中国建设银行
China Construction Bank

1954-2024

Integrity and Innovation
Stability and Sustainability

2024 Annual Report

China Construction Bank Corporation

IMPORTANT NOTICE

The Board, the board of supervisors, directors, supervisors and senior management of the Bank warrant that the information in this report is truthful, accurate and complete and contains no false records, misleading statements or material omissions, and they assume several and joint legal liability for such contents.

This annual report and results announcement have been reviewed and approved at the Board meeting of the Bank held on 28 March 2025. A total of 12 directors of the Bank attended the meeting in person. Due to official business, Lord Sassoon appointed Mr. Michel Madelain as his proxy to attend and vote on his behalf.

The Board proposes a final cash dividend of RMB0.206 per share (including tax) for 2024 to all shareholders, with cash dividends totalling approximately RMB51,502 million. As approved by the second extraordinary general meeting of 2024, the Bank distributed the 2024 interim cash dividend of RMB0.197 per share (including tax), with cash dividends totalling approximately RMB49,252 million, to all shareholders whose names appeared on the register of members after the close of market on 9 January 2025. The 2024 cash dividend per share (including tax) will be RMB0.403, with cash dividends for the year totalling approximately RMB100,754 million. The Bank does not propose any capitalisation of capital reserve into share capital.

The financial statements of the Group prepared in accordance with PRC GAAP for the year of 2024 have been audited by Ernst & Young Hua Ming LLP, and the financial statements of the Group prepared in accordance with IFRS for the year of 2024 have been audited by Ernst & Young. Both auditors have provided audit report with unqualified audit opinion.

Mr. Zhang Jinliang, chairman and executive director of the Bank, Mr. Zhang Yi, vice chairman, executive director and president of the Bank, and Mr. Liu Fanggen, general manager of finance & accounting department, hereby warrant the truthfulness, accuracy and completeness of the financial statements in this annual report.

We have included in this report certain forward-looking statements with respect to our financial position, operating results and business development. These statements are based on current plans, estimates and projections. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements do not constitute a substantive commitment to investors. Please be fully aware of the risks and understand the differences between plans, projections and commitments.

The main risks faced by the Group include credit risk, market risk, operational risk, liquidity risk, reputational risk, country risk, IT risk and strategic risk. We took proactive measures to manage various risks effectively. For more information, please refer to "Management Discussion and Analysis – Risk Management".

This report is prepared in both Chinese and English. In the case of discrepancy between the two versions, the Chinese version shall prevail.

CONTENTS

DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below.

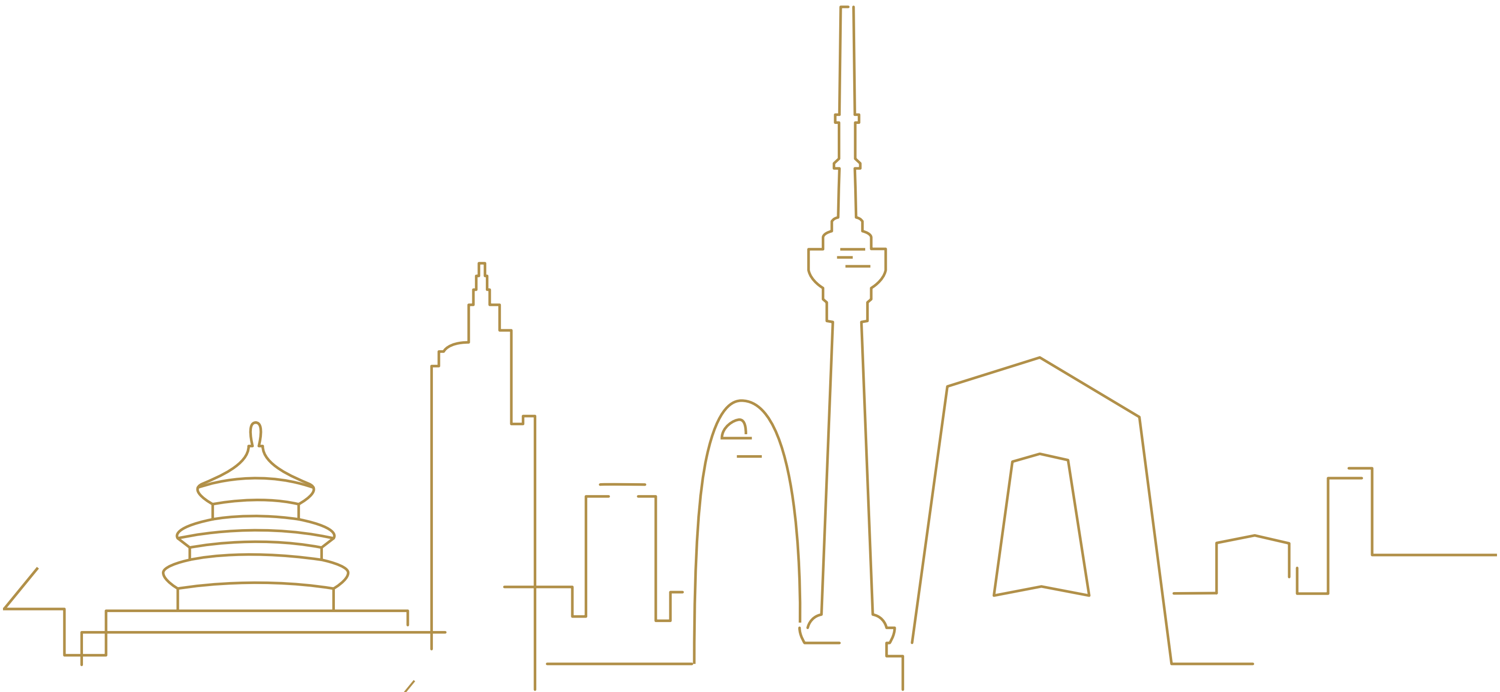
Abbreviations of organisations

State Council	State Council of the People's Republic of China
MOF	Ministry of Finance of the People's Republic of China
PBOC	The People's Bank of China
NFRA	National Financial Regulatory Administration
Former CBIRC	Former China Banking and Insurance Regulatory Commission, predecessor of the NFRA
CSRC	China Securities Regulatory Commission
SAFE	State Administration of Foreign Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd.
State Grid	State Grid Corporation of China
Yangtze Power	China Yangtze Power Co., Limited
Baowu Steel Group	China Baowu Steel Group Corporation Limited
Bank	China Construction Bank Corporation
Ping An Group	Ping An Insurance (Group) Company of China, Ltd.
Ping An Asset Management	Ping An Asset Management Co., Ltd.
Ping An Life Insurance	Ping An Life Insurance Company of China, Ltd.
ICBC	Industrial and Commercial Bank of China Limited
ABC	Agricultural Bank of China Limited
BOC	Bank of China Limited
Group or CCB	China Construction Bank Corporation and its subsidiaries
Board	Board of directors
CCB Asia	China Construction Bank (Asia) Corporation Limited
CCB Consulting	CCB Engineering Consulting Co., Ltd.
CCB Consumer Finance	CCB Consumer Finance Co., Ltd.
CCB Europe	China Construction Bank (Europe) S.A.
CCB Financial Leasing	CCB Financial Leasing Co., Ltd.
CCB FinTech	CCB FinTech Co., Ltd.
CCB Futures	CCB Futures Co., Ltd.
CCB Housing	CCB Housing Services Co., Ltd.
CCB Housing Rental	CCB Housing Rental Private Fund Management Co., Ltd.
CCB Housing Rental Fund	CCB Housing Rental Fund (Limited Partnership)
CCB Indonesia	PT Bank China Construction Bank Indonesia Tbk
CCB International	CCB International (Holdings) Limited
CCB Investment	CCB Financial Asset Investment Co., Ltd.

DEFINITIONS

CCB Life	CCB Life Insurance Co., Ltd.
CCB London	China Construction Bank (London) Limited
CCB Malaysia	China Construction Bank (Malaysia) Berhad
CCB New Zealand	China Construction Bank (New Zealand) Limited
CCB Pension	CCB Pension Management Co., Ltd.
CCB Principal Asset Management	CCB Principal Asset Management Co., Ltd.
CCB Private Equity	CCB Private Equity Investment Management Co., Ltd.
CCB P&C Insurance	CCB Property & Casualty Insurance Co., Ltd.
CCB Russia	China Construction Bank (Russia) Limited
CCB Trust	CCB Trust Co., Ltd.
CCB Wealth Management	CCB Wealth Management Co., Ltd.
Sino-German Bausparkasse	Sino-German Bausparkasse Co., Ltd.
Others	
Five Priorities	Technology finance, green finance, inclusive finance, pension finance and digital finance
Three Capabilities	Capabilities in serving national construction, preventing financial risks, and participating in international competition
Two Key Tasks	Implementation of key national strategies and building of safety capabilities in key areas
Two Renewals	The new round of large-scale equipment renewal and trade-ins of consumer goods
RCEP	Regional Comprehensive Economic Partnership
Binary Stars	Mobile banking + "CCB Lifestyle"
CCB Huidongni	An integrated ecological service platform built by the Bank for inclusive finance customers by using the Internet, big data, artificial intelligence and biometric technologies
Long Pay	An Internet-based enterprise-wide mobile digital payment brand of the Bank, which includes a group of comprehensive integrated payment and settlement products and services
Yunong Loan	A loan product provided by the Bank for agriculture-related proprietors, farmers mainly, which includes "Yunong Quick Loan" and "Yunongdai" product system
Yunongtong	The Bank's comprehensive financial service platform to support rural revitalisation through offline service sites, online app and WeChat ecology
Listing Rules of Hong Kong Stock Exchange	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC GAAP	*Accounting Standards for Business Enterprises* and other relevant requirements promulgated by the MOF on 15 February 2006 and afterwards
New insurance contracts standard	*IFRS 17 Insurance Contracts* issued by International Accounting Standards Board, which came into effect on 1 January 2023
New financial instruments standard	*International Financial Reporting Standard No. 9 – Financial Instruments* issued by International Accounting Standards Board, which came into effect on 1 January 2018
IFRS	International Financial Reporting Standards
AML	Anti-money laundering
ESG	Environmental, Social and Governance
FLM	Financial large model
WMPs	Wealth management products

CORPORATE INTRODUCTION



China Construction Bank Corporation, headquartered in Beijing, is a leading large-scale commercial bank in China. Its predecessor, People's Construction Bank of China, was established in October 1954. It was listed on Hong Kong Stock Exchange in October 2005 (stock code: 939) and Shanghai Stock Exchange in September 2007 (stock code: 601939). At the end of 2024, the Bank's market capitalisation was approximate US$212,427 million, ranking sixth among all listed banks in the world. The Bank ranks second in "Top 1000 World Banks Ranking" in 2024 by *The Banker* magazine and second in the "Top 500 Banking Brands" by *Brand Finance*.

The Bank provides customers with comprehensive financial services, including corporate finance business, personal finance business, treasury and asset management business and others, serving 771 million personal customers and 11.68 million corporate customers. Moreover, it has subsidiaries in various sectors, including fund management, financial leasing, trust, insurance, futures, pension and investment banking. At the end of 2024, the Group had 376,847 staff members and 14,750 operating entities.

The Group fully recognises the political significance of financial work and its importance to the interest of the people, and conscientiously upholds these principles in practice. It enhances high-quality financial services for major national strategies, key areas and weak links, makes significant efforts in the "Five Priorities", i.e., technology finance, green finance, inclusive finance, pension finance and digital finance, actively supports the development of new quality productive forces, effectively serves the real economy, and assists in high-standard opening up and coordinated regional development. The Group remains steadfast in its core responsibilities and primary businesses focus, continuously enhances its "Three Capabilities" in serving national construction, preventing financial risks, and participating in international competition, proactively integrates into the broader framework of further deepening reform comprehensively and unswervingly promotes high-quality development.

CORPORATE CULTURE

CCB adheres to the principle of honesty and trustworthiness, pursuing profit while maintaining high ethical standards, maintaining robustness and prudence, upholding integrity and innovation, and operating in compliance with laws and regulations. It promotes the construction of special cultures such as people-oriented development, service, risk, compliance, innovation, green and low-carbon transformation, integrity and consumer protection. It uses corporate culture as value guidance, enhances cohesion of all employees of the Bank, promotes high-quality development of finance and contributes to construction of a "Financial Power".

Missions

Provide better services to our customers, create higher value to our shareholders, build up broader career path for our associates, and assume full social responsibilities as a corporate citizen

Vision

Build a world class banking group with top value creation capability

Core Values

Integrity, impartiality, prudence, and creation

Style of Work

Diligent, disciplined, truthful, and practical

Philosophy

Business concept: Market-oriented, customer-centred

Service concept: Customer first, detail-focused

Compliance concept: Proactive compliance by all employees, and value creation through compliance

Risk concept: Steady, prudent, comprehensive, and proactive

Innovation concept: Encouraging, open, inclusive, and prudent

Talent concept: Respect talents, make a good use of talents, and retain talents

CORPORATE INFORMATION

Legal name and abbreviation in Chinese	中國建設銀行股份有限公司 (abbreviated as "中國建設銀行")
Legal name and abbreviation in English	CHINA CONSTRUCTION BANK CORPORATION (abbreviated as "CCB")
Legal representative	Zhang Jinliang
Authorised representatives	Zhang Yi Qiu Jicheng
Secretary to the Board	Zhang Jinliang (performing the duties of the secretary to the Board)
Contact address	No. 25, Financial Street, Xicheng District, Beijing
Joint company secretaries	Qiu Jicheng and Chiu Ming King
Principal place of business in Hong Kong	28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Registered address and office address	No. 25, Financial Street, Xicheng District, Beijing Postcode:100033 Telephone: 86-10-67597114
Websites	www.ccb.cn www.ccb.com
Hotline for customer service and complaints	95533
Contact information for investors	Telephone: 86-10-66215533 Facsimile: 86-10-66218888 Email: ir@ccb.com
Media and websites for information disclosure	*China Securities Journal*, www.cs.com.cn *Shanghai Securities News*, www.cnstock.com *Securities Times*, www.stcn.com *Securities Daily*, www.zqrb.cn
Website of Shanghai Stock Exchange for publishing the annual report prepared in accordance with PRC GAAP	www.sse.com.cn
Website of the "HKEXnews" of Hong Kong Exchanges and Clearing Limited for publishing the annual report prepared in accordance with IFRS	www.hkexnews.hk
Place where copies of this annual report are kept	Board of Directors Office of the Bank
Listing stock exchanges, stock abbreviations and stock codes	A-share: Shanghai Stock Exchange Stock abbreviation: 建設銀行 Stock code: 601939 H-share: The Stock Exchange of Hong Kong Limited Stock abbreviation: CCB Stock code: 939 Domestic preference share: Shanghai Stock Exchange Stock abbreviation: 建行優1 Stock code: 360030

CORPORATE INFORMATION

Certified public accountants	Domestic auditor: Ernst & Young Hua Ming LLP Address: 17/F, Ernst & Young Tower, Oriental Plaza, No. 1 East Changan Avenue, Dongcheng District, Beijing Signatory CPAs: Jiang Changzheng, Gu Jun and Li Linlin International auditor: Ernst & Young Address: 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong Signatory accountant: Leung Shing Kit
Legal advisor as to PRC laws	Commerce & Finance Law Offices Address: 12-15/F, China World Office 2, No. 1 Jianguomenwai Avenue, Beijing
Legal advisor as to Hong Kong laws	Clifford Chance Address: 27/F, Jardine House, One Connaught Place, Central, Hong Kong
A-share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch Address: No. 188 Yanggaonan Road, Pudong New District, Shanghai
H-share registrar	Computershare Hong Kong Investor Services Limited Address: Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

RANKINGS AND AWARDS

UK magazine The Banker

Second

in Top 1000 World Banks Ranking 2024

Brand Finance

UK consulting company Brand Finance

Second

in Top 500 Banking Brands

US magazine GLOBAL FINANCE

Best Investment Bank in China 2024
Best Sub-Custodian Bank in China 2024
Best Bank for Renminbi Internationalization 2024

FORTUNE

US magazine FORTUNE

30th

in Global 500 2024

Singapore magazine The Asian Banker

Best Retail Bank in Asia Pacific 2024
Best Retail Bank in China 2024
Best Mega-Retail Bank in China 2024

MSCI

ESG rating

rising to AAA

Financial News

Best Bank for Sci-Tech Innovation Financial Service Outstanding Cases of Rural Revitalisation for Large Banks

Southern Weekend

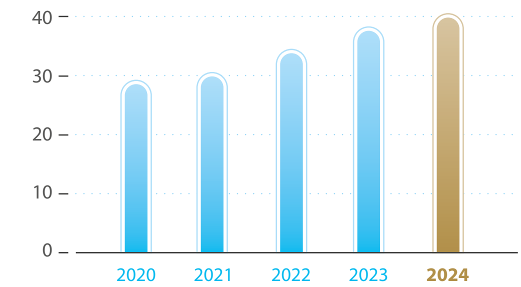
"Outstanding Responsible Enterprise of the Year" for the 16th China CSR Annual Forum

China Finance

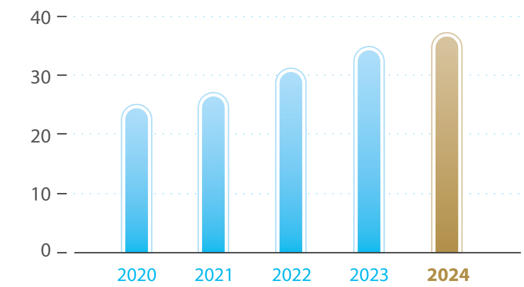
2024 Outstanding Pension Finance Cases in China's Financial Industry – "Jianyang'an" pension finance brand construction of CCB

FINANCIAL AND BUSINESS HIGHLIGHTS

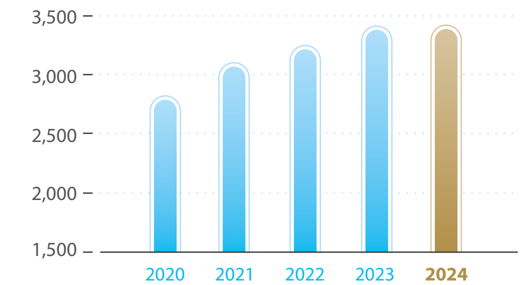
Assets (in trillions of RMB)



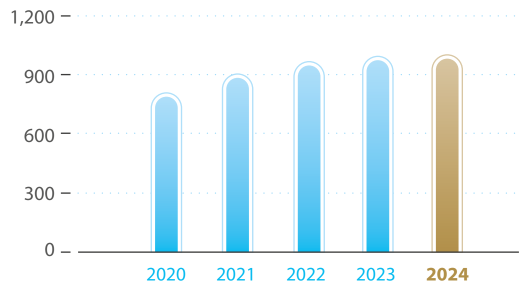
Liabilities (in trillions of RMB)



Net Profit (in hundred million of RMB)



Dividends (in hundred million of RMB)



MSCI ESG rating

rising to AAA

ROA
0.85%

ROE
10.69%

NIM
1.51%

Allowance to NPLs
233.60%

Capital adequacy ratio
19.69%

Cost-to-income ratio
29.58%

Progress in the "Five Priorities"

Technology Finance

- The balance of loans in technology-related industries exceeded RMB3.50 trillion
- The balance of loans to strategic emerging industries were RMB2.84 trillion, an increase of 26.63%

Digital Finance

- The balance of loans to core industries of the digital economy was nearly RMB800 billion
- Users of "Binary Stars" reached 521 million

Green Finance

- The balance of green loans amounted to RMB4.70 trillion, an increase of 20.99%
- More than RMB200 billion had been invested in green sectors within the Bank's bond investment portfolio

Pension Finance

- Pillar 2 asset managed by CCB Pension exceeded RMB620 billion, and the number of parent-subsidiary collaborative customers increased by 128%

Inclusive Finance

- The balance of inclusive finance loans amounted to RMB3.41 trillion, an increase of 12.01%
- The balance of "Yunong Loan" exceeded RMB280 billion, with a loan growth rate of more than 45%

FINANCIAL SUMMARY

The financial information set forth in this annual report is prepared on a consolidated basis in accordance with the IFRS and expressed in RMB unless otherwise stated.

(expressed in millions of RMB, unless otherwise stated)	2024	2023	Change (%)	2022	2021	2020
For the year						
Operating income	728,570	745,615	(2.29)	757,510	764,706	714,224
Net interest income	589,882	617,233	(4.43)	643,669	605,420	575,909
Net fee and commission income	104,928	115,746	(9.35)	116,085	121,492	114,582
Other net non-interest income	33,760	12,636	167.17	(2,244)	37,794	23,733
Operating expenses	(223,779)	(220,152)	1.65	(219,991)	(219,182)	(188,574)
Credit impairment losses	(120,700)	(136,774)	(11.75)	(154,535)	(167,949)	(193,491)
Other impairment losses	(298)	(463)	(35.64)	(479)	(766)	3,562
Profit before tax	384,377	389,377	(1.28)	383,699	378,412	336,616
Net profit	336,282	332,460	1.15	324,863	303,928	273,579
Net profit attributable to equity shareholders of the Bank	335,577	332,653	0.88	324,727	302,513	271,050
Net profit attributable to ordinary shareholders of the Bank	328,469	327,543	0.28	320,189	297,975	265,426
Net cash from operating activities	338,023	642,850	(47.42)	978,419	436,718	580,685
As at 31 December						
Total assets	40,571,149	38,324,826	5.86	34,600,711	30,253,979	28,132,254
Net loans and advances to customers	25,040,400	23,083,377	8.48	20,493,042	18,170,492	16,231,369
Total liabilities	37,227,184	35,152,752	5.90	31,724,467	27,639,857	25,742,901
Deposits from customers	28,713,870	27,654,011	3.83	25,020,807	22,378,814	20,614,976
Total equity	3,343,965	3,172,074	5.42	2,876,244	2,614,122	2,389,353
Total equity attributable to equity shareholders of the Bank	3,322,127	3,150,145	5.46	2,855,450	2,588,231	2,364,808
Share capital	250,011	250,011	–	250,011	250,011	250,011
Common Equity Tier 1 capital after regulatory adjustments [1]	3,165,549	2,944,386	7.51	2,706,459	2,475,462	2,261,449
Additional Tier 1 capital after regulatory adjustments [1]	158,875	200,088	(20.60)	140,074	100,066	100,068
Tier 2 capital after regulatory adjustments [1]	978,839	876,187	11.72	793,905	676,754	471,164
Total capital after regulatory adjustments [1]	4,303,263	4,020,661	7.03	3,640,438	3,252,282	2,832,681
Risk-weighted assets [1]	21,854,590	22,395,908	(2.42)	19,767,834	18,215,893	16,604,591
Per share (In RMB)						
Basic and diluted earnings per share	1.31	1.31	–	1.28	1.19	1.06
Net assets per share attributable to ordinary shareholders of the Bank	12.65	11.80	7.20	10.86	9.95	9.06
Net cash from operating activities per share	1.35	2.57	(47.47)	3.91	1.75	2.32

1. Data for 2024 were measured in accordance with the relevant rules of the *Rules on Capital Management of Commercial Banks*. Data in previous periods were measured in accordance with the relevant rules of the *Capital Rules for Commercial Banks (Provisional)*.

