 2008, she served successively as a teller, the account manager, the deputy manager of personal credit centre, senior account manager of Zhengzhou Branch of China CITIC Bank; from July 1995 to November 1997, she served as the accountant of finance department of Henan Materials Group Co., Ltd. (河南物資集團有限公司). Ms. LIU Juan received a bachelor's degree from Henan College of Finance in July 1995 and a master's degree in management from the Chinese University of Hong Kong in July 2017.

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**Mr. YAO Hongbo (姚紅波)**, born in April 1969, Chinese, intermediate economist. Mr. YAO Hongbo is an assistant to the president of the Bank. Mr. YAO Hongbo has served as the assistant to the president of the Bank, chairman of the board of supervisors of AB Leasing Co., Ltd. and Party's branch secretary general and president of Zhengzhou Zhongzhou Avenue Branch since February 2025; he served as the assistant to the president of the Bank and chairman of the board of supervisors of AB Leasing Co., Ltd. from October 2023 to February 2025; served as the assistant to the president of the Bank and deputy secretary to the party committee, chairman of the board of supervisors and secretary of committee for discipline inspection of AB Leasing Co., Ltd. from March 2023 to October 2023; served as the assistant to the president of the Bank and deputy secretary to the party committee and chairman of the board of supervisors of AB Leasing Co., Ltd. from July 2022 to March 2023; served as an assistant to the president of the Bank from May 2019 to July 2022; served as the Bank's retail business director from April 2018 to May 2019; served as the secretary to the party committee and president of the Bank's Xinxiang Branch from March 2016 to April 2018; served as the general manager of the corporate banking department of Zhengzhou Branch of China CITIC Bank from October 2015 to March 2016; served as the secretary of the party committee and the president of China CITIC Bank Jiaozuo Branch from January 2013 to October 2015; served as the president of China CITIC Bank Zhengzhou Dongfeng Road Sub-branch from April 2010 to January 2013; served as the president of China CITIC Bank Zhengzhou Huanghe Road Sub-branch from January 2010 to April 2010; served as the vice president of Zhengzhou Wenhua Road Sub-branch of China CITIC Bank from January 2008 to January 2010; served successively as the assistant to the office chief and the deputy director of Zhengzhou Branch of China CITIC Bank from February 2005 to January 2008; served as the organization section chief in the human resources department of the China Construction Bank Henan Branch from January 2003 to February 2005; served as a cadre in the office research department of the China Construction Bank Henan Branch from January 2002 to January 2003; served as a cadre in the integrated division under the asset protection department in China Construction Bank Henan Branch from April 2001 to January 2002; served successively as the employee, deputy director of the office, director of the branch office and deputy head of the credit section of China Construction Bank's Mianchi County Branch from July 1992 to April 2001. Mr. YAO Hongbo obtained his bachelor's degree in economics from Zhengzhou University in July 1992.

**Ms. SUO Jia (索佳)**, born in January 1975, Chinese. Ms. SUO Jia is an assistant to the president of the Bank. Ms. SUO Jia served as the assistant to the president of the Bank since March 2023; proposed to be an assistant to the president of the Bank from December 2022 to March 2023; served as the director and a first-class researcher of the consumer rights protection division of CBIRC Henan Office from October 2020 to December 2022; served as the director and a first-class researcher of the personal insurance supervision division of CBIRC Henan Office from December 2019 to October 2020; served as the director of the personal insurance supervision division of CBIRC Henan Office from April 2019 to December 2019; served as a cadre (director level) of CBIRC Henan Office from October 2018 to April 2019; served as the director of the personal insurance supervision division of CIRC Henan Office from April 2015 to October 2018; served as the director of the statistics and research division of CIRC Henan Office from September 2012 to April 2015; served as the deputy director (presided over the work) of the statistics and research division of CIRC Henan Office from February 2011 to September 2012; served as the deputy director of the statistics and research division of CIRC Henan Office from October 2009 to February 2011; served successively as the deputy chief section member, chief section member, assistant to the chief and deputy chief of the office of CIRC Henan Office (the office of the party committee) from May 2004 to October 2009; served as the deputy chief section member of the general administration division of CIRC Henan Office from March 2004 to May 2004; served as a cadre of the institutional management division and the general management division of CIRC Zhengzhou Special Office from June 2001 to March 2004; worked in CPIC Zhengzhou Branch from July 1997 to June 2001. Ms. SUO Jia obtained her master's degree in management from Xi'an Jiaotong University in April 2005.

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**Mr. HU Hao (扈浩)**, born in July 1983, Chinese, intermediate engineer. Mr. HU Hao is the chief information officer of the Bank. Mr. HU Hao served as the chief information officer of the Bank since November 2023; served as the technical director of the Bank from June 2018 to November 2023; served as the general manager of information technology department of the Bank from July 2015 to June 2018; served as the head of the e-commerce development group of the information technology management department of China CITIC Bank from November 2013 to July 2015; served as the system development post in the information technology department of the head office of China CITIC Bank from August 2007 to October 2013. Mr. HU Hao received a bachelor's degree in engineering from Tsinghua University in July 2005 and a master's degree in engineering from Tsinghua University in July 2007.

**Mr. NIE Guoqing (聶國慶)**, born in April 1969, Chinese, senior economist. Mr. NIE Guoqing is the business director of the Bank. Mr. NIE Guoqing served as the business director of the Bank since September 2023; served as the general manager of the equity investment management department (township bank management department) of the Bank from July 2022 to September 2023; served as the interim head of the equity investment management department (township bank management department) of the Bank from January 2022 to July 2022; served as the general manager of the rural revitalization and financial department of the Bank from April 2021 to January 2022; served as the head of the rural finance department of the Bank from March 2021 to April 2021; served as the secretary to the party committee and president of Anyang Branch of the Bank from February 2016 to March 2021; served as the secretary to the party committee and president of Puyang Branch of the Bank from December 2014 to February 2016; served as the member of the party committee, president and director of Bank of Puyang Co., Ltd. (濮陽銀行股份有限公司) from November 2012 to December 2014; served as the member of the party committee, president and director of Puyang Commercial Bank Co., Ltd. (濮陽市商業銀行股份有限公司) from February 2010 to November 2012; served as the member of the party committee and deputy general manager of Puyang City Credit Co., Ltd. (濮陽市城市信用合作社股份有限公司) from December 2006 to February 2010; served as the member of the party committee and deputy chief of Urban Credit Cooperative of Puyang (濮陽市城市信用社) from September 2006 to December 2006; served as the head of the corporate business department of Puyang Branch of Bank of China (中國銀行濮陽分行) from December 2005 to September 2006; served as the president of Laocheng Sub-branch (老城支行) of Puyang Branch of Bank of China from January 2003 to December 2005; served as the head of asset preservation department of Puyang Branch of Bank of China from May 2001 to January 2003; served as the deputy chief of risk management department of Puyang Branch of Bank of China from March 2000 to May 2001; worked at credit management section and risk management department of Puyang Branch of Bank of China from March 1998 to March 2000; worked at foreign trading credit section of Puyang Branch of Bank of China from March 1997 to March 1998; worked at Zhongyuan Road Office (中原路辦事處) of Puyang Branch of Bank of China from July 1992 to March 1997. Mr. NIE Guoqing obtained a master's degree in business administration from Shanghai Jiao Tong University in December 2014.



## Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

**Mr. PAN Wenyao (潘文堯)**, born in September 1972, Chinese. Mr. PAN Wenyao is the secretary to the Board of the Bank. Mr. PAN Wenyao has served as secretary to the Board of the Bank since February 2025; he served as the secretary to the Board and general manager of the Party committee office (the office of the Board) of the Bank from December 2023 to February 2025; he served as the general manager of the Party committee office (the office of the Board) of the Bank from January 2023 to December 2023. He successively served as the deputy head of the financial leasing working group of the Bank, the secretary of the party committee, director, acting chairman and chairman of AB Leasing Co., Ltd. from June 2017 to January 2023. He worked at China CITIC Bank from April 1998 to June 2017, and successively served as the deputy manager, manager of the business department and assistant to the president of Wenhua Road Sub-branch of Zhengzhou Branch, the head and president of the West Sub-branch, the president of Longhai Road Sub-branch, the president of Runhua Sub-branch, the general manager of the international business department, the general manager of the corporate banking department and general manager of the planning and finance department, a member and the secretary of the party committee and president of Anyang Branch, the secretary of the party committee and president of Luoyang Branch and a member of the party committee and the assistant to the president of Lanzhou Branch. He served as the director of the branch office of Shangcheng Road Sub-branch of Zhengzhou Branch of Bank of China from September 1995 to April 1998. He served as the sales manager of Zhuhai Gree Group (珠海格力集團) from July 1994 to September 1995. Mr. PAN Wenyao obtained a bachelor's degree in engineering from Huazhong University of Science and Technology in July 1994 and a master's degree in law from Huazhong University of Science and Technology in June 2007.

### 4 Confirmation of Independence of Independent Non-executive Directors

All independent non-executive Directors have confirmed their independence pursuant to the factors set out in Rule 3.13 of the Hong Kong Listing Rules and the Bank has considered that all the independent non-executive Directors are independent.

### 5 Securities Transactions by Directors, Supervisors and Relevant Employees

The Bank has adopted the Model Code as the code of conduct for securities transactions of the Bank by all Directors and Supervisors. The Bank has also put in place guidelines in respect of dealings in securities of the Bank with terms no less exacting than those of the Model Code, for the relevant employees (as defined in the Hong Kong Listing Rules). Having made specific enquiries to all Directors and Supervisors regarding their compliance with the Model Code, each of the Directors and Supervisors confirmed that those standards as provided thereunder have been complied with for the twelve-month period from January 1, 2024 to December 31, 2024. Having made specific enquiries to the relevant employees regarding their compliance with the guidelines of dealing in securities of the Bank, the Bank is not aware of any incompliance with the guidelines.

### 6 Interests and Short Positions of Directors, Supervisors and Senior Management in Shares, Underlying Shares and Debentures

As of the end of the Reporting Period, none of the Directors, Supervisors or chief executive officers of the Bank has interests and short positions in the Shares, underlying Shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Bank under Section 352 of the SFO, or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.



# Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

## 7 Remuneration Information for Directors, Supervisors and Senior Management

The Bank provides remuneration for Directors, Supervisors and senior management according to the Administrative Measures on the Remuneration of Directors and Supervisors of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司董事、監事薪酬管理辦法》), Implementing Rules on the Remuneration of Senior Management of Head Office of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司總行高級管理人員薪酬管理實施細則》), Measures for Evaluating the Performance of Directors and Senior Management of Board of Directors of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司董事會對董事、高管人員履職評價辦法》), Measures for Evaluating the Performance of Directors, Supervisors and Senior Management of Board of Supervisors of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司監事會對董事、監事、高管人員履職評價辦法》) and Measures for the Administration of the Performance Appraisal of Senior Management of Head Office of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司總行高級管理人員業績考核辦法》).

The specific remuneration package of the Bank's Directors and senior management personnel shall be reviewed by the Nomination and Remuneration Committee of the Board and the Board, and the remuneration of Directors shall be reviewed by the shareholders' general meetings for final decision as well. The specific remuneration package of the Supervisors must be reviewed by the Nomination Committee of the Board of Supervisors and the Board of Supervisors, and were ultimately decided by the shareholders' general meetings. The remuneration package of the executive Directors, employee representative Supervisors and senior management of the Bank includes the basic annual salary, annual performance bonus, allowances and benefits. Non-official non-executive Directors and Shareholder representative Supervisors receive allowances for special committees and reimbursement for attending meetings from the Bank, and independent non-executive Directors and external Supervisors receive annual remuneration, allowances for special committees and reimbursement for attending meetings from the Bank.

Remuneration paid to the senior management (excluding the Directors and Supervisors) by the Bank for the year ended December 31, 2024 is set out below:

	Number
RMB0 to RMB1,000,000	0
RMB1,000,000 to RMB2,000,000	10
RMB2,000,000 or above	2

## 8 Employees, Remuneration Policies and Training Programs

### 8.1 Information of Employees

As of the end of the Reporting Period, we had 18,296 employees in total, of which 1,973 employees at our head office and 16,323 employees at our branches (including direct sub-branches). Among our employees, 16,042 employees or 87.68% had bachelor's degrees or above, with the average age of 38.12. We totally had 1,794 employees at village and township banks sponsored by the Bank, 295 employees at AB Leasing, 91 employees at BOL Financial Leasing and 511 employees at Consumer Finance Company.

As of the end of the Reporting Period, the Bank's total number of employees (including senior management) were 9,299 male employees (accounting for 50.83% of the total employees) and 8,997 female employees (accounting for 49.17% of the total employees), with a reasonable gender structure for all employees. The Board believes that the Bank has achieved gender diversity across the workforce (including senior management). During the Reporting Period, the Board was not aware of any factors and circumstances that would make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

# Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

## 8.2 Remuneration Policies

The remuneration management of the Bank adheres to the employee-centered, efficiency-oriented and performance-based principles with due consideration to fairness. According to the relevant laws and regulations and industry regulatory requirements, the remuneration structure has been designed based on the concept of paying for capabilities, responsibilities and contributions (為能力付薪、為責任付薪、為貢獻付薪), and a sound remuneration management system and a scientific and reasonable incentive and restraint mechanism have been established.

The Bank gave full play to the guiding role of remuneration in operation and risk management and control. In accordance with the principle of combining immediate incentives with long-term incentives and combining effective incentives and responsibility constraints, the Bank implemented deferred payment of performance-based remuneration for applicable personnel, and improved the management measures of relevant performance recovery and deduction, so as to further promote the senior management and employee's stable operation and long-term sustainable development of the Bank. During the Reporting Period, the Bank's performance-based resource deductions amounted to RMB20.1076 million.

The relevant remuneration management system of the Bank has been reviewed and implemented by the Party Committee of the Bank, Employees' Representative Meeting, Nomination and Remuneration Committee under the Board and the Board of Directors. The Bank did not have any equity incentive plan or employee share ownership plan during the Reporting Period.

## 8.3 Training Programs

Based on the business development strategy and under the people-oriented philosophy, the Bank developed its education and training plans. The Bank implemented a management mechanism of unified principles and plans, hierarchical management and classified implementation for employee training, established a hierarchical training system of "navigating, voyaging, piloting, sailing" (領航、遠航、引航、啟航) and managed the trainings in accordance with a three-tier training system comprising "head office, branch, sub-branch (sector)" (總、分、支). During the Reporting Period, the Bank held a total of 166 head office-level training sessions with a total of 97,000 participants and 5.38 trainings per head, basically covering all employees; 18 branches actually carried out 832 branch-level training sessions, with a total of 107,400 participants.

During the Reporting Period, the Bank's training work focused on enhancing the comprehensive capability of key personnel and the capacity of all staff in the Bank to fulfill their job description. The Bank implemented comprehensive capability enhancement training programs for key personnel such as the middle and senior management, heads of secondary departments, heads of branch departments, presidents at the sub-branch level, outstanding employees and newly recruited college graduates. At the same time, it comprehensively covered core businesses such as corporate, retail, interbank, risk and compliance, and promoted the enhancement of job skills for all employees in the Bank. The Bank encouraged all employees in the Bank to utilize their spare time for self-directed learning. A total of 18,000 people completed the task of attending annual courses on the online learning platform, with learning time reaching 1,250,000 hours in total, effectively promoting the enhancement of staff capacity and laying a solid talent foundation for the Bank's sustainable development.

# Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

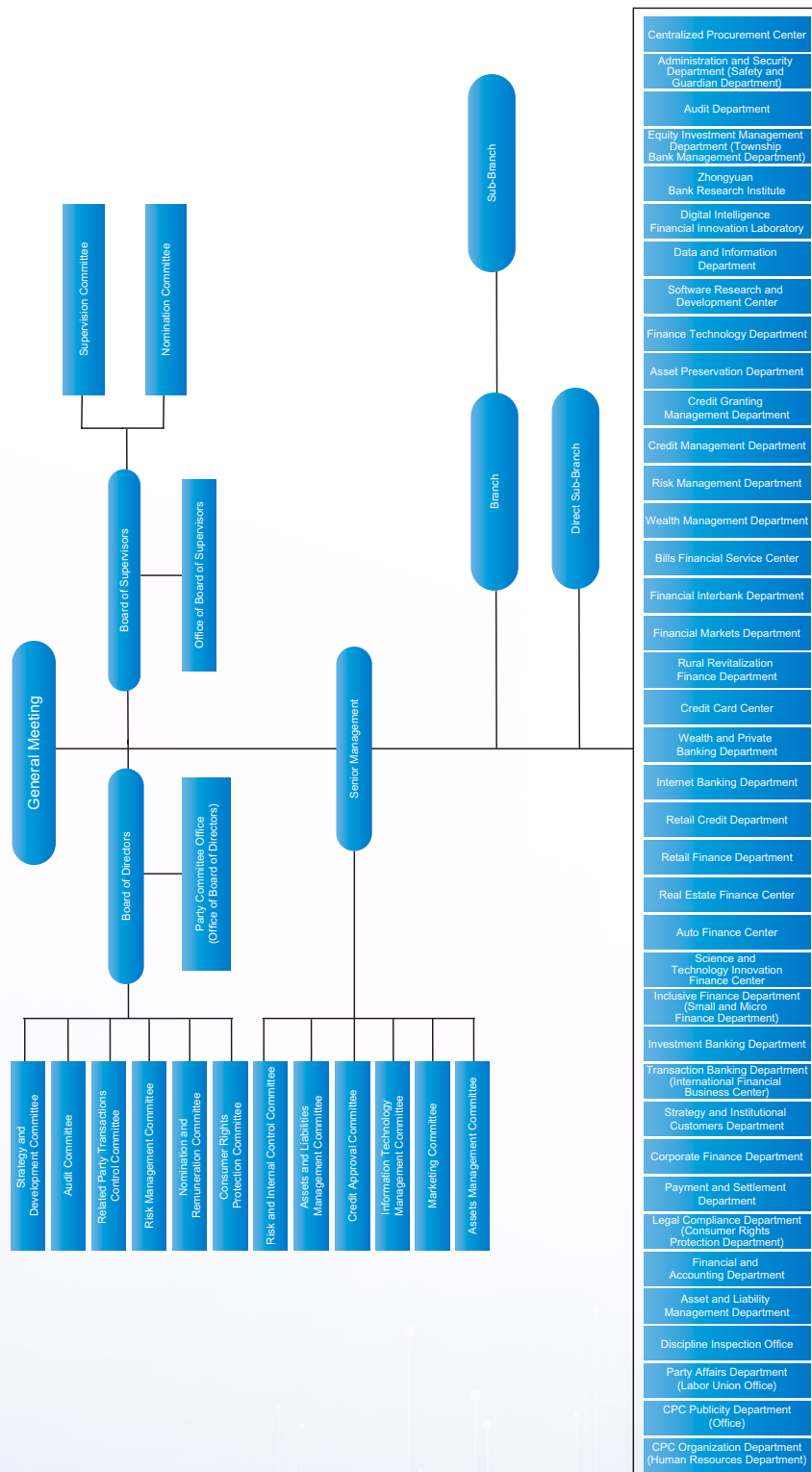
## 9 Information of Institutions under the Bank

As of the end of the Reporting Period, the Bank had 18 branches and 1 direct sub-branch, with a total of 656 business outlets. Among them, there were 408 urban sub-branches, 165 county sub-branches, 79 township sub-branches, 3 community sub-branches and 1 small and micro sub-branch.

No.	Region	Name of Branch	Business Address	Remarks
1	Zhengzhou, Henan	Headquarters	Zhongke Golden Tower, No. 23 Shangwu Waihuan Road, Zhengdong New District CBD, Zhengzhou, Henan Province	In charge of one direct sub-branch institution, one sub-branch institution
2	Zhengzhou, Henan	Zhengzhou branch	No.6, Fengyi Road, Jinshui District, Zhengzhou City, Henan Province	In charge of one business department, 60 sub-branch institutions
3	Luoyang, Henan	Luoyang branch	Intersection of Kaiyuan Avenue and Tongji Street, Luolong District, Luoyang City, Henan Province	In charge of one business department, 75 sub-branch institutions
4	Kaifeng, Henan	Kaifeng branch	No. 246, West Daliang Road, Kaifeng City, Henan Province	In charge of one business department, 29 sub-branch institutions
5	Xinyang, Henan	Xinyang branch	Xinshi Street, Yangshan New District, Xinyang City, Henan Province	In charge of one business department, 32 sub-branch institutions
6	Anyang, Henan	Anyang branch	Northwest Corner, Intersection of Wenfeng Avenue and Guangming Road, Wenfeng District, Anyang City, Henan Province	In charge of one business department, 27 sub-branch institutions
7	Hebi, Henan	Hebi branch	Finance Centre, Northeast Corner, Intersection of Qishui Avenue and Zhaohe Road, Qibin District, Hebi City, Henan Province	In charge of one business department, 15 sub-branch institutions
8	Luohe, Henan	Luohe branch	Intersection of Huangshan Road and Songjiang Road, Yancheng District, Luohe City, Henan Province	In charge of one business department, 17 sub-branch institutions
9	Nanyang, Henan	Nanyang branch	Diyuan Garden, No. 1 Zhongzhou East Road, Wancheng District, Nanyang City, Henan Province	In charge of one business department, 48 sub-branch institutions
10	Pingdingshan, Henan	Pingdingshan branch	No. 7, Yaodian Avenue, Zhanhe District, Pingdingshan City, Henan Province	In charge of one business department, 57 sub-branch institutions
11	Puyang, Henan	Puyang branch	No. 444, Shenglizhong Road, Puyang City, Henan Province	In charge of one business department, 23 sub-branch institutions
12	Sanmenxia, Henan	Sanmenxia branch	No. 2 Commercial Street South, Yingbin Avenue West, Central Business District, Sanmenxia City, Henan Province	In charge of one business department, 30 sub-branch institutions
13	Shangqiu, Henan	Shangqiu branch	No. 195, Middle Wenhua Road, Suiyang District, Shangqiu City, Henan Province	In charge of one business department, 44 sub-branch institutions
14	Xinxiang, Henan	Xinxiang branch	No. 599, Pingyuan Road, Hongqi District, Xinxiang City, Henan Province	In charge of one business department, 33 sub-branch institutions
15	Xuchang, Henan	Xuchang branch	East Jianan Avenue, Xuchang City, Henan Province	In charge of one business department, 31 sub-branch institutions
16	Zhoukou, Henan	Zhoukou branch	Changjian MOCO New World Business Office Building, Intersection of Qingfeng East Road and Zhoukou Avenue, Zhoukou City, Henan Province	In charge of one business department, 29 sub-branch institutions
17	Zhumadian, Henan	Zhumadian branch	No. 168, Wenming Road, Zhumadian City, Henan Province	In charge of one business department, 37 sub-branch institutions
18	Jiaozuo, Henan	Jiaozuo branch	No. 1, Yingbin Road, Jiaozuo City, Henan Province	In charge of one business department, 45 sub-branch institutions
19	Jiyuan, Henan	Jiyuan branch	No. 481, Middle Yellow River Road, Jiyuan City, Henan Province	In charge of one business department, 4 sub-branch institutions

# Chapter 8 Corporate Governance Report

## 1 Organizational Structure Chart





# Chapter 8 Corporate Governance Report

## 2 Summary of Organizational Structure of Corporate Governance

In strict compliance with the requirements of domestic and foreign laws and regulations, the Bank actively built a sound corporate governance structure, committed to building an excellent corporate governance mechanism, continuously enhanced the quality and efficiency of corporate governance, and promoted the high-quality development of various businesses of the Bank, so as to safeguard shareholders' interests and enhance the corporate values.

The Bank has established a comprehensive corporate governance structure in accordance with the requirements under the Hong Kong Listing Rules. The compositions of the Board and its special committees complied with the requirements under the Hong Kong Listing Rules. The responsibilities are clearly split among the general meeting, the Board, the Board of Supervisors and the senior management. The general meeting is the authority of the Bank, which exercises its powers pursuant to the laws. The Board shall be accountable to the shareholders' general meeting, and our Bank currently has six special committees under the Board. The special committees are operated under the leadership of the Board and provide advice on the decision-making of the Board. The Board of Supervisors shall be accountable to the shareholders' general meeting, with the target of safeguarding the legitimate interests of the Bank, the Shareholders, staff, creditors and other stakeholders, as well as supervising the stable and compliance operation of the Bank and the performance of the Board and the senior management. The senior management of the Bank works under the leadership of the Board, which is responsible for the implementation of the resolutions of the Board and the daily business operations of the Bank and is required to report to the Board and the Board of Supervisors on a regular basis. The president of the Bank shall be appointed by the Board and shall be accountable to the Board, which is responsible for the overall business operation and management of the Bank.

As of the end of the Reporting Period, the Bank strictly complied with the code provisions set out in the Corporate Governance Code and the Hong Kong Listing Rules in relation to the disclosure of inside information. The Directors were not aware of any information indicating that the Bank had not complied with the code provisions set out in the Corporate Governance Code during the Reporting Period. The Bank will continue to review and enhance corporate governance, for ensuring that our corporate governance complies with the requirements under the Corporate Governance Code and to achieve a higher expectation from the Shareholders and investors.

### Culture and Values

Zhongyuan Bank steadfastly follows the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and sets its sights on the goal of "building a first-class city commercial bank, being a leader of financial institutions in Henan Province" set forth by the Henan Provincial Party Committee and the provincial government. Focused on the "Four Highs and Four Leaderships (四高四爭先)" work requirements of CPC Committee of Henan Province and centered on our mission and positioning of "people's own bank in central China", we will adhere to the strategy advocating that under the Party's leadership and with the support of the party committee and government, we will continue to function as a bank within a market economy environment, with dual focus on asset quality and business performance. We will strive to implement the financial culture with Chinese Characteristics, deeply root it into all areas and steps across the business operation and management, and it continues to demonstrate its responsibility in serving local economic development, and contributes to Zhongyuan Bank's efforts to write a chapter of Chinese-style modernization in Henan.

# Chapter 8 Corporate Governance Report

## Independence Mechanism

The Bank has adopted a number of mechanisms to ensure that independent views and opinions are available to the Board, including a procedure to engage independent specialised institutions for provision of independent professional advice at the Bank's expense if the Directors think necessary.

During the Reporting Period, the Board has reviewed the implementation and effectiveness of the above mechanisms and considers them to be effective.

## Board Diversity Policy

The increasing diversity at the Board level is the key factor for the Bank to achieve its sustainable development, fulfill its strategic objectives and maintain good corporate governance.

In setting the composition of the Board members, the Bank shall consider the diversity of the Board members from several aspects, including but not limited to gender, age, regional and industrial experience, skills, knowledge and educational background. All Board members' appointments will be based on meritocracy, and candidates will be considered against objective criteria, with due regard given to the benefits of diversity of the Board members. Selection of candidates for the Board will be based on a range of diversity perspectives, including but not limited to gender, age, regional and industrial experience, skills, knowledge and educational background. In order to maintain the gender diversity of the Board in the coming years, the Bank will (i) consider the possibility of nominating female senior management who has the necessary skills and experience to the Board; (ii) ensure that there is gender diversity when recruiting staff; and (iii) engage more resources in training female staff with the aim of promoting them to the senior management or Directors of the Bank.

The Board is responsible for regularly reviewing the relevant diversity policy to ensure that it can be in line with the needs of the Bank, reflecting regulatory requirements and sound corporate governance practices; the Nomination and Remuneration Committee of the Board reviews the structure, size and composition (including the skills, knowledge and experience) of the Board annually and takes full account of the requirements of the Board diversity policy when nominating candidates for directors.

The Bank has always adhered to the Board diversity policy. As of the end of the Reporting Period, 33% of the Board members were female (3 female Directors out of 9 Directors), and all Directors have a master's degree or above. The Nomination and Remuneration Committee of the Board and the Board considered that the Board composition was balanced and diversified.

Board Diversity	No. of Directors	Proportion of Board Members
<b>Age Composition</b>		
Age 40 to 50	2	22%
Age 50 to 59	6	67%
Age above 60	1	11%
<b>Gender Composition</b>		
Male	6	67%
Female	3	33%
<b>Qualification Composition</b>		
Doctor	7	78%
Master	2	22%

For details about the gender diversity of the Bank's employees, please refer to Chapter 7 "Directors, Supervisors, Senior Management, Employees and Institutions – 8.1 Information of Employees".

## Chapter 8 Corporate Governance Report

### 3 Information Regarding the Convening of the Shareholders' General Meetings

During the Reporting Period, the Bank held the 2023 annual general meeting and the 2024 first extraordinary general meeting.

On June 21, 2024, in Zhengzhou, Henan, the Bank held the 2023 annual general meeting, at which 9 proposals were considered and approved, including Proposal on the Work Report of the Board of Directors of Zhongyuan Bank Co., Ltd. for 2023, Proposal on the Work Report of the Board of Supervisors of Zhongyuan Bank Co., Ltd. for 2023, Proposal on the Final Account Report of Zhongyuan Bank Co., Ltd. for 2023, Proposal on the Financial Budget Report of Zhongyuan Bank Co., Ltd. for 2024 and Proposal on Profit Distribution Plan of Zhongyuan Bank Co., Ltd. for 2023.

On November 4, 2024, the Bank held the 2024 first extraordinary general meeting in Zhengzhou, Henan, at which 3 Proposals were considered and approved, including Proposal on the Implementation Plan for the Acquisition of Lushi Zhongyuan County Bank Co., Ltd. and Establishment of A Branch of Zhongyuan Bank Co., Ltd., Proposal on Authorizing the Chairman to Handle Matters Related to the Acquisition and Merger by Absorption and Proposal on the Amendments to the Remuneration Management Measures for Directors and Supervisors of Zhongyuan Bank Co., Ltd.

The convening, notice, holding and voting procedures of the aforesaid Shareholders' general meetings were in compliance with the relevant laws and regulations and the relevant requirements of the Articles of Association of the Bank.

# Chapter 8 Corporate Governance Report

## 4 The Board

### 4.1 Operation of the Board

The Board of the Bank is responsible for the Shareholders' general meetings, and the Directors are elected by the Shareholders' general meetings with a term of three years. The Directors make decisions on the Bank's development strategy, operating plan and other matters mainly by form of board meetings. The Board meetings are divided into regular board meeting and interim board meeting. The Board meeting can be convened in the form of a physical meeting or in the form of written resolutions, and regular board meeting shall be convened in the form of a physical meeting. The Board shall hold at least four regular Board meetings annually convened by the chairman of the Board. Notices of the Board meetings shall be sent to all Directors and Supervisors in writing fourteen (14) days before the meeting, and the meeting documents shall be sent to all Directors and Supervisors ten (10) days before the meeting. The Board and the senior management of the Bank have established a good communication mechanism. All proposals submitted to the Board meeting are subject to careful review and active discussion by all Directors before making a decision.

All Directors keep in contact with the secretary to the Board and the company secretary, to ensure compliance with board procedures and all applicable rules and regulations. Detailed minutes of Board meetings are kept, and minutes of the meetings are kept by the secretary to the Board, and are available for review by directors at any time. Communication and reporting mechanism has been established between the Board, Directors and senior management of the Bank. The president reports his work to the Board on a regular basis, and is supervised by the Board. Relevant senior executives are invited to attend Board meetings from time to time to provide explanations or reply to enquiries. At Board meetings, Directors can express their opinions freely, and major decisions shall only be made after thorough discussion. Directors may also follow certain procedures to engage independent specialised institutions at the Bank's expense, for provision of independent professional advice, if they deem necessary. If any Director has material interest in a proposal to be considered by the Board, such Director should abstain from discussion and voting on the relevant proposal, and will not be counted in the quorum of the relevant proposal.

The Board has set up an office as its daily working organization, which is responsible for preparing the general meeting, the Board meetings and all the meetings of special committees under the Board, and is responsible for implementing all the matters assigned by the general meeting, the Board and the special committees under the Board.

The Board and the senior management of the Bank exercise their authority in accordance with the requirements under our Articles of Association, and the Board of the Bank performs regular discussion on risk management and internal control system annually. The Board believes that the risk management and internal control system established and implemented by the Bank is sufficient and effective.



# Chapter 8 Corporate Governance Report

## 4.2 Composition of the Board

As of the end of the Reporting Period, the Board of the Bank consists of 9 Directors, including 1 executive Director, i.e. Mr. GUO Hao; 3 non-executive Directors, i.e. Ms. ZHANG Qiuyun, Mr. FENG Ruofan and Ms. ZHANG Shu; and 5 independent non-executive Directors, i.e. Mr. XU Yiguo, Ms. ZHAO Zijian, Mr. WANG Maobin, Mr. PAN Xinmin and Mr. GAO Pingyang.

## 4.3 Functions and Powers of the Board

The Board shall exercise the following functions and powers:

- (I) convening Shareholders' general meetings and reporting its work at the general meetings;
- (II) implementing resolutions of the Shareholders' general meetings;
- (III) formulating business development strategies, business plans and investment plans of the Bank, and supervising the implementation of strategies;
- (IV) formulating annual financial budget plans and final account plans of the Bank;
- (V) formulating profit distribution plans and plans for recovery of losses of the Bank;
- (VI) formulating proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;
- (VII) working out proposals for major acquisitions of the Bank, repurchase and purchase of the Bank's shares, merger, separation, change of the nature of the Bank and dissolution or liquidation;
- (VIII) reviewing and approving annual authorization plans of the Bank relating to business, personnel, and financial affairs;
- (IX) reviewing and approving external donations with a single amount of more than RMB200,000 and less than RMB30 million (inclusive), and a cumulative amount of more than RMB500,000 within the same year or a cumulative amount of more than RMB1 million to the same object;
- (X) reviewing and approving matters in relation to major equity investment and disposal with a single amount representing less than ten percent (inclusive) of the most recent audited net asset of the Bank;
- (XI) reviewing and approving matters in relation to major asset acquisition, disposal and write-off with a single amount exceeding RMB200 million (exclusive) and representing less than ten percent (inclusive) of the most recent audited net asset of the Bank;
- (XII) reviewing and approving external guarantees of other non-commercial banking business guarantees (such as pledge of assets) with a single amount below RMB200 million (inclusive);

## Chapter 8 Corporate Governance Report

- (XIII) reviewing and approving related party transactions, data governance and other matters in accordance with laws and regulations, regulatory requirements and the Articles of Association of the Bank;
- (XIV) deciding on the establishment of the internal management structure of the Bank;
- (XV) deciding on the establishment and planning of our branches;
- (XVI) appointing or removing senior management personnel, including the president and the secretary of the Board of Directors of the Bank in accordance with the regulatory requirements; appointing or removing senior management personnel, including vice presidents, assistants to the president and finance officers of the Bank, based on the recommendations of the president; and deciding on matters relating to their emoluments and awards or punishment, and supervising the senior management in performance of duties;
- (XVII) establishing the basic management system of the Bank, deciding on policies on risk management, internal control and compliance of the Bank;
- (XVIII) formulating proposals for any amendment to our Articles of Association;
- (XIX) formulating the rules of procedure of the general meeting, rules of procedure of the Board of Directors, and considering and approving the working rules of the special committees of the Board of Directors;
- (XX) managing the disclosure of information of the Bank, taking charge of the information disclosure of the Bank and bearing the ultimate liability for the authenticity, accuracy, completeness, and timeliness of the accounting and financial reports;
- (XXI) proposing the appointment, removal or replacement of accounting firms to the general meeting for conducting regular statutory audits of financial reports of the Bank;
- (XXII) reviewing working reports of the president of the Bank and examining the performance of the president;
- (XXIII) formulating capital replenishment plans, developing capital planning of the Bank, and bearing the ultimate responsibility for capital or solvency management;
- (XXIV) formulating the risk tolerance, risk management and internal control policies of the Bank, and bearing the ultimate responsibility for comprehensive risk management;
- (XXV) formulating medium and long-term incentive plans, such as equity incentive plans and employee stock ownership plans;

## Chapter 8 Corporate Governance Report

(XXVI) The Board of Directors shall establish a supervision mechanism to ensure that the management will formulate a code of conduct and working principles for the management staff and the business personnel at all levels and that the aforementioned regulatory documents will expressly require employees at all levels to promptly report any possible conflict of interests, provide detailed rules and establish corresponding processing mechanism;

(XXVII) The Board of Directors shall establish a reporting system to require the senior management to report operational issues of the Bank to the Board of Directors regularly. The following items shall be regulated under this system:

1. The contents and the basic standard of the information reported to the Board of Directors;
2. The frequency of the report;
3. The form of the report;
4. The responsible bodies of the report and the responsibilities for delay or incompleteness of the report;
5. The confidentiality of the report.

(XXVIII) regularly evaluating and improving the Bank's corporate governance;

(XXIX) assuming responsibility for the management of Shareholders' affairs;

(XXX) safeguarding the legitimate rights and interests of financial consumers and other stakeholders;

(XXXI) establishing a mechanism for identification, review and management of conflicts of interest between the Bank and Shareholders, especially substantial Shareholders;

(XXXII) exercising any other functions and powers prescribed by the laws, administrative regulations, departmental rules or the Articles of Association and authorized by the shareholders' general meetings.