	2024	2023	Change+/(-)	2022	2021	2020
Profitability indicators (%)						
Return on average assets [1]	0.85	0.91	(0.06)	1.00	1.04	1.02
Return on average equity	10.69	11.56	(0.87)	12.30	12.55	12.12
Net interest margin	1.51	1.70	(0.19)	2.01	2.13	2.19
Net fee and commission income to operating income	14.40	15.52	(1.12)	15.32	15.89	16.04
Cost-to-income ratio [2]	29.58	28.39	1.19	27.96	27.64	25.38
Capital adequacy indicators (%)						
Common Equity Tier 1 ratio [3]	14.48	13.15	1.33	13.69	13.59	13.62
Tier 1 ratio [3]	15.21	14.04	1.17	14.40	14.14	14.22
Capital adequacy ratio [3]	19.69	17.95	1.74	18.42	17.85	17.06
Total equity to total assets	8.24	8.28	(0.04)	8.31	8.64	8.49
Asset quality indicators (%)						
Non-performing loan (NPL) ratio	1.34	1.37	(0.03)	1.38	1.42	1.56
Allowance to NPLs [4]	233.60	239.85	(6.25)	241.53	239.96	213.59
Loan provision ratio [4]	3.12	3.28	(0.16)	3.34	3.40	3.33

1. Adjusted by dividing net profit by the average of total assets at the beginning and end of the year.
2. Operating expenses (after deduction of taxes and surcharges) divided by operating income.
3. Data for 2024 were measured in accordance with the relevant rules of the *Rules on Capital Management of Commercial Banks*. Data in previous periods were measured in accordance with the relevant rules of the *Capital Rules for Commercial Banks (Provisional)*.
4. Allowances for impairment losses on loans include the allowances for impairment losses on discounted bills measured at fair value through other comprehensive income, and both total loans and NPLs do not include the accrued interest.

The following table sets forth the main quarterly financial indicators of the Group during the respective periods.

	2024				2023			
(In millions of RMB)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income	195,284	179,547	177,516	176,223	200,948	187,207	182,471	174,989
Net profit attributable to equity shareholders of the Bank	86,817	77,509	91,450	79,801	88,743	78,601	88,110	77,199
Net cash from/(used in) operating activities	209,335	81,470	664,064	(616,846)	370,787	443,828	(337,409)	165,644

CHAIRMAN'S STATEMENT

Zhang Jinliang Chairman

Dear shareholders,

In 2024, as the People's Republic of China celebrated its 75th anniversary, CCB marked its own 70-year journey of resilience and innovation. Over seven decades, generations of CCB associates have carried forward their "revolutionary heritage", and served the construction of the country patriotically, which applied inspiring strokes of perseverance to the grand narrative of China's socialist modernisation. **We kept pace with the times, resonating in harmony with the pulse of the nation.** From supporting landmark infrastructure projects in the PRC's early days to financing megaprojects in modernising China's industrial system, we have anchored our mission in serving national economic priorities and improving social wellbeing. By refining our business structure and upgrading our growth drivers, we have evolved from a single-function institution managing appropriations for state infrastructure projects to a global systemically important bank with robust capital strength, and diversified financial products and services. **We steadfastly upheld reform and innovation, and pioneered new financial products and service models continuously.** In 1985, we issued China's first residential mortgage loan. In 2002, we introduced an incentive framework centred on economic value added (EVA). In 2005, we took lead in completing shareholding reform and getting listed. In 2010, we initiated the construction of our New Generation Core Banking System. In 2021, we became the sole pilot bank for sci-tech achievement evaluation reforms. These milestones reflect CCB's role as a vanguard in modernising governance framework and capabilities of financial enterprises and advancing supply-side structural reforms. **Adhering to a people-first ethos, we dedicated ourselves to serving people's aspirations for a better life.** From financing the 156 pivotal industrial projects under China's First Five-Year Plan that forged the backbone of China's industrial might to granting RMB3.41 trillion in inclusive loans to empower households nationwide and RMB4.70 trillion in green loans to safeguard our nation's lucid waters and lush mountains, CCB's mission has evolved with the times while staying true to its founding mission of financial services for the people. We constantly created value for our customers and the Chinese people at large, and advanced our "tiered, grouped and graded" customer operation with 11.68 million corporate customers and 771 million personal customers. **We persisted in prudent operations, and explored an intensive and high-quality development path.** By deepening our understanding of economic and financial development, we strove to balance volume and structure, scale and profits, short- and long-term goals, parts and the whole, and development and security. We have found a growth path that aligns with our positioning by manoeuvring through economic cycles, maintaining strategic resolve, and embracing industry changes, and managed to achieve balanced, coordinated and sustainable metrics in terms of asset size, profitability, capital adequacy and risk management. We were resolute in fulfilling our social responsibilities, deeply integrating ESG principles and factors into our corporate governance and management practices, which was recognised by MSCI with the highest ESG rating of AAA. Over seven decades, CCB associates have been working together with perseverance and innovation, exemplified by pioneers like Mr. Zhang Fuqing, whose dedication remains an enduring inspiration for us. Standing at the dawn of a new era and ready for a new journey, we are confident in and capable of taking up the baton of history, unswervingly following the path of financial development with Chinese characteristics.

The past year witnessed extraordinary development in China. Under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, we followed the overarching principle of pursuing progress while ensuring stability, fully implemented the new development philosophy, and made great new strides in high-quality development by forging ahead with determination and perseverance. By the end of 2024, the Group's total assets exceeded RMB40 trillion, with net profit for the year reaching RMB336,282 million. We continued to maintain a leading position among our peers in key business indicators, including return on average assets, return on average equity, net interest margin, capital adequacy ratio, and cost-to-income ratio. The Board proposes a final cash dividend of RMB0.206 per share (including tax) for 2024, which will be submitted to the shareholders' general meeting for consideration. After being approved by the meeting, the 2024 cash dividend per share (including tax) will be RMB0.403.

Adversity reveals resolve, and trials forge excellence. The past year's achievements reflect the unwavering trust of our customers and shareholders, as well as the relentless dedication of our nearly 380,000 employees.

—— **We continued to enhance our capability to serve national construction, resolutely acting as a major force in supporting the real economy.** We are committed to implementing national strategies and serving the real economy, aligning our destiny with that of the national economy and maintaining an inseparable connection with the development of the real economy. Leveraging our comprehensive service capabilities, we implemented counter-cyclical adjustment policies to address the diversified, differentiated, and specialised financing needs of the real economy. We expedited the shift from old growth drivers to new ones, built an enterprise-wide comprehensive financial service system, and promoted the integrated development of "Five Priorities". Loans granted to technology finance, green finance, inclusive finance, pension finance, and digital finance have seen steady growth. We fully implemented the incremental policies, efficiently adjusted mortgage rates for existing residential mortgages, and expanded lending for share buybacks and shareholding increase, thereby boosting consumption, stabilising the market, and enhancing confidence.

—— **We continued to enhance our capability to prevent financial risks, resolutely serving as the ballast in safeguarding financial stability.** With risk prevention as an eternal theme of finance, we firmly safeguarded the bottom line of preventing systemic financial risk. By improving our comprehensive risk management system, and optimising our coordinated risk management mechanism of "three lines of defence", we strengthened group-wide integrated risk prevention and control. We proactively responded to changes in risk profile, effectively prevented and resolved risks in key areas, and maintained stable asset quality. We adhered to the principle of prudent and compliant operations through enhanced staff behaviour management, criminal case prevention, and accountability mechanisms, and strengthened protection of consumer rights and interests. In addition, we fully completed the distributed transformation of our core system, ensuring production and operation safety.

—— **We continued to enhance our capability to participate in international competition, resolutely serving as the vanguard of high-level opening-up.** Deeply-rooted in the Chinese market and with a global perspective on international competitions, we strove to break new grounds in financial services for "Going global" and "Bringing in". By deepening the collaboration of domestic and overseas operations, establishing a global financial service centre in Shanghai, and fully leveraging the leading role of our Hong Kong operation, our overseas institutions saw historic profitability and enhanced operating efficiency and effectiveness. We strengthened integrated services in both Renminbi and foreign currencies, achieving double-digit growth in both supply of trade finance and international balance of payment in 2024, and our branch in the U.K. continued to be the largest Renminbi clearing bank outside Asia. We vigorously supported regional economic integration under RCEP and provided comprehensive financial support for high-quality cooperation under the Belt and Road Initiative.

The year 2025 marks a pivotal year for the full implementation of the resolutions of the Third Plenary Session of the 20th CPC Central Committee, and is also the concluding year of the 14th Five-Year Plan. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era, we will firmly act as a provider of financial services, a co-builder of industrial transformation, and a creator of social value, with determination and strategic resolve, and strive to forge a path of high-quality development that is more efficient, sustainable, and secure.

—— **We will focus on our main responsibilities and optimise the supply of financial services.** We will better coordinate the cultivation of new growth drivers with the renewal of old ones, enhance the efficiency of resource allocation, and serve the real economy with higher quality and efficiency. We will expand and upgrade our consumer finance service system to fully promote domestic demand expansion. We will improve the integrated development mechanism of the "Five Priorities" to create a broad-based, diversified, and sustainable service system, and enhance high-quality financial services for key areas, key regions, and weak links. We will optimise our reach to support regional strategies, including new urbanisation and comprehensive rural revitalisation, to facilitate the integrated development of urban and rural areas. We will cultivate new growth drivers and speed up the development of a multi-tiered financial service system aligned with new quality productive forces, to underpin the modernisation of industrial systems. Additionally, we will enhance integrated operation of Renminbi and foreign currencies, and domestic and overseas markets, to bolster international competitiveness, actively contributing to China's high-standard opening-up.

—— **We will advance reform and development and improve our management system.** We will comprehensively implement the decisions and plans of the Third Plenary Session of the 20th CPC Central Committee, focus on key priorities and get poised to provide robust financial support for further deepening reforms while advancing Chinese modernisation. We will improve our internal systems and mechanisms, enhance Party leadership, work to build a corporate governance system characterised by clearly-defined responsibilities and coordinated operation. Besides, we will develop a customer service system that prioritises collaboration, efficiency, expertise and dedication; a risk management and internal control system featuring comprehensive and proactive control and effective checks and balances; an IT system that is agile, secure, and reliable; and a channel operation system that is open, intensive, smart, and efficient, thereby stimulating the internal momentum of high-quality development. We will optimise our development model to adapt to new circumstances and challenges, effectively improve asset quality, liability management, capital efficiency, revenue quality, and cost-effectiveness, and actively explore intensive growth strategies in the low-interest-rate environment.

—— **We will adhere to bottom-line thinking and prevent and resolve risks.** We will continue to improve our comprehensive risk management system and strengthen our risk governance framework, ensuring high-level security to solidify the foundation for high-quality development. We will prioritise credit risk prevention and control and strive to enhance early risk identification, early warnings, early detection and early disposal. We will constantly focus on resolving risks in key areas, intensify our disposal of non-performing assets, enhance the efficiency of such disposal, and proactively manage asset quality to maintain stability. We will bolster full-process risk management over online operations, optimise business structure, upgrade our intelligent risk management models, further the integration of online and offline operations and reinforce risk checks and balances, to ensure high-quality development of our businesses. Additionally, we will enhance our capability to prevent and control emerging risks so as to effectively address such risks as cybersecurity, gambling and fraud risks.

—— **We will consolidate our people-centred stance and cultivate excellent culture.** We will adhere to our people-centred philosophy, leveraging digitalised, platform-based, and ecosystem-driven approaches to expand our service reach and explore low-tier markets. We are dedicated to providing robust financial support for the private economy and small and micro businesses to boost the well-being of wide society. We will deeply integrate the principles of the financial culture with Chinese characteristics into our internal management, business processes, rules and mechanisms. By fostering a right perspective on operations, performance and risk, we will realise our value in the process of serving national strategies, corporate development, and the needs of the people. We will also focus on the fundamental task of cultivating talent of next generation, and implement programmes for the growth of outstanding young and mid-career professionals, to build a high-calibre workforce capable of driving China's modernisation and national rejuvenation.

Though the road is long, every step brings us closer; though the task is challenging, persistence ensures success. With unwavering dedication and a sense of mission, we will continue to sail alongside China's economic growth, navigating challenges and steering toward a brighter future!

Zhang Jinliang
Chairman

28 March 2025

PRESIDENT'S REPORT

Zhang Yi President

Dear shareholders,

The year 2024 marks the 75th anniversary of the founding of the People's Republic of China and the 70th anniversary of the establishment of CCB. Looking back to 2024, CCB adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era, focused on the primary task of high-quality development, persisted with the general principle of seeking progress while maintaining stability, and advanced with perseverance and innovation in fulfilling its mission to strengthen the financial foundation of the nation. With a deep understanding of risk management, overall planning, development, customers, collaboration and competition, it maintained unwavering focus on the needs of the real economy, innovatively enhanced its financial services and proactively sought new breakthroughs. Through effective quality enhancement, it achieved sustainable growth and strove to explore the intensive high-quality development path of "enhancing quality and seeking progress while keeping stability", presenting a robust performance report that reflected resilience, quality, efficiency and value.

"Stability" served as the foundation. In terms of stability in operation, at the end of 2024, the Group's total assets stood at RMB40.57 trillion, an increase of 5.86% from 2023; total liabilities reached RMB37.23 trillion. **In terms of stability in profitability,** in 2024 the Group achieved net profit of RMB336,282 million, an increase of 1.15%. **In terms of stability in asset quality,** the NPL ratio was 1.34% and allowances to NPLs was 233.60%. **In terms of stability in customer base,** the number of corporate customers, personal customers and corporate Renminbi settlement accounts reached 11.68 million, 771 million, and 16.29 million, respectively.

"Quality" provided the support. We optimised the structure of our core businesses, and recorded net loans and advances to customers of RMB25.04 trillion, an increase of 8.48%, whose proportion in total assets rose by 1.49 percentage points from 2023; the balance of bond investments was RMB10.39 trillion, an increase of 10.71%, whose proportion in total assets rose by 1.12 percentage points from 2023. Core liabilities grew steadily with higher contribution from retail deposits, mega wealth management was pushed forward effectively with the personal financial assets under management by the Bank surpassing RMB20 trillion. **We consolidated our core indicators,** with return on average equity of 10.69%, return on average assets of 0.85%, net interest margin of 1.51%, capital adequacy ratio of 19.69%, and Common Equity Tier 1 ratio of 14.48%. **We enhanced our operational efficiency** and achieved cost-to-income ratio of 29.58%, ranking at the forefront of peers.

"Progress" represented the trend. We strengthened efforts in our main responsibilities and core businesses. The proportion of loans in key areas such as the "Five Priorities" and new quality productive forces rose steadily. Growth in loans to sci-tech enterprises and strategic emerging industries outpaced those of peers, while the supply chain loans remained highest in the market. **We promoted coordinated development** and furthered the integrated operation of local and foreign currencies, domestic and overseas markets, on- and off-balance sheet activities, and parent and subsidiary companies. Net profit achieved by overseas operations was RMB9,138 million for the year, reaching a historic high in profit; the Group's asset management business reached RMB5.65 trillion, and assets under custody of the Bank amounted to RMB23.95 trillion, both maintaining leading positions in the industry. **We enhanced technological innovation,** with the computing power of "CCB Cloud" rising by 9.58% and a total of 193 FLM application scenarios launched, enhancing the level of self-reliance and controllability. **We fulfilled our social responsibilities,** promoted green and low-carbon transformation, and achieved the highest ESG rating of AAA from MSCI.

Over the past year, the Group conscientiously implemented the important instructions of General Secretary Xi Jinping regarding enhancing the "three capabilities" delivered on the occasion of the 60th anniversary of the founding of CCB, fully recognised the political significance of financial work and its importance to the interest of the people, effectively balanced functionality with profitability, upheld the mission-oriented role of a major state-owned bank, and steadfastly pursued the path of financial development with Chinese characteristics. In the process of providing high-quality financial services to support economic and social development, we have successfully driven our own high-quality growth.

We remained committed to our core mission and delivered high-quality services to support the real economy. Adhering to the fundamental principle of serving the real economy with financial services, we strove to offer higher-quality and better-matched financial services for economic and social development by fully leveraging the role of finance in providing support and fostering growth. **We allocated credit resources across multiple channels.** The Group's comprehensive financing scale exceeded RMB30 trillion, providing diversified services such as credit, bonds, investment, trust, leasing and insurance. The Bank's subscription for government bond stayed in the top tier of the market, thereby providing robust support for the nation's economic and social development. **We strategically focused on key sectors.** Fully capitalising on our strengths in retail credit, we pioneered the origination of the first residential mortgage loan for allocated-sale affordable housing nationwide, and are the first in the industry to achieve a credit card loan balance over RMB1 trillion. Leveraging our investment and financing expertise in infrastructure, as well as industrial and supply chains, we robustly supported the "Two Key Tasks (implementation of key national strategies and building of safety capabilities in key areas)" and "Two Renewals (the new round of large-scale equipment renewal and trade-ins of consumer goods)". Furthermore, we proactively refined our credit portfolio, ensuring that medium- and long-term loans to the manufacturing sector and loans to private enterprises both grew by over 11%. **We delivered highly efficient support for national regional development strategies.** The proportion of loans in key regions such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing Economic Circle increased, and we effectively addressed the financing needs in the Northeast, Central and Western regions. Furthermore, we made new progress in supporting the high-standard and high-quality construction of the Xiong'an New Area, and raised the proportion of financial services to counties and rural areas. **We effectively implemented a package of incremental policies.** We advanced the implementation of the urban real estate financing coordination mechanism and the small and micro enterprise financing coordination mechanism, increased loans for stock repurchase and shareholding increase, provided comprehensive services for listed companies and financial institution customers, and supported the launch of pilot equity investment funds by financial asset investment companies (AICs) in Beijing, Shanghai, Suzhou, and Hefei.

We made coordinated efforts to provide high-quality support to the "Five Priorities" of finance. We accelerated the construction of an enterprise-level comprehensive financial service system, explored sustainable business models, and promoted the integration and mutual promotion of the "Five Priorities". **We deepened the comprehensive services of "equity, loan, bond and insurance" in technology finance,** focusing on early-stage, small-scale, long-term and hard and core technology investments. The loans to technology-related industries exceeded RMB3.50 trillion, and the loans for strategic emerging industries reached RMB2.84 trillion, and we underwrote sci-tech innovation notes of RMB19,013 million. **We expanded the range of green financial products.** Green loans amounted to RMB4.70 trillion, and the proportion of green loans in total loans rose by approximately two percentage points over 2023. Green investment and financing activities, including bonds, funds, leasing and investment, have been fully launched. We also deepened our own low-carbon operations and strengthened the management of carbon footprints. **We enhanced the quality and expanded the coverage of inclusive finance.** With inclusive finance loan customers of 3.36 million and a loan balance of RMB3.41 trillion, we maintained the position of the largest financial institution in terms of market supply. "CCB Huidongni" platform effectively helped with customer acquisition and traffic attraction. The balance of agricultural-related loans stood at RMB3.33 trillion, and our efforts in supporting rural revitalisation have been rated as "Excellent" in regulatory assessments for three consecutive years. **We pressed ahead with the development of pension finance ecosystem** and released a group-wide pension financial brand of "Jianyang'an". The number of social security cards issued by the Bank in use reached 166 million, the size of enterprise annuity increased by over RMB100 billion. Personal pension business maintained an industry-leading position, and loans to the pension industry grew substantially. **We empowered the integration of digital and real economies with digital finance.** The users of "Binary

Stars" (mobile banking + "CCB Lifestyle") reached 521 million, and 184 million users had financial transactions during the year. The cumulative number of e-CNY consumption transactions ranked first among peers, and the loans to core industries of the digital economy were nearly RMB800 billion.

We collaborated to effectively manage risks to ensure high-quality safety. We persisted with our bottom line and limit thinking, and enhanced forward-looking analysis, proactive prevention, continuous monitoring, early warning, effective control and timely disposal, so as to safeguard the high-quality development with a high safety standard. **The proactive management of credit risks yielded tangible results.** We steadily and orderly resolved risks in key areas such as real estate and local government debts, and strengthened intensive prevention and control in the sector of inclusive and retail loans. NPL ratio of the Group was 1.34%, dropping by 0.03 percentage points from 2023. The special mention loan ratio was 1.89%, a fall of 0.55 percentage points from 2023. **The quality and efficiency of risk asset disposal continued to rise.** We intensified efforts to recover cash from both current and written-off assets and continued to enrich the toolkit of disposal measures. **The comprehensive risk management system became more seasoned.** We optimised our three-dimensional risk governance structure featured by "three lines of defence", refined the comprehensive customer financing management system, strengthened the joint efforts of the parent and subsidiaries in the management of various risks such as credit risk, market risk and liquidity risk, and advanced the differentiated and penetrating management of overseas operations. We strengthened the prevention and control of new types of risks through digital means, and our risk management capabilities have ranked first among major banks in the evaluation system of the China Banking Association for eight consecutive years. **Our internal control and compliance management capabilities were stepped up.** The digital compliance system grew more sophisticated, ensuring robust and effective management of staff behaviour, anti-money laundering, and sanction risk management. We also reinforced efforts in safeguarding consumer interests as well as enhancing safety production, ensuring secure and stable operations.

We constantly dedicated ourselves to consolidating the foundation for high-quality development. We stepped up our efforts in customer operation, focused on circle-chain-cluster (ecosystems, industrial and supply chains as well as industrial and business clusters), expanded product coverage, enhanced customer stickiness, raised the value of effective customers, and optimised the operation of key customers. **We strengthened support for IT and channel operation,** accelerated the construction of self-reliant, controllable, secure and efficient digital financial infrastructure, and fully completed the distributed transformation of core systems and the decommissioning of mainframe systems. We enhanced the efficiency of all channels, promoted centralised business operation and process optimisation at outlets, and improved the data governance system. **We upheld a lean management approach** by concentrating on five key cost areas of funding cost, operating expenses, capital cost, credit cost, and tax expenditure. Through total cost management, we managed to cut on expenses and enhance the efficiency and effectiveness of resource allocation. **We optimised management framework of the Group,** improved management systems across ten aspects including corporate governance, customers, products and services, risk management and compliance, and assets and liabilities, so as to unleash the internal driving force of the Group.

All that has come before serves as a prelude. In the year ahead, CCB will advance with unwavering determination, and make new achievements for high-quality development with more pragmatic measures. Firstly, we will ensure sustained growth in loans to the real economy while maintaining an unwavering commitment to supporting this sector. Secondly, we will refine the structure of major assets and liabilities, enhance credit allocation in the "Five Priorities", maintain our leading position in the retail credit market, and intensify efforts to expand high-value liabilities. Thirdly, we will strengthen comprehensive risk management and compliance management. In 2025, CCB will rigorously implement the strategic decisions and plans of the CPC Central Committee and the State Council. **Focusing on the real economy,** we will launch a dedicated consumer finance initiative, enhance comprehensive financial services for scientific and technological innovation, provide intensified support for the "Two Key Tasks" and "Two Renewals", execute the action plan for high-quality development of the private economy, and deliver excellent financial services to facilitate high-level opening up. **Focusing on customer operation,** we will leverage the "circle-chain-cluster" service model to enhance integrated services, broaden product coverage, and achieve efficient customer engagement as well as batch acquisition and activation of customers. **Focusing on internal management,** we will accelerate the Group's digital and intelligent transformation and establish an enterprise-level R&D and operational framework that is centralised, sharing, efficient, integrated, secure, and controllable. **Focusing on risk management,** we will stress on process checks and balances, penetrating management, coordinated efforts between parent and subsidiary entities, robust implementation of rules, and integrated supervision. We will concentrate resources on addressing risks in key institutions, critical areas, and pivotal links to safeguard the bottom line of preventing systemic financial risks.

Zhang Yi
President

28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

In 2024, the global economy experienced a period of subdued growth, with major economies displaying divergent performance. While inflationary pressures in major developed economies have generally subsided, inflation has shown signs of rebounding since the onset of the interest rate cut cycle. China has intensified macro-control efforts, and implemented proactive fiscal policies and supportive monetary policies. The national economy has maintained overall stability with new progress made in high-quality development, effectively boosting social confidence. China's GDP grew by 5% year on year, and the new economy and new growth drivers have achieved relatively rapid growth.

Domestic financial markets in China were stable. Total financial assets grew reasonably, with loan rates declining notably and credit structure continuously improving. At the end of 2024, aggregate financing scale and broad money (M2) increased by 8.0% and 7.3% year-on-year respectively. Interest rates in money market declined, while market transactions remained stable and orderly. The issuance rates of bonds declined, while the volume of issuance increased. Stock market experienced heightened activity, with active trading in foreign exchange market, and substantial increase in gold trading volume. In 2024, the banking industry witnessed a steady growth in total assets, with profit performance aligning with expectations. Asset quality remained robust overall, and key indicators such as liquidity indicators remained stable.

Financial regulation has been comprehensively reinforced, and financial reforms and opening-up initiatives have been progressively deepened. The PBOC moderately lowered the required reserve ratio for financial institutions and the rediscount rate, enabling the cost of financing to the real economy to remain stable with a slight dip; the decline in the loan prime rate (LPR) and the reduction of interest rates on existing residential mortgages have led to a continuous drop in the yield of bank loans. The fee rate reform in mutual funds and insurance sectors continued to advance, guiding the wealth management business of banking industry to start a new stage of high-quality development.

CCB has consistently grown in tandem with the nation's economic development and construction. It has an extensive and robust customer base, a dedicated team of employees capable of meeting challenges head-on, a distinguished tradition of reform and innovation, a comprehensive, proactive and intelligent risk control system, and market-leading operational quality and efficiency. In 2024, the Group upheld core values while embracing innovation, advanced with unwavering dedication, consistently enhanced the quality of development, achieved balanced and stable growth in assets and liabilities, maintained strength in key performance indicators, implemented effective and orderly risk management, and delivered operating results in line with expectations. The Group's total assets reached RMB40.57 trillion, an increase of 5.86% over 2023, of which net loans and advances to customers were RMB25.04 trillion, an increase of 8.48%. Total liabilities amounted to RMB37.23 trillion, an increase of 5.90%, of which deposits from customers totalled RMB28.71 trillion, an increase of 3.83%. Operating income amounted to RMB728,570 million, and net profit reached RMB336,282 million. Return on average assets was 0.85%, return on average equity was 10.69%, cost-to-income ratio was 29.58%, capital adequacy ratio was 19.69%, and NPL ratio was 1.34%.

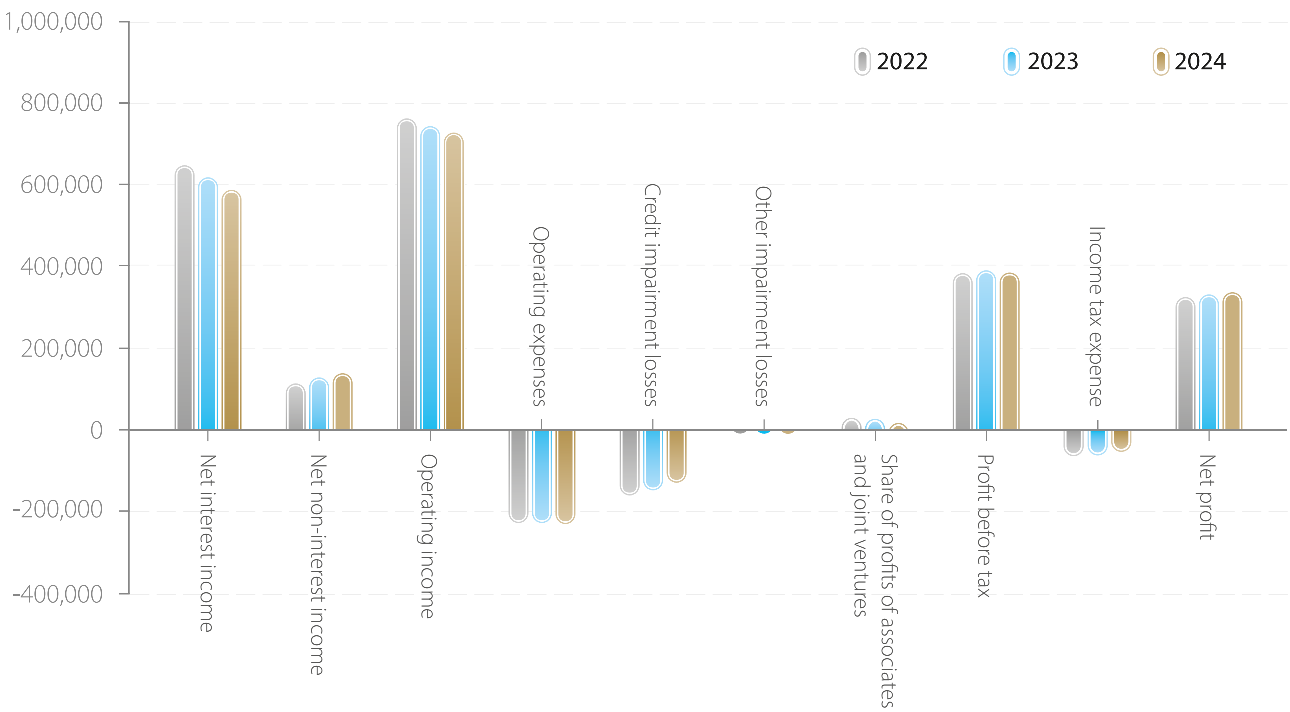
STATEMENT OF COMPREHENSIVE INCOME ANALYSIS

In 2024, the Group realised net profit of RMB336,282 million and net profit attributable to equity shareholders of the Bank of RMB335,577 million, an increase of 1.15% and 0.88% respectively over 2023. Return on average assets was 0.85%, and return on average equity was 10.69%.

The following table sets forth the composition of the Group's statement of comprehensive income and the changes during the respective periods.

(In millions of RMB, except percentages)	2024	2023	Change (%)	2022
Net interest income	589,882	617,233	(4.43)	643,669
Net non-interest income	138,688	128,382	8.03	113,841
– Net fee and commission income	104,928	115,746	(9.35)	116,085
Operating income	728,570	745,615	(2.29)	757,510
Operating expenses	(223,779)	(220,152)	1.65	(219,991)
Credit impairment losses	(120,700)	(136,774)	(11.75)	(154,535)
Other impairment losses	(298)	(463)	(35.64)	(479)
Share of profits of associates and joint ventures	584	1,151	(49.26)	1,194
Profit before tax	384,377	389,377	(1.28)	383,699
Income tax expense	(48,095)	(56,917)	(15.50)	(58,836)
Net profit	336,282	332,460	1.15	324,863
Net profit attributable to equity shareholders of the Bank	335,577	332,653	0.88	324,727

Compositions and Changes of Comprehensive Income (In millions of RMB)



Net interest income

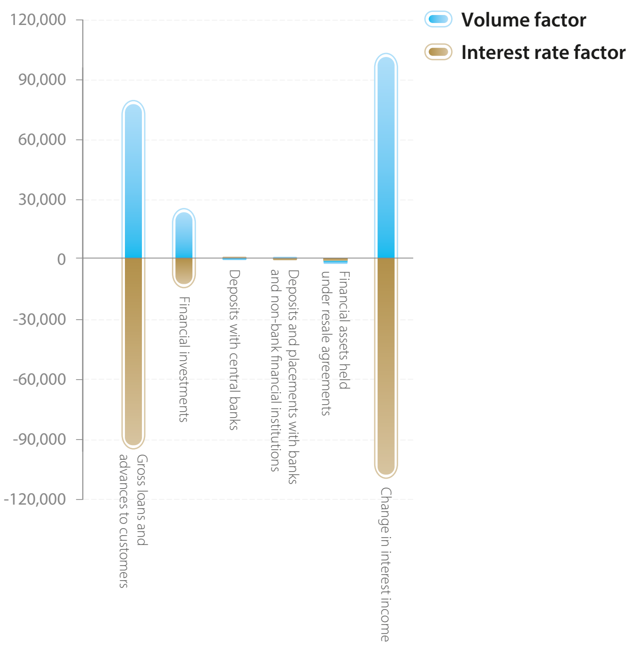
In 2024, the Group's net interest income amounted to RMB589,882 million, a decrease of RMB27,351 million, or 4.43% from 2023. Net interest income accounted for 80.96% of operating income.

The following table sets forth the Group's average balances of assets and liabilities, related interest income or expense, and average yields or costs during the respective periods.

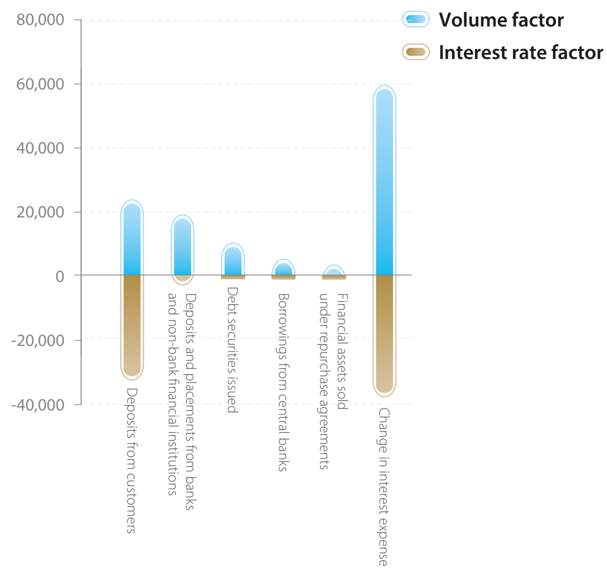
	2024			2023		
(In millions of RMB, except percentages)	Average balance	Interest income/ Interest expense	Average yield/cost (%)	Average balance	Interest income/ Interest expense	Average yield/cost (%)
Assets						
Gross loans and advances to customers	25,228,241	864,902	3.43	22,996,225	877,917	3.82
Financial investments	9,363,532	289,788	3.09	8,576,102	278,524	3.25
Deposits with central banks	2,680,183	44,878	1.67	2,741,943	45,636	1.66
Deposits and placements with banks and non-bank financial institutions	885,333	25,228	2.85	862,984	25,678	2.98
Financial assets held under resale agreements	943,008	16,761	1.78	1,027,075	19,611	1.91
Total interest-earning assets	39,100,297	1,241,557	3.18	36,204,329	1,247,366	3.45
Total allowances for impairment losses	(823,273)			(780,649)		
Non-interest-earning assets	1,903,318			1,770,148		
Total assets	40,180,342	1,241,557		37,193,828	1,247,366	
Liabilities						
Deposits from customers	27,836,873	458,828	1.65	26,453,554	468,003	1.77
Deposits and placements from banks and non-bank financial institutions	4,025,481	97,731	2.43	3,238,337	80,879	2.50
Debt securities issued	2,046,824	63,860	3.12	1,727,343	54,504	3.16
Borrowings from central banks	1,071,408	27,137	2.53	887,112	23,785	2.68
Financial assets sold under repurchase agreements	183,449	4,119	2.25	88,095	2,962	3.36
Total interest-bearing liabilities	35,164,035	651,675	1.85	32,394,441	630,133	1.95
Non-interest-bearing liabilities	1,710,813			1,785,647		
Total liabilities	36,874,848	651,675		34,180,088	630,133	
Net interest income		589,882			617,233	
Net interest spread			1.33			1.50
Net interest margin			1.51			1.70

In 2024, the Group made efforts to maintain its net interest margin (NIM) at a reasonable level by consolidating and enhancing its operating capabilities and rationally arranging the allocation of assets and liabilities. Due to multiple reasons such as decline in LPR, low market interest rates, and continuous support for the real economy, assets yield was lower than that of last year. Due to asymmetric interest rate cuts, deposit rate cuts lagging behind loan rate cuts and structural changes, the decline in liabilities cost was smaller than that in assets yield. As a result, NIM was 1.51%.

Change in interest income (In millions of RMB)



Change in interest expense (In millions of RMB)



The following table sets forth the effects of the movement of average balances and average interest rates of the Group's assets and liabilities on the change in interest income and expense in 2024 as compared with 2023.

(In millions of RMB)	Volume factor[1]	Interest rate factor[1]	Change in interest income/expense
Assets			
Gross loans and advances to customers	81,076	(94,091)	(13,015)
Financial investments	25,197	(13,933)	11,264
Deposits with central banks	(1,031)	273	(758)
Deposits and placements with banks and non-bank financial institutions	668	(1,118)	(450)
Financial assets held under resale agreements	(1,556)	(1,294)	(2,850)
Change in interest income	104,354	(110,163)	(5,809)
Liabilities			
Deposits from customers	23,650	(32,825)	(9,175)
Deposits and placements from banks and non-bank financial institutions	19,177	(2,325)	16,852
Debt securities issued	10,050	(694)	9,356
Borrowings from central banks	4,737	(1,385)	3,352
Financial assets sold under repurchase agreements	2,385	(1,228)	1,157
Change in interest expense	59,999	(38,457)	21,542
Change in net interest income	44,355	(71,706)	(27,351)

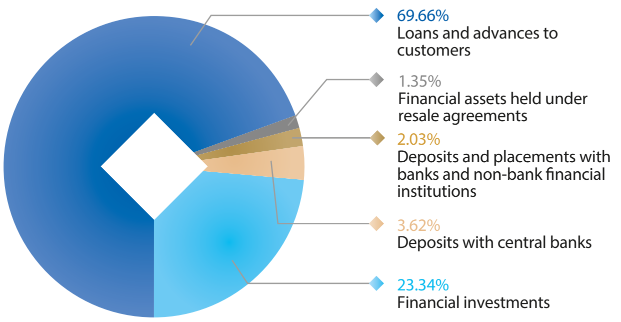
1. Changes caused by both average balances and average interest rates were allocated to the volume factor and interest rate factor respectively based on the respective proportions of absolute values of volume factor and interest rate factor.

Net interest income decreased by RMB27,351 million from 2023. The movement of average balances of assets and liabilities pushed up net interest income by RMB44,355 million, while the movements of average yields and costs pushed down net interest income by RMB71,706 million.

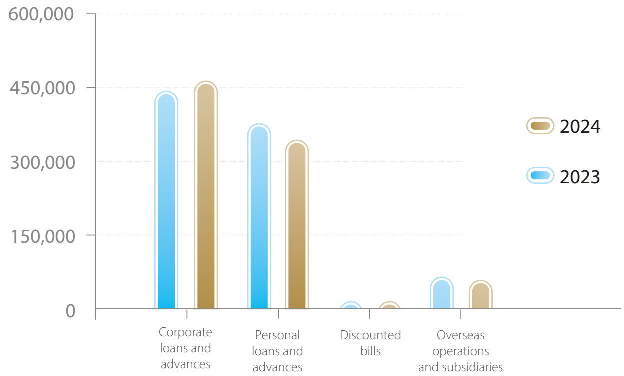
Interest income

In 2024, the Group's interest income amounted to RMB1.24 trillion, a decrease of RMB5,809 million, or 0.47% from 2023. Interest income from loans and advances to customers, interest income from financial investments, interest income from deposits with central banks, interest income from deposits and placements with banks and non-bank financial institutions, and interest income from financial assets held under resale agreements accounted for 69.66%, 23.34%, 3.62%, 2.03% and 1.35% of the total, respectively.

Percentage of interest income



Structure of interest income from loans and advances to customers (In millions of RMB)



The following table sets forth the average balance, interest income and average yield of each component of the Group's loans and advances to customers during the respective periods.

	2024			2023		
(In millions of RMB, except percentages)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Domestic loans and advances of the Bank	24,338,681	812,900	3.34	22,021,841	823,397	3.74
Corporate loans and advances	14,394,704	461,433	3.21	12,670,662	441,221	3.48
Short-term loans	4,059,423	122,517	3.02	3,530,267	110,506	3.13
Medium to long-term loans	10,335,281	338,916	3.28	9,140,395	330,715	3.62
Personal loans and advances	8,736,992	337,928	3.87	8,416,318	369,842	4.39
Short-term loans	1,313,522	47,173	3.59	1,132,732	42,312	3.74
Medium to long-term loans	7,423,470	290,755	3.92	7,283,586	327,530	4.50
Discounted bills	1,206,985	13,539	1.12	934,861	12,334	1.32
Overseas operations and subsidiaries	889,560	52,002	5.85	974,384	54,520	5.60
Gross loans and advances to customers	25,228,241	864,902	3.43	22,996,225	877,917	3.82

Interest income from loans and advances to customers amounted to RMB864,902 million, a decrease of RMB13,015 million, or 1.48% from 2023, mainly due to the 39 basis points decrease of in the average yield of loans and advances to customers over 2023, offsetting the effect of the 9.71% increase in the average balance over 2023.

Interest income from financial investments amounted to RMB289,788 million, an increase of RMB11,264 million, or 4.04% over 2023, mainly because the average balance of financial investments increased by 9.18%, offsetting the effect of 16 basis points drop in the average yield from 2023.

Interest income from deposits with central banks amounted to RMB44,878 million, a decrease of RMB758 million or 1.66% from 2023, mainly due to the 2.25% decrease in the average balance of deposits with central banks from 2023.

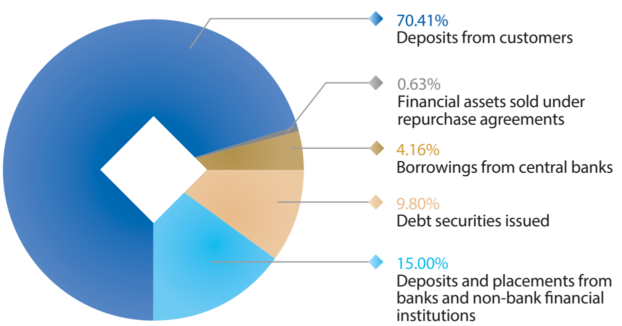
Interest income from deposits and placements with banks and non-bank financial institutions amounted to RMB25,228 million, a decrease of RMB450 million, or 1.75% from 2023, mainly due to the 13 basis points decrease in the average yield of deposits and placements with banks and non-bank financial institutions from 2023.

Interest income from financial assets held under resale agreements amounted to RMB16,761 million, a decrease of RMB2,850 million, or 14.53% from 2023, mainly due to the 8.19% decrease in the average balance of financial assets held under resale agreements and the 13 basis points decrease in the average yield from 2023.

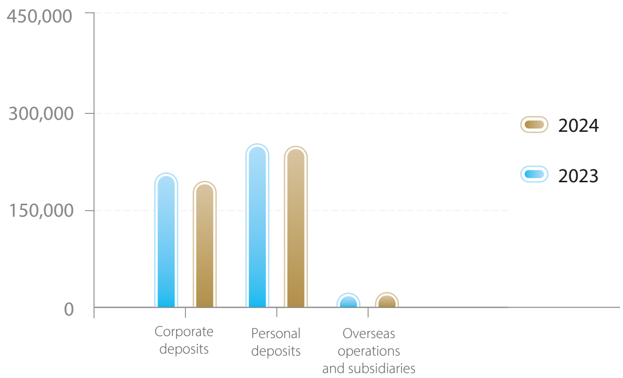
Interest expense

In 2024, the Group's interest expense reached RMB651,675 million, an increase of RMB21,542 million, or 3.42% over 2023. Specifically, interest expense on deposits from customers accounted for 70.41%, interest expense on deposits and placements from banks and non-bank financial institutions accounted for 15.00%, interest expense on debt securities issued accounted for 9.80%, interest expense on borrowings from central banks accounted for 4.16%, and interest expense on financial assets sold under repurchase agreements accounted for 0.63%.

Percentage of interest expense



Structure of interest expense on deposits from customers (In millions of RMB)



The following table sets forth the average balance, interest expense and average cost of each component of the Group's deposits from customers during the respective periods.

	2024			2023		
(In millions of RMB, except percentages)	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits	11,693,770	191,149	1.63	11,770,409	203,151	1.73
Demand deposits	6,174,056	52,646	0.85	6,412,315	62,546	0.98
Time deposits	5,519,714	138,503	2.51	5,358,094	140,605	2.62
Personal deposits	15,595,129	246,531	1.58	14,216,347	247,154	1.74
Demand deposits	5,612,605	10,179	0.18	5,362,877	12,738	0.24
Time deposits	9,982,524	236,352	2.37	8,853,470	234,416	2.65
Overseas operations and subsidiaries	547,974	21,148	3.86	466,798	17,698	3.79
Total deposits from customers	27,836,873	458,828	1.65	26,453,554	468,003	1.77

Interest expense on deposits from customers was RMB458,828 million, a decrease of RMB9,175 million, or 1.96% from 2023, mainly due to a decrease of 12 basis points in the average cost of deposits from customers from 2023.

Interest expense on deposits and placements from banks and non-bank financial institutions increased by RMB16,852 million, or 20.84% over 2023 to RMB97,731 million, mainly because the average balance of deposits and placements from banks and non-bank financial institutions increased by 24.31% over 2023.

Interest expense on debt securities issued increased by RMB9,356 million, or 17.17% over 2023 to RMB63,860 million, mainly because the average balance of debt securities issued increased by 18.50% over 2023.

Interest expense on borrowings from central banks was RMB27,137 million, an increase of RMB3,352 million, or 14.09% over 2023, mainly because the average balance of borrowings from central banks increased by 20.77% over 2023.

Interest expense on financial assets sold under repurchase agreements was RMB4,119 million, an increase of RMB1,157 million, or 39.06% over 2023, mainly because the average balance of financial assets sold under repurchase agreements increased by 108.24% over 2023.

Net Non-Interest Income

The following table sets forth the composition and change of the Group's net non-interest income during the respective periods.

(In millions of RMB, except percentages)	2024	2023	Change (%)
Fee and commission income	117,940	129,906	(9.21)
Fee and commission expense	(13,012)	(14,160)	(8.11)
Net fee and commission income	104,928	115,746	(9.35)
Other net non-interest income	33,760	12,636	167.17
Total net non-interest income	138,688	128,382	8.03

In 2024, the Group's net non-interest income reached RMB138,688 million, an increase of RMB10,306 million, or 8.03% over 2023. Net non-interest income accounted for 19.04% of operating income.

Net fee and commission income

The following table sets forth the composition and change of the Group's net fee and commission income during the respective periods.

(In millions of RMB, except percentages)	2024	2023	Change (%)	2022
Fee and commission income	117,940	129,906	(9.21)	130,830
Settlement and clearing fees	36,705	37,637	(2.48)	36,567
Bank card fees	21,074	21,071	0.01	17,098
Commission on trust and fiduciary activities	17,057	18,389	(7.24)	17,738
Agency service fees	14,412	18,894	(23.72)	19,231
Income from asset management business	8,581	10,680	(19.65)	16,185
Consultancy and advisory fees	8,131	10,892	(25.35)	10,731
Others	11,980	12,343	(2.94)	13,280
Fee and commission expense	(13,012)	(14,160)	(8.11)	(14,745)
Net fee and commission income	104,928	115,746	(9.35)	116,085

In 2024, the Group's net fee and commission income was RMB104,928 million, a decrease of RMB10,818 million, or 9.35% from 2023, and the ratio of net fee and commission income to operating income was 14.40%.

Specifically, bank card fees were RMB21,074 million, an increase of RMB3 million over 2023. Agency service fees totalled RMB14,412 million, a decrease of RMB4,482 million, or 23.72% from 2023, mainly due to fee reduction policies related to industries such as insurance and mutual funds. Consultancy and advisory fees totalled RMB8,131 million, a decrease of RMB2,761 million, or 25.35% from 2023, mainly due to the decline in customer demand in certain industries compared with 2023. Income from asset management business was RMB8,581 million, a decrease of RMB2,099 million, or 19.65% from 2023, mainly due to the decline in daily average amount of WMPs. Meanwhile, the Group continued to strengthen refined management, driving fee and commission expense declining by RMB1,148 million or 8.11% from 2023.