With the exception of items (V), (VI), (VII), (IX), (X), (XI), (XII), (XVI), (XVIII), (XXIII) and (XXV) which shall be approved by two-thirds of the Directors, the resolutions of the Board of Directors under the preceding paragraphs shall be approved by more than half of the Directors. Matters beyond the scope of authorization of the Shareholders' meeting of the Bank shall be submitted to the general meeting for consideration.

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The Board is also responsible for performing the functions set out in the second part of the code provision A.2.1 of the Corporate Governance Code. The Board reviewed the Bank's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Bank's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and employee written guidelines, and the Bank's compliance with the Corporate Governance Code and disclosure in this annual report.

### 4.4 Director's Responsibility for the Preparation of the Financial Statements

The Directors acknowledge that they are responsible for the preparation of the financial statements of our Bank for the year ended December 31, 2024, which give a true and fair view of the status of affairs and results of the Bank. In doing so, the Directors adopted suitable accounting policies and applied them consistently and used accounting estimates as appropriate in the circumstances. With the assistance of the accounting and finance staff, the Directors ensured that the financial statements of the Bank were prepared in accordance with statutory requirements and appropriate financial reporting standards. The statement of the external auditors with regard to their reporting responsibilities on the Group's financial statements is set out on page 158 to page 164 in the Independent Auditors' Report.

### 4.5 Meetings of the Board of Directors and the Directors' Attendance

During the Reporting Period, our Bank convened 10 Board meetings, at which 126 resolutions were reviewed or approved.

The details of the Board meetings are set out below:

Session of meeting	Date of meeting	Form of meeting
The 3rd meeting of the third session of the Board	February 6, 2024	Written resolutions
The 4th meeting of the third session of the Board	March 28, 2024	On-site
The 5th meeting of the third session of the Board	April 10, 2024	Written resolutions
The 6th meeting of the third session of the Board	May 17, 2024	On-site
The 7th meeting of the third session of the Board	June 20, 2024	On-site
The 8th meeting of the third session of the Board	June 28, 2024	Written resolutions
The 9th meeting of the third session of the Board	August 29, 2024	On-site
The 10th meeting of the third session of the Board	October 12, 2024	On-site
The 11th meeting of the third session of the Board	December 6, 2024	Written resolutions
The 12th meeting of the third session of the Board	December 30, 2024	On-site



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The attendance of each Director at the general meeting during his/her term of office during the Reporting Period is set out below:

	Director	Number of meetings attended/number of meetings held during each Director's term of office	
		The 2023 annual general meeting	The 2024 first extraordinary general meeting
Executive Director	GUO Hao	1/1	1/1
Non-executive Directors	ZHANG Qiuyun	1/1	1/1
	FENG Ruofan	1/1	1/1
	ZHANG Shu	1/1	1/1
Independent Non-executive Directors	XU Yiguo	1/1	1/1
	ZHAO Zijian	1/1	1/1
	WANG Maobin	1/1	1/1
	PAN Xinmin	1/1	1/1
	GAO Pingyang	1/1	1/1

The attendance of each Director at Board meetings and meetings of special committees during the Reporting Period is set out below:

		Number of meetings attended/number of meetings held during each Director's term of office						
	Director	Board meeting	Strategy and Development Committee of the Board	Risk Management Committee of the Board	Nomination and Remuneration Committee of the Board	Related Party Transactions Control Committee of the Board	Audit Committee of the Board	Consumer Rights Protection Committee of the Board
Executive Director	GUO Hao	10/10	5/5	/	/	/	/	/
Non-executive Directors <sup>1</sup>	ZHANG Qiuyun	8/10	3/5	/	/	/	/	/
	FENG Ruofan	10/10	/	8/9	/	/	/	/
	ZHANG Shu	10/10	/	/	/	/	/	4/4
Independent Non-executive Directors	XU Yiguo	10/10	5/5	9/9	5/5	/	/	/
	ZHAO Zijian	10/10	/	9/9	5/5	6/6	/	/
	WANG Maobin	10/10	/	/	/	6/6	7/7	4/4
	PAN Xinmin	10/10	/	/	5/5	6/6	7/7	/
	GAO Pingyang	10/10	/	/	/	/	7/7	4/4

<sup>1</sup> On April 17, 2025, Ms. ZHANG Qiuyun resigned as a member of the Strategy and Development Committee of the Bank. Mr. FENG Ruofan was elected as a member of the Strategy and Development Committee at the meeting of the Board of the Bank held on the same date, with effect from April 17, 2025. For more details, please refer to the Bank's announcement dated April 17, 2025.

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### 4.6 Independent Non-Executive Directors

The Board of the Bank currently has 5 independent non-executive Directors with a term of 3 years, which complies with the relevant requirements under the Hong Kong Listing Rules.

Independent non-executive Directors of the Bank undertake the obligation to observe the principle of good faith in accordance with the relevant applicable laws and the Articles of Association, to safeguard the interests of the Bank as a whole, and particularly ensure that the legitimate rights and interests of depositors and minority shareholders of the Bank are not prejudiced. Independent non-executive Director performs the duties and responsibilities independently, without any interference by controlling shareholders of the Bank, or other entities or individuals who have a material interest in the Bank. The independent non-executive Directors of the Bank also attended the annual general meeting of the Bank to listen to shareholders' opinions. In addition, they have also contributed positively to the development of the Bank's strategy and policies by providing independent, constructive and informed advice. During the Reporting Period, the Chairman of the Bank held one meeting with independent non-executive Directors in the absence of other Directors.

The independent non-executive Directors of the Bank have not raised any objections to the resolutions passed at the board meetings or meetings of special committees during the Reporting Period.

### 4.7 Appointment, Re-election and Removal of Directors

The Bank's appointment, re-election and removal of Directors are subject to the requirements of the Hong Kong Listing Rules and the Bank's Articles of Association. The Nomination and Remuneration Committee of the Board of the Bank conducts a preliminary verification of the qualifications and conditions of candidates for the Board, and proposes the qualified candidates to the Board of Directors for consideration. After the Board considered and approved, the candidates for the Board will be presented to the general meeting by way of written proposal. The Bank's general meeting of shareholders may, through ordinary resolutions, appoint relevant persons who meet the qualifications as Directors. For independent non-executive Director candidates, the Nomination and Remuneration Committee of the Board will conduct a qualification review before the appointment, focusing on independence, expertise, experience and ability.

The term of office of the Directors (including non-executive Directors) of the Bank is three years and Directors can be re-elected and re-appointed upon expiration. The renewal term of independent non-executive Directors shall not exceed six years.

Subject to relevant laws and administrative regulations, the Shareholders' meeting may, in accordance with Articles 108 and 130 of the Bank's Articles of Association, remove any Directors whose term of office has not expired by an ordinary resolution before the expiration of the term of the Directors.

# Chapter 8 Corporate Governance Report

## 5 Committees under the Board

As of the end of the Reporting Period, our Bank currently has 6 special committees under the Board, which are the Strategy and Development Committee, the Audit Committee, the Related Party Transactions Control Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Consumer Rights Protection Committee. Each special committee shall report to the Board, which provides professional opinions for the Board or makes decisions for professional matters as per the authorization of the Board.

### 5.1 Strategy and Development Committee

As of the end of the Reporting Period, the Strategy and Development Committee under the Board consists of 3<sup>1</sup> Directors, being Mr. GUO Hao (an executive Director), Ms. ZHANG Qiuyun (a non-executive Director) and Mr. XU Yiguo (an independent non-executive Director), respectively. Mr. GUO Hao is the Chairman. The primary duties of the Strategy and Development Committee are:

- (I) formulating medium-and long-term strategic objectives of the Bank; overseeing and assessing the implementation of the strategies and making recommendations to the Board;
- (II) reviewing the annual operational plans and fixed asset investment budget of the Bank; supervising and inspecting the implementation of the annual operational plans and fixed asset investment budget of the Bank;
- (III) studying the development of information technology, financial inclusion, green finance and other specialized strategic development plans of the Bank, supervising and evaluating the implementation of each strategy and promoting each strategy to meet the planning expectations according to the needs of strategic development plans and making recommendations to the Board;
- (IV) studying and formulating strategies and policies of the social responsibilities of the Bank, supervising, inspecting and evaluating the performance of social responsibilities by the Bank;
- (V) reviewing annual authorization plans relating to business, personnel, and financial affairs of the Bank and making recommendations to the Board;

<sup>1</sup> On April 17, 2025, Ms. ZHANG Qiuyun resigned as a member of the Strategy and Development Committee of the Bank. Mr. FENG Ruofan was elected as a member of the Strategy and Development Committee at the meeting of the Board of the Bank held on the same date, with effect from April 17, 2025. For more details, please refer to the Bank's announcement dated April 17, 2025.

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- (VI) reviewing and approving the external donations with a single amount between more than RMB0.2 million and less than RMB30 million (inclusive), and a cumulative total of more than RMB0.5 million in the same year, or a cumulative total of more than RMB1 million to the same object; reviewing matters in relation to major equity investment and disposal with a single amount representing less than ten percent (inclusive) of the most recent audited net asset of the Bank; reviewing matters in relation to major asset acquisition, disposal and write-off with a single amount exceeding RMB200 million (exclusive) and representing less than ten percent (inclusive) of the most recent audited net asset of the Bank; reviewing external guarantees of other non-commercial banking business guarantees (such as pledge of assets) with a single amount less than RMB200 million (inclusive); and making recommendations to the Board on above-mentioned matters;
- (VII) studying and coordinating other material matters in relation to the Bank's strategic development.

During the Reporting Period, the Strategy and Development Committee under the Board held 5 meetings, reviewing 5 reports, including the 2023 Operation Report of Zhongyuan Bank Co., Ltd. and considering 21 resolutions, including Proposal on the Work Report of the Board of Directors of Zhongyuan Bank Co., Ltd. for 2023.

### 5.2 Audit Committee

As of the end of the Reporting Period, the Audit Committee of the Board of Directors consists of 3 Directors, being Mr. PAN Xinmin (an independent non-executive Director), Mr. WANG Maobin (an independent non-executive Director) and Mr. GAO Pingyang (an independent non-executive Director) respectively. Mr. PAN Xinmin is the Chairman. The primary duties of the Audit Committee include the following:

- (I) conducting inspections on our risk and compliance, finance, accounting policies and practices, financial reporting procedures as well as our financial condition;
- (II) conducting our annual audit work;
- (III) making recommendations to the board on the engagement or change of the external audit institution that audits the Bank, including making recommendations to the board on the engagement, reappointment or change of the external audit institution, and approving the remuneration and terms of engagement of the external audit institution, and dealing with any questions about the resignation or dismissal of the external audit institution;
- (IV) monitoring and evaluating the external audit institution's independence and objectivity and the effectiveness of the audit process. The Audit Committee should discuss with the external audit institution the nature and scope of the audit and reporting obligations before the audit commences;
- (V) developing and implementing policy on engaging an external audit institution to supply non-audit services. For this purpose, external audit institution includes any institution that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the board and make recommendations on any matters where action or improvement is needed;



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(VI) reviewing the Bank's financial statements of the previous year's results of operation and annual report and accounts, half-year report and, if prepared for publication, quarterly reports issued by the external audit institution, and reviewing significant financial reporting judgements contained in them, judging the truthfulness, accuracy, integrity and promptness of the audited financial statements and making review recommendations to the board. In reviewing these statements and reports before the submission to the Board, the Audit Committee should focus particularly on:

1. any changes in accounting policies and practices;
2. major judgmental areas;
3. significant adjustments resulting from audit;
4. the going concern assumptions and any reservations;
5. compliance with accounting standards;
6. compliance with the Hong Kong Listing Rules and legal requirements in relation to financial reporting.

Members of the Audit Committee should liaise with the board and senior management and the Audit Committee must meet, at least twice a year, with the Bank's external audit institution. The Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Bank's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(VII) reviewing and monitoring the Bank's internal control (including financial control) system;

(VIII) discussing the risk management and internal control systems with management to ensure that management has performed its duty to establish effective systems. This discussion should include the adequacy of the Bank's resources, staff qualifications and experience in respect of its accounting and financial reporting function, training programmes for staff and the relevant budget;

(IX) considering major investigation findings on risk management and internal control matters and management's response to these findings on its own initiative or as delegated by the board;

(X) responsible for the communication between the internal and external audit to ensure co-ordination between the internal and external audit institution, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Bank, and to review and monitor its effectiveness;

(XI) reviewing the external audit institution's Management Letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

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- (XII) ensuring that the board will provide a timely response to the issues raised in the external audit institution's Management Letter;
- (XIII) acting as the key representative body for overseeing the Bank's relations with the external audit institution;
- (XIV) reviewing the following arrangements of the Bank: employees of the Bank can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should also ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; the Audit Committee should establish a whistleblowing policy and system for employees and those who deal with the Bank (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Bank;
- (XV) reporting to the Board on the above-mentioned matters;
- (XVI) other duties that the Audit Committee of the Board should perform required by the Hong Kong Listing Rules;
- (XVII) other functions that the Board delegates to the Committee.

All the members of the Audit Committee are independent non-executive Directors of the Bank. 3 members have focused on the Bank's financial, risk and compliance condition through considering the relevant financial reports, and actively put forward professional opinions and suggestions. During the Reporting Period, the Audit Committee has totally convened 7 meetings, reviewing 11 reports, including the Audit plan and strategy of Zhongyuan Bank Co., Ltd. and considering 16 resolutions, including the "Proposal on the 2023 Final Account Report of Zhongyuan Bank Co., Ltd." and "Proposal on the Unaudited Interim Financial Statements of the Group for the Period Ended June 30, 2024 of Zhongyuan Bank Co., Ltd.", and met with external auditor for communication and interaction in the absence of the executive Directors and the senior management of the Bank. On March 25, 2025, prior to the annual board meeting, the ninth meeting of the Audit Committee of the third session of the Board reviewed the audited financial statement for the year ended December 31, 2024. This statement was prepared pursuant to the international accounting standards and policies.

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### 5.3 Related Party Transactions Control Committee

As of the end of the Reporting Period, the Related Party Transactions Control Committee of the Board of Directors consists of 3 Directors, being Mr. WANG Maobin (an independent non-executive Director), Ms. ZHAO Zijian (an independent non-executive Director), Mr. PAN Xinmin (an independent non-executive Director). Mr. WANG Maobin is the Chairman. The primary duties of the Related Party Transactions Control Committee include the following:

- (I) managing the Bank's related party (connected) transactions pursuant to the provisions of laws, regulations and the Hong Kong Listing Rules and formulating corresponding related party (connected) transactions management rules;
- (II) identifying the Bank's related parties (connected persons) pursuant to the provisions of laws, regulations and the Hong Kong Listing Rules, and reporting to the Board and the Board of Supervisors;
- (III) defining the Bank's related party (connected) transactions in accordance with the requirements of the laws, regulations, the Hong Kong Listing Rules and the Articles of Association of the Bank;
- (IV) reviewing the Bank's related party (connected) transactions pursuant to the provisions of laws, regulations and the Hong Kong Listing Rules and under the commercial principle of fairness and justice;
- (V) material related party (connected) transactions of the Bank and other connected transactions which are subject to approval by the Board shall be submitted to the Board for approval after they are examined by the Related Party Transactions Control Committee. If such transactions fall within the related party (connected) transactions which need to be approved by the general meeting pursuant to the Hong Kong Listing Rules and the amount of related party (connected) transactions exceeds the cap authorized by general meeting to the Board, approval from general meeting is also required;
- (VI) reviewing the information disclosure of the Bank's material related party transactions and connected transactions required to be disclosed;
- (VII) other powers conferred by the Board on the committee.

Members of the Related Party Transactions Control Committee are independent non-executive directors, who conduct prudent reviews on the related party transactions of the Bank and examine the material related party transactions in strict accordance with the approval procedures. During the Reporting Period, the Related Party Transactions Control Committee has totally convened 6 meetings to review 6 reports, including "the Audit Report of Zhongyuan Bank Co., Ltd. on the Management of Related Party Transactions in 2023" and to consider 17 resolutions, including "Resolution on the Special Report of the Related Party Transactions of Zhongyuan Bank Co., Ltd. for the Year of 2023".

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### 5.4 Risk Management Committee

As of the end of the Reporting Period, the Risk Management Committee of the Board of Directors consists of 3 Directors, namely Ms. ZHAO Zijian (an independent non-executive Director), Mr. FENG Ruofan (a non-executive Director) and Mr. XU Yiguo (an independent non-executive Director). Ms. ZHAO Zijian is the Chairman. The primary duties of the Risk Management Committee include the following:

- (I) considering and formulating risk management framework, setting up procedures to identify, assess and manage the material risks faced by our Group, providing guidance to the management on risk management and ensuring that the management fulfils its responsibility in establishing an effective risk management system;
- (II) supervising the Bank's control of credit risk, liquidity risk, market risk, operational risk, compliance risk and reputational risk and conducting necessary identification, assessment and management;
- (III) studying macro-economic and financial policies, analysing market changes and putting forward management proposals on industry risks;
- (IV) overseeing the Bank's risk management and internal control systems on an ongoing basis as delegated by the Board and ensuring that the effectiveness of the Bank's and its subsidiaries' risk management and internal control systems has been reviewed at least once every year. Such review should cover all material controls, including financial, operational and compliance controls. The annual review conducted by the Risk Management Committee should ensure the adequacy of the Bank's resources, staff qualifications and experience in accounting, internal audit and financial reporting functions and the training courses attended by the staff and relevant budget.

The annual review conducted by the Risk Management Committee every year should, in particular, include:

- 1. the changes in the nature and severity of significant risks since the last annual review, and the ability of the Bank to respond to changes in its business and the external environment;
- 2. the scope and quality of management's ongoing monitoring of risks and internal control systems, and its internal audit function and the work of other assurance providers;
- 3. the details and frequency of monitoring results delivered to the Board or the Risk Management Committee;
- 4. significant control failures incurred or significant control weaknesses identified during the period and severity level of unforeseen outcomes or emergencies which they have resulted in, and the material impact that the outcomes or emergencies have had, could have had, or may in the future have on the financial performance or condition of the Bank;
- 5. the effectiveness of the Bank's procedures for financial reporting and compliance with the Hong Kong Listing Rules.



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- (V) reporting any material matter on risk management to the Board, proposing solutions to such matter and advising on improving the Bank's compliance, risk management and internal control;
- (VI) studying risk prevention measures of material risk events in the Bank's operation and management;
- (VII) reviewing information disclosure issues in the Bank's risk management;
- (VIII) other powers conferred by the Board on the committee.

During the Reporting Period, each member of the Risk Management Committee paid close attention to macroeconomic situation, financial policies and market changes, and provided professional opinions and suggestions for the Bank's comprehensive risk management work. At the same time, members reviewed the internal control compliance, the credit concentration management and the risk management reports to perform risk management and risk supervision duties in accordance with regulations. During the Reporting Period, the Risk Management Committee has totally convened 9 meetings, and heard 27 reports including the 2023 Business Continuity Management Report of Zhongyuan Bank Co., Ltd. and considered 20 resolutions, including the Resolution on 2023 Comprehensive Risk Analysis Report of Zhongyuan Bank Co., Ltd.

### 5.5 Nomination and Remuneration Committee

As of the end of the Reporting Period, the Nomination and Remuneration Committee of the Board of Directors consists of 3 Directors, namely Mr. XU Yiguo (an independent non-executive Director), Ms. ZHAO Zijian (an independent non-executive Director) and Mr. PAN Xinmin (an independent non-executive Director). Mr. XU Yiguo is the chairman. The primary duties of the Nomination and Remuneration Committee include the following:

- (I) considering the Bank's remuneration management system and policy;
- (II) developing the assessment criteria for directors and senior management, conducting the assessment and making suggestions in this respect;
- (III) researching and reviewing the Bank's policy and proposals for the directors' and senior management's remuneration and the establishment of a formal and transparent procedure for developing remuneration policy, and making recommendations to the Board of Directors in this respect; reviewing and approving the recommendations made by the management regarding remuneration according to the principles and objectives of the Company set by the Board;
- (IV) making recommendations to the Board of Directors on the remuneration packages of individual executive directors and senior management. The remuneration packages should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (V) making recommendations to the Board on the remuneration of non-executive directors;

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- (VI) reviewing and approving compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (VII) reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (VIII) ensuring that no director or any of his associates (as defined in Hong Kong Listing Rules) is involved in deciding his own remuneration;
- (IX) formulating the mid – and long-term incentive plans and implementation schemes of the Bank;
- (X) evaluating regularly the market competitiveness of the remuneration of the Bank, considering salaries paid by comparable banks, time commitment and responsibilities, and employment conditions elsewhere in the Bank and its subsidiaries, as well as making dynamic adjustment for the remuneration policy of the Bank;
- (XI) reviewing the structure, size, composition and diversification (including the skills, knowledge and experience) of the Board of Directors at least annually and making recommendations on any proposed changes to the Board of Directors to complement the Bank's corporate strategy;
- (XII) reviewing the selection criteria and procedures of directors and senior management personnel (such as the president of the Bank), and making recommendations to the Board of Directors;
- (XIII) seeking extensively for candidates that are qualified to act as directors and senior management personnel (such as the president of the Bank), selecting such nominated personnel to serve as directors or the president of the Bank, and making recommendations to the Board of Directors in this regard;
- (XIV) investigating the candidates for directors and senior management personnel (such as the president of the Bank), and making recommendations;
- (XV) reviewing the proposals submitted by the president in relation to the appointment or dismissal of the senior management members, such as the Bank's vice presidents, assistants to the president and finance officers, and making recommendations to the Board of Directors;
- (XVI) assessing the independence of independent directors;
- (XVII) making recommendations to the Board of Directors on the appointment or re – appointment of directors of the Bank and succession planning for directors, in particular the chairman, and the president of the Bank;
- (XVIII) formulating and when appropriate, reviewing diversification policy of the Board of Directors;

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- (XIX) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules (the relevant share schemes are also subject to the approval at the general meeting and other relevant requirements under Chapter 17 of the Hong Kong Listing Rules);
- (XX) approving matters in relation to the grant of share options or share awards (as defined in the Hong Kong Listing Rules) to directors, Supervisors and/or senior management (the relevant share schemes are also subject to the approval at the general meeting and other relevant requirements under Chapter 17 of the Hong Kong Listing Rules);
- (XXI) considering and approving the changes and amendments to any terms of the grant of share options or share awards to Directors, Supervisors and/or senior management;
- (XXII) other responsibilities that should be discharged by the Nomination and Remuneration Committee of the Board of Directors as required by the Hong Kong Listing Rules;
- (XXIII) other powers of the Nomination and Remuneration Committee as authorized by the Board of Directors.

According to Article 132 of the Articles of Association of the Bank, the general procedures for nominating and electing a non-independent director of the Bank are as follows:

- (I) The Nomination and Remuneration Committee of the Board of Directors can nominate candidates for non-independent directors according to the number of non-independent directors to be elected to the extent of the number specified by the Articles of Association; Shareholders individually or jointly holding above 3% of the Bank's total shares in issue with voting rights can also nominate candidates for non-independent directors to the Board of Directors;
- (II) The Nomination and Remuneration Committee of the Board of Directors shall conduct preliminary verification on the qualification and conditions of appointment of the candidates for non-independent directors, and propose the qualified candidates to the Board of Directors for consideration; the Board of Directors shall propose the candidates for non-independent directors to the shareholders' general meeting by way of written proposal after they are considered and approved by the Board of Directors;
- (III) The candidates for non-independent directors shall, before the convening of the shareholders' general meeting, make written undertakings, express their consent to their nomination, ensure the truthfulness and completeness of the publicly disclosed information and undertake that they will duly perform their duties upon being elected;
- (IV) The Board of Directors shall, before the convening of the shareholders' general meeting, disclose the detailed information on the candidates for directors to the shareholders of the Bank in accordance with laws and regulations and the Articles of Association, so as to ensure that the shareholders will have sufficient knowledge on the candidates when casting their votes;

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- (V) Each candidate for non-independent director shall be voted for on a separate basis at the shareholders' general meeting;
- (VI) When an additional non-independent director is temporarily nominated, the Nomination and Remuneration Committee of the Board of Directors or the shareholders satisfying the conditions for making such nomination shall propose a candidate to the Board of Directors for consideration. The shareholders' general meeting elects or replaces the non-independent director.

According to Article 144 of the Articles of Association of the Bank, the nomination, election and replacement of independent directors shall be made in accordance with the following requirements:

- (I) The Nomination and Remuneration Committee of the Board of Directors, Shareholders individually or jointly holding above 1% of the Bank's total outstanding shares with voting rights and the Board of Supervisors can nominate candidates for independent directors to the Board of Directors. A shareholder and related parties thereof who have already nominated a candidate for director shall not nominate any candidate for independent director;
- (II) The qualifications of nominated candidates for independent directors shall be reviewed by the Nomination and Remuneration Committee of the Board of Directors, and the review focuses on independence, professional knowledge, experience and ability, etc.;
- (III) The election and appointment of independent directors shall mainly follow market principles;
- (IV) Other procedures for the election and appointment of independent directors shall be the same as those for non-independent directors.

In accordance with the nomination policy adopted by the Bank, the election and appointment of Board members will be based on a range of diversification criteria, taking into account the diversity of Board members from a variety of measurable aspects, including but not limited to gender, age, regional and industry experience, skills, knowledge and educational background to ensure Board members have the skills, experience and diverse perspectives needed to meet the banking business and maintain a balance of board views, qualifications and skills.

During the Reporting Period, the Nomination and Remuneration Committee convened 5 meetings, heard 1 report, namely "Work Report of Independent Directors of Zhongyuan Bank Co., Ltd. in 2023", and considered 9 resolutions, including "Resolution on the Report of the Board of Directors on the Performance Evaluation of Directors and Senior Executives of Zhongyuan Bank Co., Ltd. in 2023".



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### 5.6 The Consumer Rights Protection Committee

As of the end of the Reporting Period, the Consumer Rights Protection Committee of the Board of Directors consists of 3 Directors, being Mr. GAO Pingyang (an independent non-executive Director), Ms. ZHANG Shu (a non-executive Director) and Mr. WANG Maobin (an independent non-executive Director). Mr. GAO Pingyang is the Chairman. The primary duties of the Consumer Rights Protection Committee include the following:

- (I) to formulate the Bank's strategies, policies and objectives of consumer rights protection, to incorporate consumer rights protection into corporate governance and business development strategies; and to guide the senior management to reinforce the construction of a corporate culture enabling consumer rights protection in overall planning;
- (II) to supervise the senior management to effectively carry out and implement the relevant work of protecting consumer rights, regularly listen to special reports from the senior management on the implementation of consumer rights protection in the Bank, and review and approve relevant special reports;
- (III) to supervise and evaluate the Bank's consumer rights protection work regarding its comprehensiveness, timeliness and effectiveness, and the senior management's performance of duties;
- (IV) in accordance with the Bank's overall strategy, to deliberate proposals on consumer rights protection for the consideration of the Board of Directors, and make recommendations to the Board of Directors;
- (V) to provide periodic reports to the Board;
- (VI) other matters as required by laws and regulations, Articles of Association of the Bank, and authorized by the Board of Directors.

During the Reporting Period, the Consumer Rights Protection Committee has convened 4 meetings, heard 7 reports, including "Notice from the National Financial Regulatory Administration Henan Office on Consumer Complaints of the Banking Industry for the Third Quarter of 2023", and considered 3 resolutions, including "Resolution Regarding Report on Consumer Rights Protection Work of Zhongyuan Bank Co., Ltd. in 2023".

# Chapter 8 Corporate Governance Report

## 6 Board of Supervisors

### 6.1 Composition of Board of Supervisors

As of the end of the Reporting Period, the Board of Supervisors of the Bank consists of 8<sup>1</sup> Supervisors, which shall include two employee representative Supervisors, namely Mr. ZHANG Ke and Ms. DAN Limin; three shareholder representative Supervisors, namely Ms. WANG Xiaoyan, Mr. YAN Yongfu and Ms. LU Suyue; three external Supervisors, namely Mr. LI Xingzhi, Ms. GU Xiujuan and Ms. LIU Xia.

During the Reporting Period, the Board of Supervisors fulfilled its duties diligently, supervised the performance of duties by Directors and the senior management personnel of the Bank, the strategy development and implementation, financial activities, risk management and internal control of the Bank.

### 6.2 Powers of Board of Supervisors

- (1) to supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate development strategies in line with the actual situations of the Bank; to regularly evaluate the scientificity, rationality, stability and effectiveness of the development strategies formulated by the Board and prepare evaluation reports;
- (2) to supervise the performance of duties of the Board of Directors and senior management and its members of the Bank, to conduct a comprehensive evaluation on the performance of duties of the Directors, Supervisors and senior management personnel and when the acts of Directors and senior management personnel of the Bank are detrimental to its interests, to require them to correct these acts and to propose the removal or litigation against Directors and senior management personnel who have violated laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meetings;
- (3) to examine and supervise the financial activities of the Bank, to examine financial information such as financial reports, business reports and profit distribution plans proposed to be submitted to the Shareholders' general meeting by the Board of Directors, to conduct investigations if there are any doubts or irregularities in relation to the operation of the Bank, and to engage professionals, such as lawyers, certified public accountants and practicing auditors, if necessary, to assist its duties at the expenses of the Bank;

<sup>1</sup> Please see the section "Directors, Supervisors, Senior Management, Employees and Institutions" for biographies of supervisors as of the end of the Reporting Period, as well as information on changes of supervisors during the Reporting Period.

## Chapter 8 Corporate Governance Report

- (4) to examine the periodical reports of the Bank compiled by the Board of Directors and submit its opinions in writing;
- (5) to supervise the election and appointment procedures for directors;
- (6) to present at Board meetings, meetings of special committees of the Board of Directors and meetings of senior management and have the rights to query or make proposals in relation to the matters deliberated by the meetings;
- (7) to make written or oral proposals, give indications, conduct discussions and raise questions to the Board of Directors, senior management and its members or other personnel and require them to reply based on needs;
- (8) to guide the internal audit department to perform their duties of auditing and supervision independently, and check and supervise the operation decisions, risk management and internal control of the Bank and supervise the rectification;
- (9) to supervise the implementation of the Bank's compensation management system and the scientificity and rationality of the compensation plan for senior management;
- (10) to exercise any other functions and powers prescribed by the laws, administrative regulations, departmental rules or the Articles of Association and authorized by the shareholders' general meetings.

The ways in which the Bank's Board of Supervisors performs its duties mainly include: regular meetings of the Board of Supervisors and special committees; listening to meetings of the Board of Directors and meetings of senior management; reviewing all kinds of documents reported by the senior management; listening to the work reports and special reports made by the senior management, and conducting discussions; conducting special research and special supervision and inspection; conducting performance assessments of Directors and the senior management, and so on. By carrying out the above-mentioned work, the Board of Supervisors will conduct supervision over the Bank's operation and management, risk management, internal control, and the performance of Directors and the senior management, and propose constructive and targeted supervision opinions.

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### 6.3 Meetings of the Board of Supervisors and Attendance of Supervisors

During the Reporting Period, the Bank has convened nine meetings of the Board of Supervisors in total, at which 44 reports were heard and 49 resolutions were considered and approved.

The following are the details of meetings of the Board of Supervisors:

Session of meeting	Date of meeting	Form of meeting
The 3rd meeting of the third session of the Board of Supervisors	January 26, 2024	On-site
The 4th meeting of the third session of the Board of Supervisors	March 28, 2024	On-site
The 5th meeting of the third session of the Board of Supervisors	April 24, 2024	On-site
The 6th meeting of the third session of the Board of Supervisors	May 17, 2024	On-site
The 7th meeting of the third session of the Board of Supervisors	June 20, 2024	On-site
The 8th meeting of the third session of the Board of Supervisors	August 29, 2024	On-site
The 9th meeting of the third session of the Board of Supervisors	October 12, 2024	On-site
The 10th meeting of the third session of the Board of Supervisors	December 6, 2024	Written resolutions
The 11th meeting of the third session of the Board of Supervisors	December 30, 2024	On-site

The attendance of each Supervisor at the meetings of the Board of Supervisors during the Reporting Period is set out below:

Members of the Board of Supervisors	Required attendance of the meeting	Attendance in person	Attendance by proxy
Mr. ZHANG Ke	9	8	1
Ms. DAN Limin	9	9	0
Ms. WANG Xiaoyan	9	9	0
Mr. YAN Yongfu	9	8	1
Ms. LU Suyue	9	6	3
Mr. LI Xingzhi	9	9	0
Ms. GU Xiujuan	9	7	1
Ms. LIU Xia	9	9	0



## Chapter 8 Corporate Governance Report

### 6.4 Attendance at General Meetings during the Reporting Period

During the Reporting Period, the Board of Supervisors of the Bank appointed supervisors to attend the 2023 Annual General Meeting and the 2024 first extraordinary general meeting of the Bank, and supervised the legal compliance of the procedures of meetings and the voting process on-site.

### 6.5 Attendance at the Meetings of the Board during the Reporting Period

During the Reporting Period, the Board of Supervisors of the Bank appointed supervisors to attend all meetings of the Board of Directors, and supervised legal compliance of the meetings and procedures of voting as well as the attendance, speech and voting of Directors.

# Chapter 8 Corporate Governance Report

## 7 Committees under the Board of Supervisors

### 7.1 Nomination Committee

As of the end of the Reporting Period, there were a total of 5<sup>1</sup> members in the Nomination Committee of the Board of Supervisors, including Ms. GU Xiujuan, Mr. ZHANG Ke, Ms. DAN Limin, Ms. LIU Xia and Ms. WANG Xiaoyan. The chairwoman was acted by Ms. GU Xiujuan, an external Supervisor. The major duties and responsibilities of the Nomination Committee were:

- (1) making recommendations to the Supervisors on the scale and composition of the Board of Supervisors;
- (2) studying the standards and procedures of selection of Supervisors and making recommendations to the Board of Supervisors;
- (3) identifying extensively qualified candidates for Supervisors;
- (4) conducting preliminary review on the qualification and conditions of candidates for Supervisors proposed by Shareholders and making recommendations;
- (5) supervising the procedure of selection and engagement for Directors;
- (6) responsible for the comprehensive evaluation of the performance of duties by the Directors, Supervisors and senior management and report to the Board of Supervisors;
- (7) studying and formulating the remuneration policy and plans of Supervisors, and submitting to the Shareholders' general meetings for approval upon review by the Board of Supervisors;
- (8) any other matters authorized by the Board of Supervisors.

During the Reporting Period, the Nomination Committee convened a total of 3 meetings, at which 2023 Debriefings of External Supervisors of Zhongyuan Bank Co., Ltd. was reviewed and 4 proposals including the Proposal on the Program on the Performance Evaluation of Directors, Supervisors and Senior Management by the Board of Supervisors in 2023 of Zhongyuan Bank Co., Ltd. were considered.

<sup>1</sup> Mr. ZHANG Ke resigned as a member of the Nomination Committee of the Board of Supervisors on April 17, 2025.

# Chapter 8 Corporate Governance Report

## 7.2 Supervision Committee

As of the end of the Reporting Period, there were a total of 5<sup>1</sup> members in the Supervision Committee of the Board of Supervisors, namely Mr. LI Xingzhi, Mr. ZHANG Ke, Ms. DAN Limin, Mr. YAN Yongfu and Ms. LU Suyue. The chairman was acted by Mr. LI Xingzhi, an external Supervisor. The major duties and responsibilities of the Supervision Committee were:

- (1) formulating plans for supervision of financial activities of the Bank and making relevant recommendations to the Board of Supervisors;
- (2) supervising the Board of Directors to adopt prudent business philosophy and value standards and formulating development strategies in line with the actual situation of the Bank, and organizing the evaluation on the scientificity, rationality, stability and effectiveness of the development strategies formulated by the Board of Directors, preparing the evaluation report and reporting to the Board of Supervisors;
- (3) monitoring and reviewing the operation strategy, risk management and internal control of the Bank and supervising the rectification;
- (4) communicating with the external audit institution of the Bank to know the preparation and major adjustments for regular reports of the Board of Directors, and reporting to the Board of Supervisors;
- (5) guiding the internal audit department to independently perform the audit and supervision functions;
- (6) supervising the scientificity and rationality of the implementation of the Bank's remuneration management system and the remuneration plan of senior management;
- (7) any other matters authorized by the Board of Supervisors.

During the Reporting Period, the Supervision Committee convened a total of 7 meetings, at which 37 reports including the 2023 Operation Report of Zhongyuan Bank Co., Ltd. were reviewed and 47 proposals including the Proposal on the 2024 Financial Budget Report of Zhongyuan Bank Co., Ltd. were considered.

<sup>1</sup> Mr. ZHANG Ke resigned as a member of the Supervision Committee of the Board of Supervisors on April 17, 2025.