Other net non-interest income

The following table sets forth the composition and change of the Group's other net non-interest income during the respective periods.

(In millions of RMB, except percentages)	2024	2023	Change (%)	2022
Net gain/(loss) arising from investment securities	10,878	(222)	N/A	(9,062)
Dividend income	6,576	5,712	15.13	6,135
Net trading gain	4,739	5,685	(16.64)	3,632
Net gain on derecognition of financial assets measured at amortised cost	3,991	946	321.88	322
Other operating income/(expense), net	7,576	515	1,371.07	(3,271)
Total other net non-interest income	33,760	12,636	167.17	(2,244)

Other net non-interest income of the Group was RMB33,760 million, an increase of RMB21,124 million, or 167.17% over 2023. In this amount, net gain arising from investment securities was RMB10,878 million, an increase of RMB11,100 million over 2023, mainly due to the year-on-year increase in gains on revaluation and trading of equity investments and certain bond investments as a result of market movements and asset structure changes. Dividend income was RMB6,576 million, an increase of RMB864 million over 2023. Net trading gain was RMB4,739 million, a decrease of RMB946 million from 2023. Net gain on derecognition of financial assets measured at amortised cost was RMB3,991 million, an increase of RMB3,045 million over 2023, mainly due to the year-on-year increase in income from disposal of bond investments and income from transfer of securitised assets. Other net operating income was RMB7,576 million, an increase of RMB7,061 million over 2023, mainly due to the year-on-year increase in gains related to foreign exchange business as affected by factors such as business changes and exchange rate fluctuations, and net income of insurance business of subsidiaries increased year on year.

Operating Expenses

The following table sets forth the composition of the Group's operating expenses during respective periods.

(In millions of RMB, except percentages)	2024	2023	Change (%)	2022
Staff costs	133,760	128,023	4.48	125,155
Premises and equipment expenses	32,025	32,450	(1.31)	33,558
Taxes and surcharges	8,263	8,476	(2.51)	8,154
Others	49,731	51,203	(2.87)	53,124
Operating expenses	223,779	220,152	1.65	219,991
Cost-to-income ratio (%)	29.58	28.39	1.19	27.96

In 2024, the Group continued to implement total cost management and improve expense efficiency. Cost-to-income ratio was 29.58%, up 1.19 percentage points over 2023, staying at a sound level. Operating expenses were RMB223,779 million, an increase of RMB3,627 million, or 1.65% over 2023. In this amount, staff costs were RMB133,760 million, an increase of RMB5,737 million, or 4.48% over 2023, mainly due to the Group's continuous efforts in frontline employee care. Premises and equipment expenses were RMB32,025 million, a decrease of RMB425 million, or 1.31% from 2023, mainly due to the strengthening of asset intensive management and the year-on-year decrease in property management fees. Taxes and surcharges were RMB8,263 million, a decrease of RMB213 million, or 2.51% from 2023. Other operating expenses were RMB49,731 million, a decrease of RMB1,472 million, or 2.87% from 2023, mainly because the Group continuously strengthened total cost management while supporting key strategies and customer and account expansion, and improved marketing quality and efficiency and cost efficiency.

Impairment Losses

The following table sets forth the composition of the Group's impairment losses during respective periods.

(In millions of RMB, except percentages)	2024	2023	Change (%)	2022
Loans and advances to customers	118,938	144,682	(17.79)	139,741
Financial investments	3,930	(7,842)	N/A	4,026
Financial assets measured at amortised cost	6,007	(7,468)	N/A	1,869
Financial assets measured at fair value through other comprehensive income	(2,077)	(374)	455.35	2,157
Others	(1,870)	397	(571.03)	11,247
Total impairment losses	120,998	137,237	(11.83)	155,014

In 2024, the Group's impairment losses were RMB120,998 million, a decrease of RMB16,239 million, or 11.83% from 2023. This was mainly because impairment losses on loans and advances to customers decreased by RMB25,744 million from 2023. Impairment losses on financial investments were RMB3,930 million, an increase of RMB11,772 million over 2023. Other impairment losses decreased by RMB2,267 million from 2023.

Income Tax Expense

In 2024, the Group's income tax expense was RMB48,095 million, a decrease of RMB8,822 million from 2023. The effective income tax rate was 12.51%, lower than the statutory rate of 25%. This was mainly because the Group continued to increase its investment in the PRC treasury bonds and local government bonds, and the interest income from the relevant bonds was tax-exempt as stipulated by the tax law.

Analysis by Region

The following table sets forth the distribution of the Group's operating income by region for the periods indicated.

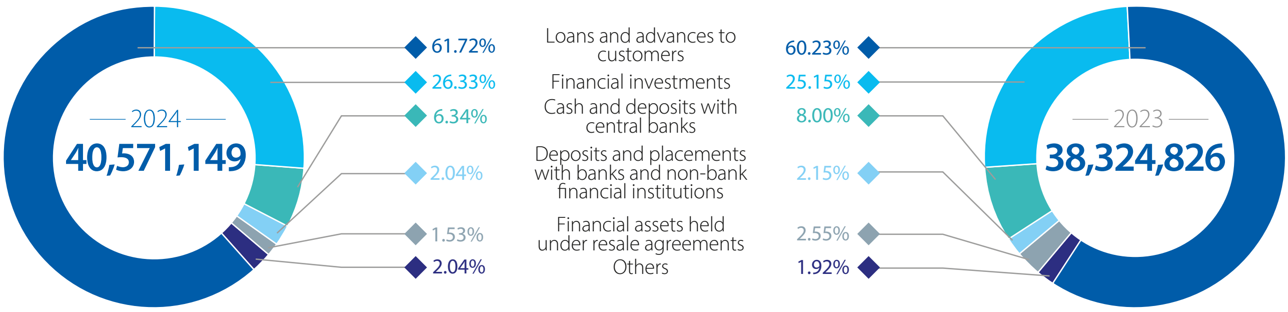
	2024		2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Yangtze River Delta	122,892	16.87	126,955	17.03
Pearl River Delta	100,043	13.73	119,612	16.04
Bohai Rim	113,179	15.54	120,448	16.16
Central	115,499	15.85	130,734	17.53
Western	119,169	16.36	130,763	17.54
Northeastern	29,174	4.00	31,576	4.23
Head office	107,971	14.82	64,498	8.65
Overseas	20,643	2.83	21,029	2.82
Operating income	728,570	100.00	745,615	100.00

The following table sets forth the distribution of the Group's profit before tax by region for the periods indicated.

	2024		2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Yangtze River Delta	75,300	19.59	72,564	18.64
Pearl River Delta	50,006	13.01	49,533	12.72
Bohai Rim	60,482	15.74	77,195	19.82
Central	54,036	14.06	74,452	19.12
Western	62,546	16.27	67,559	17.35
Northeastern	16,734	4.35	18,415	4.73
Head office	55,551	14.45	20,516	5.27
Overseas	9,722	2.53	9,143	2.35
Profit before tax	384,377	100.00	389,377	100.00

STATEMENT OF FINANCIAL POSITION ANALYSIS

Assets



Period-end total assets of the Group (In millions of RMB)

The following table sets forth the composition of the Group's total assets as at the dates indicated.

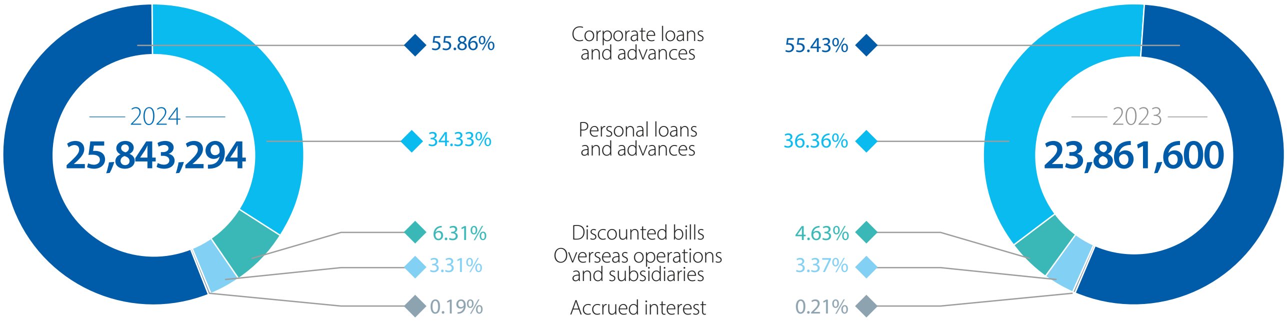
(In millions of RMB, except percentages)	31 December 2024 Amount	31 December 2024 % of total	31 December 2023 Amount	31 December 2023 % of total	31 December 2022 Amount	31 December 2022 % of total
Gross loans and advances to customers	25,843,294	63.70	23,861,600	62.26	21,197,130	61.26
Allowances for impairment losses at amortised cost	(802,894)	(1.98)	(778,223)	(2.03)	(704,088)	(2.03)
Net loans and advances to customers	25,040,400	61.72	23,083,377	60.23	20,493,042	59.23
Financial investments	10,683,963	26.33	9,638,276	25.15	8,542,312	24.69
Cash and deposits with central banks	2,571,361	6.34	3,066,058	8.00	3,159,296	9.13
Deposits and placements with banks and non-bank financial institutions	827,407	2.04	823,488	2.15	695,209	2.01
Financial assets held under resale agreements	622,559	1.53	979,498	2.55	1,040,847	3.01
Others[1]	825,459	2.04	734,129	1.92	670,005	1.93
Total assets	40,571,149	100.00	38,324,826	100.00	34,600,711	100.00

1. These comprise precious metals, positive fair value of derivatives, long-term equity investments, fixed assets, construction in progress, land use rights, intangible assets, goodwill, deferred tax assets and other assets.

At the end of 2024, the Group's total assets stood at RMB40.57 trillion, an increase of RMB2.25 trillion or 5.86% over 2023. Net loans and advances to customers increased by RMB1.96 trillion or 8.48% over 2023 as the Group actively promoted high-quality development of the real economy, and increased credit supply to key areas such as "Five Priorities". The Group supported the implementation of proactive fiscal policies, and increased purchase of government bonds such as treasury bonds and local government bonds and investment in green bonds in line with the market issuance schedule. Financial investments increased by RMB1.05 trillion or 10.85% over 2023. The Group maintained a coordinated growth of assets and liabilities. Cash and deposits with central banks decreased by RMB494,697 million or 16.13% from 2023. Deposits and placements with banks and non-bank financial institutions increased slightly by 0.48% over 2023. In order to optimise asset allocation, more assets were invested in loans and financial investments to support the real economy, and financial assets held under resale agreements decreased by RMB356,939 million or 36.44% from 2023. As a result, in the total assets, the proportion of net loans and advances to customers increased by 1.49 percentage points to 61.72%, that of financial investments increased by 1.18 percentage points to 26.33%, that of cash and deposits with central banks decreased by 1.66 percentage points to 6.34%, that of deposits and placements with banks and non-bank financial institutions decreased by 0.11 percentage points to 2.04%, and that of financial assets held under resale agreements decreased by 1.02 percentage points to 1.53%.

Loans and advances to customers

In 2024, the Group's gross loans and advances to customers stood at RMB25.84 trillion, an increase of RMB1.98 trillion or 8.30% over 2023, mainly due to the increase in domestic loans of the Bank. Specifically, the Group's corporate loans and advances totalled RMB15.18 trillion, personal loans and advances totalled RMB8.98 trillion, and discounted bills amounted to RMB1.63 trillion.



Period-end gross loans and advances to customers of the Group (In millions of RMB)

The following table sets forth the composition of the Group's gross loans and advances to customers as at the dates indicated.

	31 December 2024		31 December 2023		31 December 2022	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total	Amount	% of total
Domestic loans and advances of the Bank	24,938,748	96.50	23,006,496	96.42	20,305,569	95.80
Corporate loans and advances	14,434,401	55.86	13,225,655	55.43	11,020,150	51.99
Short-term loans	4,014,375	15.54	3,594,305	15.06	2,927,713	13.81
Medium to long-term loans	10,420,026	40.32	9,631,350	40.37	8,092,437	38.18
Personal loans and advances	8,872,595	34.33	8,676,054	36.36	8,236,768	38.86
Residential mortgages	6,187,858	23.94	6,386,525	26.76	6,479,609	30.57
Credit card loans	1,065,883	4.13	997,133	4.18	924,873	4.37
Personal business loans [1]	1,021,693	3.95	777,481	3.26	415,344	1.96
Personal consumer loans	527,895	2.04	421,623	1.77	295,443	1.39
Other loans [2]	69,266	0.27	93,292	0.39	121,499	0.57
Discounted bills	1,631,752	6.31	1,104,787	4.63	1,048,651	4.95
Overseas operations and subsidiaries	854,969	3.31	804,486	3.37	842,566	3.97
Accrued interests	49,577	0.19	50,618	0.21	48,995	0.23
Gross loans and advances to customers	25,843,294	100.00	23,861,600	100.00	21,197,130	100.00

1. These mainly include personal loans for daily production and operation purposes and online loans for business purposes.
2. These mainly include personal commercial property mortgage loans and home equity loans.

Domestic corporate loans and advances of the Bank reached RMB14.43 trillion, an increase of RMB1.21 trillion or 9.14% over 2023. Specifically, short-term and medium to long-term loans were RMB4.01 trillion and RMB10.42 trillion, respectively.

Domestic personal loans and advances of the Bank reached RMB8.87 trillion, an increase of RMB196,541 million or 2.27% over 2023. Specifically, residential mortgages were RMB6.19 trillion, a decrease of RMB198,667 million or 3.11% from 2023; credit card loans amounted to RMB1.07 trillion, an increase of RMB68,750 million or 6.89% over 2023; personal business loans amounted to RMB1.02 trillion, an increase of RMB244,212 million or 31.41% over 2023; personal consumer loans amounted to RMB527,895 million, an increase of RMB106,272 million or 25.21% over 2023.

Discounted bills amounted to RMB1.63 trillion, an increase of RMB526,965 million or 47.70% over 2023.

Loans and advances made by overseas operations and subsidiaries were RMB854,969 million, an increase of RMB50,483 million or 6.28% over 2023.

Distribution of loans and advances by region

The following table sets forth the distribution of the Group's loans and advances by region as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Yangtze River Delta	5,240,886	20.29	4,703,648	19.71
Pearl River Delta	4,169,575	16.13	3,936,980	16.50
Bohai Rim	4,338,437	16.79	4,058,595	17.01
Central	4,290,781	16.60	3,993,891	16.74
Western	4,855,020	18.79	4,440,785	18.61
Northeastern	1,039,321	4.02	975,595	4.09
Head office	1,142,742	4.42	1,026,719	4.30
Overseas	716,955	2.77	674,769	2.83
Accrued interests	49,577	0.19	50,618	0.21
Gross loans and advances to customers	25,843,294	100.00	23,861,600	100.00

Distribution of loans and advances by type of collateral

The following table sets forth the distribution of the Group's loans and advances by type of collateral as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Unsecured loans	11,712,918	45.33	9,976,510	41.81
Guaranteed loans	3,244,331	12.55	3,010,073	12.61
Loans secured by property and other immovable assets	9,198,171	35.59	9,202,161	38.56
Other pledged loans	1,638,297	6.34	1,622,238	6.81
Accrued interests	49,577	0.19	50,618	0.21
Gross loans and advances to customers	25,843,294	100.00	23,861,600	100.00

Allowances for impairment losses on loans and advances to customers

	2024			
(In millions of RMB)	Stage 1	Stage 2	Stage 3	Total
1 January 2024	363,424	190,295	224,504	778,223
Transfers:				
Transfers in/(out) to Stage 1	18,463	(17,394)	(1,069)	–
Transfers in/(out) to Stage 2	(9,135)	17,464	(8,329)	–
Transfers in/(out) to Stage 3	(5,359)	(22,535)	27,894	–
Newly originated or purchased financial assets	153,389	–	–	153,389
Transfer out/repayment	(135,943)	(33,838)	(68,274)	(238,055)
Remeasurements	(56,470)	85,920	118,854	148,304
Write-offs	–	–	(56,294)	(56,294)
Recoveries of loans and advances written off	–	–	17,327	17,327
31 December 2024	328,369	219,912	254,613	802,894

The Group made provisions for impairment losses on loans in line with factors such as macro-economy and credit asset quality as required by the new financial instruments standard. At the end of 2024, allowances for impairment losses on loans and advances to customers measured at amortised cost were RMB802,894 million. In addition, allowances for impairment losses on discounted bills at fair value through other comprehensive income were RMB2,314 million. The Group's allowances to NPLs and loan provision ratio were 233.60% and 3.12%, respectively.

The Group adopts a "three-stage" model for impairment based on changes in credit risk since initial recognition or by determining whether the financial instruments are credit-impaired, to estimate the expected credit losses (ECL). For stage 1, financial instruments with no significant increase in credit risk since initial recognition, impairment losses are measured as ECL for the next 12 months. For stage 2, financial instruments with significant increase in credit risk since initial recognition, but not yet credit-impaired, impairment losses are measured as lifetime ECL. For stage 3, financial instruments that are credit impaired on the balance sheet date, impairment losses are measured as lifetime ECL. The Group adhered to substantive risk judgement and sufficiently considered all reasonable and supportable information when assessing whether the credit risk of a financial instrument has increased significantly since initial recognition. The measurement of ECL requires consideration of forward-looking information. The Group developed specific scenarios for ECL measurement by reference to forecast of authoritative institutions at home and abroad and leveraging the capability of internal experts. The Group calculated ECL as the weighted average of the products of probability of defaults (PD), loss given defaults (LGD) and exposure at default (EAD) under the optimistic, baseline and pessimistic scenarios, having considered the discount factor. Please refer to Note "Loans and advances to customers" to the financial statements for details of allowances for impairment losses on loans and advances to customers.

Financial investments

The following table sets forth the composition of the Group's financial investments by measurement as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Financial assets measured at fair value through profit or loss	612,504	5.73	602,303	6.25
Financial assets measured at amortised cost	7,429,723	69.54	6,801,242	70.56
Financial assets measured at fair value through other comprehensive income	2,641,736	24.73	2,234,731	23.19
Financial investments	10,683,963	100.00	9,638,276	100.00

For further details on financial instruments measured at fair value, please refer to Note "Risk management – Fair value of financial instruments" to the financial statements.

The following table sets forth the composition of the Group's financial investments by nature as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Debt securities [1]	10,393,876	97.28	9,388,324	97.41
Equity instruments, funds and others	290,087	2.72	249,952	2.59
Financial Investments	10,683,963	100.00	9,638,276	100.00

1. These include credit investments.

At the end of 2024, the Group's financial investments totalled RMB10.68 trillion, an increase of RMB1.05 trillion or 10.85% over 2023. Specifically, debt securities increased by RMB1.01 trillion or 10.71%, and accounted for 97.28% of total financial investments, down 0.13 percentage points over 2023; equity instruments, funds and others increased by RMB40,135 million, and accounted for 2.72% of total financial investments, up 0.13 percentage points over 2023.

Debt securities

The following table sets forth the composition of the Group's debt instruments by currency as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
RMB	10,024,811	96.45	9,028,172	96.16
USD	222,480	2.14	228,917	2.44
HKD	54,772	0.53	49,953	0.53
Other foreign currencies	91,813	0.88	81,282	0.87
Debt securities	10,393,876	100.00	9,388,324	100.00

At the end of 2024, total investments in Renminbi denominated debt securities were RMB10.02 trillion, an increase of RMB996,639 million or 11.04% over 2023. Total investments in foreign currency denominated debt securities were RMB369,065 million, an increase of RMB8,913 million or 2.47% over 2023.

The following table sets forth the composition of the Group's debt instruments by issuer as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Government	8,245,893	79.33	7,395,390	78.77
Policy banks	1,016,452	9.78	899,880	9.59
Banks and non-bank financial institutions	731,699	7.04	682,666	7.27
Enterprises	351,752	3.38	367,206	3.91
Central banks	48,080	0.47	43,182	0.46
Debt securities	10,393,876	100.00	9,388,324	100.00

At the end of 2024, government bonds held by the Group amounted to RMB8.25 trillion, an increase of RMB850,503 million or 11.50% over 2023. Financial debt securities issued by policy banks as well as banks and non-bank financial institutions amounted to RMB1.75 trillion, an increase of 10.46% over 2023. Specifically, bonds issued by policy banks amounted to RMB1.02 trillion, up 12.95%.

The following table sets forth the top ten financial debt securities held by the Group by par value at the end of the reporting period.

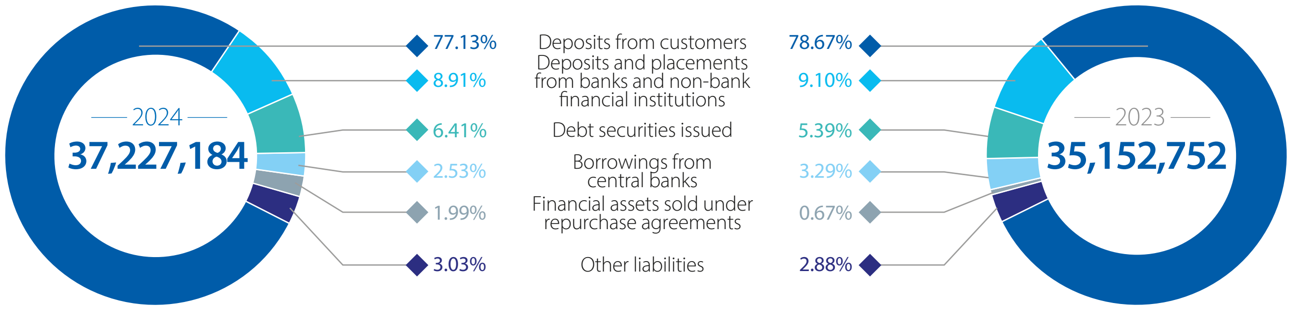
(In millions of RMB, except percentages)	Par value	Annual interest rate (%)	Maturity date	Allowances for impairment losses[1]
Policy bank bond issued in 2019	17,440	3.75	2029-01-25	–
Policy bank bond issued in 2020	16,400	3.74	2030-11-16	–
Policy bank bond issued in 2019	16,120	3.86	2029-05-20	–
Policy bank bond issued in 2020	15,980	3.23	2030-03-23	–
Policy bank bond issued in 2020	15,510	2.96	2030-04-17	–
Policy bank bond issued in 2020	14,543	3.34	2025-07-14	–
Policy bank bond issued in 2021	14,270	3.52	2031-05-24	–
Policy bank bond issued in 2021	13,780	3.48	2028-02-04	–
Policy bank bond issued in 2019	13,100	3.48	2029-01-08	–
Policy bank bond issued in 2021	13,080	3.38	2031-07-16	–

1. Excluding Stage 1 allowances for impairment losses made in accordance with the ECL model.

Repossessed assets

As part of its effort to recover impaired loans and advances to customers, the Group may obtain the ownership of underlying assets, through legal actions or voluntary transfer from borrowers, guarantors or third parties, as compensation for losses on loans and advances and interest receivable. At the end of 2024, the Group's repossessed assets were RMB1,018 million, and impairment allowances for repossessed assets were RMB765 million. Please refer to Note "Other assets" to the financial statements for details.

Liabilities



Period-end total liabilities of the Group (In millions of RMB)

The following table sets forth the composition of the Group's total liabilities as at the dates indicated.

(In millions of RMB, except percentages)	31 December 2024		31 December 2023		31 December 2022	
	Amount	% of total	Amount	% of total	Amount	% of total
Deposits from customers	28,713,870	77.13	27,654,011	78.67	25,020,807	78.87
Deposits and placements from banks and non-bank financial institutions	3,315,766	8.91	3,199,788	9.10	2,950,031	9.30
Debt securities issued	2,386,595	6.41	1,895,735	5.39	1,646,870	5.19
Borrowings from central banks	942,594	2.53	1,155,634	3.29	774,779	2.44
Financial assets sold under repurchase agreements	739,918	1.99	234,578	0.67	242,676	0.77
Other liabilities[1]	1,128,441	3.03	1,013,006	2.88	1,089,304	3.43
Total liabilities	37,227,184	100.00	35,152,752	100.00	31,724,467	100.00

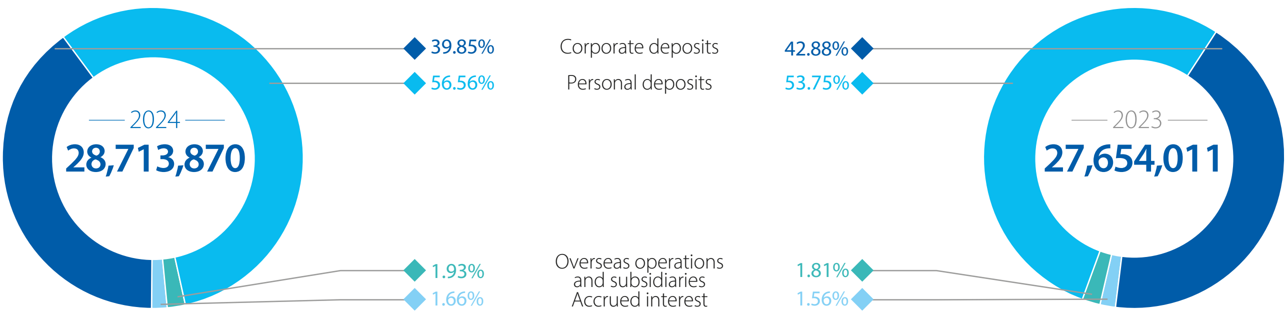
1. These comprise financial liabilities measured at fair value through profit or loss, negative fair value of derivatives, accrued staff costs, taxes payable, provisions, deferred tax liabilities and other liabilities.

The Group systematically established a liability quality management system commensurate with the size and complexity of its liabilities, clarified the governance system and organisational structure for liability quality management, and formulated and implemented whole-process liability quality management strategies and rules covering planning, monitoring, measurement, assessment, control, and reporting. It established a matrix of liability management indicators that met regulatory requirements and the Group's risk appetite, to continuously improve its liability quality management.

In 2024, the Group adhered to the principle of prudent operation, continued to consolidate the foundation for business development, and promoted high-quality development of liability business. It paid close attention to changes in the form of customer funds, achieved sound and steady development of core liability business by consolidating the foundation for deposit development, and maintained stable sources of liabilities. It continued to optimise liability structure by establishing diversified financing channels and a decentralised and balanced customer structure, and increased the diversity of liability structure. It adhered to the system concept, made overall arrangements for total amount and structure of the source and use of funds, and implemented sound and prudent liquidity management strategy. It cultivated the ability to proactively assume liabilities, and reasonably arranged the size and timing of issuance of various debt instruments based on the strategic arrangement of assets and liabilities and market price trends, to continuously improve market-oriented financing capabilities. It adhered to the principle of balanced development of volume and pricing, actively implemented the market-based adjustment mechanism for deposit interest rates, dynamically adjusted the internal and external fund pricing mechanism, so as to effectively control the costs of liabilities. It adhered to the concept of compliance, and strengthened management and supervision of liability transactions, accounting, and data statistics, to ensure that liability businesses comply with regulatory requirements. During the reporting period, the Group's regulatory indicators, including liquidity coverage ratio, net stable funding ratio and liquidity ratio, constantly met regulatory requirements. For details of the indicators, please refer to "Management Discussion and Analysis – Risk Management – Liquidity Risk Management". Indicators related to the quality of liabilities were stable on the whole, with steady improvement in the Group's liability quality management.

The Group continued to promote low-cost funds, diversified funding sources, and optimised liability structure, so as to improve its liability quality management. At the end of 2024, the Group's total liabilities were RMB37.23 trillion, an increase of RMB2.07 trillion or 5.90% over 2023, and such growth of liabilities largely matched that of assets. Specifically, deposits from customers were RMB28.71 trillion, an increase of RMB1.06 trillion or 3.83% over 2023. Deposits and placements from banks and non-bank financial institutions amounted to RMB3.32 trillion, an increase of RMB115,978 million or 3.62% over 2023. Debt securities issued were RMB2.39 trillion, an increase of RMB490,860 million or 25.89% over 2023, mainly due to the issuance of various financing instruments including interbank certificates of deposit and capital instruments, enriching the liability portfolio. Borrowings from central banks were RMB0.94 trillion, down 18.43% from 2023, mainly due to the reduction of central bank borrowings with relatively high costs. Accordingly, in the total liabilities, the proportion of deposits from customers accounted for 77.13% of total liabilities, down 1.54 percentage points from 2023. Deposits and placements from banks and non-bank financial institutions accounted for 8.91% of total liabilities, down 0.19 percentage points from 2023. Debt securities issued accounted for 6.41% of total liabilities, up 1.02 percentage points over 2023. Borrowings from central banks accounted for 2.53% of total liabilities, down 0.76 percentage points from 2023.

Deposits from Customers



Period-end total deposits from customers of the Group (In millions of RMB)

The following table sets forth the Group's deposits from customers by product type as at the dates indicated.

	31 December 2024		31 December 2023		31 December 2022	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total	Amount	% of total
Corporate deposits	11,442,643	39.85	11,858,660	42.88	11,099,805	44.36
Demand deposits	6,358,647	22.14	6,471,218	23.40	6,641,755	26.54
Time deposits	5,083,996	17.71	5,387,442	19.48	4,458,050	17.82
Personal deposits	16,241,285	56.56	14,865,359	53.75	13,074,250	52.25
Demand deposits	5,825,022	20.29	5,551,678	20.07	5,407,599	21.61
Time deposits	10,416,263	36.27	9,313,681	33.68	7,666,651	30.64
Overseas operations and subsidiaries	554,644	1.93	499,285	1.81	447,188	1.79
Accrued interests	475,298	1.66	430,707	1.56	399,564	1.60
Total deposits from customers	28,713,870	100.00	27,654,011	100.00	25,020,807	100.00

The Group extensively used network-based systematic methods to expand customer base and increase deposits, improved its capacity of achieving stable deposit growth, and propelled high-quality development of liability business. At the end of 2024, domestic personal deposits of the Bank were RMB16.24 trillion, an increase of RMB1.38 trillion or 9.26% over 2023, and accounted for 58.67% of domestic deposits from customers, up 3.04 percentage points, seeing a continuously rising contribution from retail deposits. Domestic corporate deposits of the Bank were RMB11.44 trillion, a decrease of RMB416,017 million or 3.51% from 2023, and accounted for 41.33% of domestic deposits from customers, down 3.04 percentage points. Deposits from overseas operations and subsidiaries amounted to RMB554,644 million, an increase of RMB55,359 million over 2023, and accounted for 1.93% of total deposits from customers, up 0.12 percentage points over 2023. Domestic time deposits amounted to RMB15.50 trillion, an increase of RMB799,136 million or 5.44% over 2023; domestic demand deposits were RMB12.18 trillion, an increase of RMB160,773 million or 1.34% over 2023.

Distribution of deposits by region

The following table sets forth the distribution of the Group's deposits by region as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Yangtze River Delta	5,239,658	18.25	5,402,635	19.54
Pearl River Delta	4,139,205	14.41	4,132,280	14.94
Bohai Rim	5,387,852	18.76	5,030,828	18.19
Central	5,357,116	18.66	5,059,057	18.30
Western	5,601,417	19.51	5,266,200	19.04
Northeastern	1,977,185	6.89	1,848,350	6.68
Head office	15,339	0.05	15,583	0.06
Overseas	520,800	1.81	468,371	1.69
Accrued interests	475,298	1.66	430,707	1.56
Deposits from customers	28,713,870	100.00	27,654,011	100.00

Total Equity

The following table sets forth the Group's total equity and its composition as at the dates indicated.

(In millions of RMB)	31 December 2024	31 December 2023
Share capital	250,011	250,011
Other equity instruments	159,977	199,968
Preference shares	59,977	59,977
Perpetual bonds	100,000	139,991
Capital reserve	135,736	135,619
Other comprehensive income	57,901	23,981
Surplus reserve	402,196	369,906
General reserve	534,591	496,255
Retained earnings	1,781,715	1,674,405
Total equity attributable to equity shareholders of the Bank	3,322,127	3,150,145
Non-controlling interests	21,838	21,929
Total equity	3,343,965	3,172,074

At the end of 2024, the Group's equity was RMB3.34 trillion, an increase of RMB171,891 million or 5.42% over 2023, primarily driven by the increase of RMB107,310 million in retained earnings. As the growth rate of total equity was slower than that of assets, the ratio of total equity to total assets for the Group was 8.24%, down 0.04 percentage points from 2023.

Off-balance Sheet Items

The Group's off-balance sheet items include agency investment and financing services, intermediary services, derivatives, commitments and contingent liabilities. Agency investment and financing services mainly include asset management products and entrusted loans. For details of entrusted loans, please refer to Note "Entrusted lending business" to the financial statements. Intermediary services mainly include assets under custody and agency services. Derivatives mainly include interest rate contracts, exchange rate contracts, precious metals and commodity contracts. For details on the nominal amounts and fair value of derivatives, please refer to Note "Derivatives and hedge accounting" to the financial statements. Commitments and contingent liabilities mainly include credit commitments, capital commitments, government bond redemption obligations, and outstanding litigations and disputes. Among these, credit commitments were the largest component, including undrawn loan facilities which were approved and contracted, unused credit card limits, financial guarantees, and letters of credit. At the end of 2024, the balance of credit commitments was RMB3.96 trillion, an increase of RMB134,212 million or 3.50% over 2023. Please refer to Note "Commitments and contingent liabilities" to the financial statements for details.

In 2024, the Group adhered to the principle of prudent operation and the bottom line of compliance development, firmly implemented regulatory requirements, improved the management system and process of off-balance sheet business, optimised the functions of relevant information management systems, and continued to consolidate the foundation for development in accordance with the three principles of "full management coverage, classified management and risk-based management". It clarified off-balance sheet business development strategies and targets, strengthened the linkage of on- and off-balance sheet products, and continued to improve the level of comprehensive financial services. The Group focused on serving the real economy and implemented classified management according to the development and risk characteristics of the off-balance sheet business. The guarantee and commitment business focused on the balance between capital occupation and gains, and the intensified use of capital was further improved. Other off-balance sheet businesses such as agency investment and financing services and intermediary services created value through services with steady business growth.

Analysis by Region

The following table sets forth the distribution of the Group's assets by region as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Yangtze River Delta	7,128,774	17.57	6,592,603	17.20
Pearl River Delta	5,407,253	13.33	5,178,016	13.51
Bohai Rim	8,073,824	19.90	8,274,479	21.59
Central	5,722,043	14.10	5,394,311	14.08
Western	6,039,426	14.89	5,627,618	14.68
Northeastern	2,106,273	5.19	1,979,268	5.16
Head office	13,482,870	33.23	13,141,981	34.29
Overseas	1,793,173	4.42	1,734,037	4.52
Deferred tax assets and elimination	(9,182,487)	(22.63)	(9,597,487)	(25.03)
Total assets	40,571,149	100.00	38,324,826	100.00

ANALYSIS ON CASH FLOW STATEMENTS

Cash from Operating Activities

Net cash received from operating activities was RMB338,023 million, a decrease of RMB304,827 million from 2023, mainly due to a large decrease in net increase in deposits from customers and from banks and non-bank financial institutions.

Cash Used in Investing Activities

Net cash used in investing activities was RMB692,632 million, a decrease of RMB128,622 million from 2023, mainly due to the large increase in proceeds from sales and redemption of financial investments.

Cash Used in Financing Activities

Net cash used in financing activities was RMB7,198 million, a decrease of RMB40,129 million from 2023, mainly due to the large increase in issue of bonds.

OTHER FINANCIAL INFORMATION

Significant Accounting Policies and Accounting Estimates

Please refer to Note "Significant accounting policies and accounting estimates" to financial statements for details of the Group's significant accounting estimates and judgements.

Differences Between the Financial Statements Prepared Under PRC GAAP and Those Prepared Under IFRS

There is no difference in net profit for 2024 or total equity as at 31 December 2024 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

New Quality Productive Forces

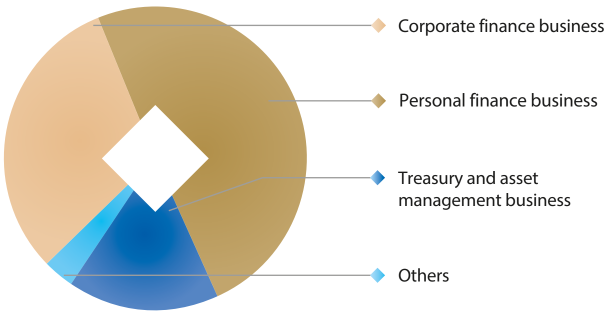
We are committed to delivering high-quality financial services through the "Five Priorities", promoting the development of new quality productive forces.

MANAGEMENT DISCUSSION AND ANALYSIS

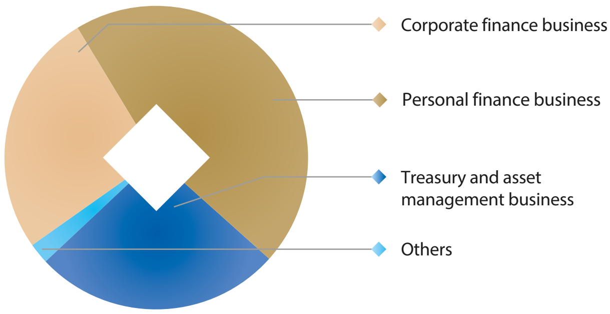
BUSINESS REVIEW

The Group's major business segments are corporate finance business, personal finance business, treasury and asset management business, and others including overseas business.

The proportion of operating income of the Group's business segments in 2024



The proportion of profit before tax of the Group's business segments in 2024



The following table sets forth, for the periods indicated, the operating income and profit before tax of each major business segment.

(Expressed in millions of RMB)	Operating income 2024	Operating income 2023	Profit before tax 2024	Profit before tax 2023
Corporate finance business	227,501	238,418	101,144	75,030
Personal finance business	359,413	363,593	173,489	194,897
Treasury and asset management business	118,970	123,687	102,009	116,206
Others	22,686	19,917	7,735	3,244
Total	728,570	745,615	384,377	389,377

In 2024, operating income of the Group's corporate finance business reached RMB227,501 million; profit before tax was RMB101,144 million. Operating income of personal finance business reached RMB359,413 million; profit before tax totalled RMB173,489 million, accounting for 45.14% of the Group's profit before tax. Operating income of treasury and asset management business totalled RMB118,970 million; profit before tax totalled RMB102,009 million. Operating income of others totalled RMB22,686 million, and profit before tax totalled RMB7,735 million.

Special Column

Progress in the "Five Priorities"

Technology finance

The Group continued to strengthen efficient supply of technology finance and infused strong financial momentum into the development of new quality productive forces with technology finance services. It established a technology finance service system featuring full-cycle companionship, full-chain coverage, group-wide coordination, all-dimensional support and full-ecological empowerment, and built a support system for technology finance with digital support, differentiated policies and professional assistance, so as to help achieve high-level technology self-reliance and self-empowerment. It strengthened the coordination between parent bank and subsidiaries within the Group and provided various sci-tech innovation entities with diversified and one-stop comprehensive financial services on all fronts such as equity, credit, bonds, and insurance through the "integration of commercial and investment banking services".

The Group built a comprehensive digital evaluation system for all elements of sci-tech enterprises, launched sci-tech innovation evaluation tools such as "Technology Flow" and "Equity Flow" and strove to improve sci-tech enterprises' access to financing. It promoted the internal evaluation method for intellectual property right pledged financing throughout the Bank to help sci-tech enterprises enhance their credit with intellectual property. It accelerated the development of specialised institutions for technology finance, granted the title of "CCB Technology Finance Innovation Centre" to certain tier-one branches in regions rich in sci-tech resources, mapped out differentiated approval and product innovation policies, and explored new technology finance service models.

Based on the collaborative service positioning of "equity, credit, bonds and insurance", the Group developed the "smart ecosystem of technology finance 1.0", and built a new online service ecosystem featuring one-stop service, real-time response and convenient operation. It formulated the comprehensive financial service solution of "Shanjiankeji", innovatively launched flagship products such as "Kejiyidai" and "Technology Research and Development Loan", formed a product and service system integrating "equity, bonds, loans and insurance" that covered the entire lifecycle of enterprises and technologies, and comprehensively supported the differentiated financing needs of various sci-tech innovation entities at different stages of development. It focused on key areas such as integrated circuit, clean energy, and new materials, implemented market-oriented debt-to-equity swaps to help sci-tech enterprises prevent risks and reduce leverage. By the end of 2024, the Bank's balance of loans in technology-related industries exceeded RMB3.50 trillion, and loans to strategic emerging industries were RMB2.84 trillion, an increase of RMB596,993 million or 26.63% over 2023. It underwrote 72 batches of sci-tech innovation notes in 2024, with an underwriting volume of RMB19,013 million.

The Bank's Shandong Branch supported the production project of Luye Pharma

The Bank's Hunan Branch supported the green intelligent manufacturer Hunan Dongli Intelligent Technology Co., Ltd. in technological and product innovation

Green finance

Adhering to the vision of "becoming a world-leading sustainability bank", the Group integrated the green concept into operation management, strategic development and corporate culture, and created a diversified service system covering green loans, green bonds, green funds and green investments, reflecting its role as a large bank in advancing the Beautiful China Initiative with financial services.

In 2024, the Bank's ESG rating of MSCI rose to AAA with consolidated foundation for sustainable development. The Bank's green loans amounted to RMB4.70 trillion, an increase of RMB814,973 million or 20.99% over 2023. The Bank continued to consolidate the responsible investment system of the proprietary bond investment portfolio, and channelled more funds into key areas that contribute to green and sustainable development of the real economy and high-quality issuers with outstanding ESG performance. By the end of 2024, the Bank had invested more than RMB200 billion bonds in green sectors, and the average external ESG rating of issuers within the bond investment portfolio had consistently exceeded market average level.

The Bank focused on investment and financing needs of green and low-carbon transformation, and innovated diversified green financing channels. In 2024, the Bank issued RMB20 billion green finance bonds in the domestic market, and US$1 billion green bonds and RMB2 billion offshore Renminbi blue bonds in the overseas market. In 2024, the Bank underwrote 112 batches of green and sustainability bonds issued onshore and offshore, with an issuance size of RMB186,390 million. Specifically, it underwrote seven green asset securitisation projects, with an issuance size of RMB13,767 million.

It actively promoted the development of green investment and financing business of its subsidiaries to extensively support and foster green industries. The balance of green leasing assets of CCB Financial Leasing was RMB43,390 million, accounting for 59.58% of its general leasing business, up nearly 4.4 percentage points over 2023. CCB Investment made investment of RMB31.2 billion cumulatively in green areas to support green and low-carbon transformation of traditional industries, the construction of new energy systems and the development of green and low-carbon supply chains. CCB Principal Asset Management made equity investment of RMB26,328 million cumulatively in multiple industries such as clean energy, energy conservation and environmental protection, and infrastructure green upgrading. The balance of green business of CCB Wealth Management was RMB24,972 million, an increase of RMB7,224 million or 40.70% over 2023.

The Bank's Anhui Branch supported the green finance project of Suzhou Floating Photovoltaic Power Station

The Bank's Fujian Branch jointly supported the "Carbon Neutral Forest" project

Inclusive finance

The Group continued to promote the innovation of inclusive finance business model, improved service quality and efficiency for small and micro businesses, expanded service offerings in inclusive finance, and was awarded the "Best Small and Medium-sized Enterprises Bank in China" by *The Asian Banker*.

Focusing on the operating capital needs of small and micro businesses, the Group promoted the steady growth in credit supply of inclusive finance. At the end of 2024, the Bank's inclusive loans increased by RMB365,416 million or 12.01% over 2023 to RMB3.41 trillion. The number of inclusive finance loan borrowers increased by 185.1 thousand over 2023 to 3.36 million. The Group continued to promote service fee reduction and exemption, and the interest rate of inclusive loans newly granted to small and micro businesses in 2024 was 3.54%, down 0.21 percentage points from 2023. It strengthened the construction of an intelligent risk control system to ensure that credit asset quality was stable and effectively under control.

It intensified financial input for rural household and improved the exclusive service system. By the end of 2024, the balance of "Yunong Loan" exceeded RMB280 billion, with a loan growth rate of more than 45%. It supported the development of inclusive rural collective economic organisations and innovated products such as "Collective Credit Loan". The Bank's balance of loans to rural collective economic organisations amounted to RMB15,443 million, an increase of 30.26% over 2023.

It deeply integrated online and offline services and expanded the coverage, availability and satisfaction of inclusive finance services. "CCB Huidongni" platform provided integrated ecological services covering credit financing, comprehensive financial services and public services for inclusive finance customer groups such as small and micro businesses, individual business operators, sci-tech enterprises, and agriculture-related entities to meet the needs of enterprises in their entire life cycles. "CCB Huidongni" platform became more effective in traffic diversion and customer acquisition; the platform had attracted 410 million visits, and been downloaded 42.56 million times by the end of 2024, with 24.51 million registered personal users and 14.14 million certified enterprise users, leading to services for 2,759 thousand corporate settlement customers, 1,212 thousand agency tax payment customers and 404.3 thousand payroll disbursement customers cumulatively. The Bank had approximately 14 thousand outlets that can provide inclusive finance services, more than 22 thousand inclusive finance specialists, and 2.88 thousand featured inclusive finance outlets.

The Bank's Heilongjiang Branch supported the Deer Park project

Pension finance

The Group set its sights on building "a professional bank for pension finance", pressed ahead with the building of pension financial service system, actively addressed the major concerns and issues in elderly care of people and difficulties in the development of pension industry, and lubricated people's livelihoods. It released the Group's unified pension financial brand of "Jianyang'an", focusing on the pension fund chain and prioritising the expansion of pension business and scenarios, including basic pensions, enterprise annuities, personal pensions, institutional pensions, and the silver economy.

In respect of pension finance, in terms of Pillar 1, the Group steadily promoted the expansion of social security card business and focused on enhancing customer experience. In terms of Pillar 2, it actively expanded the coverage of the annuity scheme and established annuities for groups such as small and medium-sized enterprises, community workers and non-staff personnel of public institutions. It strengthened parent-subsidiary synergy and improved comprehensive annuity service ability of the Group. Pillar 2 asset managed by CCB Pension exceeded RMB620 billion, and the number of parent-subsidiary collaborative customers increased by 128%. In terms of Pillar 3, it actively pushed forward the national promotion of personal pension system, and launched the "Pension China Tour" activity in conjunction with nearly 30 professional wealth management institutions. It continued to optimise pension wealth management services and improve personal pension product shelves, with more than 220 personal pension products available for sale, and took the lead in launching index fund products within the account. It enriched the "Jianzao" series of personal pension products continuously, so as to enhance the competitiveness of products of the Group's subsidiaries.

In respect of pension industry finance, the Group prioritised elderly-care industry in credit approval, innovatively launched pension service loan products, so as to guide more credit resources to support elderly-care industry. It built a "healthcare industry shared services platform" to support the development of health industry, pension industry and silver economy in an all-round way.