# Chapter 8 Corporate Governance Report

## 8 Senior Management

The senior management, as the executive body of the Bank, shall report to the Board and be supervised by the Board of Supervisors. The Bank has one president and several vice presidents and assistants to the president, who are appointed or dismissed by the Board of Directors, and are responsible for implementing the decisions of the Board of Directors and are required to report to the Board of Directors of the Bank. The senior management has the powers as authorized by our Board to manage our daily operations. The division of authority between the senior management and the Board of Directors is carried out in accordance with the corporate governance documents such as the Bank's Articles of Association.

The senior management, with the president as its representative, perform their duties in accordance with the terms of reference as stipulated in the Articles of Association of the Bank; their main duties include managing operating activities of the Bank, managing daily administration, business and financial matters, and reporting regularly to the Board with respect to the operating matters of the Bank.

### 8.1 Chairman and President

During the Reporting Period, the roles and duties of the chairman and the president of the Bank were taken up by different individuals and there was a clear division between their duties and responsibilities, which complies with the recommendations of the Hong Kong Listing Rules.

As of the end of the Reporting Period, Mr. GUO Hao acted as the secretary of the Party Committee and the chairman of the Board, and took charge of the overall work of the Bank; Mr. LIU Kai acted as the deputy secretary of the Party Committee and the president, responsible for the daily operation and management of the Bank.

## 9 Financial, Business and Family Relationship among Directors, Supervisors and Senior Management

The Directors, Supervisors and senior management of the Bank do not have any relationship, including financial, business, family or other material relations.



# Chapter 8 Corporate Governance Report

## 10 Training and Research of Directors and Supervisors during the Reporting Period

### 10.1 Introduction to the Training and Survey of Directors

During the Reporting Period, Directors of the Bank participated in the special training on anti-money laundering and sci-tech finance and systematically studied the duty performance requirements of anti-money laundering and the latest developments of the finance industry, which raised their awareness of anti-money laundering risks and professional capability; Directors of the Bank participated in relevant special reports, such as report on the management on the related party transactions, report on the implementation of internal audit work and consumer rights protection and complaint handling across the Bank, which allows them to deeply understand the Bank's operation; Directors of the Bank conducted special assessment and listened to the report on the implementation of the 2023 audit work and audit results of the auditors, set up an audit quality assessment team to effectively promote the external auditors to conduct relevant work and provide constructive guidance on the next audit work; Directors of the Bank conducted in-depth on-site research, focusing on the in-depth research on economic development of counties, township financial services and other areas, to provide strong support for scientific decision-making.

During the Reporting Period, all Directors participated in the training.

### 10.2 Introduction to the Training and Survey of Supervisors

During the Reporting Period, Supervisors of the Bank participated in the special training on amendments to the Company Law, a training course on the work practice of the board of directors and the board of supervisors and the audit committee of commercial banks under the new Company Law (《新公司法下商業銀行董事會與監事會及審計委員會工作實務研修班》), special training on “anti-money laundering” and special training on “sci-tech finance helps to develop new productive forces (科技金融助力發展新質生產力)”. At the same time, Supervisors of the Bank conducted in-depth on-site research on branches and subsidiaries, such as the Luohe branch, the Nanyang branch, the Hebi branch, the Zhengzhou Airport District Sub-branch, AB Leasing and Shenzhen Nanshan Baosheng County Bank. Supervisors of the Bank also conducted special research on consumer rights protection and complaint handling across the Bank, the development of personal credit business and automated equipment services. Supervisors of the Bank also conducted written research on outlet layout in the top 20 county economies in the whole province as well as the regulatory and administrative penalty of banks in the province, and actively advised on the research, which plays a good role in the promotion of the key work of the Bank.

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## 11 Company Secretary under the Hong Kong Listing Rules

The Bank appointed Ms. CHAN Yin Wah, associate director of SWCS Corporate Services Group (Hong Kong) Limited, to act as the company secretary of the Bank. Ms. CHAN Yin Wah has been in compliance with Rule 3.29 of the Hong Kong Listing Rules that she received at least 15 hours of relevant professional training during the Reporting Period. The primary contact person of Ms. CHAN Yin Wah in the Bank is Mr. PAN Wenyao, the secretary to the Board of the Bank.

## 12 Communication with Shareholders

### 12.1 Investors Relationship

The Bank attaches importance to communication with Shareholders, for which to meet their demand, it has formulated Measures on Management of Investors Relationship of Zhongyuan Bank Co., Ltd., and seeks to improve mutual understanding and enhance communication with Shareholders through various channels including general meeting, roadshows, press conference, official website, e-mail and telephone.

For enquiries to the Board, investors may contact: The Office of Board of Directors of Zhongyuan Bank Co., Ltd.

Address: No. 23 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province, PRC

Telephone No.: (86) 0371-85517898

Fax No.: (86) 0371-85519888

E-mail: dongshihui@zybank.com.cn

### 12.2 Information Disclosure

The Board of Directors and senior management place great importance on information disclosure. They rely on good corporate governance and internal controls to ensure investors obtain information in a timely and accurate manner.

In accordance with the requirements of the Hong Kong Listing Rules, Measures for the Information Disclosure of Commercial Banks and Measures for the Information Disclosure of Zhongyuan Bank Co., Ltd., the Bank continuously improved the timeliness, accuracy and completeness of the information to be disclosed. During the Reporting Period, the full version of the relevant reports is available for download on the website of the Bank. Meanwhile, the annual reports and interim reports are available for review by the investors and stakeholders in the office of Board of Directors and principal business place of the Bank.

## Chapter 8 Corporate Governance Report

### 12.3 Shareholders' Rights and Communication Policy

#### **Procedure for Shareholders to Convene Extraordinary General Meeting**

The Bank strictly complies with the applicable laws and regulations, the Hong Kong Listing Rules, the Articles of Association of the Bank and the corporate governance system, for practically safeguarding the rights of the Shareholders. Pursuant to the requirements under the Articles of Association of the Bank and the rules of procedures of the general meeting: the shareholders who individually or jointly hold more than 10% of the shares of the Bank may make a written request to the Board to convene an extraordinary general meeting or class meeting, and to illustrate the subject of the meetings. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association of the Bank, make a written response as to whether it agrees to convene the extraordinary general meeting or class meeting within 10 days of receiving the proposal. The shareholding of the above Shareholders is based on their shareholdings on the date of such request is proposed to the Board in writing. If the Board agrees to convene an extraordinary general meeting or a class meeting, the Board shall deliver a notice of convening a general meeting or a class meeting within five days from the adoption of the resolution of the Board. Any change to the original request contained in the notice shall be made with the consent of relevant shareholders. Where the Board disagrees to convene an extraordinary general meeting or a class meeting or fails to give any feedback within ten days after the receipt of such request, shareholders individually or jointly holding 10% or more of shares of the Bank are entitled to propose to the Board of Supervisors to convene an extraordinary general meeting or a class meeting by submitting a request in writing. Where the Board of Supervisors agrees to convene an extraordinary general meeting or a class meeting, it shall, within five days after the receipt of such request, deliver a notice of convening an extraordinary general meeting or a class meeting. Any change to the original request contained in the notice shall be made with the consent of relevant shareholders. If the Board of Supervisors fails to deliver such notice to convene an extraordinary general meeting or a class meeting within the specified period, the Board of Supervisors shall be deemed not to convene or preside over such aforesaid meeting. Such shareholders individually or in aggregate holding more than 10% of the Bank's voting shares for at least 90 consecutive days may at their discretion convene and preside over such aforesaid meeting. Shareholders may refer to the Articles of Association of the Bank published on the websites of the Hong Kong Stock Exchange and the Bank for further details.

#### **Procedure of Proposing a Resolution at the General Meeting**

Shareholders individually or in aggregate holding 3% or more of the Bank's voting shares may propose an interim proposal and submit it to the convener in written form ten days before the general meeting. The convener shall review such proposal, issue a supplemental notice of the general meeting and announce the proposal if it satisfies the provisions as specified in the Articles of Association of the Bank within two days after receiving the proposal. If the Hong Kong Listing Rules specify otherwise, the procedures of submitting a proposal to the general meeting shall follow such provisions. Except as provided in the precedent paragraph, the convener shall not alter the proposals in the notice of the general meeting or add new proposals after the issuance of the notice of the general meeting. Shareholders may refer to the Articles of Association of the Bank published on the websites of the Hong Kong Stock Exchange and the Bank for further details.

## Chapter 8 Corporate Governance Report

### Raise Enquiries to the Board of Directors

Shareholders have the right to supervise the operation of the Bank, and to make suggestions or enquiries. Shareholders are entitled to access relevant information in accordance with the laws, administrative regulations, departmental rules, regulatory documents, relevant provisions stipulated by the securities regulatory authorities in the locality where the Bank's shares are listed and the requirements of the Articles of Association of the Bank, including audited accounting reports, personal information of the Directors, Supervisors, President and other senior management personnel, share capital of the Bank, etc. Where a Shareholder requests to inspect and read the relevant information, this Shareholder shall provide the Bank with written documents evidencing the class and number of shares of the Bank they hold, and the Bank shall provide such documentation as required by the Shareholders upon verification of their identities.

The Bank attached great importance to the opinions and recommendations of shareholders, and opened channels for communication with shareholders, so as to meet their reasonable needs in a timely manner. At the same time, the Bank published its announcement, financial data and other relevant data through the website [www.zybank.com.cn](http://www.zybank.com.cn). As a channel to promote effective communication with shareholders, there is available email, special telephone lines for investors and direct letter boxes for shareholders who have any enquiries to contact the Bank's office address, and the Bank will process the relevant enquiries in a timely and appropriate manner. Please refer to "12.1 Investors Relationship" for the detailed contact information above.

During the Reporting Period, the Bank has reviewed the implementation and effectiveness of the above Shareholder communication policy and considers it effective.

### 13 External Auditors and Auditor's Remuneration

The Bank engaged Baker Tilly Hong Kong Limited and Baker Tilly China Certified Public Accountants to act as its international auditor and domestic auditor for the year 2024, respectively, at the 2023 annual general meeting convened by the Bank on June 21, 2024, to carry out auditing in accordance with the Hong Kong Standards on Auditing and China Standards on Auditing for Certified Public Accountants.

In 2024, the remuneration for audit services and non-audit services agreed to be paid by the Bank to Baker Tilly Hong Kong Limited and Baker Tilly China Certified Public Accountants was RMB3,180,000 and RMB2,000,000, respectively. Non-audit service is the review of interim financial statements and the agreed-upon procedure of the quarterly financial statements.

The Board and the Audit Committee under the Board reached consensus on the selection and appointment of the external auditors of the Bank without any disagreement.

KPMG Huazhen LLP and KPMG retired in 2024 after reaching the maximum period of eight consecutive years of engagement. Save as disclosed above, the auditors of the Bank have not changed in the past three years.



# Chapter 8 Corporate Governance Report

## 14 Amendments to the Articles of Association

During the Reporting Period, there were no material changes to the Articles of Association of the Bank and the text of the Articles of Association is available on the Bank's and the Hong Kong Stock Exchange's websites.

## 15 Risk Management and Internal Control

The Board of Directors is responsible for making the risk management and internal control policies and bears the ultimate responsibility for overall risk management. Taking into account that the purpose of the internal control system monitoring is to manage rather than eliminate the risk of failure to achieve business objectives, the Board of Directors can only reasonably, but not absolutely, guarantee that the above systems and internal controls will protect against any material misrepresentation or loss. The Board shall guarantee a review of internal control and risk management system at least once a year. The Bank evaluated the overall risk situation on a quarterly basis and the quality of internal control on an annual basis.

During the Reporting Period, the Board of Directors has reviewed the risk management and internal control policies of the Bank as well as the implementation and effectiveness of such policies and considers them effective. The Board of Directors has also obtained confirmation from the management on the effectiveness of the Bank's risk management.

### 15.1 Risk Management

In accordance with the requirements of laws and regulations such as the Commercial Banking Law (《商業銀行法》) and Internal Control Guidelines for Commercial Banks (《商業銀行內部控制指引》), the Bank established a standardized corporate governance structure and defined the scope of rights, division of responsibilities and rules of procedure for the Party Committee and the general meeting, the Board of Directors, the Board of Supervisors and the senior management.

Based on the Administrative Measures for the Capital of Commercial Banks and its schedules, risks and relevant terminology defined by the Basel Committee, practice of the domestic and overseas peers as well as its own actual situation, the Bank identifies various overall quantitative and non-quantitative risks which may arise from the interaction between business strategies, product portfolios, client demands and the external macroeconomic environment. Taking into account the capital occupancy based on risk types, risks of banks determined by regulators and capital regulatory requirements, the Bank collects and publishes risk warnings, draws up risk event examples, identifies, collects and assesses risk events and then determines material risks for the purpose of identifying its material risks, such as credit risk, market risk, operational risk, liquidity risk, interest risk in bank accounts, compliance risk, legal risk and reputational risk, and subsequently making assessment and analysis as well as monitoring, reporting and controlling the risks faced by the Bank with risk measurement approaches and techniques.

## Chapter 8 Corporate Governance Report

### 15.2 Internal Control

Based on the principles of full coverage, checks and balance, prudence and compatibility, the Bank has established a relatively scientific and standardized internal control system in accordance with relevant laws and regulations, such as the Law of the PRC on Commercial Banks (《中華人民共和國商業銀行法》), the Internal Control Guidelines for Commercial Banks (《商業銀行內部控制指引》), and the relevant requirements of the Hong Kong Stock Exchange, aiming to ensure the consistent compliance with relevant laws, regulations and rules of the PRC, the application of the Bank's development strategies and the accomplishment of its operating objectives, the accuracy and completeness of the Bank's financial information and other management information, and the effectiveness of the risk management of the Bank. The Bank insists on and continues to optimize the defense mechanism comprising three lines for internal control. The first line of defense consists of various branches and operating units, which are the first person responsible for risk prevention and control, and have to undertake self-risk control functions in the course of their business operation, including the formulation and implementation of policies, business examination, the reporting of control deficiencies and the organization of rectification measures. The second line of defense consists of the internal control and risk management departments at all levels, which are responsible for the overall planning, organizing and implementing, and examining and assessing of risk management and internal control. The third line of defense consists of the audit and supervision departments, which are responsible for performing internal audit on the adequacy and effectiveness of the internal control and risk management, taking disciplinary actions against staff in violation of regulations or disciplinary rules, carrying out case investigations and promoting management accountability.

### 15.3 Internal Auditing

The Bank has established a vertical and independent internal audit system of "one department and three centers" in accordance with the Guidelines for the Internal Audit of Commercial Bank, the Internal Control Guidelines for Commercial Banks and other requirements. The audit department has been established at the head office level, and three audit centers have been established in Luoyang, Pingdingshan and Jiaozuo.

## Chapter 8 Corporate Governance Report

During the Reporting Period, the Bank adhered to the “risk-oriented” and “data-empowered” audit concepts, closely focused on regulatory requirements and the Bank’s development strategy and central work, audited in accordance with laws and regulations, and fully performed its audit supervision duties. Firstly, the Bank improved the audit system, clarified the vertical and independent organizational structure, responsibilities, authority and procedures of internal audit, the use of audit results, accountability and other matters, and promoted the standardization of internal management, enhanced the internal control, prevented risks and improved the quality and efficiency. Secondly, the Bank adhered to the risk orientation, focused on the national economic and financial policies, gripped strategic and regulatory concerns, focused on serving the real economy, actively carried out audit projects, internal control evaluation and other activities, continuously expanded the scope and coverage of audit, organized the internal audit supervision network, and continuously strengthened the audit efforts in key areas of operation and management relying on the digital transformation of audit. Thirdly, the Bank focused on the core thoughts of “digital transformation” and “digital intelligence transformation”, integrated and planned data resources, built and improved the management platform, so as to improve the support ability of technological tools for modern financial audit work continuously. Fourthly, the Bank established and improved the long-term mechanism for rectification of problems found in the audit, further improved the audit rectification mechanism, traced the underlying causes, clarified and strengthened the rectification responsibility, promoted collaborative rectification, and did a good job in the second half of the audit rectification. The Bank also deepened the application of audit results, promoted a strict internal control system, prevented business risks, improved management quality and efficiency, and escorted the sustainable and high-quality development of the whole bank.

### 15.4 Anti-money Laundering

During the Reporting Period, the Bank strictly complied with the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and other applicable laws and regulations promulgated by institutions, including the People’s Bank of China, National Financial Regulatory Administration. The Bank consistently adhered to the “risk-based” working idea for anti-money laundering, established a comprehensive mechanism of anti-money laundering work, improved internal control systems, continuously optimized the supervision and reporting systems of anti-money laundering, proactively carried out the publicity and training for anti-money laundering and effectively performed all anti-money laundering obligations as required by the law. The Bank’s main measures to carry out anti-money laundering work are as follows:

Firstly, optimizing the monitoring model for suspicious anti-money laundering to effectively improve the ability to monitor money laundering risks; Secondly, consolidating the basic work of anti-money laundering, continuing to promote the customer information governance, and doing well in key works such as customer due diligence and suspicious identifying; Thirdly, carrying out various anti-money laundering on-site inspections and money laundering risk investigations. In view of the problems found in inspection, timely carrying out root rectification by improving the system, optimizing the system and process, etc., and improving the ability to manage and control money laundering risks; Fourthly, carrying out multi-level training, covering leaders at all levels of the bank and anti-money laundering staff, and comprehensively improving the ability of the Bank to perform anti-money laundering work; Fifthly, taking the initiative to fulfill social responsibilities, regularly carrying out anti-money laundering publicity work, effectively enhancing the public awareness of anti-money laundering, and shaping a good anti-money laundering social environment.



## Chapter 8 Corporate Governance Report

### 15.5 Anti-corruption

With the tenacity and persistence of eternal development, the Bank has always deeply grasped and promoted the contemporary connotation and practical requirements of “daring not to corrupt, being unable to corrupt, and having no desire to corrupt” in a holistic manner, and tightly grasped the practical path of simultaneous, homogeneous, and comprehensive efforts to constantly deepen strict party governance, adhere to strict governance and strengthen comprehensive supervision.

By carrying out the supervision and inspection to construct a solid dam for strict corporate governance, the Bank has made continuous efforts in “daring not to corrupt”. The Bank has identified risks in the areas of staff morality, job duties, decision-making, business operations and system protection, for which the Bank has formulated targeted prevention and control measures one by one, so as to achieve “early warning and early correction” for emerging problems, and tighten the “safety valve” of clean and honest practices. In addition, the Bank has launched the key tasks of “focusing on high-quality development, deepening the comprehensive strict governance”, and conducted the supervision and inspection, the centralized rectification of unethical practices and corruption issues among the public, and special inspections on violations of hospitality, etc. In order to promote the implementation of the Bank’s policies and measures, fulfilment of its responsibilities and the appearance of its work effectiveness, the Bank has driven the governance of the whole region with key breakthroughs.

By promoting reform with cases to improve the mechanism of operation and restriction of power, the Bank has deepened and broadened in “being unable to corrupt”. With a view to building the first-class party-building brand, first-class institutional system, first-class leadership team, first-class talent team and first-class financial culture, the Bank has formulated the Implementation Plan of Zhongyuan Bank on Promoting Construction with Cases (《中原銀行以案促建工作實施方案》) to implement the work for promoting construction with cases. In addition, the Bank has issued the systems, such as the Implementation Measures for the Party Committee of Zhongyuan Bank on Implementing the Key Responsibilities of Strict and Comprehensive Party Governance (《中原銀行黨委落實全面從嚴治黨主體責任實施辦法》) and the Implementation Measures for the Responsibility System of Development of Party Style and Honest Administration of Zhongyuan Bank (《中原銀行黨風廉政建設責任制實施辦法》), to form a sound mechanism for managing people, power and work based on the systems.

By consolidating the economic foundation to build up a sound culture of integrity and corruption rejection, the Bank has consolidated and upgraded in “having no desire to corrupt”. The Bank has conducted in-depth analyses of typical cases of internal violations of regulations, disciplines and laws, and compiled the Promoting Reform with Cases – Cases of the People Around Us (Second Series) (《以案促改—身邊人身邊事身邊案(第二輯)》) to guide the staff to learn from the cases of the “people around them” and abide by the requirement of “not overstepping the bottom line, not seeking profits exclusively, not seeking quick success and instant benefits, not transforming from substance to the fictitiousness, and not engaging in illegal acts”. The Bank has strengthened the construction of integrity culture in the new era by launching the activity of the “Secretary’s Lecture on Discipline and Law”, collecting short videos of the “President’s Speech on Integrity” (行長話廉潔), and organising all the staff to sign the “Incorruptibility, Self-Discipline and Family Integrity Commitment Letter” (《廉潔自律及廉潔家風承諾書》), etc., so as to continue to conduct thematic discipline education on “clarifying the direction, establishing rules and regulations, correcting the atmosphere and strengthening immunity”, and promote the party discipline learning and education in a deep and practicable manner.



## Chapter 8 Corporate Governance Report

### 16 Management of Inside Information

The Board of the Bank is responsible for disclosing information of the Bank, which includes enacting standard procedures and methods in relation thereto and reviewing information to be disclosed, and it also assumes liabilities for the truth, accuracy and completeness of the information disclosed. The information disclosure of the Bank is subject to the supervision of regulators and the Bank's Board of Supervisors. Chairman of the Board is the primary person responsible for implementing the management measures for information disclosure, while the Secretary of the Board is in charge of its execution and the Board Office deals with the daily work thereof.

To ensure confidentiality of the Bank's inside information, safeguard the fairness in information disclosure and protect the legal rights of investors, the Bank enacted the Measures for Information Disclosure Management in Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司信息披露管理辦法》) based on domestic and overseas laws, regulations and other normative documents such as the Company Law of the PRC (《中華人民共和國公司法》), the Securities Law of the PRC (《中華人民共和國證券法》), Measures for Information Disclosure Management of Commercial Banks (《商業銀行信息披露管理辦法》) and the Hong Kong Listing Rules and other regulatory documents. The Bank makes information disclosure and manages inside information in strict compliance with the regulatory requirements and specifies the principles, contents, management and procedures for information disclosure in the Measures for Information Disclosure Management in Zhongyuan Bank Co., Ltd., which also provides for the coverage, insider limits and the security management of inside information as well as punishment for divulging inside information, etc. When relevant events or circumstances arise, the Bank would quickly assess the possible impact on the stock price and consciously decide whether the events or circumstances are inside information that should be disclosed and conduct the relevant disclosure accordingly. During the Reporting Period, the Bank not only stringently complied with the regulatory requirements of domestic and overseas regulators, but also intensified its management rules and enhanced the security measures of its inside information as well as disclosed relevant information timely according to requirements.

## Chapter 8 Corporate Governance Report

### 17 Dividend Policy

Article 255 and Article 258 of the Articles of Association of the Bank specify the requirements for profit distribution:

The Bank may make profit distribution if it has distributable profits for each year after making up for the losses, contributing to the statutory reserve, general reserve and paying dividends to the preference shareholders in accordance with the laws provided that the capital adequacy ratio of the Bank meets regulatory requirements. Where the accumulated amount of the statutory reserve fund of the Bank comes to more than 50% of the registered capital of the Bank, it is no longer necessary to set aside the statutory reserve fund. After setting aside the statutory reserve fund and general reserve, and paying dividends on preference shares, whether to set aside the discretionary reserve funds shall be determined by the Shareholders' general meeting. The Bank shall not distribute profits to Shareholders before making up for the losses of the Bank and setting aside the statutory reserve funds and general reserves. The Bank may distribute dividend in the form of cash or share. The profit distribution of the Bank attaches the emphasis on the reasonable return on the investment of investors. The Bank may distribute dividend in the form of cash or share, distribution of dividends in form of stock shall be approved by general meeting of shareholders and subject to approval by the banking regulatory authority of the State Council.

# Chapter 9 Report of the Board of Directors

## 1 Principal Business

The Bank is primarily engaged in banking and related financial services, including corporate banking, retail banking, treasury operation and other businesses in the PRC.

## 2 Business Review and Outlook

### 2.1 Business Review of the Bank

The business review of the Bank during the Reporting Period is set out in “Management Discussion and Analysis – 9. Business Review”.

### 2.2 Results

The results of the Bank for the year ended December 31, 2024 and the financial position of the Group as at that date are set out in the financial statements and notes section of this annual report.

## 3 Dividends

### 3.1 Distribution Plan

The Board has recommended the payment of a final dividend in cash of RMB0.12 (tax included) per ten shares for the year ended December 31, 2024. The total amount paid is approximately RMB439 million (tax included). The final dividend is subject to approval by shareholders at the forthcoming 2024 annual general meeting of the Bank.

The final dividend will be denominated and declared in RMB. The Domestic Shareholders will be paid in RMB and the H Shareholders will be paid in Hong Kong dollars. The exchange rate for the final dividend to be paid in Hong Kong dollars will be the mean of the average benchmark exchange rates of Hong Kong dollars to RMB as announced by the People’s Bank of China during the five business days prior to the date of declaration of the final dividend (i.e. the date of the 2024 annual general meeting of the Bank).

Subject to the approval of the final dividend by the Shareholders at the forthcoming 2024 annual general meeting, it is expected that the final dividend will be distributed on August 5, 2025. Should there be any changes in the aforementioned date, the Bank will issue a further announcement. The Bank will announce in due course the date of the 2024 annual general meeting and the time of the closure of the register of members of the H Shares for the purpose of determining the list of Shareholders entitled to attend and vote at the annual general meeting and to qualify for the proposed final dividend.

The independent non-executive Directors of the Bank also expressed independent opinions on the profit distribution plan.

## Chapter 9 Report of the Board of Directors

### 3.2 Tax on Dividends

In accordance with the applicable provisions and implementation regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), the Bank is required to withhold enterprise income tax at a rate of 10% for non-resident enterprise holders of H shares (including H shares registered in the name of HKSCC Nominees Limited).

In accordance with the applicable provisions and implementation regulations of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Notice of the State Administration of Taxation on Issues Concerning Taxation and Administration of Individual Income Tax after the Repeal of the Document Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348), the Bank is required to withhold individual income tax for holders of H shares.

For individual H Shareholders who are residents of Hong Kong or Macau or residents of other countries/regions that have entered into a tax treaty with the PRC with dividend tax rates at 10%, the Bank is required to withhold individual income tax on the final dividends paid at a rate of 10% for such H Shareholders.

For individual H Shareholders who are residents of countries/regions that have entered into a tax treaty with the PRC with dividend tax rates lower than 10%, the Bank is required to withhold individual income tax at a temporary rate of 10% on the final dividends paid for such holders of H shares. If such holders of H shares intend to apply for refund of surplus tax deductions, the Bank will handle on their behalf the application for the entitlement to relevant tax treaty in accordance with the Taxation Notice. Eligible holders of H shares are required to submit a written power of attorney and all application materials in a timely manner; upon review by the competent tax authorities and if approved, the Bank will assist in the refund of surplus tax deductions.

For individual H Shareholders who are residents of countries/regions that have entered into a tax treaty with the PRC with dividend tax rates more than 10% but lower than 20%, the Bank is required to withhold individual income tax on the final dividends paid at an applicable rate as required under relevant tax treaty.

For individual H Shareholders who are residents of countries/regions that have entered into a tax treaty with the PRC with dividend tax rates at 20%, or who are residents of countries/regions that have not entered into any tax treaty with the PRC or otherwise, the Bank will withhold individual income tax at a rate of 20%.



## Chapter 9 Report of the Board of Directors

### 4 Exposure to Major Risks

Please refer to “Management Discussion and Analysis – 10. Risk Management” for the major risks the Bank had been exposed to during the Reporting Period.

### 5 Future Development

A review of certain aspects affecting the future development of the Bank is set out in “Management Discussion and Analysis – 1. Past Economic and Financial Environment and Future Prospects” in this annual report.

### 6 Relationship between the Bank and its Major Employees, Customers and Suppliers

The Bank has been promoting a market-oriented human resources system and has continually strengthened its incentive assessments, comprehensive training, and other complementary mechanisms, and has adopted a distinctive training system that could serve different needs of various groups of employees, which is characterized by a multiple-level training structure. As a result, it managed to cultivate a highly qualified, aggressive and efficient workforce. The Bank also believes the career planning of employees to be of great importance and has developed a clear career development path for different roles, which is believed could further encourage its employees to endeavor to maximize his or her value.

The Bank’s labor union represents the interests of the employees and works closely with its management on labor-related issues. During the Reporting Period, the Bank has not experienced any material labor disputes that have affected its operation and the Bank believes that the relationship between its management and the labor union has been satisfactory.

The Bank has established long-term favorable cooperative relationships with a number of quality enterprises.

Due to its business nature, the Bank did not have any major suppliers.

### 7 Major Depositors and Borrowers

As of the end of the Reporting Period, the balance of the Bank’s loans to any single borrower did not exceed 10% of the Bank’s net capital. The interest income from the five largest customers of the Bank did not exceed 30% of the Bank’s total interest income. None of the Directors of the Bank and their close associates or any Shareholder which to the knowledge of the Directors owned more than 5% of the number of issued Shares of the Bank had any interest in the above five largest customers.

## Chapter 9 Report of the Board of Directors

### 8 Share Capital

For details of the Bank's share capital, please refer to "Changes in Share Capital and Information on Shareholders" in Chapter 6.

### 9 Pre-emptive Rights

During the Reporting Period, pursuant to the Articles of Association of the Bank and the relevant laws, the Bank did not stipulate any requirements for granting the pre-emptive right to Shareholders.

### 10 Substantial Shareholders

Details of the Bank's substantial Shareholders as at the end of the Reporting Period are set out in "Changes in Share Capital and Information on Shareholders" in Chapter 6.

### 11 Use of Proceeds

For details of issuance and listing of the Shares conducted by the Bank during the Reporting Period and use of proceeds of the Bank, please refer to the section headed "Important Events".

### 12 Property and Equipment

Details of the changes in property and equipment of the Bank for the year ended December 31, 2024 are set out in Note 24 to the financial statements in this annual report.

### 13 Changes in the Reserves

For the year ended December 31, 2024, the details of changes in the reserves of the Bank are set out in the consolidated statement of changes in equity in the financial statements of the Bank.

### 14 Purchase, Sale or Redemption of the Listed Securities of the Bank

During the Reporting Period, the Bank or any of its subsidiaries have not purchased, sold or redeemed any listed securities of the Bank (including the sale of treasury shares (as defined in the Hong Kong Listing Rules)).

As of the end of the Reporting Period, the Bank did not hold treasury shares (as defined in the Hong Kong Listing Rules).

## Chapter 9 Report of the Board of Directors

### 15 Retirement Benefits

Please refer to Note 35(a) to the financial statements in this annual report for details of the retirement benefits provided to employees of the Bank.

### 16 Connected Transactions and Related Party Transactions

In the ordinary and usual course of business, the Bank provides commercial banking services and products to the public in China, including certain connected persons of the Bank such as Shareholders, Directors, Supervisors, President and/or their respective associates. Pursuant to the Hong Kong Listing Rules, such transactions, being conducted on normal commercial terms in the ordinary and usual course of business of the Bank, shall be exempt from reporting, annual review, disclosure and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Bank has reviewed all its connected transactions and acknowledged that it had complied with the requirements under Chapter 14A of the Hong Kong Listing Rules.

The details of the related party transactions conducted by the Bank in the ordinary and usual course of business during the Reporting Period are set out in Note 43 to the financial statements. The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under International Accounting Standard, and its interpretations by the International Accounting Standards Board. Certain related party transactions set out in the notes to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Hong Kong Listing Rules, but none of them constitutes any disclosable connected transaction as defined under the Hong Kong Listing Rules.

## Chapter 9 Report of the Board of Directors

### 17 Interests of Directors and Supervisors in Business in Competition with the Bank

As of the end of the Reporting Period, none of the Directors or Supervisors of the Bank holds any interest in any business which competes or is likely to compete, whether directly or indirectly, with that of the Bank.

### 18 Directors

Please see the section “Directors, Supervisors, Senior Management, Employees and Institutions” for biographies of directors as of the end of the Reporting Period, as well as information on changes of Directors during the Reporting Period.

### 19 Directors’ and Supervisors’ Service Contracts

During the Reporting Period, the Directors and Supervisors of the Bank did not have service contracts which are not determinable by the Bank within one year without payment of compensation (other than statutory compensation).

### 20 Permitted Indemnity Provisions

Pursuant to C.1.8 of the Code Provision, the Bank should purchase appropriate insurance covering potential legal proceedings against the Directors of the Bank. In order to comply with the Code Provision, the Bank has purchased appropriate liability insurance for the Directors and to provide indemnity for their liabilities incurred during the operations of the Bank for the year of 2024.

Save as disclosed above, at no time during the Reporting Period and as of the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors or Supervisors (whether made by the Bank or otherwise) or the Directors or Supervisors of an associated corporation of the Bank (if made by the Bank).

### 21 Directors’ and Supervisors’ Material Interests in Transactions, Arrangements or Contracts

Save as disclosed in the “Report of the Board of Directors – 16. Connected Transactions and Related Party Transactions”, during the Reporting Period, the Bank or its subsidiaries did not enter into or had any transaction, arrangement or contract of significance in which the Directors or Supervisors (or entities connected with the Directors or Supervisors) directly or indirectly were materially interested.

### 22 Arrangements to Purchase Shares or Debentures

At no time during the Reporting Period, the Bank was a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.



## Chapter 9 Report of the Board of Directors

### 23 Management Contracts

Save for the service contracts entered into with the management of the Bank, the Bank has not entered into any other contract with any individual, company or body corporate in relation to the management or administration of the whole or any substantial part of any business of the Bank.

### 24 Directors', Supervisors' and Chief Executive's Interest in Shares of the Bank

As of the Reporting Period, the Directors, Supervisors and the chief executive of the Bank and their associates had interests and short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code. As of December 31, 2024, none of the Directors, Supervisors and the chief executive of the Bank and their associates had interests and short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations.

### 25 Corporate Governance

The Bank are committed to maintaining high standards in corporate governance. For details, please refer to the "Corporate Governance Report" in this annual report.

### 26 Public Float

Based on the information available to the Bank in the public and so far as our Directors are concerned, as of the date of this annual report, the Bank had maintained sufficient public float in compliance with the minimum requirement of the Hong Kong Listing Rules and the exemption granted by the Hong Kong Stock Exchange upon the Bank's listing.

### 27 Auditors

Please refer to the section "Corporate Governance Report – 13. External Auditors and Auditor's Remuneration" for the information on the auditors of the Bank.

## Chapter 9 Report of the Board of Directors

### 28 Equity Linked Agreement

In order to actively implement the government's special debt policy of RMB8.0 billion, and enhance the Bank's capital strength and risk resistance level, the Bank carried out the convertible negotiated deposit business to replenish its other tier-one capital and entered into convertible negotiated deposit agreement (the "Agreement") with Zhengzhou Finance Bureau, an authority designated by the Finance Department of Henan Province.

The main contents of the Agreement are summarized as below:

- (1) after the Finance Department of Henan Province or its designated authorities collect the proceeds from issuance of the government's special bonds, the Financial Department of Henan Province or its designated authorities will open a special account in the Bank for the convertible negotiated deposit for the purpose of receiving such funds;
- (2) with the consent of the Finance Department of Henan Province, when the core tier-one capital adequacy ratio of the Bank is lower than 5.125%, and upon the satisfaction of specific requirements on the Minimum Public Float prescribed by the Hong Kong Stock Exchange, the Finance Department of Henan Province or its designated authorities shall convert the convertible negotiated deposit into ordinary Shares of the Bank in accordance with laws and regulations as well as the Agreement;
- (3) if the conversion conditions are not fully satisfied, the Bank shall repay the principal and interest upon the maturity of the convertible negotiated deposit in accordance with the Agreement; and
- (4) during the term of the convertible negotiated deposit, the Bank shall report the changes in the core tier-one capital adequacy ratio of the previous quarter to the Finance Department of Henan Province or its designated authorities by the 20th day of the first month of each quarter. When the core tier-one capital adequacy ratio of the Bank drops to 7.5%, pre-warning is triggered and the Bank shall promptly inform the Finance Department of Henan Province or its designated authorities of the situation, formulate emergency plans, and actively take appropriate measures to improve the ability of the Bank to resist risks and avoid the occurrence of triggering events. The term of the Agreement starts from the convertible negotiated deposit having been fully deposited into the Bank to the earlier of (i) the date of completion of the conversion of convertible negotiated deposit, or (ii) the expiry date of 10 years from the issuance date of the special bonds.

If the share conversion is triggered by relevant conditions, the Zhengzhou Finance Bureau will enter into a "Capital Injection Agreement" with the Bank and agree on the share conversion price.

The convertible negotiated deposit can be converted to a maximum of 8,000,000,000 H Shares of the Bank (taking up approximately 17.96% of the enlarged total share capital of the Bank), with a par value of RMB1.00 per Share, provided that the conditions for conversion are satisfied. Based on that and the conversion price of RMB1.00 per Share, the conversion will not result in a theoretical dilution effect. The Bank has complied with the theoretical dilution effect requirement in accordance with Rule 7.27B of the Hong Kong Listing Rules at the time of entering into the Agreement, and will ensure to comply with the theoretical dilution effect requirement in accordance with Rule 7.27B of the Hong Kong Listing Rules at the time of completion of the convertible negotiated deposit.