In respect of pension service finance, the Group innovatively launched a series of "Elderly Care" products such as asset service trusts and charitable trusts to meet the needs of corporate pension and employee health management. It comprehensively improved the level of services for the elderly online and offline, and launched an "elderly care version" of mobile banking pension zone for elderly customers; it set up 60 featured outlets with pension finance brand of "Jianyang'an", characterised by four services including product benefits, elderly-friendly services, pension investment education, and elderly-care micro-ecology. Focusing on the needs of robust investment, cash flow for retirement and health protection, it built a comprehensive service system for pension customers, and delivered professional and adaptive wealth management services for the elders.

The customer relationship manager of the Bank's Hainan branch guided elderly customers in using CCB mobile banking

Digital finance

The Group continued to consolidate the foundation of data technology, optimise the layout of digital ecology and improve the effectiveness of digital empowerment of business. At the same time, it was committed to serving the digital economy, actively supported the integration of digital and real economies, and effectively enhanced the quality and efficiency of digital finance services.

The Group strengthened the application of technology and data to build its new quality productive forces. It accelerated the construction of digital finance infrastructure, kept the overall computing power and service capability of "CCB Cloud" ahead of peers, and fully completed the transformation of core systems to distributed architecture. It further leveraged the value of data elements by strengthening data governance and promoting data sharing. It built a personal financial digital decision-making dashboard, integrated and connected multiple data application systems, achieved a panoramic insight into retail business and one-stop comprehensive monitoring, and empowered the retail finance business line to significantly enhance management and decision-making efficiency. It initially established an enterprise-level FLM application system for all group users. Such FLMs had been applied in 193 business scenarios and over seven thousand applets had been developed by the end of 2024.

The Group enhanced the product service capabilities of online platforms and optimised the business process mechanisms of service outlets. It continued to strengthen the traffic value operation of "Binary Stars", with the users reaching 521 million and the users with financial transactions in 2024 reaching 184 million, leading among its peers. The mobile banking app has undergone a complete upgrade of its wealth channel to enhance user experience. The number of wealth customers reached 39.16 million, up 17.78% over 2023. It steadily promoted e-CNY pilots, with 16.43 million Class I and II active personal wallets, 2.09 million active corporate wallets and 367 thousand active merchants. It continued to promote the intensive operation of key businesses, and deepened the application of intelligent technologies such as Robotic Process Automation (RPA).

The Group served key areas of the digital economy and improved the quality and efficiency of financial services. It timely approved the granting of credit to priority supporting customers in the core industries of the digital economy to support the development of digital industrialisation and industrial digitalisation. It promoted the optimisation and upgrading of the exclusive evaluation tool of "STAR" and related system functions to improve customer risk assessment capabilities. At the end of 2024, the balance of loans to core industries of the digital economy was nearly RMB800 billion.

Exterior view of the Bank's Daoxianghu Production Park in Beijing

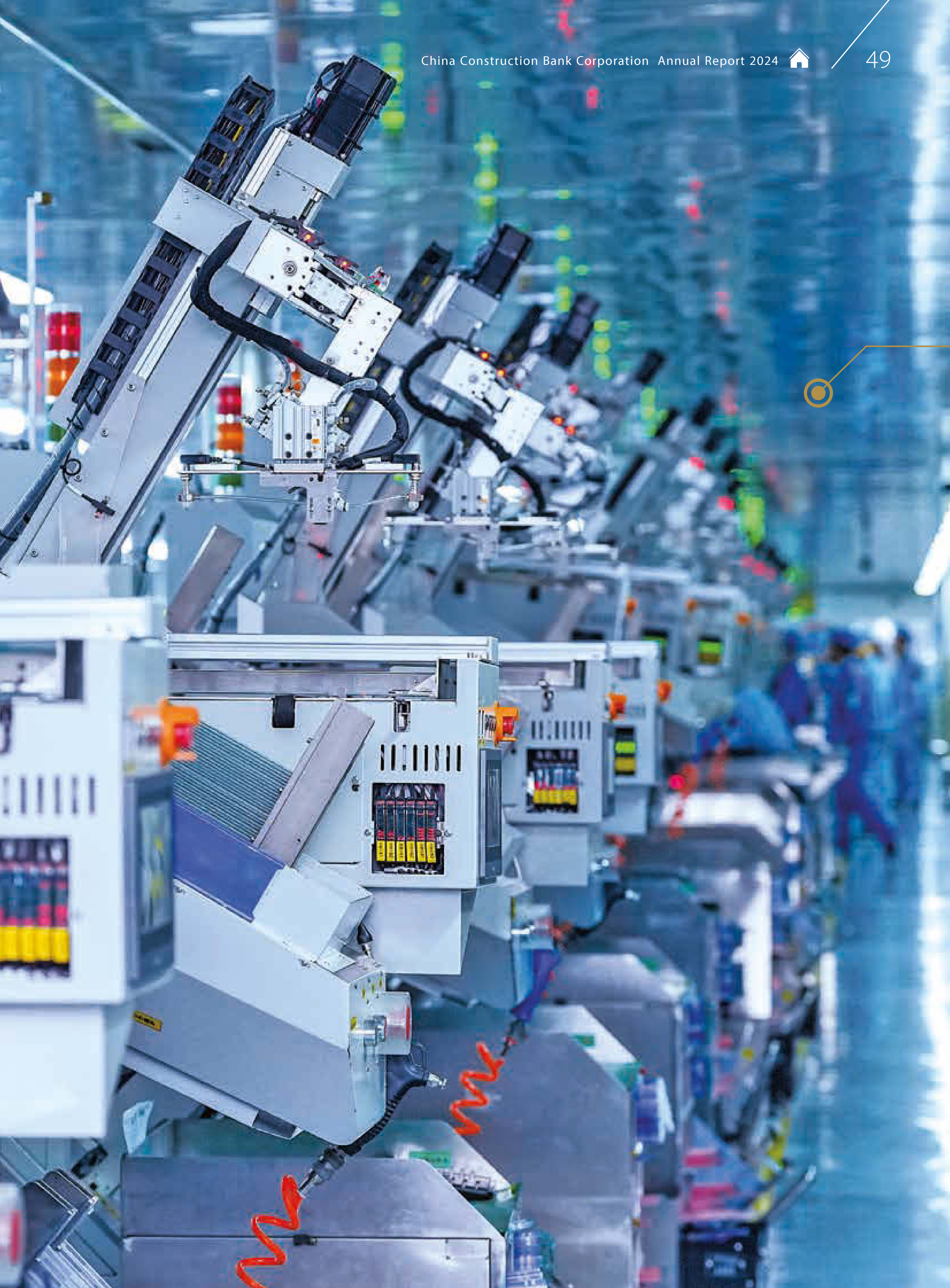
CCB Associates at work in the Bank's Daoxianghu Production Park in Beijing

Technology Finance

We continue to enhance the efficient supply of technology finance, injecting strong financial momentum into the development of new quality productive forces through technology financial services.

Note:

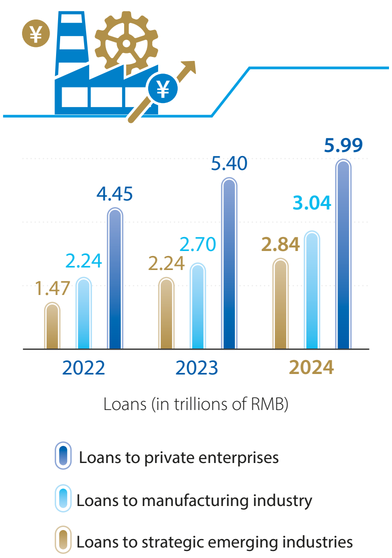
The Bank's Gansu Branch supported the development of Tianshui Huatian Technology Co., Ltd. by providing services such as letters of credit, working capital loans, and housing rental loans.



CORPORATE FINANCE BUSINESS

Business Strategy

The Group vigorously supports the real economy, fully promotes high-quality development of "Five Priorities", effectively supports the construction of key industries in infrastructure, and implements policy and institutional arrangements of the national major regional strategies and regional coordinated development strategies; adheres to "customer-centred" approach, comprehensively consolidates the foundation of customer operation from multiple dimensions, and improves product policy system in a timely and flexible manner; continues to drive comprehensive green transformation of economic and social development and digital upgrades of supply chain finance.



The supply of trade finance reached
RMB2.15 trillion

an increase of
17.86%
over last year

With "improving the quality and efficiency of serving the real economy" as its major task, the Bank continued to enhance the building of customer and product service system, and strove to provide customers with comprehensive and integrated financial solutions in line with its service mode of "ecosystems + industrial and supply chains + industrial and business clusters". Committed to developing the "Five Priorities", it actively supported the development of new quality productive forces, intensified its efforts with financial support in the "Two Renewals", implemented national major regional strategic deployment, assisted in the construction of modern infrastructure, and further drove high-level opening-up. It actively explored digitalised, platform-based, comprehensive and ecological construction, and rolled out a series of high-quality products and services such as "Digital Supply Chain", "Smart Judicial and Legal Services", "FITS® e Intelligent", "Cross-border Quick Loan" and "Multi-bank Fund Management System for Engineering Projects".

Customer Operation

With a "customer-centred" approach, the Bank continued to improve customer and product service system, focused on integrated operation of commercial and investment banking, Renminbi and foreign currencies, as well as domestic and overseas, thoroughly enhancing comprehensive service level for corporate customers and strengthening the ability to create value. The Bank expedited the cultivation of scenario ecological capabilities, explored the construction of characteristic scenarios, focused on source funds and settlement funds to promote customer expansion and traffic increase. At the end of 2024, the number of the Bank's corporate customers reached 11.68 million, an increase of 860.8 thousand over 2023. The Bank had 16.29 million corporate Renminbi settlement accounts, an increase of 1,190.2 thousand over 2023.

Corporate Credit Business

The Bank adhered to serving the real economy, focused on promoting the growth of medium to long-term loans to manufacturing industry, made multi-dimensional efforts in "green finance" transformation, enhanced the quality and efficiency of industrial and supply chains with supply chain finance, and provided high-quality credit services for economic and social development. At the end of 2024, domestic corporate loans and advances of the Bank amounted to RMB14.43 trillion, an increase of RMB1.21 trillion or 9.14% over 2023, with the NPL ratio of 1.65%. Loans to private enterprises amounted to RMB5.99 trillion, an increase of RMB594,376 million or 11.01% over 2023. Loans to manufacturing industry amounted to RMB3.04 trillion, an increase of RMB331,440 million or 12.25% over 2023. Specifically, medium and long-term loans to manufacturing industry amounted to RMB1.62 trillion, an increase of RMB173,596 million or 11.99% over 2023. Loans to strategic emerging industries totalled RMB2.84 trillion, an increase of RMB596,993 million or 26.63% over 2023. The Bank's domestic loans to real estate industry amounted to RMB908,380 million, an increase of RMB54,424 million or 6.37% over 2023. The Bank provided 183.3 thousand chain customers in the industrial chains of 6,071 core enterprises with a total of RMB1.24 trillion digital supply chain financing support on a cumulative basis in 2024.

The Bank actively implemented national major regional strategies and coordinated regional development strategies. At the end of 2024, new non-discount corporate loans in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing Economic Circle exceeded RMB770 billion, while those in Northeastern, Central and Western regions increased by more than RMB490 billion.

The Bank's Guizhou Branch supported the construction of all projects along the Bijije-Duge Expressway

The Bank supported the Beijing-Xiong'an Inter-city Railway Project

Case story No.1 Share buybacks loans

In October 2024, the PBOC, the NFRA and the CSRC jointly issued the *Notice on Matters Concerning the Establishment of a Relending Facility for Share Buybacks and Increase in Shareholding*. The Bank placed significant emphasis on this initiative, took swift action, innovated products, formulated management guidelines, and actively engaged with customers to proactively address their needs. It completed the first issuance of loans for share buybacks and increase in shareholdings bank-wide in Guangdong Province, in order to support GRG Metrology & Test Group Co., Ltd. in carrying out share buybacks. By the end of 2024, the Bank had issued multiple loans of significant importance for share buybacks and increase in shareholdings to eligible listed companies and major shareholders, contributing to stable development of capital market.

The Bank's Zhejiang Branch supported the Lanxi City's Baicheng Health Care Project

Institutional Business

In terms of institutional business, the Bank echoed the trend of digital government development and consolidated the "digitalised, scenario-based, platform-based and integrated" business model. At the end of 2024, deposits from institutional customers amounted to RMB6.70 trillion, an increase of RMB561,211 million over 2023, fully leveraged the role of corporate deposits as the "stabilising ballast" to ensure steady growth and stable deposits.

The Bank actively expanded scenario integration of government affairs and financial service. It empowered the building of a primary-level governance system, created a host of platforms for smart village affairs, supervision of rural collective assets management (including funds, properties and resources) and rural property transactions, serving 134.8 thousand primary-level government customers. It contributed to the efficiency improvement of "processing one item efficiently" by sharing resources of outlets channels to the public, served over 30 million users, and built the "Government Affairs Hall for the Public". The government affairs services payment system had been connected to 1,282 government platforms, with a total transaction amount of RMB346,403 million. It entered into systematic cooperation with 29 provincial judicial and legal units, and provided fund supervision and management services for more than 1,800 judicial, procuratorial, and public security organs with the "Smart Judicial and Legal Services" platform. It relied on the "CCB Smart Campus Application" platform to build multiple application scenarios covering daily life, information and education services, with 47,223 corporate customers and 24.59 million personal customers on the platform. It relied on the "CCB Smart Healthcare Application" platform to build a new customer operation and management model in the medical and healthcare ecosystem, with 1,464 corporate customers and 9.94 million personal customers activating a total of 23.70 million electronic medical insurance certificates. It conducted tiered and categorised operation and management focusing on four key customer groups in trade unions, charity, religion and pension, thus forming a new financial ecosystem of social organisation customers. It relied on the "Elderly Care Platform" to innovate the service model of supervising the prepaid funds scenario for elderly care institutions, ensuring the safety of the elderly's funds and their legitimate rights and interests, assisting the civil affairs department in strengthening supervision and management, and enhancing the social credibility of elderly care service institutions.

Investment Banking Business

Adhering to the "market-oriented, customer-centred" business concept, the Bank upheld an integrated commercial and investment banking services model, proactively addressing the increasingly diverse financing needs of customers. It established a comprehensive product system that encompassed a wide range of investment banking services, including bonds, financial advisory, mergers and acquisitions, funds, equity investment and financing, and asset securitisation. Through multiple channels—both online and offline—it provided seamless customer services while constantly enhancing capabilities in customer operation and value creation. By the end of 2024, the underwritten debt financing instruments for non-financial enterprises of the Bank amounted to RMB329,849 million, broadening the financing channels for real economy enterprises. It completed 216 merger and acquisition projects and provided financing support amounting to RMB63.7 billion, effectively supporting the adjustment and upgrading of industrial structure and the optimal allocation of resources. It invested in the China Integrated Circuit Industry Investment Fund and the Green Development Fund, to support technology-based enterprises and green development. Taking full advantage of the Group's multi-licensing benefits, it innovatively expanded businesses such as Pre-REITs financial advisory and green financial advisory, comprehensively meeting customers' financing and intelligence needs. It continued to upgrade the service capabilities of the three customer platforms, i.e., "FITS e Intelligent", "FITS e+" and "FITS Wits", providing customised think tank services for customers in key areas such as strategic planning, operation management, and investment and financing decisions. The cumulative number of registered users has exceeded 1.5 million, and the quality and efficiency of customer service have been significantly enhanced. The Bank was awarded "Best Investment Bank in China" and the "Best Debt Bank in Asia-Pacific" by the *Global Finance*.

Asset-backed Securitisation Business

The Bank actively utilised asset securitisation products to serve the demands of the real economy for revitalising existing assets, reducing debt and enhancing efficiency. It led the underwriting of the first water supply fee revenue rights asset-backed commercial paper (ABCP) in China and the first continuing type real estate investment trusts (REITs) in the interbank market. It also participated in underwriting the first green building REITs in China and the first highway REITs in the interbank market. It was committed to implementing the "Five Priorities", underwriting China's first green Asset-Backed Note (ABN) in the water supply industry, the first ABN for smart construction concept and sci-tech innovation intellectual property, the first structural and central state-owned enterprise intellectual property asset-backed sci-tech innovation note, as well as multiple securitisation products serving the inclusive finance sector.

The Bank gave full play to the positive role of asset securitisation in revitalising existing credit assets and optimising credit structure, and continued to improve the disposal efficiency of non-performing asset securitisation. The Bank issued four small and micro businesses loan asset-backed securities with an issuance size of RMB47,999 million and a principal of RMB47,999 million. It issued three non-performing small and micro businesses asset-backed securities with an issuance size of RMB1,115 million and a principal of RMB11,343 million. It issued five non-performing asset-backed securities of residential mortgages with an issuance size of RMB6,790 million and a principal of RMB17,014 million. It issued three non-performing credit card asset-backed securities with an issuance size of RMB1,184 million and a principal of RMB8,918 million. It also issued two non-performing asset-backed securities of personal consumer loans with an issuance size of RMB261 million and a principal of RMB2,007 million.

International Business

The Bank steadily enhanced its ability to participate in international competition, and actively contributed to high-level opening-up. It efficiently served the real economy and provided comprehensive financial services for foreign trade and foreign-funded enterprises. The supply of trade finance reached RMB2.15 trillion in 2024, an increase of 17.86% over 2023; international balance of payment reached US$1.56 trillion, an increase of 11.40% over 2023; and the "Cross-border Quick Loan" series of products provided financing support of RMB37,355 million for small and micro foreign trade enterprises. The Bank prudently pressed ahead with Renminbi internationalisation and was awarded the "Best Bank for Renminbi Internationalization 2024" by the *Global Finance*. The annual cross-border Renminbi settlement volume exceeded RMB5 trillion; and CCB London Branch continued to be the largest Renminbi clearing bank outside Asia with a cumulative clearing amount of over RMB126 trillion. It has held the "CCB Global B2B Matchmaking Festival" for three consecutive years, and, focusing on supporting high-quality "going global", attracting investment, and the coordinated development of trade, it organised multiple cross-border matchmaking events to facilitate unimpeded global economic and trade exchanges. Following the philosophy of "Financing Service + Intelligent Support", the Bank has supported the "Belt and Road" projects amounting over US$60 billion via products and services including export credit, cross-border project financing, cross-border merger and acquisition loans, and Project Factoring (Jiandantong, Jianpiaotong and Jianxintong).

The staff of the Bank's Chile Branch took a group photo to celebrate the Chinese New Year

The staff of the Bank's Johannesburg Branch took a group photo to celebrate the Chinese New Year

Case story No.2

Continuing to enrich the international usage scenarios of Renminbi

China-UK over-the-counter bond business supporting China-UK capital market interconnection

In 2024, the PBOC officially approved the Bank to provide over-the-counter bond services to qualified UK-based financial institutional investors within the framework of over-the-counter business on the interbank bond market. As the first bank engaging in overseas over-the-counter bond business, the Bank entered into the first bond transaction with customers in December 2024, marking the entry of over-the-counter model on the interbank bond market into the international market, and opening up a new channel for overseas investors to invest in China's bond market using Renminbi. With such advantages as flexible capital remittance and transfer, low transaction costs and transaction timing covering London time zone, the model enabled overseas investors to enter China's interbank bond market directly through one-stop account opening in CCB London Branch. The China-UK over-the-counter bond business further enriched Renminbi investment channels and contributed to closer cooperation between financial institutions in China and the UK in cross-border Renminbi business.

International aviation reinsurance business enabling cross-border Renminbi settlement

Aviation reinsurance is an important part of the international aviation industry. At present, the premiums of international aviation reinsurance are mainly settled in US dollars. As a Renminbi clearing bank in the UK, the Bank actively promoted convenience and market prospects of settling premiums in Renminbi to international insurance institutions. In 2024, the Bank agreed with a UK-based insurance broker on a settlement plan and a phased implementation plan, according to which reinsurance premiums were denominated in US dollars and paid in Renminbi. This represented the world's first cross-border Renminbi settlement business under international aviation reinsurance, exploring a feasible path to promoting settlement of aviation reinsurance in Renminbi.

Settlement and Cash Management Business

The Bank continued to consolidate corporate customer and account base, and boosted innovation and application of settlement and cash management products.

The Bank accelerated the transformation of digital direct operation model for long-tail corporate customers. It continued to improve the capability of online operation for long-tail corporate customers by setting up professional direct operation teams for long-tail corporate customers in tier-one and tier-two branches, defining standardised processes for direct operation managers, developing and building a direct operation platform for long-tail corporate customers, and establishing system connection with data insights, outbound telephone calls, private domain access and platform operation. In 2024, the average daily long-tail corporate customer deposit of the Bank amounted to RMB1.06 trillion, and new long-tail corporate customers reached 1.71 million. It sold 1.38 million product packages for new account-opening customers.

The Bank streamlined the signing of corporate products, provided spliced and scalable comprehensive corporate signing texts, and opened online signing and reservation portals, to improve customer service experience and business processing efficiency. By innovatively launching "digital confirmation" products, the Bank upgraded the customer experience of fundamental banking services by shortening the time required from "days" to "seconds", empowered and reduced the burden of customers subject to confirmation and confirmation requestors including auditors, and provided innovative digital confirmation services under a centralised authorisation model. By integrating the capability of "Treasury Cloud" multi-bank cash management platform-based services with the advantage of "Jianguanyi" digital fund supervision services, the Bank developed an innovative "Multi-bank Fund Management System for Construction Projects" to fully meet the needs of the corresponding competent authorities for lifecycle, online, cross-functional and multi-bank supervision of construction funds. The Bank introduced innovative services of corporate treasury information system, to provide system support for group-level enterprises to accelerate treasury system building and implement financial digital transformation, and enriched the treasury's service functions on the Bank side and optimised the experience of Bank-corporate Direct Connections services, with the number of corporate treasury customers increasing by 381 in 2024. It made great efforts in improving capabilities of payment, settlement and cash management services for overseas institutions, and established a payment and settlement mechanism based on global payment factory services to support closed-loop management of enterprises' payment and settlement information. The Bank sped up releasing functions of cross-border cash pooling service, and continued to improve the efficiency of cross-border funds transfer and customer service. It promoted the innovation of agency collection and payment products and services, upgraded service functions, extended service boundaries and increased coverage of product scenarios, to meet customer needs for comprehensive and diversified financial services. The agency service for migrant worker wage payment had 205.2 thousand contracted corporate customers, and 47.49 million payments were made by the Bank's payroll services for migrant workers, amounting to RMB372,720 million, benefiting 18.45 million migrant workers.

Inclusive Finance

We continue to advance the innovation of inclusive finance models, improve the quality and efficiency of services for agriculture-related, high-tech and small and micro businesses, and offered diversified inclusive financial services.

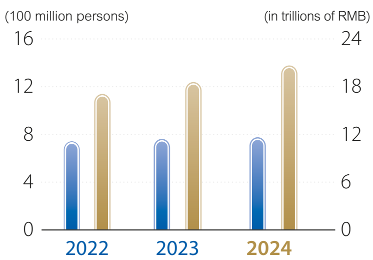
Note: The Bank's Gansu Branch provided digital financial services and credit funds to Junesun Fungi to support the large-scale production of edible mushrooms.

PERSONAL FINANCE BUSINESS

Business Strategy

The Bank adheres to the "people-centred" philosophy, continues to deepen the "tiered, grouped and graded" personal customer service model, upgrades its "digitalised + professional + integrated" capabilities, and creates new infrastructure for retail business; it enhances the professional ability of wealth management, and builds the brand image of "private banking role model"; it expands construction of consumer ecology, deepens county- and rural-level financial services, and presses ahead with the "New Retail 2.0".

Focusing on the main line of high-quality development, the Bank further promoted the action of "New Retail 2.0". It continued to improve its customer and product service system and enhance the service efficiency for all customers. The number of personal customers has exceeded 770 million. The personal funds under management increased in volume while maintaining favorable prices, and the intermediary business developed steadily. The Bank vigorously promoted rural revitalisation, county-level business, pension finance and ecological scenario construction to improve the quality and efficiency of serving the real economy. The Bank's retail and private banking brands were further burnished by winning awards such as the "Best Retail Bank in Asia-Pacific Region" by *The Asian Banker* and "China's Best for Family Office" by the *Euromoney*.



Number of personal customers (100 million persons)

Personal financial assets under management (in trillions of RMB)

The balance of domestic credit card loans reached **RMB1.07 trillion,** making CCB the first bank in China with a credit card loan size exceeding RMB1 trillion

The number of wealth management customers **increased by 7.10** million over last year, a year-on-year **increase of 2.11** million

Private banking customers' financial assets under management reached **RMB2.78 trillion**

an increase of **10.31%** over last year

Customer Operation

The Bank deepened the personal customer operation management system with "tiered, grouped and graded" as the core, and expanded service radius with digitalised operation. In terms of private banking customers, it improved and deepened the implementation of the integrated service system of "individuals, families, enterprises and society", enhanced high-quality and multi-dimensional service capabilities, and fully met comprehensive service needs of private banking customers. In terms of high-value customers, it achieved comprehensive integration of customer relationship services and wealth professional services through the "joint service unit" composed of personal account managers, wealth management advisors and heads of outlets, and continued to improve the service experience of high-value customers. In terms of high-potential customers, it explored the intensive operation of hundreds of millions of public customers based on the operation logic of "people + digitalisation" to achieve people-oriented ubiquitous services and one-stop comprehensive financial services.

Case story No.3 Expanding the scope of retail customer service through direct operation model

The Bank served more than 770 million personal customers, constituting an expansive and diverse customer base with complex and varied needs. Providing services to such a large number of customers poses industry-wide challenges. In recent years, the Bank actively pursued the expansion of retail customer services through a direct operation model and has been reshaping the retail business operational framework via digital transformation, continuing to enhance the breadth, depth, and warmth of financial services.

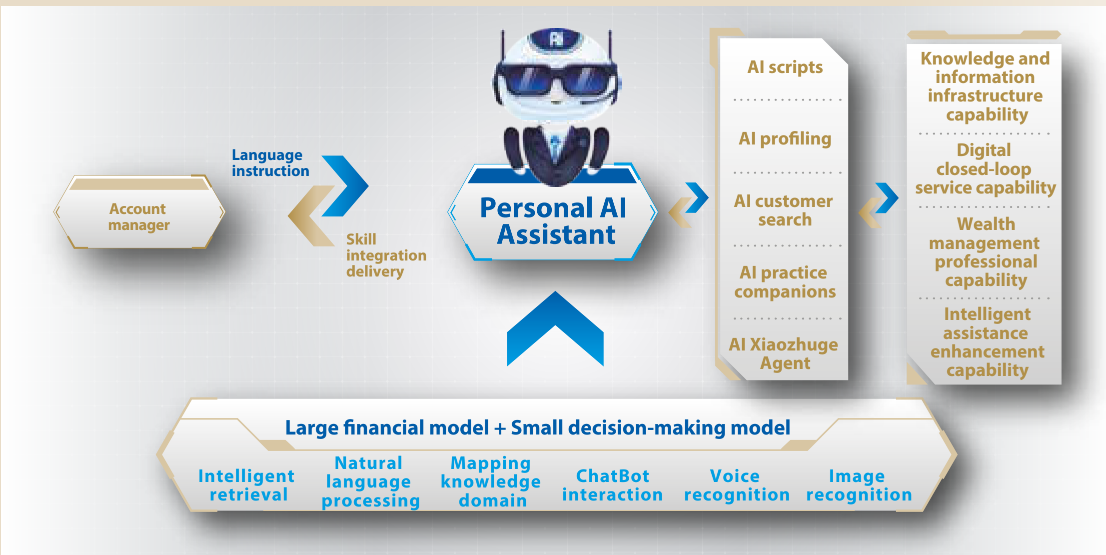
In terms of operation model, the Bank pioneered the successful implementation of the "insight – matching – access" service process, integrating the advantages of "human + digital" services. It accurately perceived customer needs and efficiently matched solutions, providing customers with people-oriented one-stop comprehensive service. In terms of team organisation, it continued to strengthen the direct operation team building, integrate the synergy of retail, data and technology operations, and enhance data insight, on-site management and operational support. In terms of tool support, it leveraged advanced tools and platforms such as cloud studio, and the "Binary Stars" to establish effective connections with customers. It developed comprehensive marketing resource libraries, including product catalogues, activity databases, benefit repositories, script guides, and knowledge bases, all of which supported flexible assembly and one-click invocation. By the end of 2024, the number of customers under direct operation exceeded 200 million, significantly expanding the service radius and achieving a productivity contribution of "one person covering one outlet", which effectively promoted the high-quality development of the retail business.

The Bank promoted five major upgrades of insight, shelf, rights and interests, operation and tools, and consolidated new infrastructure for retail business. It upgraded "broad insight", gained in-depth insight into the patterns of funds and customers, built a retail customer strategy centre, comprehensively promoted "personal finance cockpit", created a comprehensive view of assets and liabilities, and supported one-stop comprehensive services for personal account managers. It upgraded "abundant shelf", launched careful product selection and precise portrait tools, and built the brand of "CCB Yanxuan". It upgraded "widespread rights and interests", built a rights and interests system covering "finance + outsourcing + cooperation", innovatively developed financial rights and interests such as precious metal coupons, and granted 428 million people in total throughout the year. It upgraded "better operation", built enterprise-level intensive marketing operation capabilities, continued to improve the quality and efficiency of marketing input and output, and established a market reputation for "Yueyueying" activities. It upgraded "advanced tools", created personal AI assistant for account managers, accumulated 32 thousand users and empowered the improvement of production efficiency.

Case story No.4 Personal AI assistant empowering frontline employees in customer operation

The retail banking sector is characterised by its diversity and high degree of specialisation. Frontline account managers face significant challenges in terms of both learning and time costs. Enhancing employee capabilities is critical yet challengeable to unleashing operational efficiency. To sustainably enhance front-line business operation and service capabilities, the Bank leveraged intelligence as the key driver to develop a new "human + AI" model. In 2024, it launched the interactive version of ChatBot, a full-featured personal AI assistant for account managers, providing strong support for retail business development and customer operation and accelerating the upgrading of retail business towards "digitalisation, professionalisation, and integration".

Based on the ChatBot interaction framework, the Bank reengineered and upgraded the entire customer service process through an AI "large model + small model" architecture approach, directly delivered business strategy from the head office to the front line, enabling employees to instantly access customer service tools such as knowledge, products, and activities with a single natural language command, and assisting them in completing one-stop product configuration and efficient marketing services with AI. It innovatively launched intelligent auxiliary tools such as AI scripts, AI profiling, AI customer search, and AI practice companions, and created the AI Xiaozhuge Agent, helping account managers accurately seize marketing and service opportunities, enhance the success rate of customer operation, and significantly reduce the operation time and learning costs of employees. In 2024, personal AI assistant realised a total of 34.63 million interactions, serving 30 thousand personal account managers throughout the Bank, and has become the digital office secretary and intelligent strategy strategist of account managers.



At the end of 2024, domestic personal deposits of the Bank amounted to RMB16.24 trillion, an increase of RMB1.38 trillion or 9.26% over 2023. The customer structure continued to be optimised, the number of personal customers reached 771 million and personal financial assets under management by the Bank reached RMB20.60 trillion.

Personal Credit

At the end of 2024, the Bank's domestic personal loans and advances amounted to RMB8.87 trillion, an increase of RMB196,541 million or 2.27% over 2023.

In respect of residential mortgages business, the Bank implemented national policies and regulatory requirements, supported residents' rigid and diversified housing improving needs, and reduced residents' housing financing costs. The balance of residential mortgages was RMB6.19 trillion, the loan balance, amount granted throughout the year and asset quality remained ahead of the industry, and its dominant position of residential mortgages continued to be consolidated.

Case story No.5 Residential mortgages facilitating the construction of affordable housing

Henan Branch of the Bank closely followed the implementation process of the policy of Zhengzhou Municipal Government on allocated-sale affordable personal housing, and provided all-round financial services for the government to promote the adjustment of housing structure. Since Zhengzhou authority officially issued the announcement of affordable housing allocation for sale in July 2024, Henan Branch has proactively developed comprehensive plans, systematically organised its efforts, and actively coordinated with the government and platform companies at all stages to ensure seamless integration and efficient implementation. Through coordinated efforts and continuous refinement of cooperation details, the first residential mortgage loan for allocated-sale affordable housing nationwide was successfully issued in September 2024, providing strong financial support for low-income families to purchase houses. This move contributed to the construction of a new model for real estate development and promoted a virtuous cycle between finance and real estate with CCB's efforts.

Next, the Bank will continue to enhance financial services for allocated-sale affordable housing, actively participate in research and implementation of affordable housing policies in other cities, launch product and service plans that comply with local policies and fit actual conditions of the projects, further expand new business spaces, and promote high-quality development of residential housing services.

In respect of personal business loan business, the Bank focused on the real economy and agricultural production, strengthened the coverage of key customer groups such as individual business owners and small and micro business owners, optimised and promoted flagship products such as "unsecured quick loans for personal business" and "secured quick loans for personal business", and enriched the product line of personal business loans. It accelerated the expansion of agriculture-related personal business loans at the county level, and achieved rapid growth in "Yunong Loan", with a loan growth rate of more than 45%.

In respect of personal consumer loan business, the Bank actively responded to the national policy of expanding consumption, and supported diversified consumption financing needs of residents. It continued to enrich online and offline products, improved loan service capabilities through multiple channels, expanded the scope of service to customers, and improved risk prevention and control. The balance of domestic personal consumer loans of the Bank was RMB527,895 million, an increase of 25.21% over 2023.

In respect of credit card loan business, the Bank seized the opportunity of national policies such as "Renewals and Trade-ins" and "promoting high-quality development of consumption", actively cooperated with leading merchants in popular industries, undertook policies and measures such as subsidies and distribution of consumer vouchers, and served the daily consumption and instalment demand of the people. The balance of domestic credit card loans of the Bank was RMB1.07 trillion, becoming the first bank in China with a credit card loan size exceeding RMB1 trillion.

Case story No.6 "Green" life in motion – credit card instalment plan for new energy vehicles

The Bank took the credit card-based instalment business of new energy vehicle purchases as an important handle, exerted efforts from both the customer side and the manufacturer side, in order to meet the public's demand for green finance. It established comprehensive cooperation with 16 new energy vehicle manufacturers. Customers can submit their financial needs through the manufacturers' apps and enter the digital processing procedure. The cooperation covers over 80 mainstream brands, and the number of cooperating brands is leading among peers in the industry. Relying on digital strategies, the Bank leveraged its advantages in both corporate and personal customer bases to organise test drives, group purchases and other customer-gathering activities for employees of strategic customers, civil servants and staff of public institutions. Leveraging the regional advantages, the Bank accurately positioned its target customer groups through customer insight tools, and assisted manufacturers in penetrating into third- and fourth-tier cities and county-level markets by relying on its advantages in outlets and teams.

In 2024, the Bank's credit card instalment loans of new energy vehicle purchase exceeded RMB70 billion, an increase of more than double over 2023, and maintained a leading position in key indicators such as loan issuance, loan increase, loan balance and asset quality. It was awarded the "Best Auto Loan Product in China" in the "2024 China Awards Programme" held by *The Asian Banker*.

Personal Payments

The Bank deeply engaged in construction of consumer ecosystem and realised coordinated development of merchants and customers. For merchants, the Bank deepened its "1+N" service system for merchant businesses by upgrading from single card acquiring products to comprehensive services covering "card acquiring + settlement + credit + wealth management", and optimised payment services. It sought to build a system of digitalised merchant operation featuring "insight – matching – access" under the model of "ecosystems + industrial and supply chains + industrial and business clusters". At the end of 2024, the Bank had 5.67 million card acquiring merchants, with an annual card acquiring transaction volume of RMB3.71 trillion. For customers, the Bank focused on key areas including construction of bank card acceptance environment, cash services, foreign currency exchange, mobile payment, and account services, to consolidate the foundation for payment capabilities and promote the construction of the diversified payment system. It carried out large-scale marketing campaign titled "Splendid CCB" to promote consumption and benefit people's livelihood, covering scenarios of shopping, tourism, and utility payment, and drove consumer transactions. The Bank rolled out a debit card product called "Long Card for the Year of the Loong", highly recognised by customers. At the end of 2024, the Bank had 1,456 million personal settlement accounts; the number of users of "Long Pay" reached 244 million; and the number of debit cards issued reached 1,232 million. In 2024, the transaction volume of debit cards reached RMB24.14 trillion, and the number of transactions reached 59,871 million.

The Bank made comprehensive efforts with credit card-based instalment products such as car purchase, decoration and "Instalment Consumption Loan". It enhanced targeted payment marketing, advanced the development of credit card consumer credit business services, and improved the capabilities of protection of consumers' rights and interests, prevention of risks and compliant operations steadily. The Bank launched themed marketing campaign including "Hotpot Festival", "Beautiful Home", "Double 11 Shopping Carnival" and special actions of "Consumption Seasons" around scenarios including cultural tourism, food and shopping. To meet card usage needs of young customers, the

Bank rolled out UnionPay Enjoyment Card, RiCO Follower Credit Card and other new products. Focusing on the needs of cross-border tourism, studying abroad and permanent residence, the Bank innovatively launched Visa Enjoyment Study-abroad Card, new version of Mastercard Enjoyment Card and Paris Olympics-themed Credit Card. The Bank continued to optimise the rights and interests and related usage services of "Yunongtong" series credit card to further fit the consumption needs of customers in county regions. At the end of 2024, the cumulative number of credit card customers and credit cards issued reached 103 million and 129 million respectively. The transaction volume of credit cards totalled RMB2.80 trillion in 2024.

Wealth Management

The Bank firmly promoted the transformation and development of wealth management business, continued to improve the wealth management system around the three aspects of operation mechanism, service model and system platform, and constantly improved the size, number of customers and professional ability of wealth management business. At the end of 2024, the Bank's investment and wealth management size amounted to RMB4.36 trillion, manifesting an increase in market share. The number of wealth management customers increased by 7.10 million over 2023, a year-on-year increase of 2.11 million.

In terms of operation mechanism, the Bank gave full play to the professional leading role of the Wealth Management Investment Decision-making Committee of the Bank, improved the investment and research support of the full time sequence and all types of assets, strived to improve the timeliness of investment and research, adjusted the strategic direction and service content in a timely manner according to policy and market changes, and provided customers with investment and research services such as macro policy interpretation and market hot topic analysis. It fully completed the "standard shaping" of the joint service unit and strengthened the professional collaboration among the "iron triangle" of personal account managers, wealth advisors and head of outlets. In terms of service models, the Bank tapped into the power of the Agency Services Committee in terms of coordination, strictly controlled the access and ongoing management of institutions and products, focused on enhancing the product selection capabilities, launched the "CCB Yanxuan" brand, transformed complex product features into more understandable investment advisory strategies for grassroots staff and customers, formed a product selection logic of "investment research insights – investment advisory strategies – carefully selected products", and improved the product selection tool chain and the digitalisation level of the product shelf. In terms of the system platform, the Bank refreshed the wealth channel of the mobile banking app, actively explored the practical application of "professionalisation + digitalisation and intelligence", launched new tools such as intelligent practice companions and, in collaboration with wealth management partners, initiated the construction of an open wealth management platform, continuing to enhance the support capacity of system tools for the development of wealth management business.

Private Banking

The Bank pressed ahead with professional operation of private banking and created a professional brand image. It improved the tiered and grouped services for private banking customers, and promoted the coordinated operation with entrepreneur customers, witnessing good momentum of linkage between corporate and personal businesses and visible operating efficiency. The Bank steadily expanded its leading edge in terms of family wealth services management, and improved the service system of ultra-high-net-worth customers such as family offices. The total balance and increase of assets managed by family trust advisory business and insurance trust advisory services outperformed the peers, and the assets managed by insurance trust advisory services doubled. The Bank deepened the forward-looking and penetrating risk management and control of agent sales of y private banking products, deployed private banking product categories with diversified asset layout, and steadily improved the professionalism of wealth planning and asset allocation services. The Bank increased digital support of private banking operation, and improved the service experience of "CCB e-Private Banking". It comprehensively provided exclusive private banking financial services such as wealth planning, asset allocation, family wealth management, pension financial planning and corporate financing, integrating top-quality services such as health care, public welfare & charity. As a result, the coverage of professional private banking services, customer retention, AUM per capita and other key indicators significantly increased for years running.

At the end of 2024, the Bank had 248 private banking centres; the private banking customers' financial assets under management reached RMB2.78 trillion, an increase of 10.31% over 2023; the Bank had 231.5 thousand private banking customers, up 8.81% over 2023. The Bank was awarded the "China's Best for Family Office" by the *Euromoney*, the "Wealth Planning and Asset Management Service Award of the Year", the "Family Trust Service Award of the Year" and the "China's Best Wealth Management Technology Implementation Award" by *The Asian Banker*, the "Best Private Bank in mainland China" by *Wealth*, among other things.

Rural Revitalisation

We promote integrated urban-rural development with high-quality financial services and facilitate comprehensive rural revitalisation.

Note: Under the credit support of the Mayang Branch in Huaihua, Hunan, fruit farmers in Nanmuqiao Village, Tanjiazhai Township, Mayang County, celebrated a bountiful harvest.

The Bank's Fujian Branch supported the development of Chunlun Tea

Rural Revitalisation

The Bank provided high-quality financial services to promote integrated development of urban and rural areas and comprehensive rural revitalisation. According to regulation on statistics of agriculture-related loans published by the PBOC in 2024, at the end of 2024, the Bank's agriculture-related loans amounted to RMB3.33 trillion, a corresponding increase of RMB251,319 million or 8.16% on the same calculation basis over 2023. The number of agriculture-related loan borrowers was 3,777.4 thousand; and the weighted average interest rate of agriculture-related loans newly granted in 2024 was 3.40%.

Focusing on key areas of rural revitalisation such as food security, the Bank developed specialised financial service solutions to build a bank-wide food security service system featuring "one brand + series of actions", and increased credit resource inputs in key areas and customers such as major grain producing areas, leading agricultural industrialisation enterprises and farmers' cooperatives. For agriculture-related enterprises and various organisations, it rolled out "Rural Revitalisation Loan" product packages, and provided targeted services for key links for food security and key customers, by innovatively promoting products such as "Agri-product Cold Chain Logistics Loan", "High-standard Farmland Loan", "Agricultural Facility Loan", "Quick Loan for Cooperatives", and "Agricultural Machinery Loan".

To support industrial development in rural areas, the Bank adhered to the "ecosystems + industrial and supply chains + industrial and business clusters" model, and formed distinctive scenario applications such as edible fungi industry, Beijing laying hens and Guangxi cane sugar. The Bank vigorously promoted the "Yunong Industry" platform, and relied on the transaction data of core enterprises to provide credit support, online trading and other services for upstream and downstream enterprises and farmers within the industrial chain. Focusing on customer groups such as agricultural wholesale markets & farmers' markets, and farmers' cooperatives, the Bank promoted service models such as "Yunong Market" and "Yunong Cooperation", developed comprehensive service platforms, innovated exclusive credit products, and served the whole industrial chain of agriculture-related businesses covering production, circulation and sales.

Feature article No.1

Building a comprehensive service model of "ecosystems + industrial and supply chains + industrial and business clusters" with an agricultural whole-industry chain ecosystem

The Bank focused on financial services for agricultural industry chain ecosystem covering the entire scene, all client groups, and the entire industry chain, and strived to create a bank-level unified comprehensive service model for agriculture-related industries featuring "ecosystems + industrial and supply chains + industrial and business clusters". For agricultural sub-sectors including food, dairy industry, beef cattle, fruits, vegetables, flowers and edible fungi, the Bank built a financial service model of agricultural whole-industry chain, formed featured agricultural industry chain ecosystems such as Inner Mongolia dairy industry, Jilin beef cattle, Shouguang vegetables, Beijing laying hens, Luochuan apples and Fujian edible fungi, to serve diversified business forms in abundant scenarios. The Bank developed three specialised ecological scenarios including "Yunong Market", "Yunong Cooperation" and "Yunong Custody" at the Bank level. It provided exclusive products such as credit and platforms to support targeted services for key customer groups such as agricultural wholesale markets and farmers' markets, farmers' cooperatives and agricultural production custody organisations. It also supported upstream and downstream agriculture-related enterprises within the industrial chain, family farms, farmers and other agricultural business entities, so as to serve the industrial development in rural areas and enable higher income and better life of farmers.

Case story No.7 Ensuring the stability of "vegetable basket" for "people's livelihood"

The Bank deepened the construction of residents' "vegetable basket" project. It cooperated with Chunguang Agricultural Products Market in Jiuquan City, Gansu Province, to build the "Yunong Market" platform integrating eight functions covering "online shopping mall, market management, unified cashiering, automatic sub-ledger preparation, fund supervision, statistical analysis, fund clearing and convenient financing", and connecting farmers, markets and governments to provide a package of services from production to sales.

The Bank supported governments in managing the market. By performing functions such as safety traceability of agricultural products, pesticide residue detection and targeted statistics through the platform, the Bank met the regulatory needs of government regulators and provided strong support for digital transformation of local governments.

The Bank helped to manage market operation. It embedded settlement products such as aggregated payment, non-inductive payment and smart cashiering in the platform, and built business scenarios such as online shopping malls and credit services for intelligent management of the market along the whole chain of "Purchase, Sales and Inventory".

The Bank helped merchants to manage transactions. By providing electronic intelligent scales and online app services, the Bank carried out online digital integration of merchants' card acquiring and consumer transactions, improving the distribution efficiency of agricultural products.

The Bank helped farmers to manage planting. It provided "small horn" IoT equipment to monitor temperature and humidity of farmers' vegetable greenhouses, and provided technical information services for farmers' scientific planting.

The Bank integrated transaction data of the platform and established a data model to provide exclusive financial services to market managers, market merchants and farmers. Since the operation, the platform has accumulated 4.61 million transactions with a transaction volume of RMB532 million. It provided a cumulative total of RMB80 million, more than RMB45 million and RMB280 million in loans to Chunguang Group, small and micro businesses in the market, and market consumers and peripheral personal customers, respectively.

Focusing on the financing needs of key industries and "new urban residents" in counties, the Bank developed the differentiated "county-specific" operation strategy, to promote the high-quality development of financial services in counties. At the end of 2024, the balance of the Bank's loans in counties amounted to RMB5.45 trillion, an increase of RMB488,094 million or 9.84% over 2023; the balance of personal loans in counties amounted to RMB2.27 trillion, an increase of RMB66,938 million or 4.42% over 2023; and the balance of corporate loans in counties amounted to RMB3.18 trillion, an increase of RMB421,156 million or 15.25% over 2023.

The Bank improved the "Yunongtong" comprehensive service platform for rural revitalisation. In terms of offline services, the Bank built "Yunongtong" service sites, so that without leaving the village, farmers could access convenient services such as fund withdrawals, cash remittance, social security and medical insurance. By the end of 2024, "Yunongtong" service sites have processed 238 million transactions for farmers during the year, serving more than 72 million rural customers cumulatively, and have issued a total of 41.82 million "Rural Revitalisation Yunongtong Cards", including 16.79 million new rural customers. In terms of online services, it created the "Yunongtong" app and the "CCB Yunongtong" WeChat ecosystem, and extensively integrated rural social resources to provide farmers with online services such as agriculture-related credit and living expenses payment. By the end of 2024, the "Yunongtong" app had 19.46 million registered users, with total agriculture-related loans issued amounting to RMB285,473 million; the "CCB Yunongtong" WeChat ecosystem served more than 8.50 million users.