## Chapter 9 Report of the Board of Directors

As of the date of this annual report, the conditions for conversion set out in the Agreement have not been met, and the Bank has not issued any shares in accordance with the Agreement. For details about the replenishment of other tier-one capital through the convertible negotiated deposit business, please refer to the circular of the Bank dated October 5, 2022 and announcement dated February 6, 2023.

Except for the above, during the Reporting Period, the Bank did not enter into or continue any other equity linked agreements.

### 29 Bond Issuance

On September 19, 2024, the Bank issued the 2024 special financial bonds for loans to micro and small enterprises in the national inter-bank bond market, with an issuance size of RMB5.0 billion, and a coupon rate of 2.1%, which were 3-year fixed interest rate bonds. The proceeds were used to issue loans to small and micro enterprises based on the applicable laws and approvals from regulatory authorities. For more details, please refer to the Bank's announcement dated September 20, 2024.

On July 10, 2024, the Bank publicly issued the 2024 tier 2 capital bonds of Zhongyuan Bank Co., Ltd. (the first tranche) in the national inter-bank bond market, with an issuance size of RMB8.0 billion, which were 10-year fixed interest rate bonds. The issuer shall have a conditional redemption right at the end of the fifth year with the coupon rate of 2.35%. The proceeds were used to replenish the Bank's tier 2 capital based on the applicable laws and approvals from regulatory authorities. For more details, please refer to the Bank's announcement dated July 11, 2024.

On August 15, 2023, the Bank publicly issued the 2023 Undated Capital Bonds (the First Tranche) in the national inter-bank bond market, with an issuance size of RMB10 billion and issuance price of RMB100, and a coupon rate of 4.6% for the first 5 years, which will be reset every 5 years, and the issuer shall have conditional redemption right on every dividend payment date from the fifth year onwards, and the proceeds were used to replenish additional tier-one capital of the Bank based on the applicable laws and approvals from regulatory authorities. For more details, please refer to the Bank's announcement dated August 15, 2023.

On June 9, 2022, the Bank publicly issued special financial bonds for small and micro enterprises in the national inter-bank bond market, with an issue scale of RMB2.0 billion. The issuing price was RMB100 with three years to maturity and a coupon rate of 2.9%. The raised funds were all used to support small and micro enterprise credit loans and provide financial services for small and micro enterprises in accordance with applicable laws and the approval of regulatory authority. For more details, please refer to the Bank's announcement dated June 9, 2022.

On May 12, 2022, the Bank publicly issued the financial bonds with an issuing size of RMB3.0 billion in the national inter-bank bond market. The issuing price was RMB100 with three years to maturity and a coupon rate of 2.95%. Based on applicable laws and the approval from the regulatory authorities, the Bank will use the proceeds of the offering to grant credit facilities for supporting ecological protection and high-quality development of the Yellow River basin, including ecological protection, pollution prevention, efficient use of water resources, high – quality development and cultural tourism. For more details, please refer to the Bank's announcement dated May 12, 2022.

For the issuance terms and relevant details of the bonds, please refer to the announcements made by the Bank on the website of the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the official website of the Bank ([www.zybank.com.cn](http://www.zybank.com.cn)).

## Chapter 9 Report of the Board of Directors

### 30 Donations

During the Reporting Period, the Bank made donations in a total amount of RMB1.1038 million, which were mainly used for poverty alleviation and assistance in difficulty of students and other groups.

### 31 Environmental Policy

During recent years, the Bank has proactively borne social responsibility in relation to environmental policy. The Bank has sought to proactively develop business in green credit in line with national economic policy and regulatory trends. The Bank formulated the “Green Finance Development Strategic Plan of Zhongyuan Bank Co., Ltd.” (《中原銀行股份有限公司綠色金融發展戰略規劃》) and the “Administrative Measures of Zhongyuan Bank Co., Ltd. for the Proceeds Raised by Green Financial Bonds” (《中原銀行股份有限公司綠色金融債券募集資金管理辦法》) and successfully issued green financial bonds and the bonds for ecological protection and high-quality development of the Yellow River basin.

In addition, the Bank has strictly implemented the management policies after granting of credit and specialized environmental assessment reporting in relation to some projects to identify environmental and social risks. At the same time, the Bank has made efforts to push forward the development of electronic banking, and actively implemented national policies to save energy costs. For more details of our environmental policy and performance, please refer to the “Environmental, Social and Governance Report” that the Bank issued after the annual report.



## Chapter 9 Report of the Board of Directors

### 32 Consumer Rights Protection

During the Reporting Period, the Bank adhered to the value orientation of “finance serving people (金融為民)” and promoted the improvement of consumer rights protection capabilities in all aspects. Through strategic coordination, mechanism optimization and efficiency improvement, the Bank created a consumer rights protection system covering the entire business chain and the entire service cycle. **Firstly**, the Bank strengthened strategic coordination and deepened governance effectiveness. The Consumer Rights Protection Committee of the Board of Directors of the Bank carries out overall planning and detailed deployment of consumer protection work, considers and listens to matters such as planning of consumer protection work, planning of financial knowledge education and publicity, regulatory notifications, and rectification and improvement of problems identified by on-site complaint inspections, and makes guiding suggestions. **Secondly**, the Bank consolidated the institutional foundation and improved the governance system. In 2024, the Bank formulated “Administrative Measures for Rapid Compensation for Small Consumption Disputes of Zhongyuan Bank (for Trial Implementation)” (《中原銀行小額消費糾紛快速補償管理辦法(試行)》) and systematically revised the three core systems of consumer rights protection, complaint handling, and consumer protection review, thus providing a more thorough institutional basis for consumer protection work. In the end, the Bank formed a full-process standardized system covering product design, marketing services, and after-sales management. **Thirdly**, the Bank strengthened the integration of publicity and education and practiced social responsibility. The Bank has organized and carried out “3.15 Financial Consumer Rights Day”, “Popularization of Financial Knowledge” and “Propaganda Month of Financial Knowledge Education” and other centralized publicity activities, constructed the regular education and publicity mechanism, and provided long-term universal financial knowledge education to key areas and populations. In 2024, the Bank conducted a total of more than 7,000 activities. Through multi-channel and multi-form to meet the information demands of financial consumers, the Bank achieved good educational and publicity results. **Fourthly**, the Bank innovated management mechanisms and improved complaint management. The Bank earnestly implemented regulatory requirements, continuously improved the complaint management system, smoothed complaint channels, publicized the information on complaint channels in business outlets, official website, Online APP, official WeChat and other platforms, and established a bank-wide working mechanism of complaint acceptance, analysis, handling, feedback, and diversified solutions to ensure that the handling of complaints would be in compliance with laws and regulations. In 2024, the Bank accepted a total of 8,217 consumer complaints, in terms of the business categories of consumer complaints, 38.3% of the complaints were for credit card business, 23.7% was for loan business and 14.4% was for debit card business. The above three types of business complaints accounted for a total of 76.4% of all complaints; in terms of the consumer complaint regions, the Bank’s complaints in 2024 were mainly concentrated in Zhengzhou, Luoyang, Pingdingshan, Kaifeng and other regions.

## Chapter 9 Report of the Board of Directors

### 33 Compliance with Relevant Laws and Regulations

The Bank has adopted internal control measures to monitor ongoing compliance with relevant laws and regulations, such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the SFO, the Hong Kong Listing Rules and other rules and regulations implemented in relevant jurisdictions. During the year, to the knowledge of the Board, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the financial year ended December 31, 2024. During the Reporting Period, as far as the Board is concerned, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. The Bank has continuously endeavored to comply with all relevant laws and regulations.

### 34 Pledge of Significant Assets

During the Reporting Period, the Bank had not pledged any significant assets.

### 35 Distributable Reserves

The distributable reserves of the Bank as of December 31, 2024 were RMB4,596 million.

### 36 Important Events since the End of the Reporting Period

Since the end of the Reporting Period and until the date of this annual report, there was no important event affecting the Bank.

## Chapter 9 Report of the Board of Directors

### 37 Other Matters

As far as the Board is aware, the Bank has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Bank. In the meantime, the Bank is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Bank endeavors to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

As of the date of this annual report, the Bank was not aware that any Shareholders had waived or agreed to waive any dividends arrangement.

As of the date of this annual report, none of the Directors waived or agreed to waive any emoluments arrangement.

During the Reporting Period, the Bank had no controlling Shareholders or de facto controllers, and therefore the Bank did not have any controlling shareholder to pledge the Bank's shares to provide guarantee for the Bank's debts or otherwise provide support for the pledge thereof.

The Bank will publish an environmental, social and governance report for the Reporting Period, as and when appropriate, in compliance with the provisions under the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Hong Kong Listing Rules.

Zhongyuan Bank Co., Ltd.  
**The Board of Directors**

Zhengzhou, China  
March 28, 2025

## Chapter 10 Report of the Board of Supervisors

During the Reporting Period, the Board of Supervisors of the Bank, in accordance with the requirements of relevant laws and regulations including the Company Law (《公司法》), the Commercial Banking Law (《商業銀行法》), Corporate Governance Guidelines for Banking and Insurance Institutions (《銀行保險機構公司治理準則》) and the Guidelines on the Duties of the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》) and the Articles of Association of the Bank, focused on the key work of the Bank, and the Board of Supervisors was organized to conduct in-depth all the supervision work to ensure that the Board of Supervisors operated regularly, and made it useful to explore in improving the supervision value of the Board of Supervisors and promoting high-quality development with high-quality supervision.

### 1 Major Works of the Board of Supervisors

During the Reporting Period, the Board of Supervisors fully participated in various activities of the Bank. A total of 9 meetings of the Board of Supervisors were held, at which 93 items were heard and considered; and 10 meetings of the special committees under the Board of Supervisors were held, including 3 meetings of the Nomination Committee and 7 meetings of the Supervision Committee, at which 89 items were heard and considered. The members of the Board of Supervisors attended shareholders' general meetings and attended all the on-site meetings of the Board of Directors. Each supervisor conducted conscientious research and discussion on various proposals and special reports on important events such as operating results, financial reporting, profit distribution, performance evaluation, risk management and internal control and compliance, as well as performance of social responsibilities of the Bank by exerting their professional advantages of being independent, professional and objective, voiced opinions in an objective and impartial manner and exercised its voting rights properly, fully performed its responsibilities in supervision and effectively played the role of supervision at the meeting.

During the Reporting Period, the Board of Supervisors took the initiative to understand the operation and management of the Bank, supervised the performance of duties by Directors and senior management personnel, strategy formulation and implementation, financial activities, risk management and internal control of the Bank by holding regular meetings of the Board of Supervisors and special committees, attending meetings of the Board of Directors, conducting special research and seminars, off-site monitoring, and conducting performance assessments of directors and the senior management, and expressed opinions or suggestions on important events, fully performed its responsibilities in supervision and effectively played the role of supervision.



# Chapter 10 Report of the Board of Supervisors

## 2 Independent Opinions of the Board of Supervisors on Relevant Issues

### 2.1 Operation Compliance

During the Reporting Period, the Bank had legitimate operations and standardized management, with its decision-making procedures in compliance with the relevant provisions of laws, regulations, and the Articles of Association. Violations of laws, regulations and the Articles of Association of the Bank, or acts that harmed the interests of the Bank and Shareholders were not found in the duties performance of the Directors and senior management of the Bank.

### 2.2 Introduction to the Financial Report

The 2024 financial report of the Bank was audited by Baker Tilly China Certified Public Accountants and Baker Tilly Hong Kong Limited engaged by the Board of Directors, which has issued a standard unqualified audit report; the Board of Supervisors are in the opinion that the preparation of the financial report and the audit procedure were in compliance with laws, regulations and regulatory requirements, and its content truly, accurately and completely reflected the financial conditions and operating results of the Bank.

### 2.3 Related Party Transactions

During the Reporting Period, the Board of Supervisors supervised the management on the related party transactions of the Bank and considered that the related party transactions of the Bank were in compliance with the relevant provisions of national laws and regulations and the Articles of Association, and no inside tradings and behaviors that damage the interests of Shareholders and the Bank's interests were found.

### 2.4 Internal Control

During the Reporting Period, the Bank paid great attention to the building of the internal control system, and no major deficiencies were found in the internal control system or its implementation.

### 2.5 Implementation of Information Disclosure

During the Reporting Period, the Bank performed its obligation of information disclosure in accordance with the requirements of regulatory policies strictly, conscientiously implemented the management system of information disclosure affairs, disclosed information in a timely and fair manner, and no false records, misleading statements or major omissions in the disclosed information were found.

### 2.6 Implementation of Resolutions of Shareholders' Meetings

During the Reporting Period, the Board of Supervisors organized its members to attend the general meeting. They had no objections to the contents of reports and proposals submitted by the Board of Directors of the Bank to the General Meeting, carried out supervision on the implementation of the General Meeting's resolutions and considered that the relevant resolutions of the General Meeting can be duly implemented by the Board of Directors.

# Chapter 11 Important Events

## 1 Use of Proceeds

On September 19, 2024, the Bank issued the 2024 special financial bonds for loans to small and micro enterprises with an issue size of RMB5 billion in the national inter-bank bond market in the PRC. The bonds are 3-year fixed interest rate bonds with a coupon rate of 2.1%. The proceeds are specially used to issue loans to small and micro enterprises in accordance with applicable laws and approvals by the regulatory authorities. Please refer to the announcement dated September 20, 2024 of the Bank for details.

On July 10, 2024, the Bank publicly issued 2024 tier 2 capital bonds of Zhongyuan Bank Co., Ltd. (the first tranche) in the national inter-bank bond market in the PRC. The issuance size of the Bonds is RMB8 billion and the type is fixed rate bonds for a term of 10 years. The issuer shall have a conditional redemption right at the end of the fifth year with the coupon rate of 2.35%. The proceeds are used to replenish the Bank's tier 2 capital in accordance with applicable laws and approvals by the regulatory authorities. Please refer to the announcement dated July 11, 2024 of the Bank for details.

On August 15, 2023, the Bank publicly issued the 2023 undated capital bonds (the first tranche) with an issuing size of RMB10 billion in the national inter-bank bond market in the PRC. The coupon rate is 4.6% with an issuing price of RMB100 during the first five years, and will be reset every five years. The issuer shall have a conditional redemption right on every dividend payment date from the fifth year onwards. The proceeds are used to replenish the Bank's additional tier-one capital in accordance with applicable laws and approvals by the regulatory authorities. Please refer to the announcement dated August 15, 2023 of the Bank for details.

In January 2023, the Bank has entered into the convertible negotiated deposit agreement (the "Agreement") with Zhengzhou Finance Bureau as designated by Finance Department of Henan Province, and has received RMB8 billion from Zhengzhou Finance Bureau in the form of convertible negotiated deposit, which has been fully used to replenish other tier-one capital. For details, please refer to the announcement of the Bank dated February 6, 2023.

On June 9, 2022, the Bank publicly issued special financial bonds for small and micro enterprises in the national inter-bank bond market, with an issuance size of RMB2.0 billion, an issue price of RMB100, a term of three years, and a coupon rate of 2.9%. The raised funds are fully used to support small and micro enterprise credit loans and provide financial services for small and micro enterprises in accordance with applicable laws and the approval of the regulatory authorities. Please refer to the announcement of the Bank dated June 9, 2022 for details.

On May 12, 2022, the Bank publicly issued financial bonds in the national inter-bank bond market, with an issuance size of RMB3 billion, an issue price of RMB100, a term of three years, and a coupon rate of 2.95%. The raised funds are used to support the ecological protection and high-quality development of the Yellow River Basin in accordance with applicable laws and the approval of the regulatory authorities, including credit supply in areas such as ecological protection, pollution prevention, efficient use of water resources, high-quality development, and cultural tourism. Please refer to the announcement of the Bank dated May 12, 2022 for details.

On May 10, 2022, the Bank issued 3,150,000,000 new H Shares, the total gross proceeds raised from the H Share Placement were approximately HK\$5,670 million and the net proceeds (after deducting any commission and relevant expenses) from the H Share Placement were approximately HK\$5,667 million. The net proceeds from the H Share Placement have been entirely used to replenish core tier-one capital of the Bank. Please refer to the announcement of the Bank dated May 10, 2022 for details.

# Chapter 11 Important Events

## 2 Profits and Dividends

The profits and financial position of the Bank for 2024 are set out in the annual financial statements of this annual report.

The Board has recommended the payment of a final dividend in cash of RMB0.12 (tax included) per ten shares for the year ended December 31, 2024. The total amount to be paid is approximately RMB439 million (tax included). The final dividend is subject to approval by shareholders at the forthcoming 2024 annual general meeting of the Bank.

## 3 Related Party (Connected) Transactions

### 3.1 Related Party Transactions under the Requirements of the Former CBIRC (National Financial Regulatory Administration)

According to Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》), the overall situation of related party transactions under the regulatory standards of the Bank during the Reporting Period is as follows:

#### 3.1.1 Related parties

As of the end of the Reporting Period, the Bank has a total of 6,679 related parties, including 1,434 related legal persons and 5,245 related natural persons.

## Chapter 11 Important Events

### 3.1.2 The implementation of supervision proportion

As of the end of the Reporting Period, the maximum credit balance of a single related party of the Bank accounted for 3.38% of the net capital of the Bank at the end of the previous quarter; the maximum total credit balance of a group customer that includes a single related legal person or an unincorporated organization accounted for 9.5% of the net capital of the Bank at the end of the previous quarter; and the credit balance of all related parties accounted for 25.02% of the net capital of the Bank at the end of the previous quarter. None of the above indicators exceeds the following limits specified by the regulatory authorities: the balance of credit granted by the banking institution to a single related party shall not exceed 10% of the net capital of the banking institution at the end of the previous quarter. The total balance of credit granted by the banking institution to a group customer that includes a single related legal person or an unincorporated organization shall not exceed 15% of the net capital of the banking institution at the end of the previous quarter. The balance of credit granted by the banking institution to all related parties shall not exceed 50% of the net capital of the banking institution at the end of the previous quarter.

### 3.2 Connected Transactions under the Hong Kong Listing Rules

In the ordinary and usual course of business, the Bank offers commercial banking services and products to the public in China, including certain connected persons of the Bank such as the Shareholders, Directors, Supervisors, President and/or their respective associates. Pursuant to the Hong Kong Listing Rules, such transactions, being conducted on normal commercial terms in the ordinary and usual course of business of the Bank, shall be exempt from the reporting, annual review, disclosure and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Bank has reviewed all its connected transactions and acknowledged that it had complied with the requirements under Chapter 14A of the Hong Kong Listing Rules. During the Reporting Period, there were no other events that constituted material connected transactions of the Bank.

### 3.3 Related Party Transactions under the International Accounting Standards

For further details, please refer to Note 43 to the financial statements in this annual report. The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under the International Accounting Standard, and its interpretations by the International Accounting Standards Board. Some of the related party transactions set out in the notes to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Hong Kong Listing Rules, but none of them constitutes a disclosable connected transaction as defined under the Hong Kong Listing Rules.



# Chapter 11 Important Events

## 4 Material Litigations and Arbitrations

As of the end of the Reporting Period, the disputed amounts involved in the outstanding litigation cases in which the Bank was the defendant were RMB1,411.76 million and HK\$27.29 million. The Bank does not expect such litigation to have a material adverse effect on the Bank's business, financial condition and results of operations.

## 5 Penalties for Directors, Supervisors and Senior Management

During the Reporting Period, none of the Bank, its Directors, Supervisors and senior management had been subject to any material administrative penalty by the regulatory authorities.

## 6 Performance of Commitments by the Bank and Shareholders with 5% or more of Shares

The Bank's major Shareholders, their related parties and persons acting in concert have issued to the Bank a statement on the conditions and requirements for investment in the Bank, a statement on the equity relationship, a statement on the tax situation, a statement on the purpose of the shareholding and the source of funds, a statement on non-occurrence of non-compliance related party transactions, a statement on non-significant violations, a statement on the authenticity of materials, a statement on compliance holdings, and a statement on equity status and shareholder performance. They have also made commitments on compliance with laws and regulations, the Bank's Articles of Association and other relevant provisions, legal exercise of rights and performance of obligations and other matters.

## 7 Implementation of Share Schemes during the Reporting Period

During the Reporting Period, the Bank had not implemented any share schemes.

## 8 Material Contracts and their Performance

During the Reporting Period, no material contracts (including the provision of relevant services) in relation to the Bank's business to which the Bank or its subsidiaries was a party and in which any of the Directors, Supervisors or members of its management had a material interest, whether directly or indirectly, subsisted.

## 9 Significant Investment, Material Acquisitions and Disposals of Assets and Business Mergers

During the Reporting Period, the Bank held the 2024 first extraordinary general meeting on November 4, 2024 to consider and approve the absorption and merger of Lushi Zhongyuan County Bank, please refer to the circular of the Bank dated October 15, 2024 and the announcement of the Bank dated November 4, 2024 for details. Except as disclosed in this annual report, the Bank had no significant investments, material acquisitions and disposals of assets and business mergers during the Reporting Period.

## Chapter 11 Important Events

### 10 Profit Distribution during the Reporting Period

During the Reporting Period, with the approval of the meeting of the Board of Directors of the Bank on March 28, 2024, it was recommended not to distribute the 2023 final dividend to all Shareholders. Such resolution of no dividend distribution was approved by the Bank at the 2023 annual general meeting held on June 21, 2024.

### 11 Audit Review

The financial statements for 2024 prepared by the Bank according to the IFRSs have been audited by Baker Tilly Hong Kong Limited, and the auditor's report was unqualified. The 2024 Annual Report of the Bank has been reviewed and approved by the Audit Committee of the Board and the Board of Directors of the Bank.

## Chapter 12 Independent Auditor's Report



### **Independent auditor's report to the shareholders of Zhongyuan Bank Co., Ltd.**

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

#### **Opinion**

We have audited the consolidated financial statements of Zhongyuan Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") set out on pages 165 to 295, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Chapter 12 Independent Auditor's Report

### Key audit matters (Continued)

<b>Loss allowances of loans and advances and financial investments measured at amortised cost</b>	
<i>Refer to note 20 and 21 to the consolidated financial statements and the accounting policies in note 2(i)(ii).</i>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default, discount rate, adjustments for forward-looking information and other adjusting factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.</p> <p>In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for corporate loans and financial investments are derived from the historical losses and estimates including internal and external credit grading and other adjusting factors. The expected credit losses for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjusting factors.</p>	<p>Our audit procedures to assess loss allowances of loans and advances and financial investments measured at amortised cost included the following:</p> <ul style="list-style-type: none"> <li>• understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances and financial investments measured at amortised cost, the credit grading process and the measurement of provisions for impairment;</li> <li>• assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions adopted in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other adjustments;</li> <li>• assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original loan agreements, we compared the total balance of the loan and financial investment list used by management to assess the allowances for impairment with the general ledger, selecting samples and checking individual loan and investment information to the underlying agreements and other supporting documents. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with relevant market information;</li> <li>• for key parameters involving judgement, we challenged management's revisions to estimates and key parameters compared with prior period and considered the consistency of judgement;</li> <li>• comparing the forward-looking economic factors used in the models to market information to assess whether they were aligned with market and economic development;</li> <li>• for key parameters used in the expected credit loss model which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved our IT specialists to assess the logics and compilation of the overdue information of corporate customers for selected samples;</li> </ul>



## Chapter 12 Independent Auditor's Report

### Key audit matters (Continued)

<b>Loss allowances of loans and advances and financial investments measured at amortised cost (Continued)</b>	
<i>Refer to note 20 and 21 to the consolidated financial statements and the accounting policies in note 2(i)(ii). (Continued)</i>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Management also exercises judgement in determining the quantum of loss given default based on a number of factors. These include the financial situation of the borrower, the fair value of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the reporting period.</p> <p>We identified the impairment of loans and advances to customers and financial investments measured at amortised cost as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.</p>	<ul style="list-style-type: none"> <li>evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition and whether the loan is credit-impaired by selecting samples in industries more vulnerable to the current economic situation and checking the loan overdue information, making enquiries of the management about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses;</li> <li>for selected samples of loans and advances to customers and financial investments measured at amortised cost that are credit-impaired, evaluating management's assessment of the value of any property collateral held by comparing with market prices based on the location and use of the property and the prices of neighbouring properties. We also evaluated the timing and means of realisation of collateral, evaluated the expected cash flows, and challenged the viability of the Group's recovery plans.</li> </ul>

## Chapter 12 Independent Auditor's Report

### Key audit matters (Continued)

<b>Consolidation of structured entities</b>	
<i>Refer to note 40 to the consolidated financial statements and the accounting policies in note 2(d).</i>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor to a structured entity through issuing a wealth management product, or act as an investor to a structured entity through investing in an asset management plan, a trust plan or an asset-backed security.</p> <p>In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and the Group's exposure to and ability to influence its own returns from the entity. In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein.</p> <p>We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement to determine whether a structured entity is required to be consolidated by the Group or not and the impact of consolidating a structured entity on the consolidated statement of financial position and relevant regulatory capital requirements could be significant.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none"> <li>• understanding and assessing the design, implementation and operating effectiveness of key internal controls over consolidation of structured entities, including management's assessment of contract terms and transaction structures with the structured entity, evaluation and calculation of the Group's variable returns from it, and approval for consolidating a structured entity;</li> <li>• selecting significant structured entities of each key product type and performing the following procedures for each entity selected: <ul style="list-style-type: none"> <li>– inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;</li> <li>– reviewing the risk and reward structure of the structured entity to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity;</li> <li>– reviewing management's analyses of the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity;</li> <li>– assessing management's judgement over whether the structured entity should be consolidated or not.</li> </ul> </li> </ul>

## Chapter 12 Independent Auditor's Report

### Other matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2024.

### Information other than the consolidated financial statements and our auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

### Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## Chapter 12 Independent Auditor's Report

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Chapter 12 Independent Auditor's Report

### Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement director on the audit resulting in this independent auditor's report is Gao Yajun.

### **Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

Hong Kong, 28 March 2025

Gao Yajun

Practising certificate number P06391

# Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2024  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2024	2023
Interest income		48,035,682	50,705,059
Interest expense		(26,492,951)	(28,442,052)
<b>Net interest income</b>	4	<b>21,542,731</b>	22,263,007
Fee and commission income		2,825,057	2,680,630
Fee and commission expense		(1,406,998)	(1,362,110)
<b>Net fee and commission income</b>	5	<b>1,418,059</b>	1,318,520
Net trading gains	6	191,830	312,146
Net gains arising from investment securities	7	2,503,850	1,892,213
Other operating income	8	298,796	397,532
<b>Operating income</b>		<b>25,955,266</b>	26,183,418
Operating expenses	9	(10,449,560)	(10,861,789)
Net impairment losses on assets	12	(12,885,610)	(12,559,781)
Share of results of associate and joint venture	23	130,377	195,241
<b>Profit before tax</b>		<b>2,750,473</b>	2,957,089
Income tax	13	719,256	249,238
<b>Profit for the year</b>		<b>3,469,729</b>	3,206,327
<b>Attributable to:</b>			
Equity shareholders of the Bank		3,445,905	3,220,966
Non-controlling interests		23,824	(14,639)
<b>Profit for the year</b>		<b>3,469,729</b>	3,206,327
<b>Basic and diluted earnings per share (in RMB)</b>	14	<b>0.08</b>	0.07

# Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2024	2023
<b>Profit for the year</b>		<b>3,469,729</b>	3,206,327
<b>Other comprehensive income for the year</b>			
<i>Other comprehensive income attributable to equity shareholders of the Bank, net of tax</i>			
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income: net movement in the fair value reserve	37(d)(i)	<b>1,307,682</b>	533,537
– Financial assets at fair value through other comprehensive income: net movement in impairment losses	37(d)(ii)	<b>(3,325)</b>	313,350
– Share of reserve of associate	37(d)(iv)	<b>661</b>	–
		<b>1,305,018</b>	846,887
Item that will not be reclassified subsequently to profit or loss:			
– Remeasurement of net defined benefit liability	37(d)(iii)	<b>(28,078)</b>	(19,421)
<i>Other comprehensive income attributable to non-controlling interests, net of tax</i>		<b>13,240</b>	9,693
<b>Other comprehensive income for the year, net of tax</b>		<b>1,290,180</b>	837,159
<b>Total comprehensive income for the year</b>		<b>4,759,909</b>	4,043,486
<b>Attributable to:</b>			
Equity shareholders of the Bank		<b>4,722,845</b>	4,048,432
Non-controlling interests		<b>37,064</b>	(4,946)
<b>Total comprehensive income for the year</b>		<b>4,759,909</b>	4,043,486

The notes on pages 174 to 295 form part of these consolidated financial statements.

# Consolidated statement of financial position

as at 31 December 2024  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2024	2023
<b>ASSETS</b>			
Cash and deposits with the central bank	15	65,828,432	67,033,080
Deposits with banks and other financial institutions	16	22,114,844	16,712,507
Placements with banks and other financial institutions	17	43,520,103	35,591,827
Derivative financial assets	18	21,565	33,450
Financial assets held under resale agreements	19	23,797,451	56,302,673
Loans and advances to customers	20	697,845,196	689,869,369
Financial investments:	21		
– Financial investments at fair value through profit or loss		84,936,843	61,148,133
– Financial investments at fair value through other comprehensive income		89,322,558	77,296,226
– Financial investments at amortised cost		239,593,383	248,396,468
Lease receivables	22	68,208,860	65,327,514
Interest in associate	23(b)	257,172	–
Interest in joint venture	23(c)	1,790,276	1,542,548
Property and equipment	24	8,147,314	7,750,183
Deferred tax assets	25	11,248,143	10,797,078
Goodwill	26	1,982,050	1,982,050
Other assets	27	6,582,783	6,663,391
<b>TOTAL ASSETS</b>		<b>1,365,196,973</b>	<b>1,346,446,497</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowing from the central bank	29	44,035,508	68,055,912
Deposits from banks and other financial institutions	30	52,658,555	38,703,963
Placements from banks and other financial institutions	31	60,771,599	64,482,788
Derivative financial liabilities	18	174,230	335,589
Financial assets sold under repurchase agreements	32	34,874,817	73,121,287
Deposits from customers	33	911,799,787	859,783,781
Income tax payable		156,073	130,303
Debt securities issued	34	146,878,447	131,990,578
Other liabilities	35	13,464,643	12,954,125
<b>Total liabilities</b>		<b>1,264,813,659</b>	<b>1,249,558,326</b>



# Consolidated statement of financial position

as at 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2024	2023
<b>Equity</b>			
Share capital	36	36,549,823	36,549,823
Other equity instruments	39	13,998,937	13,998,937
Reserves	37	41,226,377	39,524,179
Retained earnings	38	4,782,621	2,431,639
<b>Total equity attributable to equity shareholders of the Bank</b>		<b>96,557,758</b>	92,504,578
<b>Non-controlling interests</b>		<b>3,825,556</b>	4,383,593
<b>Total equity</b>		<b>100,383,314</b>	96,888,171
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,365,196,973</b>	1,346,446,497

Approved and authorised for issue by the board of directors on 28 March 2025.

**Guo Hao**

Chairman of the Board of Directors  
Executive Director

**Liu Kai**

President

**Wang Le**

President Assistant in charge of  
accounting affairs

**Tong Qi**

General Manager of the  
Planning and Finance Department

**Zhongyuan Bank Co., Ltd.**

(Company chop)

The notes on pages 174 to 295 form part of these consolidated financial statements.

# Consolidated statement of changes in equity

for the year ended 31 December 2024  
(Expressed in thousands of Renminbi, unless otherwise stated)

		Attributable to equity shareholders of the Bank								Non-controlling interests	Total
		Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings	Sub-total		
Note											
	Balance at 1 January 2024	36,549,823	13,998,937	19,022,039	3,107,811	16,547,644	846,685	2,431,639	92,504,578	4,383,593	96,888,171
	Changes in equity for the year:										
	Profit for the year	–	–	–	–	–	–	3,445,905	3,445,905	23,824	3,469,729
	Other comprehensive income	–	–	–	–	–	1,276,940	–	1,276,940	13,240	1,290,180
	Total comprehensive income	–	–	–	–	–	1,276,940	3,445,905	4,722,845	37,064	4,759,909
	Appropriation to surplus reserve	38	–	–	–	314,155	–	–	(314,155)	–	–
	Appropriation to general reserve	38	–	–	–	–	166,299	–	(166,299)	–	–
	Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(22,259)	(22,259)
	Distribution of interest on perpetual bonds	38	–	–	–	–	–	(652,000)	(652,000)	–	(652,000)
	Loss of control of a subsidiary	23	–	–	(17,665)	(2,712)	(45,324)	–	48,036	(17,665)	(541,678)
	Arising from merger by absorption	23	–	–	–	–	10,505	–	(10,505)	–	(31,164)
	Balance at 31 December 2024		36,549,823	13,998,937	19,004,374	3,419,254	16,679,124	2,123,625	4,782,621	96,557,758	3,825,556
											100,383,314

# Consolidated statement of changes in equity

for the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

		Attributable to equity shareholders of the Bank									
	Note	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total
Balance at 1 January 2023		36,549,823	13,632,510	19,345,395	2,804,300	13,793,926	19,219	3,083,265	89,228,438	4,406,106	93,634,544
Changes in equity for the year:											
Profit for the year		–	–	–	–	–	–	3,220,966	3,220,966	(14,639)	3,206,327
Other comprehensive income		–	–	–	–	–	827,466	–	827,466	9,693	837,159
Total comprehensive income		–	–	–	–	–	827,466	3,220,966	4,048,432	(4,946)	4,043,486
Issuance of perpetual bond	39	–	9,999,217	–	–	–	–	–	9,999,217	–	9,999,217
Redemption of offshore preference shares		–	(9,632,790)	(323,356)	–	–	–	–	(9,956,146)	–	(9,956,146)
Appropriation to surplus reserve	38	–	–	–	303,511	–	–	(303,511)	–	–	–
Appropriation to general reserve	38	–	–	–	–	2,753,718	–	(2,753,718)	–	–	–
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(17,567)	(17,567)
Distribution of dividend on preference shares	38	–	–	–	–	–	–	(623,363)	(623,363)	–	(623,363)
Distribution of interest on perpetual bonds	38	–	–	–	–	–	–	(192,000)	(192,000)	–	(192,000)
Balance at 31 December 2023		36,549,823	13,998,937	19,022,039	3,107,811	16,547,644	846,685	2,431,639	92,504,578	4,383,593	96,888,171

The notes on pages 174 to 295 form part of these consolidated financial statements.

# Consolidated statement of cash flows

for the year ended 31 December 2024  
(Expressed in thousands of Renminbi, unless otherwise stated)

	2024	2023
<b>Operating activities</b>		
Profit before tax	<b>2,750,473</b>	2,957,089
Adjustments for:		
– Net impairment losses on assets	<b>12,885,610</b>	12,559,781
– Depreciation and amortisation	<b>1,520,141</b>	1,700,967
– Depreciation of investment properties	<b>2,620</b>	3,189
– Unrealised foreign exchange gains	<b>(183,672)</b>	(398,489)
– Net gains on disposal of property and equipment	<b>(73,394)</b>	(35,775)
– Net trading losses/(gains)	<b>211,021</b>	(27,880)
– Net gains arising from fair value changes of derivatives	<b>(149,474)</b>	(167,284)
– Net gains arising from investment securities	<b>(2,503,850)</b>	(1,892,213)
– Share of results of associate and joint venture	<b>(130,377)</b>	(195,241)
– Interest expense on debt securities issued	<b>2,873,379</b>	3,718,673
– Interest expense on lease liabilities	<b>23,797</b>	33,145
	<b>17,226,274</b>	18,255,962
<i>Changes in operating assets:</i>		
(Increase)/decrease in deposits with the central bank	<b>(1,854,405)</b>	405,753
Increase in deposits and placements with banks and other financial institutions	<b>(15,169,292)</b>	(6,320,170)
Increase in financial assets held for trading	<b>(22,939,470)</b>	(2,743,797)
Increase in loans and advances to customers	<b>(10,355,475)</b>	(25,331,241)
Increase in lease receivables	<b>(3,860,444)</b>	(5,798,381)
Decrease in other operating assets	<b>19,301,291</b>	255,782
	<b>(34,877,795)</b>	(39,532,054)



# Consolidated statement of cash flows

for the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	2024	2023
<i>Changes in operating liabilities:</i>		
(Decrease)/increase in borrowing from the central bank	(23,851,641)	25,248,374
Increase in deposits from banks and other financial institutions	13,826,201	8,555,588
(Decrease)/increase in placements from banks and other financial institutions	(3,574,094)	12,500,535
Decrease in financial assets sold under repurchase agreements	(38,232,136)	(28,573,883)
Increase in deposits from customers	51,912,726	10,201,599
Increase in other operating liabilities	2,247,558	1,841,579
	2,328,614	29,773,792
<b>Cash (used in)/generated from operations</b>	<b>(15,322,907)</b>	<b>8,497,700</b>
Income tax paid	(321,482)	(249,767)
<b>Net cash (used in)/generated from operating activities</b>	<b>(15,644,389)</b>	<b>8,247,933</b>
<b>Investing activities</b>		
Proceeds from disposal and redemption of investments	359,743,685	297,750,202
Proceeds from disposal of property and equipment, intangible assets and other assets	382,431	94,170
Payments on acquisition of investments	(391,438,358)	(312,057,885)
Payments on acquisition of property and equipment, intangible assets and other assets	(1,573,606)	(843,117)
<b>Net cash used in investing activities</b>	<b>(32,885,848)</b>	<b>(15,056,630)</b>

# Consolidated statement of cash flows

for the year ended 31 December 2024  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2024	2023
<b>Financing activities</b>			
Redemption of offshore preference shares		—	(9,956,146)
Proceeds from issued perpetual bond		—	9,999,217
Proceeds from issued debt securities		<b>276,661,304</b>	252,090,860
Repayment of debts securities issued		<b>(262,044,393)</b>	(265,077,664)
Interest paid on debts securities issued		<b>(2,602,421)</b>	(3,900,023)
Dividends paid		<b>(686,166)</b>	(830,530)
Capital element of lease liabilities paid		<b>(392,082)</b>	(395,795)
Interest element of lease liabilities paid		<b>(23,797)</b>	(38,628)
<b>Net cash generated from/(used in) financing activities</b>		<b>10,912,445</b>	(18,108,709)
<b>Effect of foreign exchange rate changes</b>		<b>54,308</b>	218,026
<b>Net decrease in cash and cash equivalents</b>	42(a)	<b>(37,563,484)</b>	(24,699,380)
<b>Cash and cash equivalents at 1 January</b>		<b>101,193,704</b>	125,893,084
<b>Cash and cash equivalents at 31 December</b>	42(b)	<b>63,630,220</b>	101,193,704
Interest received		<b>46,863,589</b>	50,214,193
Interest paid (excluding interest expense on debt securities issued)		<b>(23,708,093)</b>	(20,054,562)

The notes on pages 174 to 295 form part of these consolidated financial statements.

# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 1 Background information

Zhongyuan Bank Co., Ltd. (the “Bank”) was established in Zhengzhou, Henan Province, the People’s Republic of China (the “PRC”) on 23 December 2014 with the approval of the former China Banking Regulatory Commission (the former “CBRC”). Prior to its establishment, the banking business (the “Business”) was carried out by thirteen city commercial banks (the “Predecessor Entities”), each being located in Henan Province.

Pursuant to the reorganisation initiated by the People’s Government of Henan Province (the “Henan Government”), the Bank was established through the merger and reorganisation of the Predecessor Entities.

The Bank obtained its financial institution license No. B0615H241010001 from the former CBRC, and obtained its business license with unified social credit code 9141000031741675X6 from the State Administration for Industry and Commerce of the PRC. The Bank is regulated by the National Financial Regulatory Administration (“NFRA”) authorised by the State Council.

In July 2017, the Bank’s H-shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 01216).

On 25 May 2022, the Bank received the approval for the merger by absorption of Bank of Luoyang Co., Ltd. (“Bank of Luoyang”), Bank of Pingdingshan Co., Ltd. (“Bank of Pingdingshan”) and Bank of Jiaozuo China Travel Service Co., Ltd. (“Bank of JZCTS”) from the former China Banking and Insurance Regulatory Commission (the former “CBIRC”) and completed the merger by absorption.

The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are the provision of corporate and personal deposits, loans and advances, settlement, financial market business, financial leasing and other financial services as approved by the former CBRC.

## 2 Material accounting policies

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Bank and its subsidiaries and the Group's interests in an associate and a joint venture.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 2(ab).

The measurement basis used in the preparation of the consolidated financial statements is the historical basis, except that the financial instruments classified as at fair value through other comprehensive income ("FVOCI") or at fair value through profit or loss ("FVPL") and derivative financial instruments (see Note 2(i)(iii)) are stated at their fair value as explained in the respective accounting policies.

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of the Group.

### (c) Changes in accounting policies

The IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group. The principal effects of new and revised IFRS Accounting Standards are as follows:

#### ***Amendments to IAS 1, Presentation of financial statements (the 2020 and 2022 amendments, collectively the "IAS 1 amendments")***

The IAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The adoption will not have any material impact on the financial position and the financial results of the Group.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

#### ***Amendments to IFRS 16, Leases – Lease liability in a sale and leaseback***

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these consolidated financial statements as the Group has not entered into any sale and leaseback transactions.

The adoption will not have any material impact on the financial position and the financial result of the Group.

#### ***Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: disclosures – Supplier finance arrangements***

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption will not have any material impact on the financial position and the financial results of the Group.

# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 2 Material accounting policies (Continued)

### (d) Subsidiaries and non-controlling interests

Subsidiaries (including structured entities) are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Bank. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Bank.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Bank's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(r)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 2 Material accounting policies (Continued)

### (e) Associates and joint ventures

An associate is an entity in which the Group or the Bank has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the Group or the Bank has joint control, whereby the Group or the Bank has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Bank's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses, unless it is classified as held for sale (or included in a disposal group classified as held for sale).

### (f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(r)).

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (g) Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the dates of transactions.

A spot exchange rate is quoted by the People's Bank of China ("PBOC"), the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of each reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for the exchange differences arising from the translation of non-monetary financial investments at FVOCI which are recognised in OCI.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with central bank, short-term deposits and placements with banks and other financial institutions, financial assets held under resale agreements and highly liquid short-term investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for expected credit losses ("ECL"s) (see Note 2(i)(ii)).

### (i) Financial instruments

#### (i) **Recognition and measurement of financial assets and liabilities**

A financial asset or financial liability is recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

The financial instruments are initially stated at fair value plus directly attributable transaction costs, except for those financial instruments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 46. These financial instruments are subsequently accounted for as follows, depending on their classification.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (i) Financial instruments (Continued)

#### (i) Recognition and measurement of financial assets and liabilities (Continued)

##### *Financial instruments other than equity investments*

Non-equity financial instruments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the financial instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the financial instrument is calculated using the effective interest method (see Note 2(x)(i)).
- FVOCI (recycling), if the contractual cash flows of the financial instrument comprise solely payments of principal and interest and the financial instrument is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in OCI, except for the recognition in profit or loss of ECLs, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the financial instrument is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL, if the financial instrument does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the financial instrument (including interest) are recognised in profit or loss.

##### *Equity investments*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in OCI remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (i) Financial instruments (Continued)

#### (ii) Credit losses and impairment of financial assets

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, loans and advances to customers, and financial investments at amortised cost);
- debt securities measured at FVOCI (recycling);
- lease receivables; and
- loan commitments issued, which are not measured at FVPL.

Other financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (i) Financial instruments (Continued)

#### (ii) Credit losses and impairment of financial assets (Continued)

##### *Measurement of ECLs (Continued)*

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

##### *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (i) Financial instruments (Continued)

#### (ii) Credit losses and impairment of financial assets (Continued)

##### *Significant increases in credit risk (Continued)*

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling).

##### *Basis of calculation of interest income*

Interest income recognised in accordance with Note 2(x)(i) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the restructuring of loan and advance by the Group on terms that the Group would not consider otherwise;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties of the issuer.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (i) Financial instruments (Continued)

#### (ii) Credit losses and impairment of financial assets (Continued)

##### *Write-off policy*

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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

#### (iii) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivatives embedded in financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the hybrid instrument is not carried at FVPL. These embedded derivatives are measured at FVPL.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised directly in profit or loss.

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (i) Financial instruments (Continued)

#### (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, it is the current asking price. The quoted prices from an active market are prices that are readily and regularly available from an exchange, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties; referencing to the current fair value of another instrument that is substantially the same; using discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each reporting period. Where other pricing models are used, inputs are based on market data at the end of each reporting period.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

#### (v) Derecognition of financial assets and financial liabilities

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire; or
- the Group transfers substantially all the risks and rewards of ownership of the financial assets or in which the Group neither transfer, nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (i) Financial instruments (Continued)

#### (v) **Derecognition of financial assets and financial liabilities (Continued)**

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Group continues to recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

Financial liabilities (or part of it) are derecognised only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Group and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

#### (vi) **Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis, or by realising the asset and settling the liability simultaneously.

### (j) **Financial assets held under resale and repurchase agreements**

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the consolidated statement of financial position at amortised cost. Financial assets held under resale agreements are assessed for ECLs in accordance with the policy set out in Note 2(i)(ii).

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the consolidated statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (k) Preference share

Preference shares or their components are initially recognised as financial assets, financial liabilities or equity instruments according to the terms and the economic substance combined with the definition of financial assets, financial liabilities and equity instruments.

Preference shares issued by the Group that should be classified as equity instruments, are recognised in equity based on the actual proceeds received. Any distribution of dividends or interests during the instruments' duration is recognised as profits appropriation. When the preference shares are redeemed according to the contractual terms or before maturity, the redemption price is recognised as a deduction from equity.

### (l) Investments in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(d).

In the Bank's financial statements, investments in subsidiaries are accounted for using the cost method. An investment in a subsidiary acquired other than through a business combination is initially recognised at actual payment cost if the Bank acquires the investment by cash. The investment is stated at cost less impairment loss (Note 2(r)) in the statement of financial position. Except for declared but not yet distributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distribution declared by the investees as investment income.

### (m) Investment property

Investment property is a property held either for earning rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment loss (Note 2(r)). Investment property is depreciated using the straight-line method over its estimated useful life after taking into account its estimated residual value.

	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	3%	4.85%



# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 2 Material accounting policies (Continued)

### (n) Property and equipment and construction in progress

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment loss (Note 2(r)). Construction in progress is stated in the consolidated statement of financial position at cost less impairment loss (Note 2(r)).

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

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, they are recognised as a separate property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Items may be produced while bringing an item of property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (n) Property and equipment and construction in progress (Continued)

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	3%	4.85%
Motor vehicles	4 years	3%	24.25%
Others	3 – 10 years	3%	9.70% – 32.33%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

### (o) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. Lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (o) Leases (Continued)

#### (i) As a lessee (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses (Note 2(r)), if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

#### (ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (o) Leases (Continued)

#### (ii) As a lessor (Continued)

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note 2(i). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

### (p) Intangible assets

The intangible assets of the Group have finite useful lives. The intangible assets are stated at cost less accumulated amortisation and impairment loss (Note 2(r)). The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets are as follows:

Land use rights	40 years
Computer software	5 – 10 years
Trademark right and others	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The leasing licenses of the Group's subsidiaries are recognised as intangible assets with indefinite life and are tested annually for impairment.

### (q) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (r) Provision for impairment losses on non-financial assets

The carrying amounts of the following assets are reviewed at the end of each reporting period based on the internal and external sources of information to determine whether there is any indication of impairment:

- property and equipment;
- construction in progress;
- right-of-use assets;
- intangible assets;
- investment property measured using a cost model;
- investments in subsidiaries, associate and joint ventures in the Bank's statement of financial position; and
- goodwill.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. Goodwill and intangible assets with indefinite life are test annually for impairment.

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

The recoverable amount of an asset is the higher of its fair value less cost of disposal and value in use. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the CGU to which the assets belongs.

An asset's fair value less cost of disposal is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The value in use of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (r) Provision for impairment losses on non-financial assets (Continued)

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

In respect of non-financial assets other than goodwill, if in a subsequent period, the amount of impairment loss of the asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

### (s) Employee benefits

#### (i) **Short-term employee benefits and contributions to defined contribution retirement plans**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

##### *Social pension schemes*

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

##### *Housing fund and other social insurances*

In addition to the retirement benefits above, the Group has joined social security contributions schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (s) Employee benefits (Continued)

#### (ii) Supplementary retirement benefits

##### *Early retirement plan*

The Group provides early retirement benefit payments to employees who voluntarily agreed to retire early for the period from the date of early retirement to the regulated retirement date. The benefit is discounted to determine the present value based on certain assumptions. The calculation is performed by a qualified actuary using the projected unit credit method.

Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss when incurred.

##### *Supplementary retirement plan*

The Group provides a supplementary retirement plan to its eligible employees. The Group's obligations in respect of the supplementary retirement plan are calculated by estimating the present value of the total amount of future benefits that the Group is committed to pay to the employees after their retirement. The calculation is performed by a qualified actuary using the projected unit credit method. Such obligations were discounted at the interest yield of government bonds with similar duration at the reporting date. The related service cost and net interest from the retirement plan are recognised in profit or loss, and the actuarial gains and losses arising from remeasurements are recognised in OCI.

Early retirement plan and supplementary retirement plan thereafter collectively referred to as "supplementary retirement benefits". Except for the above mentioned, the Group has no significant responsibilities to pay any other retirement benefits to employees.

### (t) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (t) Income tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (u) Financial guarantees, provisions and contingent liabilities

#### (i) Financial guarantees

Financial guarantees are contracts that require the issuer (the “guarantor”) to make specified payments to reimburse the beneficiary of the guarantee (“holder”) for a loss that the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The deferred income is amortised in profit or loss over the term of the financial guarantee as income.

#### (ii) Other provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (v) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding ("entrusted funds") to the Group, and the Group grants loans to third parties ("entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

### (w) Share capital

The share capital of the Group consists of issued ordinary shares. The direct costs arising from the issuance of new shares are recognised as a deduction from equity.

### (x) Income recognition

Specific recognition criteria for different nature of revenue are disclosed below.

#### (i) Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the gross carrying amount or the amortised cost of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not ECLs.

Interest income is calculated by applying the effective interest rate to the book value of financial assets and is included in interest income, except for:

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

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Material accounting policies (Continued)

### (x) Income recognition (Continued)

#### (ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

#### (iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

#### (iv) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities that are held for trading.

#### (v) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

### (y) Expenses recognition

#### (i) Interest expenses

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

#### (ii) Other expenses

Other expenses are recognised on an accrual basis.

# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 2 Material accounting policies (Continued)

### (z) Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of each reporting period are not recognised as a liability at the end of each reporting period but disclosed separately in the notes to the consolidated financial statements.

### (aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 2 Material accounting policies (Continued)

### (ab) Segment reporting

Operating segments are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

### (ac) Significant accounting estimates and judgements

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

Except for accounting estimates relating to depreciation and amortisation of assets such as property and equipment and intangible assets (see Notes 24 and 27(c)) and provision for impairment of various types of assets (see Notes 16, 17, 19, 20, 21(b), 21(c), 22, 24, 26 and 27). Other significant accounting estimates and judgements are as follows:

- Recognition of deferred tax assets (see Note 25);
- Measurement of supplementary retirement benefits payable (see Note 35(a));
- Recognition of equity interest in a structured entity not included in the consolidation scope (see Note 40); and
- Fair value measurements of financial instruments (see Note 46).

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 3 Taxes

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Value-added tax ("VAT")	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	3% – 6%
City maintenance and construction tax	Based on VAT paid	5% – 7%
Corporate income tax	Based on taxable profits	25%

## 4 Net interest income

	2024	2023
<b>Interest income arising from</b>		
Deposits with the central bank	747,375	744,115
Deposits with banks and other financial institutions	625,807	697,314
Placements with banks and other financial institutions	1,173,908	947,683
Loans and advances to customers		
– Corporate loans and advances	19,832,743	20,078,509
– Personal loans and advances	11,558,995	12,608,503
– Discounted bills	450,103	937,434
Financial assets held under resale agreements	861,252	842,421
Financial investments	8,725,471	9,805,089
Lease receivables	4,060,028	4,043,991
Sub-total	48,035,682	50,705,059
<b>Interest expenses arising from</b>		
Borrowing from the central bank	(1,397,341)	(1,286,739)
Deposits from banks and other financial institutions	(779,192)	(823,008)
Placements from banks and other financial institutions	(1,749,377)	(1,860,452)
Deposits from customers	(18,616,204)	(19,698,891)
Financial assets sold under repurchase agreements	(1,077,458)	(1,054,289)
Debt securities issued	(2,873,379)	(3,718,673)
Sub-total	(26,492,951)	(28,442,052)
<b>Net interest income</b>	<b>21,542,731</b>	<b>22,263,007</b>

The above interest income and expenses are related to financial instruments which are not measured at FVPL.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 5 Net fee and commission income

	2024	2023
<b>Fee and commission income</b>		
Underwriting fees	314,770	311,269
Wealth management business fees	513,590	470,103
Bank card services fees	535,820	570,270
Settlement and clearing services fees	733,149	638,570
Advisory and consulting fees	264,430	333,052
Agency services fees	191,197	217,673
Acceptance and guarantee services fees	267,896	122,694
Custodial services fees	4,205	16,999
Sub-total	2,825,057	2,680,630
<b>Fee and commission expense</b>	<b>(1,406,998)</b>	<b>(1,362,110)</b>
<b>Net fee and commission income</b>	<b>1,418,059</b>	<b>1,318,520</b>

## 6 Net trading gains

	Note	2024	2023
Net gains from debt securities	(a)	75,055	230,009
Net foreign exchange gains	(b)	115,785	85,898
Net gains/(losses) from interest rate swaps		990	(3,761)
Total		191,830	312,146

- (a) Net gains from debt securities include gains arising from the buying and selling of, and changes in the fair value of debt securities held for trading.
- (b) Net foreign exchange gains mainly included net gains from foreign currency derivatives, the purchase and sale of foreign currency spot, and translation of foreign currency monetary assets and liabilities into RMB.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 7 Net gains arising from investment securities

	Note	2024	2023
Net gains of financial investments at FVPL	(a)	1,456,752	1,174,901
Net gains of financial investments at fair FVOCI		487,344	432,852
Net gains of financial investments at amortised cost		559,997	284,479
Others		(243)	(19)
Total		2,503,850	1,892,213

(a) Net gains of financial investments at FVPL include the investment income and fair value changes of financial investments at FVPL except for debt securities held for trading.

## 8 Other operating income

	2024	2023
Government grants	102,344	256,963
Rental income	55,695	25,981
Net gains on disposal of property and equipment	73,394	35,775
Others	67,363	78,813
Total	298,796	397,532

## 9 Operating expenses

	2024	2023
<b>Staff costs</b>		
– Salaries, bonuses and allowances	4,418,632	4,228,591
– Social insurance and annuity	1,138,785	1,075,180
– Staff welfares	223,573	231,817
– Housing allowances	412,946	405,336
– Employee education expenses and labour union expenses	155,443	146,712
– Supplementary retirement benefits	56,762	23,918
– Others	62,820	106,621
Sub-total	6,468,961	6,218,175
Office expenses	1,153,280	1,709,894
Depreciation and amortisation	1,210,515	1,325,553
Depreciation charge for right-of-use assets	309,626	375,414
Taxes and surcharges	378,640	370,257
Interest expense on lease liabilities	23,797	33,145
Rental and property management expenses	67,077	82,466
Other general and administrative expenses	837,664	746,885
Total	10,449,560	10,861,789



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 10 Directors' and supervisors' emoluments

Directors' and supervisors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

		2024							
						Contribution by the employer to social insurance and welfare plans, housing allowance, etc.			
		Fees	Salaries	Discretionary bonus	Actual amount of salaries, discretionary bonus and fees payable (pre-tax)		Total	Of which payment deferred (Note 4)	Actual amount of remuneration paid (Note 1)
Note									
<b>Executive director</b>									
	(2)	-	-	-	-	-	-	-	-
<b>Non-executive directors</b>									
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
		20	-	-	20	-	20	-	20
<b>Independent non-executive directors</b>									
		325	-	-	325	-	325	-	325
		-	-	-	-	-	-	-	-
		310	-	-	310	-	310	-	310
		361	-	-	361	-	361	-	361
		300	-	-	300	-	300	-	300
<b>Supervisors</b>									
	(3)	-	-	-	-	-	-	-	-
	(2)/(3)	-	-	-	-	-	-	-	-
		-	441	660	1,101	94	1,195	265	930
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
		10	-	-	10	-	10	-	10
		195	-	-	195	-	195	-	195
		150	-	-	150	-	150	-	150
		190	-	-	190	-	190	-	190
<b>Total</b>		<b>1,861</b>	<b>441</b>	<b>660</b>	<b>2,962</b>	<b>94</b>	<b>3,056</b>	<b>265</b>	<b>2,791</b>

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 10 Directors' and supervisors' emoluments (Continued)

Directors' and supervisors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (Continued)

2023									
Note	Fees	Salaries	Discretionary bonus	Actual amount of salaries, discretionary bonus and fees payable (pre-tax)	Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	Total	Of which payment deferred (Note 4)	Actual amount of remuneration paid (Note 1)	
<b>Executive directors</b>									
Guo Hao (2)	-	-	-	-	-	-	-	-	-
Xu Nuojin	-	-	-	-	-	-	-	-	-
Wang Jiong	-	-	-	-	-	-	-	-	-
Li Yulin	-	-	-	-	-	-	-	-	-
<b>Non-executive directors</b>									
Zhang Qiuyun	-	-	-	-	-	-	-	-	-
Feng Ruofan	-	-	-	-	-	-	-	-	-
Zhang Shu	-	-	-	-	-	-	-	-	-
Mi Hongjun	35	-	-	35	-	35	-	35	-
<b>Independent non-executive directors</b>									
Xu Yiguo	32	-	-	32	-	32	-	32	-
Zhao Zijian	-	-	-	-	-	-	-	-	-
Wang Maobin	32	-	-	32	-	32	-	32	-
Pan Xinmin	234	-	-	234	-	234	-	234	-
Gao Pingyang	27	-	-	27	-	27	-	27	-
Pang Hong	368	-	-	368	-	368	-	368	-
Li Hongchang	428	-	-	428	-	428	-	428	-
Jia Tingyu	403	-	-	403	-	403	-	403	-
Chan Ngai Sang	353	-	-	353	-	353	-	353	-

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 10 Directors' and supervisors' emoluments (Continued)

Directors' and supervisors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (Continued)

2023									
	Note	Fees	Salaries	Discretionary bonus	Actual amount of salaries, discretionary bonus and fees payable (pre-tax)	Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	Total	Of which payment deferred (Note 4)	Actual amount of remuneration paid (Note 1)
<b>Supervisors</b>									
You Xiang	(3)	–	–	–	–	–	–	–	–
Zhang Ke	(2)	–	–	–	–	–	–	–	–
Dan Limin		–	206	280	486	38	524	119	405
Wang Xiaoyan		–	–	–	–	–	–	–	–
Yan Yongfu		–	–	–	–	–	–	–	–
Lu Suyue		10	–	–	10	–	10	–	10
Li Xingzhi		43	–	–	43	–	43	–	43
Gu Xiujuan		43	–	–	43	–	43	–	43
Liu Xia		43	–	–	43	–	43	–	43
Zhang Yixian		–	417	394	811	74	885	–	885
Li Weizhen		20	–	–	20	–	20	–	20
Jia Jihong		–	–	–	–	–	–	–	–
Li Wanbin		25	–	–	25	–	25	–	25
Li Xiaojian		187	–	–	187	–	187	–	187
Han Wanghong		197	–	–	197	–	197	–	197
Sun Xuemin		182	–	–	182	–	182	–	182
<b>Total</b>		2,662	623	674	3,959	112	4,071	119	3,952

# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 10 Directors' and supervisors' emoluments (Continued)

Directors' and supervisors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (Continued)

Notes:

- (1) The total amount includes contribution by the employer to social insurance and welfare plans, housing allowance, etc.
- (2) The final remunerations for Mr Guo Hao and Mr Zhang Ke are still pending relevant regulatory approval at the end of the reporting period. The amount of the remunerations are not expected to have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2024.
- (3) Mr You Xiang resigned as the Chairman of the Board of Supervisors, the Board of Supervisor, the member of the Nomination Committee of the Board of Supervisors and the member of the Supervision Committee of the Board of Supervisors on 12 August 2024. Mr Zhang Ke was elected as the Chairman of the third session of the Board of Supervisors of the Bank on 12 October 2024. The term of office shall be from the date of election until the expiration of the third session of the Board of Supervisors of the Bank.
- (4) The actual amount of payment deferred will be deducted according to the operation of the Bank, taking full account of asset quality, risk and other factors.

There was no amount paid during the years ended 31 December 2024 and 2023 to the directors in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join the Group. There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 11 Individuals with highest emoluments

For the year ended 31 December 2024, of the five individuals with highest emoluments in the Group, none of them are directors (2023: none). The emoluments for the five highest paid individuals is as follows:

	2024	2023
Salaries and other emoluments	3,367	4,221
Discretionary bonuses	7,337	8,812
Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	608	522
Total	11,312	13,555

The individuals' emoluments before individual income tax are within the following bands:

	2024	2023
HKD2,000,001 – 2,500,000	3	2
HKD2,500,001 – 3,000,000	2	1
HKD3,000,001 – 3,500,000	–	2
Total	5	5

## 12 Net impairment losses on assets

	2024	2023
Loans and advances to customers	3,839,781	3,555,169
Financial investments	7,106,081	6,142,350
Credit commitments	183	193,986
Deposits with banks and other financial institutions	2,004	(1,588)
Placements with banks and other financial institutions	7,429	(1,389)
Financial assets held under resale agreements	(773)	(1,155)
Lease receivables	979,098	784,935
Repossessed assets	(23,698)	(19,777)
Others	975,505	1,907,250
Total	12,885,610	12,559,781

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 13 Income tax

### (a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Note	2024	2023
Current tax		<b>280,560</b>	516,152
Deferred tax	25(b)	<b>(1,066,508)</b>	(772,173)
Adjustment for prior years		<b>66,692</b>	6,783
Total		<b>(719,256)</b>	(249,238)

### (b) Reconciliation between income tax and accounting profit are as follows:

	Note	2024	2023
Profit before tax		<b>2,750,473</b>	2,957,089
Statutory tax rate		<b>25%</b>	25%
Income tax calculated at statutory tax rate		<b>687,618</b>	739,272
Non-deductible expenses		<b>72,346</b>	338,757
Non-taxable income	(i)	<b>(1,545,912)</b>	(1,519,397)
Adjustment for prior years		<b>66,692</b>	6,783
Reversal of previously recognised deferred tax assets		<b>—</b>	185,347
Income tax		<b>(719,256)</b>	(249,238)

- (i) The non-taxable income mainly represents the interest income from the PRC government bonds and the dividend from security investment funds.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 14 Basic and diluted earnings per share

	Note	2024	2023
Earnings:			
Net profit attributable to equity shareholders of the Bank		<b>3,445,905</b>	3,220,966
Less: Profit for the year attributable to other equity instruments holders of the Bank		<b>(652,000)</b>	(815,363)
Net profit attributable to ordinary shareholders of the Bank		<b>2,793,905</b>	2,405,603
Shares:			
Weighted average number of ordinary shares (in thousands)	(i)	<b>36,549,823</b>	36,549,823
Basic and diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB)		<b>0.08</b>	0.07

- (i) The weighted average number of ordinary shares of the Bank is 36,549,823 thousand shares during the years ended 31 December 2024 and 2023.

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the year.

## 15 Cash and deposits with the central bank

	Note	2024	2023
Cash on hand		<b>1,812,703</b>	1,963,752
Deposits with the central bank			
– Statutory deposit reserves	(a)	<b>43,575,754</b>	42,023,528
– Surplus deposit reserves	(b)	<b>18,888,157</b>	21,796,813
– Fiscal deposits	(c)	<b>1,529,040</b>	1,226,861
Sub-total		<b>63,992,951</b>	65,047,202
Accrued interest		<b>22,778</b>	22,126
Total		<b>65,828,432</b>	67,033,080

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 15 Cash and deposits with the central bank (Continued)

- (a) The Group places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at 31 December 2024 and 2023, the statutory deposit reserve ratios applicable to the Bank were as follows:

	2024	2023
Reserve ratio for RMB deposits	5.00%	5.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%

The statutory deposit reserves are not available for the Bank's daily business. The subsidiaries of the Bank are required to place statutory RMB deposits reserve at rates determined by the PBOC.

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.
- (c) The fiscal deposits arise from fiscal institution and place in the PBOC in accordance with relevant regulations. The fiscal deposits are not available for the Bank's daily business.

## 16 Deposits with banks and other financial institutions

### Analysed by type and location of counterparty

	2024	2023
Deposits in mainland China		
– Banks	15,754,474	8,833,342
– Other financial institutions	4,603,653	3,916,814
Sub-total	20,358,127	12,750,156
Deposits outside mainland China		
– Banks	1,711,851	3,892,252
Total	22,069,978	16,642,408
Accrued interest	52,501	75,730
Less: Provision for impairment losses	(7,635)	(5,631)
Net carrying amount	22,114,844	16,712,507



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 17 Placements with banks and other financial institutions

### Analysed by type and location of counterparty

	2024	2023
Placements in mainland China		
– Banks	929,721	1,328,580
– Other financial institutions	42,124,958	34,004,958
Total	43,054,679	35,333,538
Accrued interest	495,001	280,437
Less: Provision for impairment losses	(29,577)	(22,148)
Net carrying amount	43,520,103	35,591,827

## 18 Derivative financial instruments

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, commodity price, foreign exchange rate, or other similar variables. The Group uses derivative financial instruments mainly including foreign exchange forwards and interest rate swaps.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

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

	Notional amount	2024 Fair value	
		Assets	Liabilities
Interest rate swaps	3,980,000	21,565	24,301
Foreign exchange forwards	7,044,632	–	149,929
Total	11,024,632	21,565	174,230

	Notional amount	2023 Fair value	
		Assets	Liabilities
Interest rate swaps	3,980,000	24,911	27,018
Foreign exchange forwards	8,995,029	1,152	304,340
Currency swaps	699,798	7,387	–
Precious metal derivatives	958,020	–	4,231
Total	14,632,847	33,450	335,589

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 Financial assets held under resale agreements

### (a) Analysed by type and location of counterparty

	2024	2023
In mainland China		
– Banks	8,299,750	6,987,304
– Other financial institutions	15,492,980	49,288,624
Total	23,792,730	56,275,928
Accrued interest	7,663	30,460
Less: Provision for impairment losses	(2,942)	(3,715)
Net carrying amount	23,797,451	56,302,673

### (b) Analysed by type of collateral

	2024	2023
Debt securities	23,792,730	56,275,928
Accrued interest	7,663	30,460
Less: Provision for impairment losses	(2,942)	(3,715)
Net carrying amount	23,797,451	56,302,673

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 Loans and advances to customers

### (a) Analysed by nature

	2024	2023
Loans and advances to customers measured at amortised cost:		
Corporate loans and advances	<b>389,407,337</b>	382,387,729
Personal loans and advances		
– Residential mortgage	<b>123,407,039</b>	119,301,979
– Personal consumption loans	<b>51,410,888</b>	50,113,275
– Personal business loans	<b>69,936,536</b>	69,160,160
– Others	<b>20,624,178</b>	20,925,874
Sub-total	<b>265,378,641</b>	259,501,288
Accrued interest	<b>5,197,970</b>	4,217,864
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	<b>(21,808,030)</b>	(21,810,666)
Sub-total	<b>638,175,918</b>	624,296,215
Loans and advances to customers measured at FVOCI:		
Corporate loans and advances	<b>20,417,031</b>	15,069,755
Discounted bills	<b>39,252,247</b>	50,503,399
Sub-total	<b>59,669,278</b>	65,573,154
Net loans and advances to customers	<b>697,845,196</b>	689,869,369

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 Loans and advances to customers (Continued)

### (b) Analysed by economic sector

	2024		
	Amount	Percentage	Loans and advances secured by collaterals
Renting and business activities	148,291,318	20.76%	44,284,097
Manufacturing	50,607,861	7.08%	12,153,139
Wholesale and retail trade	43,096,403	6.03%	14,568,321
Construction	42,267,774	5.92%	20,216,093
Real estate	28,180,236	3.94%	20,500,409
Water, environment and public utility	28,080,853	3.93%	11,737,421
Production and supply of electric power, gas and water	15,825,633	2.22%	4,766,365
Mining	7,901,805	1.11%	1,204,782
Education	7,635,930	1.07%	4,138,404
Transportation, storage and postal services	6,848,486	0.96%	2,234,214
Agriculture, forestry, animal husbandry and fishery	5,344,257	0.75%	1,669,039
Accommodation and catering	2,479,829	0.35%	1,610,401
Others	23,263,983	3.24%	9,908,584
Sub-total of corporate loans and advances	409,824,368	57.36%	148,991,269
Personal loans and advances	265,378,641	37.14%	194,828,821
Discounted bills	39,252,247	5.50%	27,813,088
Gross loans and advances to customers	714,455,256	100.00%	371,633,178



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 Loans and advances to customers (Continued)

### (b) Analysed by economic sector (Continued)

	2023		Loans and advances secured by collaterals
	Amount	Percentage	
Renting and business activities	142,568,855	20.15%	39,284,767
Manufacturing	51,855,189	7.33%	14,805,275
Wholesale and retail trade	41,659,548	5.89%	14,916,015
Construction	39,877,989	5.64%	16,037,573
Real estate	27,906,280	3.94%	19,638,686
Water, environment and public utility	27,201,976	3.85%	10,837,924
Production and supply of electric power, gas and water	14,336,904	2.03%	3,604,735
Transportation, storage and postal services	9,110,016	1.29%	2,438,973
Mining	7,689,542	1.09%	1,006,080
Education	6,952,118	0.98%	3,653,238
Agriculture, forestry, animal husbandry and fishery	6,525,620	0.92%	2,017,375
Accommodation and catering	2,980,200	0.42%	2,020,780
Others	18,793,247	2.65%	8,169,244
Sub-total of corporate loans and advances	397,457,484	56.18%	138,430,665
Personal loans and advances	259,501,288	36.68%	193,811,254
Discounted bills	50,503,399	7.14%	49,086,896
Gross loans and advances to customers	707,462,171	100.00%	381,328,815

### (c) Analysed by type of collateral

	2024	2023
Unsecured loans	160,325,991	135,525,928
Guaranteed loans	182,496,087	190,607,428
Collateralised loans	282,307,236	274,963,060
Pledged loans	89,325,942	106,365,755
Gross loans and advances to customers	714,455,256	707,462,171
Accrued interest	5,197,970	4,217,864
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(21,808,030)	(21,810,666)
Net loans and advances to customers	697,845,196	689,869,369

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 Loans and advances to customers (Continued)

### (d) Overdue loans analysed by overdue period

	2024				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	734,730	1,535,641	1,394,707	323,520	3,988,598
Guaranteed loans	6,493,598	1,620,462	1,481,683	869,035	10,464,778
Collateralised loans	7,707,284	2,257,088	2,548,846	1,323,867	13,837,085
Pledged loans	704,538	204,029	36,545	14,881	959,993
Total	15,640,150	5,617,220	5,461,781	2,531,303	29,250,454
As a percentage of gross loans and advances to customers	2.19%	0.79%	0.76%	0.35%	4.09%

	2023				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	1,384,138	1,158,225	1,474,237	145,851	4,162,451
Guaranteed loans	5,738,600	1,051,734	2,631,554	197,988	9,619,876
Collateralised loans	7,114,339	1,778,711	3,715,973	573,653	13,182,676
Pledged loans	706,737	218,426	254,100	118	1,179,381
Total	14,943,814	4,207,096	8,075,864	917,610	28,144,384
As a percentage of gross loans and advances to customers	2.11%	0.60%	1.14%	0.13%	3.98%

Overdue loans represented loan, of which the whole or part of the principal or interest were overdue for one day or more.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 Loans and advances to customers (Continued)

### (e) Loans and advances and provision for impairment losses

	2024			Total
	Loans and advances that are assessed for 12-month expected credit losses	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
Total loans and advances to customers measured at amortised cost	617,325,139	23,002,802	14,458,037	654,785,978
Accrued interest	5,197,970	—	—	5,197,970
Less: Provision for impairment losses	(5,962,388)	(4,072,913)	(11,772,729)	(21,808,030)
Carrying amount of loans and advances to customers measured at amortised cost	616,560,721	18,929,889	2,685,308	638,175,918
Carrying amount of loans and advances to customers measured at FVOCI	59,669,278	—	—	59,669,278
Total carrying amount of loans and advances to customers	676,229,999	18,929,889	2,685,308	697,845,196

	2023			Total
	Loans and advances that are assessed for 12-month expected credit losses	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
Total loans and advances to customers measured at amortised cost	604,410,800	23,025,889	14,452,328	641,889,017
Accrued interest	4,217,864	—	—	4,217,864
Less: Provision for impairment losses	(6,304,298)	(4,174,994)	(11,331,374)	(21,810,666)
Carrying amount of loans and advances to customers measured at amortised cost	602,324,366	18,850,895	3,120,954	624,296,215
Carrying amount of loans and advances to customers measured at FVOCI	65,573,154	—	—	65,573,154
Total carrying amount of loans and advances to customers	667,897,520	18,850,895	3,120,954	689,869,369

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 Loans and advances to customers (Continued)

### (f) Movements of provision for impairment losses

- (i) Movements of provision for impairment losses on loans and advances to customers measured at amortised cost:

	2024			Total
	Loans and advances that are assessed for 12-month expected credit losses	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at 1 January	6,304,298	4,174,994	11,331,374	21,810,666
Transfers:				
– to 12-month ECLs	1,682,631	(1,184,890)	(497,741)	–
– to lifetime ECLs:				
– not credit-impaired loans	(791,490)	1,009,853	(218,363)	–
– credit-impaired loans	(210,730)	(656,125)	866,855	–
(Release)/charge for the year	(1,016,799)	837,631	3,867,869	3,688,701
Recoveries	–	–	682,883	682,883
Write-offs and disposals	–	–	(4,196,353)	(4,196,353)
Loss of control of a subsidiary	(5,522)	(108,550)	(63,795)	(177,867)
As at 31 December	5,962,388	4,072,913	11,772,729	21,808,030

	2023			Total
	Loans and advances that are assessed for 12-month expected credit losses	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at 1 January	8,433,119	3,794,333	8,443,263	20,670,715
Transfers:				
– to 12-month ECLs	910,595	(783,586)	(127,009)	–
– to lifetime ECLs:				
– not credit-impaired loans	(203,429)	489,853	(286,424)	–
– credit-impaired loans	(44,862)	(683,686)	728,548	–
(Release)/charge for the year	(2,791,125)	1,358,080	4,586,811	3,153,766
Recoveries	–	–	1,040,341	1,040,341
Write-offs and disposals	–	–	(3,054,156)	(3,054,156)
As at 31 December	6,304,298	4,174,994	11,331,374	21,810,666



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 Loans and advances to customers (Continued)

### (f) Movements of provision for impairment losses (Continued)

- (ii) Movements of provision for impairment losses on loans and advances to customers measured at FVOCI:

	2024			Total
	Loans and advances that are assessed for 12-month expected credit losses	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at 1 January	454,567	–	–	454,567
Charge for the year	151,080	–	–	151,080
As at 31 December	605,647	–	–	605,647

	2023			Total
	Loans and advances that are assessed for 12-month expected credit losses	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at 1 January	53,164	–	10,000	63,164
Charge for the year	401,403	–	–	401,403
Write-offs and disposals	–	–	(10,000)	(10,000)
As at 31 December	454,567	–	–	454,567

### (g) Disposal of loans and advances to customers

During the year ended 31 December 2024, the Group disposed of loans and advances with gross amount of RMB482.87 million (2023: RMB1,627.46 million). The total consideration received by the Group amounted to RMB344.34 million (2023: RMB1,145.91 million).

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 21 Financial investments

	Note	2024	2023
Financial investments at FVPL	(a)	<b>84,936,843</b>	61,148,133
Financial investments at FVOCI	(b)	<b>89,322,558</b>	77,296,226
Financial investments at amortised cost	(c)	<b>239,593,383</b>	248,396,468
Total		<b>413,852,784</b>	386,840,827

### (a) Financial investments at FVPL

	Note	2024	2023
Debt securities	(i)		
– Government		<b>6,151,619</b>	665,573
– Policy banks		<b>848,218</b>	142,275
– Banks and other financial institutions		<b>24,891,942</b>	7,785,993
Sub-total		<b>31,891,779</b>	8,593,841
Investment management products under public funds		<b>49,184,578</b>	47,682,408
Investment management products managed by securities companies		<b>3,220,736</b>	4,656,861
Investment management products managed by trust plans		<b>43,558</b>	43,754
Sub-total		<b>52,448,872</b>	52,383,023
Equity investments		<b>596,192</b>	171,269
Total		<b>84,936,843</b>	61,148,133
		<b>2024</b>	<b>2023</b>
Analysed into:			
Debt securities:			
Listed		<b>6,151,619</b>	665,573
Unlisted		<b>25,740,160</b>	7,928,268
Sub-total		<b>31,891,779</b>	8,593,841
Funds and other investment management products:			
Unlisted		<b>52,448,872</b>	52,383,023
Equity investments:			
Listed		<b>24,278</b>	171,269
Unlisted		<b>571,914</b>	–
Total		<b>84,936,843</b>	61,148,133

- (i) As at the end of the reporting period, certain debt securities were pledged for repurchase agreements (Note 28(a)). No other investment was subject to material restrictions in the realisation.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 21 Financial investments (Continued)

### (b) Financial investments at FVOCI

	Note	2024	2023
Debt securities	(i)		
– Government		40,691,109	48,334,622
– Policy banks		18,107,251	15,411,982
– Banks and other financial institutions		24,908,940	6,754,628
– Corporate		4,638,921	5,669,453
Sub-total		88,346,221	76,170,685
Accrued interest		821,283	970,487
Equity investments	(ii)	155,054	155,054
Total		89,322,558	77,296,226
Analysed into:			
Debt securities:			
Listed		41,995,088	50,953,132
Unlisted		47,172,416	26,188,040
Sub-total		89,167,504	77,141,172
Equity investments:			
Unlisted		155,054	155,054
Total		89,322,558	77,296,226

- (i) As at the end of the reporting period, certain debt securities were pledged for repurchase agreements (Note 28(a)). No other investment was subject to material restrictions in the realisation.
- (ii) The Group designates non-trading equity investments as financial investments at FVOCI. The Group did not dispose of any such equity investment, nor transfer any cumulative gain or loss from OCI to retained earnings during the reporting period.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 21 Financial investments (Continued)

### (b) Financial investments at FVOCI (Continued)

(iii) Movements of provision for impairment losses on financial investments at FVOCI are as follows:

	2024			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January	19,239	–	–	19,239
Charge for the year	2,441	–	–	2,441
Balance at 31 December	21,680	–	–	21,680

	2023			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January	15,107	82,185	–	97,292
Charge/(release) for the year	4,132	(82,185)	–	(78,053)
Balance at 31 December	19,239	–	–	19,239



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 21 Financial investments (Continued)

### (c) Financial investments at amortised cost

	Note	2024	2023
Debt securities	(i)		
– Government		149,301,304	138,604,078
– Policy banks		62,658,119	64,012,525
– Banks and other financial institutions		602,000	1,279,274
– Corporate		6,504,398	7,504,916
Sub-total		219,065,821	211,400,793
Investment management products under trust plans		28,599,558	35,433,267
Private debt financing plans		4,318,800	6,315,002
Investment fund managed by private fund manager		1,726,450	2,138,350
Investment management products managed by securities companies		357,410	755,900
Others		600,000	400,000
Sub-total		35,602,218	45,042,519
Accrued interest		2,819,686	3,912,207
Less: Provision for impairment losses	(ii)	(17,894,342)	(11,959,051)
Total		239,593,383	248,396,468
Analysed into:			
Debt securities:			
Listed		150,955,261	140,240,443
Unlisted		68,926,951	72,443,913
Sub-total		219,882,212	212,684,356
Other investments:			
Unlisted		19,711,171	35,712,112
Total		239,593,383	248,396,468

- (i) As at the end of the reporting period, certain debt securities were pledged for repurchase agreements (Note 28(a)). No other investment was subject to material restrictions in the realisation.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 21 Financial investments (Continued)

### (c) Financial investments at amortised cost (Continued)

- (ii) Movements of provision for impairment losses on financial investments at amortised cost are as follows:

	2024			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January	214,323	97,480	11,647,248	11,959,051
Transfers:				
– to 12-month ECLs	19,233	(19,233)	–	–
– to lifetime ECLs:				
– not credit-impaired	(6,808)	14,466	(7,658)	–
– credit-impaired	(23,603)	(32,166)	55,769	–
Charge/(release) for the year	130,871	(39,079)	7,011,848	7,103,640
Recoveries	–	–	232,363	232,363
Write-offs and disposal	–	–	(1,400,712)	(1,400,712)
Balance at 31 December	334,016	21,468	17,538,858	17,894,342

	2023			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January	357,000	729,492	5,490,939	6,577,431
Transfers:				
– to lifetime ECLs:				
– not credit-impaired	(11,998)	11,998	–	–
– credit-impaired	(47,285)	(647,417)	694,702	–
(Release)/charge for the year	(83,394)	3,407	6,300,390	6,220,403
Recoveries	–	–	486	486
Write-offs and disposal	–	–	(839,269)	(839,269)
Balance at 31 December	214,323	97,480	11,647,248	11,959,051

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 22 Lease receivables

	Note	2024	2023
Minimum finance lease receivables	(a)	<b>10,658,155</b>	3,823,138
Less: unearned finance lease income	(a)	<b>(2,391,750)</b>	(824,947)
Present value of finance lease receivables	(a)	<b>8,266,405</b>	2,998,191
Receivables from sale-and-leaseback transactions		<b>62,719,287</b>	64,821,202
Sub-total		<b>70,985,692</b>	67,819,393
Less: provision for impairment losses	(b)	<b>(2,776,832)</b>	(2,491,879)
Total		<b>68,208,860</b>	65,327,514

- (a) Finance lease receivables, unearned finance lease income and minimum finance lease receivables analysed by remaining period are listed as follows:

	2024		
	Minimum finance lease receivables	Unearned finance lease income	Present value of finance lease receivables
Less than 1 year	<b>241,244</b>	<b>(9,332)</b>	<b>231,912</b>
1 year to 2 years	<b>418,317</b>	<b>(32,447)</b>	<b>385,870</b>
2 years to 3 years	<b>1,887,316</b>	<b>(155,485)</b>	<b>1,731,831</b>
3 years to 5 years	<b>2,762,603</b>	<b>(328,751)</b>	<b>2,433,852</b>
More than 5 years	<b>5,348,675</b>	<b>(1,865,735)</b>	<b>3,482,940</b>
Total	<b>10,658,155</b>	<b>(2,391,750)</b>	<b>8,266,405</b>

	2023		
	Minimum finance lease receivables	Unearned finance lease income	Present value of finance lease receivables
Less than 1 year	66,474	(938)	65,536
1 year to 2 years	242,216	(12,538)	229,678
2 years to 3 years	237,954	(17,702)	220,252
3 years to 5 years	412,359	(43,344)	369,015
More than 5 years	2,864,135	(750,425)	2,113,710
Total	3,823,138	(824,947)	2,998,191

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 22 Lease receivables (Continued)

(b) Movements of provision for impairment losses:

	2024			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January	1,190,670	376,920	924,289	2,491,879
Transfers:				
– to 12-month ECLs	1,068	(1,068)	–	–
– to lifetime ECLs:				
– not credit-impaired	(13,536)	13,536	–	–
– credit-impaired	(312)	(3,983)	4,295	–
Charge for the year	63,016	542,386	373,696	979,098
Recoveries	–	–	265,892	265,892
Write-offs and disposals	–	–	(960,037)	(960,037)
Balance at 31 December	1,240,906	927,791	608,135	2,776,832

	2023			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January	1,370,326	770,140	438,859	2,579,325
Transfers:				
– to 12-month ECLs	877	(877)	–	–
– to lifetime ECLs:				
– not credit-impaired	(25,562)	119,029	(93,467)	–
– credit-impaired	(24,597)	(301,815)	326,412	–
(Release)/charge for the year	(130,374)	(209,557)	1,124,866	784,935
Recoveries	–	–	93,477	93,477
Write-offs and disposals	–	–	(965,858)	(965,858)
Balance at 31 December	1,190,670	376,920	924,289	2,491,879

(c) Disposal of lease receivables

During the year ended 31 December 2024, the Group did not dispose of any lease receivables.

During the year ended 31 December 2023, the Group disposed of lease receivables with gross amount of RMB448.86 million. The total consideration received by the Group amounted to RMB147.17 million.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 23 Investments in subsidiaries, interest in associate and joint venture

### (a) Investments in subsidiaries

The Group's subsidiaries as at the end of the reporting period are as follows:

Subsidiary	Note	Amount invested by the Bank		Percentage of equity interest		Voting rights		Registered capital	Establishment date	Place of incorporation/ registration	Business sector
		2024	2023	2024	2023	2024	2024				
				%	%	%	RMB million				
AB Leasing Co., Ltd. ("邦銀金融租賃股份有限公司")		4,525,199	4,525,199	90.00	90.00	90.00	3,000.00		16 August 2013	Zhengzhou, Henan Province	Leasing
BOL Financial Leasing Co., Ltd. ("洛銀金融租賃股份有限公司")		2,228,739	2,228,739	57.50	57.50	57.50	2,000.00		18 December 2014	Luoyang, Henan Province	Leasing
Xiping Zhongyuan County Bank Co., Ltd. ("西平中原村鎮銀行股份有限公司")	(i)	176,686	176,686	43.69	43.69	67.64	208.52		17 December 2009	Zhumadian, Henan Province	Banking
Xinyang Pingqiao Zhongyuan County Bank Co., Ltd. ("信陽平橋中原村鎮銀行股份有限公司")		38,341	38,341	51.73	51.73	51.73	83.52		13 December 2010	Xinyang, Henan Province	Banking
Qixian Zhongyuan County Bank Co., Ltd. ("淇縣中原村鎮銀行股份有限公司")		41,531	41,531	51.00	51.00	51.00	50.00		23 December 2010	Hebi, Henan Province	Banking
Xinxiang Zhongyuan County Bank Co., Ltd. ("新鄉中原村鎮銀行股份有限公司")		150,306	150,306	78.46	78.46	78.46	130.00		23 March 2010	Xinxiang, Henan Province	Banking
Linzhou Zhongyuan County Bank Co., Ltd. ("林州中原村鎮銀行股份有限公司")		29,771	29,771	51.00	51.00	51.00	75.00		30 September 2011	Linzhou, Henan Province	Banking
Puyang Zhongyuan County Bank Co., Ltd. ("濮陽中原村鎮銀行股份有限公司")		30,736	30,736	51.00	51.00	51.00	58.75		16 March 2012	Puyang, Henan Province	Banking
Lushi Zhongyuan County Bank Co., Ltd. ("盧氏中原村鎮銀行股份有限公司")	(iii)	–	32,497	–	51.00	–	60.00		15 May 2012	Sanmenxia, Henan Province	Banking
Xiangcheng Zhongyuan County Bank Co., Ltd. ("襄城中原村鎮銀行股份有限公司")		38,044	38,044	51.00	51.00	51.00	61.00		27 October 2011	Xuchang, Henan Province	Banking
Suiping Zhongyuan County Bank Co., Ltd. ("遂平中原村鎮銀行股份有限公司")		35,084	35,084	51.02	51.02	51.02	56.15		12 March 2012	Zhumadian, Henan Province	Banking
Jiaxian Guangtian County Bank Co., Ltd. ("郟縣廣天村鎮銀行股份有限公司")		–	–	51.28	51.28	51.28	78.00		23 October 2009	Pingdingshan, Henan Province	Banking
Henan Luanchuan Minfeng County Bank Co., Ltd. ("河南樂川民豐村鎮銀行股份有限公司")	(i)	180,854	180,854	30.33	30.33	55.69	152.40		12 June 2008	Luanchuan, Henan Province	Banking
Mengjin Minfeng County Bank Co., Ltd. ("孟津民豐村鎮銀行股份有限公司")	(i)	140,376	140,376	34.58	34.58	61.08	150.00		23 November 2011	Mengjin, Henan Province	Banking
Shenzhen Nanshan Baosheng County Bank Co., Ltd. ("深圳南山寶生村鎮銀行股份有限公司")	(ii)	–	419,510	42.05	42.05	42.05	713.50		15 March 2011	Nanshan, Shenzhen	Banking
Luohe Yancheng Zhongyuan County Bank Co., Ltd. ("漯河鄭城中原村鎮銀行有限責任公司")		245,201	245,201	51.00	51.00	51.00	300.00		12 July 2011	Luohe, Henan Province	Banking

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 23 Investments in subsidiaries, interest in associate and joint venture (Continued)

### (a) Investments in subsidiaries (Continued)

Note:

- (i) As at 31 December 2024 and 2023, the Bank holds 43.69%, 30.33% and 34.58% of equity interest of Xiping Zhongyuan County Bank Co., Ltd. ("Xiping Zhongyuan"), Henan Luanchuan Minfeng County Bank Co., Ltd. ("Luanchuan Minfeng") and Mengjin Minfeng County Bank Co., Ltd. ("Mengjin Minfeng") respectively. According to the concerted action arrangement between the Bank and other shareholders, as at 31 December 2024, the voting rights ratio of the Bank for Xiping Zhongyuan, Luanchuan Minfeng and Mengjin Minfeng is 67.64%, 55.69% and 61.08% respectively (2023: 67.64%, 55.69% and 61.08%), the above county banks are deemed to be controlled by the Bank.

- (ii) As at 31 December 2023, the Bank holds 42.05% of equity interest of Shenzhen Nanshan Baosheng County Bank Co., Ltd. ("Nanshan Baosheng"). According to the concerted action arrangement between the Bank and other shareholders, as at 31 December 2023, the voting rights ratio of the Bank for Nanshan Baosheng is 50.67%, and deemed to be controlled by the Bank and thus, a subsidiary. The registered capital of Nanshan Baosheng amounts to RMB713.50 million and the Bank has invested RMB419.51 million into Nanshan Baosheng.

On 29 February 2024, the Group's concerted action arrangement with other shareholders who hold 8.62% ownership and voting power of Nanshan Baosheng have expired. Hence, the Group lost control over this bank as the Group did not obtain more than half of the voting power in the shareholder meetings of Nanshan Baosheng. Details please refer to Note 23(b).

- (iii) On 30 December 2024, the Bank received the approval for the merger by absorption of Lushi Zhongyuan County Bank Co., Ltd. from the NFRA (Approval No. SanJinFu[2024]54). Lushi Zhongyuan County Bank was cancelled as an independent legal entity and restructured into a branch of the Bank following the completion and the consideration will be settled by cash.

### (b) Interest in associate

	Note	2024	2023
Interest in associate	(i)	257,172	–

- (i) After expiration of the concerted action arrangement, the Group holds 42.05% equity interest in and has significant influence in Nanshan Baosheng. As a result, Nanshan Baosheng is classified as an associate of the Group. The Group recognised its retained interest in the associate at fair value at the date it lost control.

Name	Percentages of voting rights		Place of incorporation/ registration	Business sector
	2024	2023		
Nanshan Baosheng	42.05%	50.67%	Nanshan, Shenzhen	Banking

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 23 Investments in subsidiaries, interest in associate and joint venture (Continued)

### (b) Interest in associate (Continued)

The following table illustrates the aggregate information of the Bank's associate:

	2024	2023
Aggregate carrying amount of the associate in the consolidated statements of financial position of the Bank	257,172	–
Fair value of interest in associate upon loss of control of a subsidiary	374,624	–
Aggregate amounts of the Bank's share of results of the associate		
– Loss from continuing operations	(117,351)	–
– OCI	(101)	–
– Total comprehensive expense	(117,452)	–

### (c) Interest in joint venture

	Note	2024	2023
Interest in joint venture	(i)	1,790,276	1,542,548

- (i) Henan Zhongyuan Consumer Finance Co., Ltd. ("Consumer Finance") is a joint venture in which the Bank has joint control and a 49.25% ownership interest. Consumer Finance is not publicly listed.

Name	Percentages of equity/voting rights		Place of incorporation/registration	Business sector
	2024	2023		
Consumer Finance	49.25%	49.25%	Zhengzhou, Henan Province	Consumer credit

The following table illustrates the aggregate information of the Bank's joint venture:

	2024	2023
Aggregate carrying amount of the joint venture in the consolidated statements of financial position of the Bank	1,790,276	1,542,548
Aggregate amounts of the Bank's share of results of the joint venture		
– Profits from continuing operations	247,728	195,241
– OCI	–	–
– Total comprehensive income	247,728	195,241

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 24 Property and equipment

	Premises	Investment properties	Electronic equipments	Motor vehicles	Office equipment & others	Construction in progress	Total
<b>Cost</b>							
As at 1 January 2023	8,972,583	36,552	1,704,456	39,143	617,399	1,543,751	12,913,884
Additions	31,924	–	111,473	5,330	30,526	303,374	482,627
Disposals	(41,749)	–	(50,379)	(9,644)	(18,218)	(4,304)	(124,294)
Transfers out of construction in progress	–	–	–	–	–	(39,085)	(39,085)
As at 31 December 2023 and 1 January 2024	8,962,758	36,552	1,765,550	34,829	629,707	1,803,736	13,233,132
Additions	372,713	–	114,990	2,318	883,399	252,664	1,626,084
Disposals	(316,069)	(267)	(142,306)	(11,123)	(42,096)	(2,238)	(514,099)
Transfers out of construction in progress	–	–	–	–	–	(302,156)	(302,156)
Loss of control of a subsidiary	–	–	(13,008)	(2,027)	(2,072)	–	(17,107)
As at 31 December 2024	9,019,402	36,285	1,725,226	23,997	1,468,938	1,752,006	14,025,854
<b>Accumulated depreciation</b>							
As at 1 January 2023	(2,940,641)	(10,250)	(1,266,444)	(21,771)	(432,569)	–	(4,671,675)
Additions	(554,678)	(3,189)	(228,974)	(12,258)	(68,938)	–	(868,037)
Disposals	8,656	–	42,988	8,359	5,781	–	65,784
As at 31 December 2023 and 1 January 2024	(3,486,663)	(13,439)	(1,452,430)	(25,670)	(495,726)	–	(5,473,928)
Additions	(509,641)	(2,620)	(196,143)	(8,466)	(59,712)	–	(776,582)
Disposals	181,073	259	136,197	10,660	41,224	–	369,413
Loss of control of a subsidiary	–	–	10,877	1,744	1,337	–	13,958
As at 31 December 2024	(3,815,231)	(15,800)	(1,501,499)	(21,732)	(512,877)	–	(5,867,139)
<b>Impairment</b>							
As at 1 January 2023	(6,626)	–	(650)	(229)	(1,709)	–	(9,214)
Disposals	6	–	159	–	28	–	193
As at 31 December 2023 and 1 January 2024	(6,620)	–	(491)	(229)	(1,681)	–	(9,021)
Additions	(2,734)	–	–	(13)	(75)	–	(2,822)
Disposals	201	–	77	–	164	–	442
As at 31 December 2024	(9,153)	–	(414)	(242)	(1,592)	–	(11,401)
<b>Net book value</b>							
As at 31 December 2024	5,195,018	20,485	223,313	2,023	954,469	1,752,006	8,147,314
As at 31 December 2023	5,469,475	23,113	312,629	8,930	132,300	1,803,736	7,750,183

The carrying amount of the premises with incomplete title deeds as at 31 December 2024 was RMB3,437.48 million (2023: RMB3,852.27 million). The Group is still in the progress of application for the outstanding title deeds for these premises. The Group expects that there would be no significant cost in obtaining the title deeds.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 24 Property and equipment (Continued)

The net book values of premises as at 31 December are analysed by the remaining terms of the leases as follows:

	2024	2023
Held in mainland China		
– Long-term leases (over 50 years)	753,372	640,125
– Medium-term leases (10 – 50 years)	2,864,228	3,410,952
– Short-term leases (less than 10 years)	1,577,418	1,418,398
Total	5,195,018	5,469,475

The net book value of investment properties as at 31 December are analysed by the remaining terms of the leases as follows:

	2024	2023
Held in mainland China		
– Medium-term leases (10 – 50 years)	20,485	23,113

## 25 Deferred tax assets

### (a) Analysed by nature

	2024		2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/(liabilities)
Deferred income tax assets/(liabilities):				
Provision for impairment losses	47,147,376	11,786,844	41,381,088	10,345,272
Accrued staff cost payable	2,703,440	675,860	2,278,724	569,681
Supplementary retirement benefits	343,180	85,795	260,632	65,158
Fair value changes of financial assets	(2,395,412)	(598,853)	(431,748)	(107,937)
Deferred income	(47,740)	(11,935)	(101,016)	(25,254)
Assets appraisal and related depreciation	(3,582,816)	(895,704)	(4,157,312)	(1,039,328)
Deductible losses	277,188	69,297	3,298,208	824,552
Others	547,356	136,839	659,736	164,934
Net balance	44,992,572	11,248,143	43,188,312	10,797,078

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 25 Deferred tax assets (Continued)

### (b) Movements of deferred tax assets

	Provision for impairment losses	Staff cost payable	Supplementary retirement benefits	Fair value changes of financial assets	Deferred income	Assets appraisal and related depreciation	Deductible losses	Others	Net balance of deferred tax assets
As at 1 January 2023	8,321,329	583,858	69,201	393,073	122,601	(1,129,775)	1,713,073	132,621	10,205,981
Recognised in profit or loss	2,023,943	(14,177)	(4,043)	(319,934)	(147,855)	90,447	(888,521)	32,313	772,173
Recognised in OCI	-	-	-	(181,076)	-	-	-	-	(181,076)
As at 31 December 2023 and 1 January 2024	10,345,272	569,681	65,158	(107,937)	(25,254)	(1,039,328)	824,552	164,934	10,797,078
Recognised in profit or loss	1,622,146	109,472	20,637	(59,340)	13,319	143,624	(755,255)	(28,095)	1,066,508
Recognised in OCI	(156,767)	-	-	(432,644)	-	-	-	-	(589,411)
Loss of control of a subsidiary	(23,807)	(3,293)	-	1,068	-	-	-	-	(26,032)
As at 31 December 2024	11,786,844	675,860	85,795	(598,853)	(11,935)	(895,704)	69,297	136,839	11,248,143

## 26 Goodwill

### Goodwill

#### Cost:

At 1 January 2023, 31 December 2023 and 31 December 2024 1,982,050

#### Accumulated impairment losses:

At 1 January 2023, 31 December 2023 and 31 December 2024 -

#### Carrying amount:

At 31 December 2023 and 31 December 2024 1,982,050

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 26 Goodwill (Continued)

### Impairment testing on goodwill

For the purpose of impairment testing, goodwill has been allocated to three individual CGUs, including corporate banking, retail banking and financial markets business. The carrying amounts of goodwill at the end of the reporting period allocated to these units are as follows:

	2024	2023
Corporate banking	1,432,016	1,432,016
Retail banking	426,501	426,501
Financial markets business	123,533	123,533
Total	1,982,050	1,982,050

The recoverable amounts of corporate banking unit, retail banking unit and financial markets business unit have been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and the discount rate at 31 December 2024. Cash flows beyond five-year period are extrapolated using an estimated weighted average growth rate. The cash flows are discounted using a discount rate which is used are pre-tax and reflect specific risks relating to the CGUs.

At the end of the reporting period, the directors of the Bank determine that there is no impairment of any of its CGUs containing goodwill.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each of these CGUs to exceed its recoverable amount.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 27 Other assets

	Note	2024	2023
Interests receivable	(a)	1,848,781	1,205,756
Reposessed assets	(b)	1,313,824	1,324,697
Intangible assets	(c)	1,063,969	1,204,630
Land use rights		881,258	884,052
Other right-of-use assets	(d)	476,621	763,173
Leasehold improvements		276,712	281,050
Advanced payment of income tax		16,733	166,438
Other receivables		704,885	833,595
Total		6,582,783	6,663,391

### (a) Interests receivable

	2024	2023
Interests receivable arising from:		
Financial investments	995,333	888,106
Loans and advances to customers	1,606,389	1,046,123
Total	2,601,722	1,934,229
Less: Provision for impairment losses	(752,941)	(728,473)
Net carrying amount	1,848,781	1,205,756

Interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the end of the reporting period. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

### (b) Reposessed assets

	2024	2023
Reposessed assets	2,166,853	2,068,457
Less: Provision for impairment losses	(853,029)	(743,760)
Net carrying amount	1,313,824	1,324,697



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 27 Other assets (Continued)

### (c) Intangible assets

	Leasing license	Computer software	Total
<b>Cost</b>			
As at 1 January 2023	357,880	1,852,244	2,210,124
Additions	–	317,470	317,470
Disposals	–	(2,891)	(2,891)
As at 31 December 2023 and 1 January 2024	357,880	2,166,823	2,524,703
Additions	–	201,362	201,362
Disposals	–	(29,416)	(29,416)
Loss of control of a subsidiary	–	(3,102)	(3,102)
As at 31 December 2024	357,880	2,335,667	2,693,547
<b>Accumulated amortisation</b>			
As at 1 January 2023	–	(997,833)	(997,833)
Additions	–	(325,131)	(325,131)
Disposals	–	2,891	2,891
As at 31 December 2023 and 1 January 2024	–	(1,320,073)	(1,320,073)
Additions	–	(308,378)	(308,378)
Disposals	–	(3,600)	(3,600)
Loss of control of a subsidiary	–	2,473	2,473
As at 31 December 2024	–	(1,629,578)	(1,629,578)
<b>Impairment</b>			
As at 1 January 2023, 31 December 2023 and 31 December 2024	–	–	–
<b>Net book value</b>			
As at 31 December 2024	357,880	706,089	1,063,969
As at 31 December 2023	357,880	846,750	1,204,630

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 27 Other assets (Continued)

### (d) Other right-of-use assets

	Leased properties and buildings	Leased equipments	Total
<b>Cost</b>			
As at 1 January 2023	1,681,787	13,223	1,695,010
Additions	213,088	999	214,087
Disposals	(253,053)	(902)	(253,955)
As at 31 December 2023 and 1 January 2024	1,641,822	13,320	1,655,142
Additions	137,534	659	138,193
Disposals	(219,705)	(307)	(220,012)
As at 31 December 2024	1,559,651	13,672	1,573,323
<b>Accumulated depreciation</b>			
As at 1 January 2023	(763,437)	(7,073)	(770,510)
Additions	(374,054)	(1,360)	(375,414)
Disposals	253,053	902	253,955
As at 31 December 2023 and 1 January 2024	(884,438)	(7,531)	(891,969)
Additions	(307,402)	(2,224)	(309,626)
Disposals	104,586	307	104,893
As at 31 December 2024	(1,087,254)	(9,448)	(1,096,702)
<b>Net book value</b>			
As at 31 December 2024	472,397	4,224	476,621
As at 31 December 2023	757,384	5,789	763,173

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 28 Pledged assets

### (a) Assets pledged as collateral

	Note	2024	2023
For repurchase agreements			
– Discounted bills		–	6,597,165
– Financial investments at FVPL	21(a)	–	7,362
– Financial investments at FVOCI	21(b)	<b>6,219,800</b>	17,635,933
– Financial investments at amortised cost	21(c)	<b>30,695,700</b>	52,782,205
Total		<b>36,915,500</b>	77,022,665

The above financial assets are pledged by the Group as collaterals for liabilities under repurchase agreements.

### (b) Received pledged assets

The Group conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions. As at 31 December 2024, the fair value of the received pledged assets is RMB23,946.36 million (2023: RMB61,956.95 million).

## 29 Borrowing from the central bank

	2024	2023
Due to the central bank	<b>43,793,210</b>	67,644,851
Interest accrued	<b>242,298</b>	411,061
Total	<b>44,035,508</b>	68,055,912

Borrowing from the central bank mainly includes borrowings from the central bank and rediscounting with the central bank.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 30 Deposits from banks and other financial institutions

### Analysed by type and location of counterparty

	2024	2023
In mainland China		
– Banks	2,858,990	8,069,249
– Other financial institutions	49,515,297	30,478,837
Sub-total	52,374,287	38,548,086
Accrued interest	284,268	155,877
Total	52,658,555	38,703,963

## 31 Placements from banks and other financial institutions

	2024	2023
In mainland China		
– Banks	52,274,211	56,258,797
– Other financial institutions	8,066,000	6,129,999
Sub-total	60,340,211	62,388,796
Outside mainland China		
– Banks	–	1,525,509
Sub-total	60,340,211	63,914,305
Accrued interest	431,388	568,483
Total	60,771,599	64,482,788



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 32 Financial assets sold under repurchase agreements

### (a) Analysed by type and location of counterparty

	2024	2023
In mainland China		
– Banks	34,865,190	73,097,326
Accrued interest	9,627	23,961
Total	34,874,817	73,121,287

### (b) Analysed by type of collateral

	2024	2023
Debt securities	34,865,190	66,520,545
Bills	–	6,576,781
Sub-total	34,865,190	73,097,326
Accrued interest	9,627	23,961
Total	34,874,817	73,121,287

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 33 Deposits from customers

	Note	2024	2023
Demand deposits			
– Corporate customers		128,926,742	135,256,293
– Individual customers		102,655,501	107,851,870
Sub-total		231,582,243	243,108,163
Time deposits			
– Corporate customers		151,807,130	122,541,134
– Individual customers		456,284,582	411,903,209
Sub-total		608,091,712	534,444,343
Pledged deposits		41,683,089	51,360,909
Convertible negotiated deposits	(a)	8,000,000	8,000,000
Inward and outward remittances		77,224	608,127
Sub-total		889,434,268	837,521,542
Accrued interest		22,365,519	22,262,239
Total		911,799,787	859,783,781

- (a) On 19 January 2023, after obtaining the proceeds from issuance of Local Government Special Debt by Henan Provincial Department of Finance, Zhengzhou Finance Bureau deposited the relevant funds in the form of negotiated deposit into the special RMB deposit account it opened with the Bank. With the Henan Provincial Department of Finance's Consents to the conversion, when the core tier-1 capital adequacy ratio of the Bank is lower than 5.125%, and upon the satisfaction of specific requirements on the Minimum Public Float prescribed by The Stock Exchange of Hong Kong Limited, Zhengzhou Finance Bureau shall convert the negotiated deposits into ordinary shares of the Bank in accordance with laws and regulations. If the conversion conditions are not satisfied, the principal of the convertible negotiated deposit is repayable by equal annual installments based on the total par value of the convertible negotiated deposit from 2028, i.e. 20% of the principal is repaid annually, amounting to RMB1,600 million.

During the term of the convertible negotiated deposits, the Bank shall report the changes in the core tier-1 capital adequacy ratio of the previous quarter by the twentieth day of the first month of each quarter to Zhengzhou Finance Bureau. When the core tier-1 capital adequacy ratio of the Bank drops to 7.50%, and early warning is triggered, the Bank shall promptly inform Zhengzhou Finance Bureau of the situation, formulate emergency plans, and actively take emergency measures to improve the ability to resist risks and avoid the occurrence of triggering events.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 34 Debt securities issued

	Note	2024	2023
Interbank deposits issued	(a)	<b>128,674,600</b>	120,772,690
Financial bonds	(b)	<b>9,996,939</b>	8,997,157
Tier-2 capital bonds	(c)	<b>7,999,563</b>	2,000,000
Sub-total		<b>146,671,102</b>	131,769,847
Accrued interest		<b>207,345</b>	220,731
Total		<b>146,878,447</b>	131,990,578

- (a) During the year ended 31 December 2024, the Bank issued a number of certificates of interbank deposits with total nominal amount of RMB266,180.00 million (2023: RMB268,110.00 million) with a duration between 1 to 12 months (2023: 1 to 12 months). The coupon rates ranged from 1.67% to 2.55% per annum (2023: 1.80% to 2.95% per annum).

As at 31 December 2024, the fair value of interbank deposits issued was RMB128,241.69 million (2023: RMB120,149.00 million).

- (b) On 12 May 2022, 9 June 2022 and 23 September 2024, the Bank issued three fixed-rate financial bonds with a total notional amount of RMB10,000 million. Pursuant to the agreement, all of the four bonds have a term of 3 years. The coupon rate were 2.95%, 2.90% and 2.10% per annum respectively. Two of these financial bonds with a total nominal amount of RMB5,000 million will mature within six months.

The bank redeemed two financial bonds with a total notional amount of RMB4,000 million during the year ended 31 December 2024.

As at 31 December 2024, the fair value of financial bonds issued was RMB10,071.60 million (2023: RMB9,038.84 million).

- (c) Fixed rate tier-2 capital bonds of RMB2,000 million with a term of 10 years was issued by Bank of JZCTS in August 2019. The bond was inherited by the Bank after the completion of the merger by absorption as explained in Note 1. The coupon rate is 5.40% per annum. The bond has been repaid in 30 August 2024 upon maturity.

Fixed rate tier-2 capital bonds of RMB8,000 million with a term of 10 years was issued by the Bank in July 2024 and will mature in July 2034. The coupon rate is 2.35% per annum.

As at 31 December 2024, the fair value of tier-2 capital bonds issued was RMB7,984.70 million (2023: RMB2,031.40 million).

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 35 Other liabilities

	Note	2024	2023
Accrued staff cost	(a)	3,604,691	3,019,447
Finance lease deposits		3,164,332	3,939,482
Payment and collection clearance accounts		1,279,767	1,623,739
Other tax payable		960,831	703,205
Lease liabilities		477,429	731,318
Provisions	(b)	467,165	515,664
Dividend payable		175,114	187,020
Other payable		3,335,314	2,234,250
Total		13,464,643	12,954,125

### (a) Accrued staff cost

	Note	2024	2023
Salary, bonuses and allowances payable		2,735,504	2,230,973
Supplementary retirement benefits payable	(i)	536,021	492,187
Labour union fee, staff and workers' education fee		232,367	196,307
Social insurance payable		93,140	95,182
Housing allowances payable		7,659	4,798
Total		3,604,691	3,019,447

### (i) Supplementary retirement benefits

The supplementary retirement benefits of the Bank include early retirement plan and supplementary retirement plan. The early retirement benefits is provided to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date. The supplementary retirement plan is provided to the Bank's eligible employees.

(1) The balances of supplementary retirement benefits of the Group are as follows:

	2024	2023
Early retirement plan	75,190	74,450
Supplementary retirement plan	460,831	417,737
Total	536,021	492,187



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 35 Other liabilities (Continued)

### (a) Accrued staff cost (Continued)

#### (i) Supplementary retirement benefits (Continued)

(2) The movements of supplementary retirement benefits of the Group are as follows:

	2024	2023
As at 1 January	492,187	488,939
Benefits paid during the year	(41,006)	(40,091)
Defined benefit cost recognised in profit or loss	56,762	23,918
Defined benefit cost recognised in OCI	28,078	19,421
As at 31 December	536,021	492,187

(3) Principal actuarial assumptions of the Group are as follows:

Early retirement plan	2024	2023
Discount rate	2.25%	2.50%
Annual increase rate of internal salary	4.50%	4.50%
Supplementary retirement plan	2024	2023
Discount rate	2.25%	2.75%

### (b) Provisions

	Note	2024	2023
Litigations and disputes provision		130,102	178,366
Credit commitments provision	(i)	337,063	337,298
Total		467,165	515,664

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 35 Other liabilities (Continued)

### (b) Provisions (Continued)

#### (i) Movements of credit commitments provision are as follows:

	2024			Total
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	
Balance at 1 January	328,776	1,716	6,806	337,298
Transfers:				
– to lifetime ECLs:				
– not credit-impaired	(14)	14	–	–
Charge/(release) for the year	5,748	1,241	(6,806)	183
Loss of control of a subsidiary	(533)	–	–	(533)
Exchange differences and others	115	–	–	115
Balance at 31 December	334,092	2,971	–	337,063

	2023			Total
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	
Balance at 1 January	107,144	21,637	14,531	143,312
Transfers:				
– to 12-month ECLs	345	(273)	(72)	–
– to lifetime ECLs:				
– not credit-impaired	(33)	53	(20)	–
– credit-impaired	(28)	(959)	987	–
Charge/(release) for the year	221,348	(18,742)	(8,620)	193,986
Balance at 31 December	328,776	1,716	6,806	337,298

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 36 Share capital

The share capital of the Group as at 31 December 2024 and 2023 represents the paid-up share capital of the Bank.

	2024	2023
Ordinary shares in mainland China	29,604,823	29,604,823
Ordinary shares listed in Hong Kong (H-share)	6,945,000	6,945,000
Total	36,549,823	36,549,823

All the above H-shares have been listed on The Stock Exchange of Hong Kong Limited. The H-shares rank pari passu in all respects with the existing ordinary shares in mainland China including the right to receive all dividends and distributions declared or made.

## 37 Reserves

### (a) Capital reserve

	2024	2023
Share premium	19,181,529	19,181,529
Other capital reserve	(177,155)	(159,490)
Total	19,004,374	19,022,039

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 37 Reserves (Continued)

### (a) Capital reserve (Continued)

#### (i) Movements of capital reserve are as follows:

	Note	2024	2023
At 1 January		19,022,039	19,345,395
Loss of control of a subsidiary	(1)	(17,665)	–
Redemption of offshore preference shares	(2)	–	(323,356)
At 31 December		19,004,374	19,022,039

- (1) On 29 February 2024, the Group's concerted action arrangement with other shareholders who hold 8.62% ownership and voting power of Nanshan Baosheng have expired. Hence, the Group lost control over this bank and the capital reserve has decreased by RMB17.67 million.
- (2) On 21 November 2023, the decrease of share premium amounting to RMB323.36 million was resulted from redemption of offshore preference shares.

### (b) Surplus reserve

The surplus reserve at the end of reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund. Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the Chinese Accounting Standards for Business Enterprises, after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

The Bank may also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders.

### (c) General reserve

	2024	2023
Balance at 1 January	16,547,644	13,793,926
Provision for this year	166,299	2,753,718
Loss of control of a subsidiary	(45,324)	–
Arising from merger by absorption	10,505	–
Total	16,679,124	16,547,644

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. If this is difficult to reach 1.5% at one time, general reserve could be set aside by years, which should not exceed 5 years in principle.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 37 Reserves (Continued)

### (d) Other reserves

	Note	2024	2023
Investment revaluation reserve	(i)	1,725,537	417,855
Impairment reserve	(ii)	470,481	473,806
Deficit on remeasurement of net defined benefit liability	(iii)	(73,054)	(44,976)
Share of reserve of associate	(iv)	661	–
Total		2,123,625	846,685

#### (i) Investment revaluation reserve

	2024	2023
At 1 January	417,855	(115,682)
Changes in fair value recognised in OCI	1,741,553	427,861
Transfer to profit or loss upon disposal	(1,227)	283,521
Less: deferred income tax	(432,644)	(177,845)
At 31 December	1,725,537	417,855

#### (ii) Impairment reserve

	2024	2023
At 1 January	473,806	160,456
Impairment losses recognised in OCI	(3,325)	313,350
At 31 December	470,481	473,806

#### (iii) Deficit on remeasurement of net defined benefit liability

Deficit on remeasurement of net defined benefit liability represents actuarial gains or losses, net of tax, from remeasuring the net defined benefit liability.

	2024	2023
At 1 January	(44,976)	(25,555)
Changes in fair value recognised in OCI	(28,078)	(19,421)
At 31 December	(73,054)	(44,976)

#### (iv) Share of reserve of associate

	2024	2023
At 1 January	–	–
Share of investment revaluation reserve of the investee	661	–
At 31 December	661	–

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 38 Retained earnings

### (a) Appropriation of profits

In accordance with the resolution of the Bank's board of directors meeting held on 28 March 2025, the proposed profit appropriations of the Bank for the year ended 31 December 2024 is listed as follows:

- Appropriation of statutory surplus reserve of the Bank amounted to RMB314.16 million;
- Appropriation of general reserve of the Bank amounted to RMB155.95 million; and
- Declaration of cash dividend of RMB0.12 per 10 shares before tax to ordinary shareholders was proposed by the board.

The profit appropriation resolution mentioned above has yet to be approved by the Bank's shareholders.

In accordance with the resolution of the 2023 annual general meeting of the Bank held on 21 June 2024, the proposed profit appropriations of the Bank for the year ended 31 December 2023 is listed as follows:

- Appropriation of statutory surplus reserve of the Bank amounted to RMB303.51 million;
- Appropriation of general reserve of the Bank amounted to RMB2,700.00 million; and
- The Bank will not distribute cash dividend to ordinary shareholders.

- (b) As at 31 December 2024, the consolidated retained profits attributable to equity shareholders of the Bank included an appropriation of RMB609.81 million of surplus reserve made by subsidiaries (2023: RMB629.39 million).

### (c) Distribution of dividend on preference shares

As at 31 December 2024, there was no preference shares outstanding.

A cash dividend at the dividend rate of 5.60% per annum related to preference shares amounting to USD86.80 million (tax included) in total was approved at the Board of Directors' Meeting held on 30 August 2023 and distributed on 21 November 2023.

### (d) Distribution of interest on perpetual bonds

The Bank distributed a dividend of RMB652 million to the perpetual bond holders during the year ended 31 December 2024 (2023: RMB192 million).

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 38 Retained earnings (Continued)

### (e) Movements in components of equity

Details of the changes in the Bank's individual components of equity for the year ended 31 December 2024 and 2023 are set out below.

	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2024	36,549,823	13,998,937	19,181,529	3,107,811	15,482,754	840,541	2,621,518	91,782,913
Changes in equity for the year:								
Profit for the year	-	-	-	-	-	-	3,141,550	3,141,550
OCI	-	-	-	-	-	1,268,191	-	1,268,191
Total comprehensive income	-	-	-	-	-	1,268,191	3,141,550	4,409,741
Appropriation to surplus reserve	-	-	-	314,155	-	-	(314,155)	-
Appropriation to general reserve	-	-	-	-	155,949	-	(155,949)	-
Distribution of interest on perpetual bonds	-	-	-	-	-	-	(652,000)	(652,000)
Loss of control of a subsidiary	-	-	-	(2,712)	-	-	(24,407)	(27,119)
Arising from merger by absorption	-	-	1,156	-	19,681	-	(20,897)	(60)
Balance at 31 December 2024	36,549,823	13,998,937	19,182,685	3,419,254	15,658,384	2,108,732	4,595,660	95,513,475
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2023	36,549,823	13,632,510	19,504,885	2,804,300	12,782,754	20,632	3,405,279	88,700,183
Changes in equity for the year:								
Profit for the year	-	-	-	-	-	-	3,035,113	3,035,113
OCI	-	-	-	-	-	819,909	-	819,909
Total comprehensive income	-	-	-	-	-	819,909	3,035,113	3,855,022
Issuance of perpetual bond	-	9,999,217	-	-	-	-	-	9,999,217
Redemption of offshore preference shares	-	(9,632,790)	(323,356)	-	-	-	-	(9,956,146)
Appropriation to surplus reserve	-	-	-	303,511	-	-	(303,511)	-
Appropriation to general reserve	-	-	-	-	2,700,000	-	(2,700,000)	-
Distribution of dividend on preference shares	-	-	-	-	-	-	(623,363)	(623,363)
Distribution of interest on perpetual bonds	-	-	-	-	-	-	(192,000)	(192,000)
Balance at 31 December 2023	36,549,823	13,998,937	19,181,529	3,107,811	15,482,754	840,541	2,621,518	91,782,913

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 39 Other equity instruments

### (a) Perpetual Bond

#### (a) Perpetual Bond outstanding

Financial instrument outstanding	Time issued	Classifications	Dividend yield ratio/ interest rate	Issued price (RMB)	Quantities	In RMB million
Perpetual Bonds	2 December 2020	Equity	4.80%	100	10,000,000	1,000.00
Perpetual Bonds	25 June 2021	Equity	4.80%	100	10,000,000	1,000.00
Perpetual Bonds	25 June 2021	Equity	4.80%	100	20,000,000	2,000.00
Perpetual Bonds	15 August 2023	Equity	4.60%	100	100,000,000	10,000.00
						14,000.00
Less: issuing cost						(1.06)
Book value						13,998.94

#### (b) Main clause

With the approvals of relevant regulatory authorities, Bank of Pingdingshan issued RMB1,000 million and RMB1,000 million of Perpetual Bonds on 2 December 2020 and 25 June 2021 respectively in the National Inter-bank Bond Market. Bank of Luoyang issued RMB2,000 million of Perpetual Bond on 25 June 2021 in the National Inter-bank Bond Market. The Bank inherited the above Perpetual Bonds after the completion of the merger by absorption.

With the approvals of relevant regulatory authorities, the Bank issued RMB10,000 million of Perpetual Bonds on 15 August 2023 in the National Inter-bank Bond Market. The funds raised by the Bank from the bonds are used to supplement other tier-1 capital of the Bank in accordance with the relevant laws and approvals by regulatory authorities.

##### (i) Interest

The unit coupon amount of the Perpetual Bonds is RMB100. The first 5-year coupon rate of the Perpetual Bonds inherited by the Bank in 2022 is 4.80%, with the interest rate resetable every 5 years. The first 5-year coupon rate of the Perpetual Bonds issued in 2023 is 4.60%, with the interest rate resetable every 5 years. The coupon rate of the bonds consist of two components, a base rate and a fixed spread.

##### (ii) Interest stopper and setting mechanism

The interest payment for the Perpetual Bonds is non-cumulative. The Bank shall have the right to cancel, in whole or in part, distributions on the interest payment and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. However, the Bank shall not distribute profits to ordinary shareholders until resumption of full interest payment.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 39 Other equity instruments (Continued)

### (a) Perpetual Bond (Continued)

#### (b) Main clause (Continued)

##### (iii) Order of distribution and liquidation method

The claims in respect of the Perpetual Bonds will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to the Perpetual Bonds, and will rank in priority to all classes of shares held by shareholders of the Bank. Perpetual Bond will rank pari passu with the claims in respect of any other tier-1 capital instruments of the Bank that rank pari passu with the Perpetual Bonds.

##### (iv) Write down conditions

Upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the nominal amount of the outstanding Perpetual Bonds without the need for the consent of the bond holders.

##### (v) Redemption

The duration of the Perpetual Bonds is the same as the continuing operation of the Bank. Five years after the issuance date of the Perpetual Bonds, the Bank shall have the right to redeem them in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). In the event that the Perpetual Bond is not classified as additional tier-1 capital due to unpredicted changes in regulations, the Bank shall have the right to redeem Perpetual Bonds fully instead of partly.

## 40 Involvement with unconsolidated structured entities

### (a) Structured entities sponsored by third party institutions in which the Group holds an interest in

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include investment management products under trust scheme, investment management products managed by securities companies and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 40 Involvement with unconsolidated structured entities (Continued)

### (a) Structured entities sponsored by third party institutions in which the Group holds an interest in (Continued)

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the consolidated statements of financial position in which relevant assets are recognised as at 31 December 2024 and 2023:

	2024	
	Carrying amount	Maximum exposure
Financial investments at FVPL	52,448,872	52,448,872
Financial investments at amortised cost	16,600,176	16,600,176
Total	69,049,048	69,049,048

	2023	
	Carrying amount	Maximum exposure
Financial investments at FVPL	52,383,023	52,383,023
Financial investments at amortised cost	30,927,881	30,927,881
Total	83,310,904	83,310,904

As at 31 December 2024 and 2023, the maximum exposures in the unconsolidated structural entities are equal to their carrying amounts.

### (b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services. As at 31 December 2024 and 2023, the carrying amounts of the investments in the units issued by these structured entities and management fee receivables being recognised are not material to the consolidated statement of financial position.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 40 Involvement with unconsolidated structured entities (Continued)

### (b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in (Continued)

As at 31 December 2024, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB66,706.82 million (2023: RMB70,671.55 million).

### (c) Unconsolidated structured entities sponsored by the Group during the year which the Group does not consolidate but have an interest in during the reporting period

As at 31 December 2024, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January but matured before 31 December amounted to RMB10,683.22 million (2023: RMB5,224.79 million).

## 41 Capital management

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the former CBRC. The capital of the Group is divided into core tier-1 capital, other tier-1 capital and tier-2 capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group calculates the capital adequacy ratios in accordance with the "Administrative Measures for the Capital of Commercial Banks" issued by the NFRA.

In accordance with the "Administrative Measures for the Capital of Commercial Banks", the State Administration of Financial Supervision stipulates that the Group's core tier-1 capital adequacy ratio should not be lower than 5.00% and the tier-1 capital adequacy ratio should not be lower than 5.00%, tier-1 capital adequacy ratio of not less than 6.00% and capital adequacy ratio of not less than 8.00%.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's statutory financial statements prepared in accordance with the PRC Accounting Standards.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 41 Capital management (Continued)

The Group calculates the capital adequacy ratios from 1 January 2024 in accordance with the Administrative Measures for the Capital of Commercial Banks issued by the NFRA in 2023 as follows:

	2024	2023
Core tier-1 capital adequacy ratio	8.46%	8.10%
Tier-1 capital adequacy ratio	10.93%	10.44%
Capital adequacy ratio	13.02%	11.64%
Core tier-1 capital	84,621,015	80,092,221
Deductions of core tier-1 capital	(8,317,618)	(3,186,680)
Net core tier-1 capital	76,303,397	76,905,541
Other tier-1 capital	22,273,896	22,265,699
Net tier-1 capital	98,577,293	99,171,240
Tier-2 capital	18,838,593	11,456,163
Net capital base	117,415,886	110,627,403
Total risk weighted assets	901,608,843	950,017,363

## 42 Notes to the consolidated statement of cash flows

### (a) Net decrease in cash and cash equivalents

	2024	2023
Cash and cash equivalents as at 31 December	63,630,220	101,193,704
Less: Cash and cash equivalents as at 1 January	(101,193,704)	(125,893,084)
Net decrease in cash and cash equivalents	(37,563,484)	(24,699,380)



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 42 Notes to the consolidated statement of cash flows (Continued)

### (b) Cash and cash equivalents

	2024	2023
Cash on hand	1,812,703	1,963,752
Deposits with the central bank	18,888,157	21,796,813
Deposits with banks and other financial institutions	17,270,978	12,692,700
Financial assets held under resale agreements	23,792,730	56,275,928
Placements with banks and other financial institutions	1,865,652	8,464,511
Total	63,630,220	101,193,704

### (c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Debt securities issued	Lease liabilities	Total
At 1 January 2024	131,990,578	731,318	132,721,896
<b>Changes from financing cash flow</b>			
Proceeds received from debt securities issued	276,661,304	—	276,661,304
Interest paid on debt securities issued	(2,602,421)	—	(2,602,421)
Repayment of debt securities issued	(262,044,393)	—	(262,044,393)
Capital element of lease liabilities paid	—	(392,082)	(392,082)
Interest element of lease liabilities paid	—	(23,797)	(23,797)
Total changes from financing cash flows	12,014,490	(415,879)	11,598,611
<b>Other changes:</b>			
Interest expense	2,873,379	23,797	2,897,176
Increase in lease liabilities	-	138,193	138,193
Total other changes	2,873,379	161,990	3,035,369
At 31 December 2024	146,878,447	477,429	147,355,876

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 42 Notes to the consolidated statement of cash flows (Continued)

### (c) Reconciliation of movements of liabilities to cash flows arising from financing activities (Continued)

	Debt securities issued	Lease liabilities	Total
At 1 January 2023	145,158,732	956,256	146,114,988
<b>Changes from financing cash flow</b>			
Proceeds received from debt securities issued	252,090,860	–	252,090,860
Interest paid on debt securities issued	(3,900,023)	–	(3,900,023)
Repayment of debt securities issued	(265,077,664)	–	(265,077,664)
Capital element of lease liabilities paid	–	(395,795)	(395,795)
Interest element of lease liabilities paid	–	(38,628)	(38,628)
Total changes from financing cash flows	(16,886,827)	(434,423)	(17,321,250)
<b>Other changes:</b>			
Interest expense	3,718,673	33,145	3,751,818
Increase in lease liabilities	–	176,340	176,340
Total other changes	3,718,673	209,485	3,928,158
At 31 December 2023	131,990,578	731,318	132,721,896

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 43 Related party relationships and transactions

### (a) Relationship of related parties

#### (i) Major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director in the Bank.

Shareholding in the Bank:

	2024	2023
Henan Investment Group Co., Ltd.	6.69%	6.20%
Jiangsu Wuzhong Group Co., Ltd.	1.15%	1.15%

#### (ii) Subsidiaries, associate and joint venture of the Bank

The detailed information of the Bank's subsidiaries, associate and joint venture are set out in Note 23.

#### (iii) Other related parties

Other related parties can be individuals or enterprises, which include: members of the board of directors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 43(a) or their controlling shareholders.

### (b) Related party transactions and balances

#### (i) Transactions between the Bank and major shareholders

	2024	2023
Transactions during the year:		
Interest income	41,543	41,763
Interest expense	231	1,538
Operating expenses	1,898	1,308
Balances at end of the year:		
Loans and advances to customers	1,233,242	1,243,252
Right-of-use assets	2,527	2,909
Deposits from customers	45,673	181,825
Lease liabilities	2,386	2,796

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 43 Related party relationships and transactions (Continued)

### (b) Related party transactions and balances: (Continued)

#### (ii) Transactions between the Bank and subsidiaries

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries and among the subsidiaries are eliminated on consolidation and therefore are not disclosed in this note.

#### (iii) Transactions between the Bank and other related parties, associate and joint venture

	2024	2023
Transactions during the year:		
Interest income	948,855	985,997
Interest expense	25,682	313,049
Disposal of assets	1,571	853,289
	2024	2023
Balances at end of the year:		
Loans and advances to customers	14,278,250	14,963,389
Lease receivables	464,563	671,563
Financial investments	545,243	332,353
Placements with banks and other financial institutions	3,025,936	2,024,213
Deposits with banks and other financial institutions	1,656,478	79,289
Deposits from customers	5,437,552	5,193,948
Deposits from banks and other financial institutions	1,313,281	1,864,827
	2024	2023
Balances of items off the consolidated statement of financial position outstanding at the end of the year:		
Bank acceptances	3,217,072	1,938,287
Letters of credit	258,000	457,080
Letters of guarantees	5,100	3,010



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 43 Related party relationships and transactions (Continued)

### (c) 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 Group, directly or indirectly, including members of the board of directors, the supervisory board and executive officers.

#### (i) Transactions between the Bank and key management personnel

	2024	2023
Transactions during the year:		
Interest income	180	665
Interest expense	25	315
Balances at end of the year:		
Loans and advances to customers	3,442	12,565
Deposits from customers	7,709	9,855

#### (ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	2024	2023
Salaries and other emoluments	8,538	12,044
Discretionary bonuses	17,060	18,048
Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	1,451	1,416
Total	27,049	31,508

### (d) Loans and advances to directors, supervisors and officers

Loans to directors of the company and entities connected with directors disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024	2023
Aggregate amount of relevant loans outstanding at the end of the year	3,442	6,887
Maximum aggregate amount of relevant loans outstanding during the year	6,887	6,887

There was no amount due but unpaid, nor any impairment provision made against the principal or interest on these loans at 31 December 2024 and 2023.

# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 44 Segment reporting

The Group manages its business by business lines. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

### Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, consulting and advisory services, remittance and settlement services and guarantee services.

### Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services and remittance services.

### Financial markets business

This segment covers the Group's financial markets business operations. The financial markets business enters into inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The financial markets business segment also covers management of the Group's overall liquidity position, including the issuance of debts.

### Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/expense". Net income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 Segment reporting (Continued)

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets and liabilities include intra-group balances and intra-group transactions which are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the year ended 31 December 2024 and 2023 to acquire property and equipment, intangible assets and other long-term assets.

	2024				
	Corporate banking	Retail banking	Financial markets business	Others	Total
Operating income					
External net interest income/(expense)	19,186,733	(1,901,709)	4,257,707	–	21,542,731
Internal net interest (expense)/income	(7,378,223)	9,262,290	(1,884,067)	–	–
Net interest income	11,808,510	7,360,581	2,373,640	–	21,542,731
Net fee and commission income/(expense)	1,223,803	(413,298)	607,554	–	1,418,059
Net trading gains/(losses)	199,505	–	(7,675)	–	191,830
Net gains arising from investment securities	10,432	–	2,493,418	–	2,503,850
Other operating income	119,379	38,889	13,448	127,080	298,796
Sub-total	13,361,629	6,986,172	5,480,385	127,080	25,955,266
Operating expenses	(4,245,838)	(3,172,393)	(1,702,455)	(1,328,874)	(10,449,560)
Impairment losses on assets	(10,734,363)	(1,698,346)	(385,574)	(67,327)	(12,885,610)
Share of results of associate and joint venture	–	–	130,377	–	130,377
(Loss)/profit before tax	(1,618,572)	2,115,433	3,522,733	(1,269,121)	2,750,473
Segment assets	577,830,151	294,706,529	475,804,038	5,608,112	1,353,948,830
Deferred tax assets	–	–	–	11,248,143	11,248,143
Total assets	577,830,151	294,706,529	475,804,038	16,856,255	1,365,196,973
Segment liabilities	336,100,812	580,463,069	340,302,674	7,947,104	1,264,813,659
Total liabilities	336,100,812	580,463,069	340,302,674	7,947,104	1,264,813,659
Other segment information					
– Depreciation and amortisation	657,309	465,467	389,916	7,449	1,520,141
– Capital expenditure	680,427	481,838	403,630	7,711	1,573,606

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 Segment reporting (Continued)

	2023				
	Corporate banking	Retail banking	Financial markets business	Others	Total
Operating income					
External net interest income/ (expense)	18,576,140	(1,104,717)	4,791,584	–	22,263,007
Internal net interest (expense)/ income	(4,638,586)	6,671,191	(2,032,605)	–	–
Net interest income	13,937,554	5,566,474	2,758,979	–	22,263,007
Net fee and commission income/ (expense)	885,735	(172,819)	605,604	–	1,318,520
Net trading gains	250,282	–	61,864	–	312,146
Net gains arising from investment securities	8,743	–	1,883,470	–	1,892,213
Other operating income	33,714	252,741	1,996	109,081	397,532
Sub-total	15,116,028	5,646,396	5,311,913	109,081	26,183,418
Operating expenses	(4,623,521)	(3,257,866)	(1,814,570)	(1,165,832)	(10,861,789)
Impairment losses on assets	(8,946,409)	(2,341,814)	(1,246,971)	(24,587)	(12,559,781)
Share of results of associate and joint venture	–	–	195,241	–	195,241
Profit/(loss) before tax	1,546,098	46,716	2,445,613	(1,081,338)	2,957,089
Segment assets	575,343,116	289,311,070	465,676,702	5,318,531	1,335,649,419
Deferred tax assets	–	–	–	10,797,078	10,797,078
Total assets	575,343,116	289,311,070	465,676,702	16,115,609	1,346,446,497
Segment liabilities	323,859,027	539,268,617	378,234,960	8,195,722	1,249,558,326
Total liabilities	323,859,027	539,268,617	378,234,960	8,195,722	1,249,558,326
Other segment information					
– Depreciation and amortisation	883,993	357,033	432,896	27,045	1,700,967
– Capital expenditure	438,168	176,970	214,573	13,406	843,117



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management

The Group has exposure to the following risks from its financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of these risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

The Group's risk management policies were established to identify and analyse the risks to which the Group is exposed, to set appropriate risk limits, and to design relevant internal control policies and systems for monitoring risks and adhering to risk limits. Risk management policies and relevant internal control systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Internal Audit Department of the Group undertakes both regular and ad hoc reviews of the compliance of internal control implementation with risk management policies.

### (a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

#### **Credit business**

The board of directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The board also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The board gives advice on internal controls relating to risk management. The responsible departments for credit risk management include the Credit Approval Department, Credit Management Department, and Risk Management Department. The Risk Management Department is responsible for implementing the Group's overall risk management system. Besides risk monitoring and control, the Risk Management Department is also responsible for formulating risk management policies. To ensure the independence of credit approval, the Credit Approval Department is independent from customer relationship and product management departments. Front office departments of branches carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (a) Credit risk (Continued)

#### ***Credit business (Continued)***

For corporate and institutional businesses, the Group has established industry-specific limits for credit approval. It has put in place continuous monitoring mechanism, with regular reporting of credit exposures to the board. The Group's credit risk management covers key operational phases, including pre-lending evaluations, credit approval, and post-lending monitoring. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history, and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan-approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardised loan recovery procedures.

The Group adopts a loan risk classification approach to manage its loan portfolio risk. Loans are generally classified as normal, special mention, substandard, doubtful and loss according to their levels of risk. Substandard, doubtful and loss loans are considered to be impaired loans and advances. They are classified as such when one or more events demonstrate that there is objective evidence of a loss event. The impairment loss is assessed collectively or individually as appropriate.

#### ***Financial markets business***

The Group sets credit limits for financial markets business operations based on the credit risk inherent in the products, counterparties and geographical areas. Credit risk exposure is closely monitored on a systematic, real-time basis, and credit risk limits are reviewed and updated regularly.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (a) Credit risk (Continued)

#### ***Credit risk management***

The financial assets are categorised by the Group into the following stages to manage its financial assets' credit risk:

##### *Stage 1*

Financial assets have not experienced a significant increase in credit risk since initial recognition and impairment recognised on the basis of 12-month ECLs.

##### *Stage 2*

Financial assets have experienced a significant increase in credit risk since initial recognition and impairment is recognised on the basis of lifetime ECLs.

##### *Stage 3*

Financial assets that are in default and considered credit-impaired.

#### *Significant increase in credit risk*

When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial assets has increased significantly.

If the borrower is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the borrower's business, financial and economic status;
- Application for a grace period or debt-restructuring;
- Significant changes with an adverse effect in the borrower's business conditions;
- Decrease in value of the collaterals (for the collateral loans and pledged loans only);
- Indicators of cash flow/liquidity issues, such as late payment of accounts payable/repayment of loans;
- The financial asset is overdue more than 30 days.

The Group uses watch lists to monitor credit risk of financial assets related to loans and treasury operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at 31 December 2024, the Group did not consider any of its financial assets to have a low credit risk that would warrant not reassessing these financial assets at the end of the reporting period to determine whether there has been a significant increase in credit risk since their initial recognition.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (a) Credit risk (Continued)

#### **Credit risk management (Continued)**

##### *Definition of “default” and “credit-impaired assets”*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- the disappearance of an active market for a security because of financial difficulties of the issuer; or
- overdue more than 90 days.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.

##### *Measurement of ECLs*

The Group adopts ECL model to measure provision for loss of financial assets based on the stages categorised above.

The ECL is the result of the discounted product of probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”). The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (a) Credit risk (Continued)

#### ***Credit risk management (Continued)***

##### *Measurement of ECLs (Continued)*

The Group adopts the PD/LGD model and determines the ECL by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the ECL for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

PD is derived based on internal and external ratings, five-level classification or historical data, with forward-looking adjustments.

The Group's exposure to credit risk can be reasonably grouped into credit risks by using qualitative and quantitative analyses and suggestions from experts, and by taking into account credit risk characteristics such as business types, product attributes or customer characteristics.

The Group updates the ECL assessment on a monthly basis, also makes loss allowance for credit risk based on the assessment results. To ensure that the model parameters adequately reflect the impact of forward-looking information on ECLs, the model parameters are updated at least semi-annually, the implementation of the ECL approach is assessed annually, and a competent independent external third-party institution is engaged to conduct a comprehensive validation on the implementation model under the ECL approach at least once every three years.

In measuring ECLs of financial instruments, the Group requires to consider all available, reasonable and reliable information that may affect credit risk, uses relevant observable data (e.g., Gross Domestic Product ("GDP"), Consumer Price Index, income of urban residents, etc.).

The Group setting up a variety of basic scenarios in accordance with the Group's operations and the macro-political situation when developing forward-looking information indicators, specifying the weight of different scenarios, and adding extreme scenarios in conjunction with the results of the stress tests when necessary. Adopt a combination of internal expert forecasting methods and data from external institutions to obtain forward-looking information, which may include both domestic information and information about other countries and regions related to credit risk. The forward-looking model is established to determine the adjustments of forward-looking information to the relevant parameters of the ECL assessment model.

As at 31 December 2024, the Group makes forward-looking forecasts of macroeconomic indicators, taking into account the impact of different macroeconomic scenarios and other factors on economic trends. Among these, the quarter-on-quarter GDP growth rate used to estimate ECLs ranges from 4.30% to 5.07% in 2025 under the neutral scenario.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (a) Credit risk (Continued)

#### ***Credit risk management (Continued)***

*Assessing credit risk of financial assets after the amendment of contractual cash flows*

In order to achieve maximum collection, the Group may modify the contractual terms of loans due to business negotiations or financial difficulties of the borrowers at times.

Such rescheduling activities include extended payment term arrangements, payment holidays and payment forgiveness. Rescheduling policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are reviewed continuously. The restructuring of loans is most common in the management of medium and long-term loans. The risk stage can only be lowered if the rescheduled loans are reviewed for at least 6 consecutive months and the corresponding stage classification criteria is reached.

#### ***(i) Maximum credit risk exposure***

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as at the end of each reporting period.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (a) Credit risk (Continued)

(ii) Financial assets analysed by credit quality are summarised as follows:

	2024							
	Balance (excluding accrued interest)				Provision for impairment losses			
	Assessed for 12-month expected credit losses	Not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired and assessed for lifetime expected credit loss	Total	Assessed for 12-month expected credit losses	Not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired and assessed for lifetime expected credit loss	Total
<b>Financial assets measured at amortised cost (not including accrued interest)</b>								
Cash and deposits with the central bank	63,992,951	-	-	63,992,951	-	-	-	-
Deposits/Placements with banks and other financial institutions	65,105,630	-	19,027	65,124,657	(18,185)	-	(19,027)	(37,212)
Financial assets held under resale agreements	23,792,730	-	-	23,792,730	(2,942)	-	-	(2,942)
Loans and advances to customers	617,325,139	23,002,802	14,458,037	654,785,978	(5,962,388)	(4,072,913)	(11,772,729)	(21,808,030)
Financial investments	225,791,202	715,679	28,161,158	254,668,039	(334,016)	(21,468)	(17,538,858)	(17,894,342)
Lease receivables	67,454,495	2,721,036	810,161	70,985,692	(1,240,906)	(927,791)	(608,135)	(2,776,832)
<b>Total</b>	<b>1,063,462,147</b>	<b>26,439,517</b>	<b>43,448,383</b>	<b>1,133,350,047</b>	<b>(7,558,437)</b>	<b>(5,022,172)</b>	<b>(29,938,749)</b>	<b>(42,519,358)</b>
<b>Financial assets at FVOCI (not including accrued interest)</b>								
Loans and advances to customers	59,669,278	-	-	59,669,278	(605,647)	-	-	(605,647)
Financial investments	88,346,221	-	-	88,346,221	(21,680)	-	-	(21,680)
<b>Total</b>	<b>148,015,499</b>	<b>-</b>	<b>-</b>	<b>148,015,499</b>	<b>(627,327)</b>	<b>-</b>	<b>-</b>	<b>(627,327)</b>

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (a) Credit risk (Continued)

(ii) **Financial assets analysed by credit quality are summarised as follows:**  
(Continued)

	2023							
	Balance (excluding accrued interest)				Provision for impairment losses			
	Assessed for 12-month expected credit losses	Not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired and assessed for lifetime expected credit loss	Total	Assessed for 12-month expected credit losses	Not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired and assessed for lifetime expected credit loss	Total
<b>Financial assets measured at amortised cost (not including accrued interest)</b>								
Cash and deposits with the central bank	65,047,202	-	-	65,047,202	-	-	-	-
Deposits/Placements with banks and other financial institutions	51,956,919	-	19,027	51,975,946	(8,752)	-	(19,027)	(27,779)
Financial assets held under resale agreements	56,275,928	-	-	56,275,928	(3,715)	-	-	(3,715)
Loans and advances to customers	604,410,800	23,025,889	14,452,328	641,889,017	(6,304,298)	(4,174,994)	(11,331,374)	(21,810,666)
Financial investments	226,466,623	2,250,335	27,726,354	256,443,312	(214,323)	(97,480)	(11,647,248)	(11,959,051)
Lease receivables	65,008,048	1,362,155	1,449,190	67,819,393	(1,190,670)	(376,920)	(924,289)	(2,491,879)
<b>Total</b>	<b>1,069,165,520</b>	<b>26,638,379</b>	<b>43,646,899</b>	<b>1,139,450,798</b>	<b>(7,721,758)</b>	<b>(4,649,394)</b>	<b>(23,921,938)</b>	<b>(36,293,090)</b>
<b>Financial assets at FVOCI (not including accrued interest)</b>								
Loans and advances to customers	65,573,154	-	-	65,573,154	(454,567)	-	-	(454,567)
Financial investments	76,170,685	-	-	76,170,685	(19,239)	-	-	(19,239)
<b>Total</b>	<b>141,743,839</b>	<b>-</b>	<b>-</b>	<b>141,743,839</b>	<b>(473,806)</b>	<b>-</b>	<b>-</b>	<b>(473,806)</b>

As at 31 December 2024, the fair value of collaterals held against loans and advances that are not credit-impaired and assessed for lifetime ECLs amounted to RMB31,491.41 million (2023: RMB29,354.22 million). The fair value of collaterals held against credit-impaired loans and advances that are assessed for lifetime ECL amounted to RMB4,817.73 million (2023: RMB2,193.41 million). The collaterals mainly include land, buildings, machinery and equipment, etc. The fair value of collaterals was estimated by the Bank based on the latest external valuations, adjusted in light of disposal experience and current market conditions.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (a) Credit risk (Continued)

#### (iii) Amounts due from banks and other financial institutions

The amounts due from banks and non-bank financial institutions include deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements for which counterparties are banks and non-bank financial institutions. Amounts due from banks and non-bank financial institutions are rated with reference to major rating agencies accepted by the PBOC.

	2024	2023
Neither overdue nor credit-impaired		
Ratings		
– A to AAA	65,074,609	54,969,396
– unrated	24,357,789	53,637,611
Total	89,432,398	108,607,007

#### (iv) Debt securities

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by the rating agency designations as at 31 December are as follows:

	2024	2023
Neither overdue nor credit-impaired		
Ratings		
– AAA	324,919,901	277,842,315
– AA – to AA+	4,116,141	3,297,118
– BB – to BB+	–	22,920
– B – to B+	–	31,251
– unrated	11,184,822	16,517,773
Overdue and credit-impaired		
– unrated	720,631	707,992
Total	340,941,495	298,419,369

# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 45 Risk management (Continued)

### (b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The board of directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured and monitored all types of market risk. The Risk and Internal Control Management Committee monitors the market risk management process within the scope authorised by the board of directors, which include review and approval of market risk management strategies, policies and procedures. The Group is primarily exposed to market risk in its financial markets business. The Financial Market Department is responsible for carrying out capital investments and transactions, as well as monitoring and managing the foreign exchange risk on a daily basis. The Asset and Liability Management Department is responsible for monitoring and managing the interest rate risk in bank account. The Risk Management Department is responsible for formulating the market risk management policies and procedures, as well as identifying, measuring and monitoring the Group's market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile for each period with reference to the interest rate risks for different maturities.

Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-bearing liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (b) Market risk (Continued)

#### ***Interest rate risk***

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial markets business position.

#### *Repricing risk*

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group’s income or its inherent economic value to vary with the movement in interest rates.

The Asset and Liability Management Department is responsible for measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

#### *Trading interest rate risk*

Trading interest rate risk mainly arises from the financial markets business’ investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios’ fair value given a 100 basis points (1%) movement in the interest rates.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (b) Market risk (Continued)

#### Interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier:

	2024					Total
	Within three months	Three months to one year	One year to five years	More than five years	Non-interest bearing	
<b>Assets</b>						
Cash and deposits with the central bank	63,992,951	–	–	–	1,835,481	65,828,432
Deposits with banks and other financial institutions	17,428,343	4,634,000	–	–	52,501	22,114,844
Placements with banks and other financial institutions	19,505,102	23,520,000	–	–	495,001	43,520,103
Derivative financial assets	–	–	–	–	21,565	21,565
Financial assets held under resale agreements	23,789,788	–	–	–	7,663	23,797,451
Loans and advances to customers (Note (1))	343,092,371	168,361,778	116,987,363	64,205,714	5,197,970	697,845,196
Financial investments (Note (2))	21,112,447	44,124,912	167,793,464	164,780,917	16,041,044	413,852,784
Lease receivables (Note (3))	3,799,444	20,038,098	42,290,305	2,081,013	–	68,208,860
Others	–	–	–	–	30,007,738	30,007,738
<b>Total assets</b>	<b>492,720,446</b>	<b>260,678,788</b>	<b>327,071,132</b>	<b>231,067,644</b>	<b>53,658,963</b>	<b>1,365,196,973</b>
<b>Liabilities</b>						
Borrowing from the central bank	16,813,371	26,979,839	–	–	242,298	44,035,508
Deposits from banks and other financial institutions	21,441,787	30,930,000	2,500	–	284,268	52,658,555
Placements from banks and other financial institutions	17,789,490	42,129,670	421,051	–	431,388	60,771,599
Derivative financial liabilities	–	–	–	–	174,230	174,230
Financial assets sold under repurchase agreements	34,865,190	–	–	–	9,627	34,874,817
Deposits from customers	419,169,112	222,834,459	242,630,697	4,800,000	22,365,519	911,799,787
Debt securities issued	44,414,028	89,260,175	4,997,335	7,999,564	207,345	146,878,447
Others	523,652	862,892	2,601,383	217,311	9,415,478	13,620,716
<b>Total liabilities</b>	<b>555,016,630</b>	<b>412,997,035</b>	<b>250,652,966</b>	<b>13,016,875</b>	<b>33,130,153</b>	<b>1,264,813,659</b>
<b>Asset-liability gap</b>	<b>(62,296,184)</b>	<b>(152,318,247)</b>	<b>76,418,166</b>	<b>218,050,769</b>	<b>20,528,810</b>	<b>100,383,314</b>



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (b) Market risk (Continued)

#### Interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier:  
(Continued)

	2023					Total
	Within three months	Three months to one year	One year to five years	More than five years	Non-interest bearing	
<b>Assets</b>						
Cash and deposits with the central bank	65,047,202	–	–	–	1,985,878	67,033,080
Deposits with banks and other financial institutions	13,918,710	2,718,067	–	–	75,730	16,712,507
Placements with banks and other financial institutions	27,512,645	7,798,745	–	–	280,437	35,591,827
Derivative financial assets	–	–	–	–	33,450	33,450
Financial assets held under resale agreements	56,272,213	–	–	–	30,460	56,302,673
Loans and advances to customers (Note (1))	387,640,643	153,770,554	115,229,916	29,010,392	4,217,864	689,869,369
Financial investments (Note (2))	34,450,034	30,198,429	169,181,976	86,824,507	66,185,881	386,840,827
Lease receivables (Note (3))	24,804,842	3,902,619	36,364,056	255,997	–	65,327,514
Others	–	–	–	–	28,735,250	28,735,250
<b>Total assets</b>	609,646,289	198,388,414	320,775,948	116,090,896	101,544,950	1,346,446,497
<b>Liabilities</b>						
Borrowing from the central bank	15,899,337	51,745,514	–	–	411,061	68,055,912
Deposits from banks and other financial institutions	31,462,086	7,086,000	–	–	155,877	38,703,963
Placements from banks and other financial institutions	19,734,354	43,819,304	360,647	–	568,483	64,482,788
Derivative financial liabilities	–	–	–	–	335,589	335,589
Financial assets sold under repurchase agreements	73,097,326	–	–	–	23,961	73,121,287
Deposits from customers	383,117,313	198,822,186	249,182,043	6,400,000	22,262,239	859,783,781
Debt securities issued	63,920,315	60,851,880	4,997,652	2,000,000	220,731	131,990,578
Others	84,296	315,850	298,401	18,017	12,367,864	13,084,428
<b>Total liabilities</b>	587,315,027	362,640,734	254,838,743	8,418,017	36,345,805	1,249,558,326
<b>Asset-liability gap</b>	22,331,262	(164,252,320)	65,937,205	107,672,879	65,199,145	96,888,171

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (b) Market risk (Continued)

#### Interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier:  
(Continued)

Note:

- (1) As at 31 December 2024, for loans and advances to customers, the category “Within three months” includes overdue amounts (net of provision for impairment losses) of RMB11,546.66 million (2023: RMB13,846.16 million).
- (2) As at 31 December 2024, for financial investments, the category “Within three months” includes overdue amounts (net of provision for impairment losses) of RMB10,220.22 million (2023: RMB17,143.71 million).
- (3) As at 31 December 2024, for lease receivables, the category “Within three months” includes overdue amounts (net of provision for impairment losses) of RMB535.65 million (2023: RMB449.05 million).

#### (ii) Interest rate sensitivity analysis

	2024 (Decrease)/ increase	2023 (Decrease)/ increase
Changes in net profit		
Up 100 basis points (“bps”) parallel shift in yield curves	(973,595)	(756,435)
Down 100 bps parallel shift in yield curves	973,595	756,435
Changes in equity		
Up 100 bps parallel shift in yield curves	(3,151,047)	(3,260,928)
Down 100 bps parallel shift in yield curves	3,403,810	3,422,743

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (b) Market risk (Continued)

#### **Interest rate risk (Continued)**

##### *(ii) Interest rate sensitivity analysis (Continued)*

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The effect of equity is the effect of the assumed changes in interest rates on the Group's net interest income and OCI, calculated by revaluing financial investments at FVOCI and loans and advances to customers measured at FVOCI held at year end. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to non-derivative financial instruments of the Group;
- At the end of each reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (b) Market risk (Continued)

#### Foreign currency risk

The Group's currency risk mainly arises from foreign currency deposits with banks and other financial institutions. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

The Group's currency exposures as at the end of the reporting period are as follows:

	2024				
	RMB	USD (RMB Equivalent)	HKD (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
<b>Assets</b>					
Cash and deposits with the central bank	65,818,647	7,690	496	1,599	65,828,432
Deposits with banks and other financial institutions	19,066,922	1,707,695	1,298,702	41,525	22,114,844
Placements with banks and other financial institutions	43,304,424	215,679	—	—	43,520,103
Financial assets held under resale agreements	23,797,451	—	—	—	23,797,451
Loans and advances to customers	697,845,196	—	—	—	697,845,196
Financial investments	409,618,841	3,927,993	305,950	—	413,852,784
Lease receivables	68,208,860	—	—	—	68,208,860
Derivative financial assets	21,565	—	—	—	21,565
Others	29,793,763	188,730	25,245	—	30,007,738
<b>Total assets</b>	<b>1,357,475,669</b>	<b>6,047,787</b>	<b>1,630,393</b>	<b>43,124</b>	<b>1,365,196,973</b>
<b>Liabilities</b>					
Borrowing from the central bank	44,035,508	—	—	—	44,035,508
Deposits from banks and other financial institutions	52,658,554	1	—	—	52,658,555
Placements from banks and other financial institutions	60,771,599	—	—	—	60,771,599
Financial assets sold under repurchase agreements	34,874,817	—	—	—	34,874,817
Deposits from customers	911,605,299	176,138	292	18,058	911,799,787
Debt securities issued	146,878,447	—	—	—	146,878,447
Derivative financial liabilities	174,230	—	—	—	174,230
Others	7,208,721	5,362,410	1,049,585	—	13,620,716
<b>Total liabilities</b>	<b>1,258,207,175</b>	<b>5,538,549</b>	<b>1,049,877</b>	<b>18,058</b>	<b>1,264,813,659</b>
<b>Asset-liability gap</b>	<b>99,268,494</b>	<b>509,238</b>	<b>580,516</b>	<b>25,066</b>	<b>100,383,314</b>



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (b) Market risk (Continued)

#### Foreign currency risk (Continued)

	2023				
	RMB	USD (RMB Equivalent)	HKD (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
<b>Assets</b>					
Cash and deposits with the central bank	66,953,478	78,446	183	973	67,033,080
Deposits with banks and other financial institutions	11,501,579	3,885,253	1,272,341	53,334	16,712,507
Placements with banks and other financial institutions	34,777,572	814,255	–	–	35,591,827
Financial assets held under resale agreements	56,161,073	141,600	–	–	56,302,673
Loans and advances to customers	687,903,909	1,965,460	–	–	689,869,369
Financial investments	380,192,139	6,127,079	521,609	–	386,840,827
Lease receivables	65,327,514	–	–	–	65,327,514
Derivative financial assets	33,450	–	–	–	33,450
Others	28,392,567	297,630	44,911	142	28,735,250
<b>Total assets</b>	<b>1,331,243,281</b>	<b>13,309,723</b>	<b>1,839,044</b>	<b>54,449</b>	<b>1,346,446,497</b>
<b>Liabilities</b>					
Borrowing from the central bank	68,055,912	–	–	–	68,055,912
Deposits from banks and other financial institutions	38,703,962	1	–	–	38,703,963
Placements from banks and other financial institutions	62,001,843	2,480,945	–	–	64,482,788
Financial assets sold under repurchase agreements	73,121,287	–	–	–	73,121,287
Deposits from customers	857,766,114	1,990,146	1,100	26,421	859,783,781
Debt securities issued	131,990,578	–	–	–	131,990,578
Derivative financial liabilities	335,589	–	–	–	335,589
Others	13,051,758	7,752	24,916	2	13,084,428
<b>Total liabilities</b>	<b>1,245,027,043</b>	<b>4,478,844</b>	<b>26,016</b>	<b>26,423</b>	<b>1,249,558,326</b>
<b>Asset-liability gap</b>	<b>86,216,238</b>	<b>8,830,879</b>	<b>1,813,028</b>	<b>28,026</b>	<b>96,888,171</b>

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (b) Market risk (Continued)

#### Foreign currency risk (Continued)

	2024 Increase/ (decrease)	2023 Increase/ (decrease)
Change in net profit and equity		
Up 100 bps change of foreign exchange rate	8,361	80,039
Down 100 bps change of foreign exchange rate	(8,361)	(80,039)

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of one hundred basis points fluctuation in the foreign currency exchange rates against RMB based on the closing rate of reporting date;
- The exchange rates against RMB for the USD and other foreign currencies change in the same direction simultaneously;
- All the position will be held and keep unchanged after maturity; and
- The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group's net profit and equity resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.

### (c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet repayment obligations. This risk exists even if a bank's solvency remains strong. In accordance with liquidity policies, the Group monitors the future cash flows and maintains an appropriate level of highly liquid assets.

# Notes to the consolidated financial statements

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 45 Risk management (Continued)

### (c) Liquidity risk (Continued)

The Asset and Liability Management Committee (“ALMC”) is responsible for managing the Group’s overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting on a timely basis of liquidity requirements and the payment of assets, liabilities, and off-balance sheet business, whether under a normal operating environment or a state of stress; balancing the effectiveness and security of funds in an efficient manner; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; pursuing profit maximisation and cost minimisation to a modest extent while ensuring appropriate liquidity; achieving the integration of the security, liquidity, and effectiveness of the Bank’s funds.

The Asset and Liability Management Department takes the lead to execute liquidity management policies and is responsible for formulating and revising the liquidity management strategies, and for identifying, measuring, monitoring and releasing the liquidity risk of the Bank. It is also responsible for managing and forecasting the working capital on a regular basis and ensuring the liquidity of working capital meets management requirements based on the liquidity strategies. The Finance Market Department is responsible for performing the operation following the instructions of the Asset and Liability Management Department. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

A substantial portion of the Group’s assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a stable source of funds.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (c) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment as at 31 December:

	2024							
	Indefinite (Note (ii))	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	45,104,794	20,700,860	–	22,778	–	–	–	65,828,432
Deposits with banks and other financial institutions	–	10,480,844	3,402,500	3,597,500	4,634,000	–	–	22,114,844
Placements with banks and other financial institutions	–	–	4,746,066	15,057,306	23,716,731	–	–	43,520,103
Derivative financial assets	–	–	–	–	10,068	11,497	–	21,565
Financial assets held under resale agreements	–	–	23,797,451	–	–	–	–	23,797,451
Loans and advances to customers	10,311,608	4,682,789	59,510,836	80,083,891	201,370,702	160,084,653	181,800,717	697,845,196
Financial investments	12,073,797	639,750	5,923,438	15,719,841	45,117,577	171,627,253	162,751,128	413,852,784
Lease receivables	334,991	205,698	500,613	813,910	5,953,001	53,020,887	7,379,760	68,208,860
Others	28,571,217	–	63,199	26,295	196,974	272,748	877,305	30,007,738
Total assets	96,396,407	36,709,941	97,944,103	115,321,521	280,999,053	385,017,038	352,808,910	1,365,196,973
Liabilities								
Borrowing from the central bank	–	921	5,839,723	11,156,303	27,038,561	–	–	44,035,508
Deposits from banks and other financial institutions	–	3,103,055	11,413,000	7,210,000	30,930,000	2,500	–	52,658,555
Placements from banks and other financial institutions	–	–	7,187,495	10,765,494	42,391,064	427,546	–	60,771,599
Derivative financial liabilities	–	–	–	149,929	8,641	15,660	–	174,230
Financial assets sold under repurchase agreements	–	–	34,874,817	–	–	–	–	34,874,817
Deposits from customers	–	243,441,809	80,802,357	105,473,291	228,428,648	248,853,682	4,800,000	911,799,787
Debt securities issued	–	–	7,662,896	36,751,132	89,349,647	5,026,102	8,088,670	146,878,447
Others	–	9,472,949	212,359	292,219	836,477	2,589,401	217,311	13,620,716
Total liabilities	–	256,018,734	147,992,647	171,798,368	418,983,038	256,914,891	13,105,981	1,264,813,659
Long/(short) position	96,396,407	(219,308,793)	(50,048,544)	(56,476,847)	(137,983,985)	128,102,147	339,702,929	100,383,314



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (c) Liquidity risk (Continued)

	2023							
	Indefinite (Note (i))	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
<b>Assets</b>								
Cash and deposits with the central bank	43,250,389	23,760,565	–	21,951	175	–	–	67,033,080
Deposits with banks and other financial institutions	–	12,400,965	1,393,500	172,755	2,745,287	–	–	16,712,507
Placements with banks and other financial institutions	–	–	4,473,315	23,249,286	7,869,226	–	–	35,591,827
Derivative financial assets	–	–	1,152	7,387	–	24,911	–	33,450
Financial assets held under resale agreements	–	–	56,302,673	–	–	–	–	56,302,673
Loans and advances to customers	8,332,507	6,119,824	60,847,375	94,195,316	164,898,535	178,362,076	177,113,736	689,869,369
Financial investments	17,133,312	1,094,599	4,306,070	15,410,709	39,310,145	169,967,995	139,617,997	386,840,827
Lease receivables	708,814	73,385	465,903	451,476	5,404,207	53,197,027	5,026,702	65,327,514
Others	17,174,999	–	30,152	627,627	248,088	10,617,243	37,141	28,735,250
Total assets	86,600,021	43,449,338	127,820,140	134,136,507	220,475,663	412,169,252	321,795,576	1,346,446,497
<b>Liabilities</b>								
Borrowing from the central bank	–	960	5,085,846	10,899,339	52,069,767	–	–	68,055,912
Deposits from banks and other financial institutions	–	2,591,489	7,704,666	21,254,386	7,153,422	–	–	38,703,963
Placements from banks and other financial institutions	–	–	7,149,454	12,818,472	44,147,242	367,620	–	64,482,788
Derivative financial liabilities	–	–	304,340	–	4,231	27,018	–	335,589
Financial assets sold under repurchase agreements	–	–	68,214,978	4,906,309	–	–	–	73,121,287
Deposits from customers	–	261,538,717	54,257,696	77,504,577	204,277,216	255,805,575	6,400,000	859,783,781
Debt securities issued	–	–	19,975,116	44,004,918	61,012,892	4,997,652	2,000,000	131,990,578
Others	–	3,574,517	549,827	347,644	4,609,684	3,908,740	94,016	13,084,428
Total liabilities	–	267,705,683	163,241,923	171,735,645	373,274,454	265,106,605	8,494,016	1,249,558,326
Long/(short) position	86,600,021	(224,256,345)	(35,421,783)	(37,599,138)	(152,798,791)	147,062,647	313,301,560	96,888,171

Note:

- (i) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Indefinite amount of loans and advances to customers and lease receivables includes all the credit-impaired loans and lease receivables, as well as those overdue more than one month. Loans and advances to customers and lease receivables with no impairment but overdue within one month are classified into the category of recoverable on demand. Indefinite amount of investments represents credit-impaired investments or those overdue more than one month. Financial investments with no impairment but overdue within one month are classified into the category of recoverable on demand. Equity investments is listed in the category of indefinite.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (c) Liquidity risk (Continued)

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and loan commitments as at 31 December:

	2024							
	Carrying amount	Contractual undiscounted cash flow	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
<b>Non-derivative financial liabilities</b>								
Borrowing from the central bank	44,035,508	44,040,034	921	5,840,410	11,158,164	27,040,539	-	-
Deposits from banks and other financial institutions	52,658,555	53,011,576	3,103,055	11,424,499	7,239,312	31,242,035	2,675	-
Placements from banks and other financial institutions	60,771,599	61,451,928	-	7,194,253	10,815,333	43,000,698	441,644	-
Financial assets sold under repurchase agreements	34,874,817	34,880,140	-	34,880,140	-	-	-	-
Deposits from customers	911,799,787	933,163,574	243,441,809	80,984,395	105,873,619	230,812,288	266,753,449	5,298,014
Debt securities issued	146,878,447	150,524,500	-	7,670,000	36,910,000	90,749,500	5,315,000	9,880,000
Lease liabilities	477,429	482,265	-	28,036	23,697	159,514	247,051	23,967
<b>Total non-derivative financial liabilities</b>	<b>1,251,496,142</b>	<b>1,277,554,017</b>	<b>246,545,785</b>	<b>148,021,733</b>	<b>172,020,125</b>	<b>423,004,574</b>	<b>272,759,819</b>	<b>15,201,981</b>
Loan commitments	-	16,178,421	-	16,178,421	-	-	-	-
2023								
	Carrying amount	Contractual undiscounted cash flow	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
<b>Non-derivative financial liabilities</b>								
Borrowing from the central bank	68,055,912	68,992,684	960	5,091,212	10,945,782	52,954,730	-	-
Deposits from banks and other financial institutions	38,703,963	38,897,984	2,591,489	7,709,508	21,356,693	7,240,294	-	-
Placements from banks and other financial institutions	64,482,788	66,281,354	-	7,338,401	13,079,819	45,470,103	393,031	-
Financial assets sold under repurchase agreements	73,121,287	73,170,888	-	68,245,494	4,925,394	-	-	-
Deposits from customers	859,783,781	881,157,348	261,538,717	54,420,841	77,808,988	207,267,774	272,998,589	7,122,439
Debt securities issued	131,990,578	133,793,121	-	20,010,908	44,213,432	61,882,281	5,578,500	2,108,000
Lease liabilities	731,318	778,185	-	35,270	53,290	343,064	327,422	19,139
<b>Total non-derivative financial liabilities</b>	<b>1,236,869,627</b>	<b>1,263,071,564</b>	<b>264,131,166</b>	<b>162,851,634</b>	<b>172,383,398</b>	<b>375,158,246</b>	<b>279,297,542</b>	<b>9,249,578</b>
Loan commitments	-	14,369,815	-	14,369,815	-	-	-	-

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (c) Liquidity risk (Continued)

The following tables analyse the Group's contractual undiscounted cash flows of derivative financial instruments to be settled on a net and gross basis as at the end of the reporting period:

	2024							
	Carrying amount	Contractual undiscounted cash flow	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Derivatives settled on net basis								
Foreign exchange forwards	(149,929)	(151,357)	–	(151,357)	–	–	–	–
Interest rate swaps	(2,736)	(4,743)	–	(635)	418	(2,669)	(1,857)	–
Total	(152,665)	(156,100)	–	(151,992)	418	(2,669)	(1,857)	–
	2023							
	Carrying amount	Contractual undiscounted cash flow	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Derivatives settled on net basis								
Foreign exchange forwards	(303,188)	(316,077)	–	(316,077)	–	–	–	–
Interest rate swaps	(2,107)	(2,259)	–	–	–	–	(2,259)	–
Derivatives settled on gross basis								
Currency swaps								
– cash outflow	(664,045)	(672,579)	–	–	(672,579)	–	–	–
– cash inflow	671,432	679,939	–	–	679,939	–	–	–
Precious metal derivatives								
– cash outflow	(959,828)	(968,649)	–	–	–	(968,649)	–	–
– cash inflow	955,597	964,380	–	–	–	964,380	–	–
Total	(302,139)	(315,245)	–	(316,077)	7,360	(4,269)	(2,259)	–

The Group's derivatives include foreign exchange forwards and interest rate swaps which will be settled on a net basis.

This analysis of the derivative financial instruments by contractual undiscounted cash flow might diverge from actual results.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 Risk management (Continued)

### (d) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information technology system failures, or impact from other external events.

The Group establishes a framework of policies and procedures to identify, assess, measure, control, monitor, release and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as below:

- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency plan and a business continuity system designed to deal with emergent and adverse circumstances, including public relation issues, natural disasters, IT system errors, bank runs, robberies, etc.;
- An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and
- An independent operational risk assessment framework based on the internal audit and the compliance review.

## 46 Fair value

### (a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values of financial instruments:

#### (i) Debt securities and equity investments

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of each reporting period.

#### (ii) Investments and other non-derivative financial assets

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

#### (iii) Debt securities issued and other non-derivative financial liabilities

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period. The Group has established policies and internal controls with respect to the measurement of fair values, specifying the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 46 Fair value (Continued)

### (a) Methods and assumptions for measurement of fair value (Continued)

#### (iv) *Derivative financial liabilities*

The fair values of foreign currency forward and swaps contracts are determined by the difference between the present value of the forward price and the contractual price at the end of the reporting period, or is based on quoted market prices. The fair values of interest rate swaps are estimated as the present value of estimated future cash flows.

### (b) Fair value measurement

#### (i) *Financial assets*

The Group's financial assets mainly consist of cash and deposits with the central bank, receivables with banks and other financial institutions, loans and advances to customers, lease receivables and investments.

Deposits with the central bank and receivables with banks and other financial institutions are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers and lease receivables are mostly priced at floating rates close to the Loan Prime Rate. Accordingly, the carrying amounts of loans and advances to customers measured at amortised cost and lease receivables approximate the fair values. The fair values of loans and advances to customers measured at FVOCI are based on valuation techniques.

Financial investments at FVOCI and financial investments at FVPL are stated at fair value. The carrying amount of financial investments at amortised cost is the reasonable approximations of its fair values because, in general, these investments are short-term in nature or repriced at current market rates frequently.

#### (ii) *Financial liabilities*

The Group's financial liabilities mainly include payables to banks and other financial institutions, deposits from customers and subordinated debt securities issued.

Financial liabilities designated at FVPL is presented with fair value. The carrying amount and fair value of debt securities issued are disclosed in Note 34. The carrying amounts of other financial liabilities approximate their fair value.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 46 Fair value (Continued)

### (c) Fair value hierarchy

The following table presents the fair value of the Bank's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

Level 3: Fair value measured using significant unobservable inputs

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include referencing to the fair value of another instrument that is substantially the same and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rate, and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

	2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
<b>Assets</b>				
Financial investments at FVPL	24,278	84,297,093	615,472	84,936,843
Derivative financial assets	–	21,565	–	21,565
Financial investments at FVOCI	–	89,167,504	155,054	89,322,558
Loans and advances to customers measured at FVOCI	–	59,669,278	–	59,669,278
Total	24,278	233,155,440	770,526	233,950,244
<b>Liabilities</b>				
Derivative financial liabilities	–	174,230	–	174,230
Total	–	174,230	–	174,230

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 46 Fair value (Continued)

### (c) Fair value hierarchy (Continued)

	2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
<b>Assets</b>				
Financial investments at FVPL	171,269	60,933,110	43,754	61,148,133
Derivative financial assets	–	33,450	–	33,450
Financial investments at FVOCI	–	77,141,172	155,054	77,296,226
Loans and advances to customers measured at FVOCI	–	65,573,154	–	65,573,154
Total	171,269	203,680,886	198,808	204,050,963
<b>Liabilities</b>				
Derivative financial liabilities	–	335,589	–	335,589
Total	–	335,589	–	335,589

During the years ended 31 December 2024 and 2023, there were no significant transfers among instruments in Level 1, Level 2 and Level 3.

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 46 Fair value (Continued)

### (c) Fair value hierarchy (Continued)

Movement of Level 3 fair value measurements of financial assets is as follows:

	2024	
	Financial investments at FVPL	Financial investments at FVOCI
As at 1 January 2024	43,754	155,054
Additions	571,914	–
Disposals and settlements	(196)	–
As at 31 December 2024	615,472	155,054

	2023	
	Financial investments at FVPL	Financial investments at FVOCI
As at 1 January 2023	60,222	124,879
Total fair value changes recognised in		
– Profit or loss	(7,972)	–
Additions	26,237	30,175
Disposals and settlements	(34,733)	–
As at 31 December 2023	43,754	155,054

## 47 Entrusted lending business

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the consolidated statement of financial position. Surplus funding is accounted for as deposits from customers.

	2024	2023
Entrusted loans	15,639,130	22,175,488
Entrusted funds	15,639,130	22,175,488



# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 48 Commitments and contingent liabilities

### (a) Credit commitments

The Group's credit commitments take the form of loan commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loan commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	2024	2023
Bank acceptances	77,847,769	70,913,639
Letters of credit	34,866,484	37,114,548
Loan commitments	16,178,421	14,369,815
Letters of guarantees	2,783,709	3,386,677
Total	131,676,383	125,784,679

The Group may be exposed to credit risk in all the above credit businesses. Management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

### (b) Capital commitments

As at 31 December the Group's authorised capital commitments are as follows:

	2024	2023
Contracted but not paid for	441,551	1,035,620

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 48 Commitments and contingent liabilities (Continued)

### (c) Outstanding litigations and disputes

As at 31 December 2024, the Group was the defendant in certain pending litigation and disputes with an estimated gross amounts of RMB1,437.48 million (2023: RMB1,506.05 million). The Group recognised the related provision (See Note 35(b)) and the directors considered the provision is reasonable and sufficient.

## 49 Statement of financial position of the Bank

	Note	2024	2023
<b>ASSETS</b>			
Cash and deposits with the central bank		<b>63,017,769</b>	64,549,655
Deposits with banks and other financial institutions		<b>14,494,319</b>	8,640,761
Placements with banks and other financial institutions		<b>48,631,192</b>	38,466,395
Derivative financial assets		<b>21,565</b>	33,450
Financial assets held under resale agreements		<b>23,797,451</b>	56,302,673
Loans and advances to customers		<b>682,656,858</b>	668,692,356
Financial investments:			
– Financial investments at FVPL		<b>84,919,522</b>	61,130,616
– Financial investments at FVOCI		<b>88,254,922</b>	75,887,831
– Financial investments at amortised cost		<b>239,593,383</b>	248,207,101
Investments in subsidiaries, associate and joint venture	23	<b>9,908,316</b>	9,855,423
Property and equipment		<b>7,044,774</b>	7,474,505
Deferred tax assets		<b>10,438,344</b>	10,030,418
Goodwill		<b>1,479,667</b>	1,479,667
Other assets		<b>6,212,279</b>	5,573,569
<b>TOTAL ASSETS</b>		<b>1,280,470,361</b>	1,256,324,420

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 49 Statement of financial position of the Bank (Continued)

	2024	2023
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Borrowing from the central bank	43,944,007	67,646,204
Deposits from banks and other financial institutions	56,930,463	41,625,471
Placements from banks and other financial institutions	7,260,642	11,691,640
Derivative financial liabilities	174,230	335,589
Financial assets sold under repurchase agreements	34,874,817	73,121,287
Deposits from customers	885,020,561	830,103,754
Debt securities issued	147,148,447	132,178,954
Other liabilities	9,603,719	7,838,608
<b>Total liabilities</b>	<b>1,184,956,886</b>	<b>1,164,541,507</b>
<b>Equity</b>		
Share capital	36,549,823	36,549,823
Other equity instruments	13,998,937	13,998,937
Reserves	40,369,055	38,612,635
Retained earnings	4,595,660	2,621,518
<b>Total equity</b>	<b>95,513,475</b>	<b>91,782,913</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,280,470,361</b>	<b>1,256,324,420</b>

# Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

## 50 Comparative figures

Certain comparative figures have been reclassified to conform the current year's presentation.

## 51 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	1 January 2025
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

Except for the new IFRS Accounting Standards mentioned below, the directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

### IFRS 18, Presentation and Disclosure in Financial Statements

On April 2024, the IASB published a new standard IFRS 18, *Presentation and Disclosure in Financial Statements*. The main changes in IFRS 18 compared with the previous requirements in IAS 1 comprise a more structured income statement, disclosures on management defined performance measures and enhanced aggregation and disaggregation of information, etc. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7, *Statement of Cash Flows* and IAS 33, *Earnings per share* are also made.

The application of the new standard is expected to affect the presentation and disclosures in the Group's future consolidated financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.



# Unaudited Supplementary Financial Information

(Expressed in thousands of Renminbi, unless otherwise stated)

The information set out below does not form part of the consolidated financial report, and is included herein for information purpose only.

## 1 Liquidity coverage ratio liquidity ratio and leverage ratio

	2024	Average for 2024
High quality liquid assets	208,435,072	—
Net cash outflow	70,563,650	—
Liquidity coverage ratio (RMB and foreign currency)	295.39%	304.05%
	2023	Average for 2023
High quality liquid assets	152,352,397	—
Net cash outflow	48,096,031	—
Liquidity coverage ratio (RMB and foreign currency)	316.77%	437.67%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks (Provisional), the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2018. During the transitional period, such ratio shall reach 60%, 70%, 80% and 90% by the end of 2014, 2015, 2016 and 2017, respectively.

### Liquidity ratio

	December 31, 2024	December 31, 2023
Liquidity ratio	45.76%	48.44%

### Leverage ratio

	December 31, 2024	December 31, 2023
Leverage ratio	6.67%	6.87%

The above leverage ratio are calculated in accordance with the Measures for Ratio Management of Commercial Bank issued by NFRA since 1 January 2024.

# Unaudited Supplementary Financial Information

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Net stable funding ratio

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Available stable funding	849,027,533	847,943,277	841,497,116	830,071,376	800,867,812
Required stable funding	678,784,217	676,122,331	683,565,108	691,534,631	675,859,200
Net stable funding ratio	125.08%	125.41%	123.10%	120.03%	118.50%

## 3 Currency Concentrations

	December 31, 2024			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	6,047,787	1,630,393	43,124	7,721,304
Spot liabilities	(5,538,549)	(1,049,877)	(18,058)	(6,606,484)
Net position	509,238	580,516	25,066	1,114,820

	December 31, 2023			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	13,309,723	1,839,044	54,449	15,203,216
Spot liabilities	(4,478,844)	(26,016)	(26,423)	(4,531,283)
Net position	8,830,879	1,813,028	28,026	10,671,933

The Group has no structural position at the end of Reporting Period.

## 4 International Claims

The Bank is principally engaged in business operations within mainland China, and regards all claims on third parties outside mainland China as international claims.

International claims include amounts due from banks and other financial institutions and financial investments.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

# Unaudited Supplementary Financial Information

(Expressed in thousands of Renminbi, unless otherwise stated)

## 4 International Claims (Continued)

	December 31, 2024			
	Banks and other financial institutions	Public sector entities	Non-bank private sectors	Total
Asia Pacific	15,781	–	5,744,640	5,760,421
North America	229,606	–	–	229,606
Others	4,290	–	–	4,290
	249,677	–	5,744,640	5,994,317

	December 31, 2023			
	Banks and other financial institutions	Public sector entities	Non-bank private sectors	Total
Asia Pacific	5,419,511	–	6,994,785	12,414,296
North America	1,167,778	–	–	1,167,778
Others	20,083	–	–	20,083
	6,607,372	–	6,994,785	13,602,157

## 5 Gross amount of overdue loans and advances

	December 31, 2024	December 31, 2023
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	1,136,056	1,473,141
– between 6 months and 1 year (inclusive)	4,481,164	2,733,955
– over 1 year	7,993,084	8,993,474
Total	13,610,304	13,200,570
As a percentage of total gross loans and advances		
– between 3 and 6 months (inclusive)	0.16%	0.21%
– between 6 months and 1 year (inclusive)	0.63%	0.39%
– over 1 year	1.11%	1.27%
Total	1.90%	1.87%

## Definitions

“14 County Banks”	Linzhou Zhongyuan County Bank Co., Ltd. (林州中原村鎮銀行股份有限公司), Qixian Zhongyuan County Bank Co., Ltd. (淇縣中原村鎮銀行股份有限公司), Xinxiang Zhongyuan County Bank Co., Ltd. (新鄉中原村鎮銀行股份有限公司), Puyang Zhongyuan County Bank Co., Ltd. (濮陽中原村鎮銀行股份有限公司), Lushi Zhongyuan County Bank Co., Ltd. (盧氏中原村鎮銀行股份有限公司), Xiangcheng Zhongyuan County Bank Co., Ltd. (襄城中原村鎮銀行股份有限公司), Xinyang Pingqiao Zhongyuan County Bank Co., Ltd. (信陽平橋中原村鎮銀行股份有限公司), Xiping Zhongyuan County Bank Co., Ltd. (西平中原村鎮銀行股份有限公司), Suiping Zhongyuan County Bank Co., Ltd. (遂平中原村鎮銀行股份有限公司), Shenzhen Nanshan Baosheng County Bank Co., Ltd. (深圳南山寶生村鎮銀行股份有限公司), Henan Luanchuan Minfeng County Bank Co., Ltd. (河南欒川民豐村鎮銀行股份有限公司), Mengjin Minfeng County Bank Co., Ltd. (孟津民豐村鎮銀行股份有限公司), Jiaxian Guangtian County Bank Co., Ltd. (郊縣廣天村鎮銀行股份有限公司), Luohe Yancheng Zhongyuan County Bank Co., Ltd. (漯河鄆城中原村鎮銀行有限責任公司)
“AB Leasing”	AB Leasing Co., Ltd. (邦銀金融租賃股份有限公司), a joint stock company incorporated in the PRC with limited liability and a subsidiary of the Bank
“Articles of Association” or “Bank’s Articles of Association”	articles of association of the Bank as may be amended, supplemented or otherwise modified from time to time
“Bank”, “we”, “us”, “Company” or “Zhongyuan Bank”	Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司), a joint stock company established on December 23, 2014 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and, if the context requires, includes its predecessors, branches and sub-branches and all subsidiaries
“Board of Supervisors”	the board of Supervisors of the Bank
“Board” or “Board of Directors”	the board of Directors of the Bank
“BOL Financial Leasing”	BOL Financial Leasing Co., Ltd. (洛銀金融租賃股份有限公司), a joint stock company incorporated in the PRC with limited liability and a subsidiary of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission, a former name of the National Financial Regulatory Administration
“CBRC”	China Banking Regulatory Commission, a former name of the National Financial Regulatory Administration
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan of the PRC
“Consumer Finance Company”	Henan Zhongyuan Consumer Finance Co., Ltd. (河南中原消費金融股份有限公司), a joint stock company established in the PRC on December 29, 2016 and a joint venture of our Bank
“Corporate Governance Code”	the Code on Corporate Governance under Appendix C1 to the Hong Kong Listing Rules



# Definitions

“Directors”	directors of the Bank
“Domestic Shares”	ordinary shares of RMB1.00 each in the share capital of the Bank, which are subscribed for or credited as paid up in Renminbi
“H Shares”	ordinary shares of RMB1.00 each in the share capital of the Bank, which are listed on the Hong Kong Stock Exchange
“HK\$”	the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
“PBOC” or “Central Bank”	The People’s Bank of China (中國人民銀行)
“Reporting Period”	for the year ended December 31, 2024
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	ordinary shares in the share capital with a nominal value of RMB1.00 each of the Bank, including Domestic Shares and H Shares
“Supervisors”	the supervisors of the Bank