Housing Rental

The Group steadily pressed ahead with housing rental business. At the end of 2024, the Bank's loans for corporate housing rental business were RMB346,190 million. CCB Housing Rental Fund signed acquisition contracts for 31 projects with asset size and cumulative investment size of RMB16,250 million and RMB9,037 million respectively. These projects could provide approximately 28.9 thousand long-term rental apartments to the market. The housing rental scenarios continued to create financial value, which cumulatively brought in over 16 million new personal customers at the Group level.

Entrusted Housing Finance Business

The Bank continued to improve the service efficiency of the housing provident fund, and supported people in achieving stable and secure housing. It effectively coordinated to provide housing provident fund deposit services, and actively supported those flexibly employed in handling deposit business of housing provident fund; increased the supply of housing provident fund loans, and optimised the process of portfolios of "housing provident fund loans + commercial housing mortgages". The Bank supported the online processing of businesses related to housing provident fund, with a view to improving the capabilities of multi-channel customer services. At the end of 2024, the balance of housing fund deposits of the Bank was RMB1.54 trillion, and the balance of residential mortgage provident fund loans was RMB3.04 trillion.

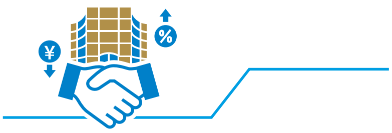
Serving the Public

We adhere to the people-centred development philosophy, continuously deepening the tiered, grouped and graded service model for individual customers while promoting on upgrading through “digitalisation + specialisation + integration”.

TREASURY AND ASSET MANAGEMENT BUSINESS

Business Strategy

The Group adheres to professional and prudent positioning, persists in market-oriented and professional direction, continues to enhance value contribution, and firmly holds the bottom line of risk compliance. It delivers high-quality financial services to support national development and meticulously crafts the "Five Priorities" to the highest standards. It enhances services to financial institution customers, embeds business operation into the Bank's overall strategy, improves customer and product service system, and enhances the level of group-wide operations.



Assets under management reached
RMB5.65 trillion

The underwriting volume of treasury bonds and local government bonds
both exceeded RMB1 trillion

Assets under custody amounting to
RMB23.95 trillion

an increase of
14.69%

Scan for more

Focusing on value creation and risk management, the Group actively integrated its treasury and asset management business into the comprehensive service landscape for corporate and individual clients, strengthened graded, tiered and categorised operation for financial institution customers, created a competitive product system, and comprehensively improved market competitiveness and value creativity, achieving effective synergy and steady growth. It continued to increase value contribution of financial market business, and expanded bond investments to vigorously support the implementation of proactive fiscal policies and the financing needs of the real economy. The underwriting volume of treasury bonds and local government bonds both exceeded RMB1 trillion, ranking top in the market. The Group continued to improve the quality and efficiency of corporate wealth management and services for the real economy, and strengthened compliance defence line of the Group's asset management business; it further improved the construction of the pension finance system and created a unified pension financial brand of "Jianyang'an". It expanded and upgraded its interbank cooperation platform, and continued to enrich ecological scenarios. The Bank built itself into a leading custodian steadily and maintained a leading position, with assets under custody amounting to RMB23.95 trillion.

Financial Market Business

In terms of financial market business, the Bank adhered to the concept of high-quality development, continued to seek progress while maintaining stability and enhance the capability of value creation as well as sustainable development, effectively prevented and controlled risks, and steadily expanded the business.

Money Market Business

The Bank utilised a combination of money market tools to stabilise liquidity across the Bank. It fulfilled its responsibilities as a large bank, actively carried out repurchase transactions with non-bank institutions under the PBOC swap facilities, and continued to provide liquidity support to small and medium-sized financial institutions. The counterparties further increased, and the transaction volume in the Renminbi money market exceeded RMB200 trillion. The Bank enhanced the capability of proactive liability management, and strengthened the analysis of the movement in interest rates. The balance of interbank certificates of deposits issued by the Bank maintained growth, reaching RMB1.25 trillion at the end of 2024. The Bank ranked first in terms of the transaction volume of interbank foreign currency lending.

Bond Business

The Bank adhered to the operating principle of "safe and sound operation, value-based investment" and maintained a sound balance of security, liquidity and profitability. It strengthened proactive management of its bond investment strategy and strongly supported the implementation of proactive fiscal policies, and the financing needs of the real economy. In 2024, the underwriting volume of treasury bonds and local government bonds both exceeded RMB1 trillion, ranking top in the market. The Bank increased investment in the science and technology innovation sector, with the subscription of sci-tech innovation bonds growing by 132% year-on-year. It participated in the development of multi-layer China bond market, launched over-the-counter bond pledged repo, and obtained the first business license of China-UK over-the-counter bond business and completed the first transaction. The balance of over-the-counter bonds under custody increased twice as much as last year.

Financial Market Trading Business

The Bank continued to advocate the concept of exchange rate risk neutrality, optimised the foreign exchange trading function of online banking, and launched "Foreign Exchange Trading Hall", a panoramic view of foreign exchange business. It integrated "We Trade" products into the inclusive business ecosystem, and continued to improve product and service capabilities. In 2024, the customer-related foreign exchange transactions exceeded RMB3 trillion, and active customers of the financial market trading business increased more than 11% over 2023.

Precious Metals and Commodities Business

The Bank served actual needs of the real economy. It provided full-process comprehensive financial services related to gold across the whole industrial chain, and developed corporate gold leasing and derivatives transactions vigorously. By taking advantage of full licenses of the gold market, the Bank actively participated in the construction of the gold market, and extended the trading period of gold accumulation transactions, to better satisfy the customer needs for allocation of gold assets. It prospectively explored carbon trading services and established a green finance innovation cooperation mechanism with China Beijing Green Exchange and Shanghai Environment and Energy Exchange. The Bank carried out commodity derivative transactions to help enterprises with hedging and risk neutral management for higher risk resistance. In 2024, the Bank secured agricultural products worth of RMB9,105 million, benefiting 943 agricultural enterprises. At the end of 2024, the Bank's domestic precious metal assets amounted to RMB242,860 million.

Feature article No.2

Using technology empowerment to actively support the development of the gold market

The Bank effectively fulfilled its responsibilities as a market maker of Shanghai Gold Exchange, independently developed an intelligent system, and continued to improve its technology advantages and service capabilities. It used the system to process commands efficiently and make real-time analysis of market conditions and customer declaration data, by which the Bank made rapid response to market demands, ensured accurate and compliant closing operations, effectively reduced potential risks in manual operations, and significantly improved the efficiency of closing declaration. Meanwhile, the system could provide stable liquidity support for smooth operation of the gold trading market in complex environment, so as to ensure rapid, accurate and standardised declaration, and provide safer and more efficient service experience for market participants.

Asset Management Business

The Group fully leveraged its license advantages to achieve balanced development in terms of size, efficiency and quality of asset management business. It continued to enrich diversified wealth management product shelf and improve the quality and efficiency of asset management business in serving the real economy, so as to meet the comprehensive investment and financing needs of customers. It continued to improve risk compliance management capability, and strengthened risk prevention and mitigation for key institutions, fields, customers and types of risk, so as to promote high-quality development of asset management business. At the end of 2024, the Group's asset management business reached RMB5.65 trillion, with CCB Wealth Management, CCB Trust, CCB Principal Asset Management, CCB Pension and the asset management subsidiary under CCB Life contributing RMB1.60 trillion, RMB1.47 trillion, RMB1.45 trillion, RMB0.65 trillion and RMB0.36 trillion, respectively.

At the end of 2024, the Group's WMPs amounted to RMB1.64 trillion. Specifically, those managed by CCB Wealth Management were RMB1.60 trillion, and those managed by the Bank were RMB42,288 million. The Group's net-value WMPs amounted to RMB1.60 trillion, all of which were managed by CCB Wealth Management, accounting for 97.42% of the total, up 2.45 percentage points over 2023. Specifically, the balance of open-end products of CCB Wealth Management was RMB1,364,924 million and the balance of closed-end products was RMB233,801 million. The balance of WMPs to personal customers was RMB1,334,011 million, accounting for 83.44%, and the balance of WMPs to corporate customers was RMB264,714 million, accounting for 16.56%. The Bank's WMPs were all open-end products, of which the balance of WMPs to personal customers was RMB31,295 million, accounting for 74.00%, and the balance of WMPs to corporate customers was RMB10,993 million, accounting for 26.00%.

Information on issuance, maturity and balance of the Group's WMPs during the reporting period is as follows.

			2024					
	As at 31 December 2023		WMPs issued		WMPs matured		As at 31 December 2024	
(In millions of RMB, except batches)	Batches	Amount	Batches	Amount	Batches	Amount	Batches	Amount
CCB Wealth Management	1,100	1,499,121	676	3,315,531	781	3,215,927	995	1,598,725
The Bank	2	79,443	–	101,819	–	138,974	2	42,288
Total	1,102	1,578,564	676	3,417,350	781	3,354,901	997	1,641,013

The assets in which the Group's WMPs invested directly and indirectly as at the dates indicated are as follows.

	As at 31 December 2024						As at 31 December 2023					
	CCB Wealth Management		The Bank		The Group		CCB Wealth Management		The Bank		The Group	
(In RMB millions, except percentages)	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Cash, deposits and interbank negotiable certificates of deposit	1,008,220	60.80	20,512	34.60	1,028,732	59.90	907,809	58.73	31,462	32.01	939,271	57.14
Bonds	440,983	26.60	5,052	8.52	446,035	25.97	478,169	30.94	7,942	8.08	486,111	29.57
Equity investments	1,793	0.11	25,679	43.31	27,472	1.60	23,643	1.53	11,799	12.01	35,442	2.16
Non-standardised debt assets	5,171	0.31	8,042	13.57	13,213	0.77	11,714	0.76	43,586	44.35	55,300	3.36
Other assets [1]	201,987	12.18	–	–	201,987	11.76	124,247	8.04	3,492	3.55	127,739	7.77
Total	1,658,154	100.00	59,285	100.00	1,717,439	100.00	1,545,582	100.00	98,281	100.00	1,643,863	100.00

1. Including mutual funds, customer-driven overseas wealth management investments (QDII), financial derivatives, placements with banks and non-bank financial institutions and bonds held under resale agreements.

Case story No.8 Developing pension finance to explore new blue ocean in annuity market of grass-roots communities

To meet the needs of grass-roots community workers, the Group seized policy opportunities for expanding annuity coverage and designed exclusive solutions, to provide pension security for community workers, improve professional identity of community workers and stabilise the team of social workers. The enterprise annuity programme for community workers in Fengze District, Quanzhou City, Fujian Province is the first "community enterprise annuity" business jointly implemented by the Group's parent bank and subsidiaries. By the end of 2024, CCB Pension has successfully developed "Yangyile • Golden Years", a collective enterprise annuity plan for community workers in 38 communities under the jurisdiction of Fengze District, serving nearly 500 community workers in total, with the size of fiduciary, custody, investment management and account management under the enterprise annuity programme exceeding RMB16 million. While increasing market share, it built good demonstration effect for further enhancing the coverage and social influence of the annuity system.

Financial Institutional Business

The Bank steadily promoted graded, tiered and categorised management of financial institution customers and comprehensive customer marketing services. It created regional models for high-quality development of the financial institutional business, unleashed inherent growth impetus of the Group's collaborative marketing system, piloted the "1+N" flexible team mechanism, and served diverse cooperation needs of financial institution customers such as bond issuance, pension finance and business innovation, with the quality and efficiency of serving financial institution customers continuing to improve. The Bank continued to press ahead with integrated operation of bills, and improved the quality and efficiency to better serve the real economy. It revitalised the existing bill assets, continued to improve the capability to create value of bill business, and achieved rapid growth in trading income of bills. In 2024, the transaction volume of bills held under resale agreements totalled RMB6.34 trillion, steadily ranking at the forefront among its peers. It continued to promote the digital transformation of financial institutional business, created an integrated comprehensive service platform "Shanjiantongxing" for financial institution customers, and built a new ecosystem of financial institution cooperation. By the end of 2024, the platform had attracted more than 1.87 million visits and 2,043 registered users, and granted RMB11.70 trillion on a cumulative basis. The total number of securities customers for the third-party security custody services of trading settlement funds has reached 96.14 million, with both the number of custodied customers and the amount of funds maintaining an industry-leading position. At the end of 2024, the Bank's amounts due to other domestic financial institutions (including insurance companies' deposits) were RMB2.09 trillion, a decrease of RMB164,753 million over 2023. The Bank's assets placed with other domestic financial institutions were RMB604,932 million, an increase of RMB91,951 million from 2023.

Asset Custody Business

The Bank strove to build itself into a leading custodian with strong customer base, advanced systems, leading operations and effective risk control. It focused on key custody products, with the insurance assets, mutual funds and trust under custody exceeding RMB7.5 trillion, RMB3.5 trillion and RMB3 trillion, respectively. It deepened the services of pension finance. The number of pension custody customers increased by 54.09% over 2023. The supplementary pension security management products in key industries ranked first in the industry in terms of custody size and bid-winning number. It sped up the transformation of digital finance, improved the service functions of the "Smart Custody" platform, serving various asset management institutions, and conducted custody data governance to enhance the capacity of empowering business development through data. It promoted the development of green finance, with over 200 green products under custody, and the custody size amounted to RMB167,323 million, an increase of 20.03% over 2023. By strengthening its risk prevention and control system, the Bank obtained unqualified internal control assurance reports issued by international institutions for 17 consecutive years. The Bank was awarded the "Excellent ETF Custodian" by China Fund, the "ETF Golden Bull Ecosystem Excellent Custodian (Bank)" by China Securities Journal and "Best Sub-Custodian Bank in China" by the Global Finance. At the end of 2024, the Bank's assets under custody amounted to RMB23.95 trillion, an increase of RMB3.07 trillion or 14.69% over 2023.

Pension Finance

We aim to achieve the goal of becoming a "specialised pension finance bank" and promote the in-depth development of the pension finance service system.

Note: The Bank's Fujian Branch provided considerate services to elderly customers.

OVERSEAS COMMERCIAL BANKING BUSINESS

At the end of 2024, the Group had overseas commercial banking institutions (including 20 tier-one branches and seven subsidiaries) in 28 countries and regions across six continents, showing a stable increase in asset size. It steadily pressed ahead with the integration of Renminbi and foreign currencies, domestic and overseas business, and continued to deepen the coordinated development with other member countries of the RCEP. Risk management remained controllable on the whole with steady improvement in credit asset quality. With profitability and operational efficiency constantly improving, the Group realised a net profit of RMB9,138 million in 2024.

CCB Asia

China Construction Bank (Asia) Corporation Limited is a licensed bank registered in Hong Kong with an issued and fully paid capital of HK$6,511 million and RMB17.6 billion. CCB Asia is the Group's full-featured integrated commercial banking platform in Hong Kong, with its core base in the Guangdong-Hong Kong-Macao Greater Bay Area, focusing on expanding the businesses of the Chinese mainland and members of RCEP, and a wide reach that extends to some countries and regions in the Middle East and Central Asia. CCB Asia has traditional advantages in providing professional financial services such as overseas syndicated loans and structured finance and has rich experience in corporate finance businesses, including international settlement, trade finance, financial market trading, financial advisory, green finance and trust agency services. Its targeted customers include local Blue-Chip and large Red-Chip companies, large Chinese conglomerates, multinational corporations and premium local customers. CCB Asia is also the Group's service platform for retail and small and medium-sized enterprises in Hong Kong and has 28 outlets. At the end of 2024, total assets of CCB Asia amounted to RMB486,788 million, and shareholders' equity was RMB93,288 million; net profit in 2024 was RMB5,459 million.

CCB Russia

China Construction Bank (Russia) Limited, established in Russia in 2013, is a wholly-owned subsidiary of the Bank, with a registered capital of RUB4.2 billion. CCB Russia holds a comprehensive banking license issued by the Central Bank of Russia. It is mainly engaged in corporate deposits and loans, international settlement and trade finance. At the end of 2024, total assets of CCB Russia amounted to RMB5,657 million, and shareholders' equity was RMB836 million; net profit in 2024 was RMB286 million.

CCB Europe

China Construction Bank (Europe) S.A., established in Luxembourg in 2013, is a wholly-owned subsidiary of the Bank, with a registered capital of EUR550 million. CCB Europe has established branches in Paris, Amsterdam, Barcelona, Milan, Warsaw and Hungary. CCB Europe mainly provides services to large and medium-sized enterprises in Europe as well as European multinational enterprises in China. It is mainly engaged in corporate deposits and loans, international settlement, trade finance, and cross-border financial market trading. At the end of 2024, total assets of CCB Europe amounted to RMB22,656 million, and shareholders' equity was RMB3,992 million; net profit in 2024 was RMB73 million.

CCB New Zealand

China Construction Bank (New Zealand) Limited, established in New Zealand in 2014, is a wholly-owned subsidiary of the Bank, with a registered capital of NZD199 million. CCB New Zealand holds a wholesale and retail business license, and offers all-round and high-quality financial services, including corporate loans, trade finance, Renminbi clearing and cross-border financial market trading. At the end of 2024, total assets of CCB New Zealand amounted to RMB11,230 million, and shareholders' equity was RMB1,408 million; net profit in 2024 was RMB125 million.

CCB Indonesia

PT Bank China Construction Bank Indonesia Tbk is a fully licensed commercial bank listed on the Indonesia Stock Exchange. CCB Indonesia has 72 branches and sub-branches in Indonesia. The Bank completed the acquisition of 60% equity in PT Bank Windu Kentjana International Tbk in 2016 and renamed it PT Bank China Construction Bank Indonesia Tbk in 2017. CCB Indonesia has a registered capital of IDR3.79 trillion. CCB Indonesia is committed to serving the bilateral investment and trade between China and Indonesia, and provides high-quality services to local enterprises in Indonesia. Its business priorities include corporate business, small and medium-sized enterprise business, trade finance and infrastructure finance. At the end of 2024, total assets of CCB Indonesia amounted to RMB15,213 million, and shareholders' equity was RMB3,103 million; net profit in 2024 was RMB134 million.

CCB Malaysia

China Construction Bank (Malaysia) Berhad, established in Malaysia in 2016, is a wholly-owned subsidiary of the Bank, with a registered capital of MYR822.6 million. As a licensed commercial bank, CCB Malaysia provides various financial services, including global credit granting for large local infrastructure projects in Malaysia and project finance, trade finance, clearing in multiple currencies and cross-border financial market trading for enterprises engaging in Sino-Malaysian bilateral trade. At the end of 2024, total assets of CCB Malaysia amounted to RMB14,381 million, and shareholders' equity was RMB1,603 million; net profit in 2024 was RMB40 million.

CCB London

China Construction Bank (London) Limited, established in the UK in 2009, is a wholly-owned subsidiary of the Bank, with a registered capital of US$200 million and RMB1.5 billion. In order to better respond to changes in the external market environment and meet the needs of internal operation and management, the Group gradually promoted the integration of CCB London and London Branch of the Bank. The liquidation of CCB London was carried out in an orderly manner. At the end of 2024, total assets of CCB London amounted to RMB3,867 million, and shareholders' equity was RMB3,867 million; net profit in 2024 was RMB0.0 thousand.

The staff of CCB Indonesia celebrated the Chinese New Year

INTEGRATED OPERATION SUBSIDIARIES

The Group has 17 tier-one integrated operation subsidiaries under direct management of the head office, engaging in business segments covering corporate finance, personal finance, treasury and asset management, and others. Actively implementing the positioning requirements of "strategic coordination, sound risk management, and commercial sustainability", integrated operation subsidiaries focused on their main responsibilities and primary businesses, optimised supply of products and services, kept improving their comprehensive customer service capabilities as well as the quality and efficiency of serving the real economy. They achieved steady business growth and robust development on the whole. At the end of 2024, total assets of integrated operation subsidiaries were RMB841,416 million, and net profit in 2024 reached RMB8,821 million.

Corporate Finance Business Segment

CCB Financial Leasing

CCB Financial Leasing Co., Ltd., established in 2007, is a wholly-owned subsidiary of the Bank, with a registered capital of RMB11 billion. It is mainly engaged in finance leasing, transfer and purchase of finance lease assets, and fixed-income investment.

Highlighting its asset-based financing features, CCB Financial Leasing focused on its main responsibilities and primary businesses, actively explored business innovation and effectively promoted the transformation of the company to continue to improve the quality and efficiency of serving the real economy. At the end of 2024, total assets of CCB Financial Leasing amounted to RMB182,150 million, and shareholders' equity was RMB29,590 million; net profit in 2024 was RMB2,682 million.

CCB P&C Insurance

CCB Property & Casualty Insurance Co., Ltd. was established in 2016 with a registered capital of RMB1 billion. CCB Life, Ningxia Communications Investment Group Co., Ltd. and Yinchuan Tonglian Capital Investment Operation Co., Ltd. hold 90.20%, 4.90% and 4.90% of its shares, respectively. It is mainly engaged in motor vehicle insurance, insurance for business and household property, construction and engineering, liability insurance, hull and cargo insurance, short-term health and accidental injury insurance, and reinsurance of the above-mentioned offerings.

CCB P&C Insurance witnessed steady business development. Under the new financial instruments standard and new insurance contracts standard, at the end of 2024, total assets of CCB P&C Insurance were RMB1,208 million, and shareholders' equity was RMB458 million. Net profit in 2024 was RMB12 million.

CCB Consulting

CCB Engineering Consulting Co., Ltd.is a wholly-owned subsidiary acquired by CCB International Capital Management (Tianjin) Co., Ltd. in 2016, with a registered capital of RMB51 million. The name of its predecessor, CCB Cost Consulting Co., Ltd, was changed to the present one in 2018. CCB International (China) Co., Ltd, a wholly-owned subsidiary of CCB International, holds 100% shares in CCB International Capital Management (Tianjin) Co., Ltd. CCB Consulting is mainly engaged in cost consulting, whole-process engineering consulting, project management, investment consulting, and bidding agency.

On top of further sharpening traditional advantages of cost consulting, CCB Consulting adhered to the concept of digitalised operation, strived to build core competitiveness of "financial consulting + engineering consulting", continued to expand product families and optimise offerings. At the end of 2024, total assets of CCB Consulting were RMB1,492 million, and shareholders' equity was RMB425 million. Net profit in 2024 was RMB54 million.

CCB Investment

CCB Financial Asset Investment Co., Ltd., a wholly-owned subsidiary of the Bank, was established in 2017, with a registered capital of RMB27 billion. It is mainly engaged in debt-to-equity swaps and relevant supporting businesses.

CCB Investment adopted a market-oriented approach and proactively explored business innovation. It actively and steadily advanced market-oriented debt-to-equity swaps and supported the reform of state-owned enterprise, promoted the economic transformation and upgrading, and optimised the industrial layout. It also accelerated equity investment pilot business to help facilitate the growth of sci-tech enterprises, cultivate new quality productive forces, and achieve high-level science and technology self-reliance and self-empowerment. At the end of 2024, total assets of CCB Investment were RMB128,651 million, and shareholders' equity was RMB43,062 million. Net profit in 2024 was RMB3,531 million.

CCB Private Equity

CCB Private Equity Investment Management Co., Ltd. was established in 2019 with a registered capital of RMB100 million. CCB Life Asset Management Co., Ltd. holds 100% of its shares. CCB Life and CCB International (China) Co., Ltd. (a wholly-owned subsidiary of CCB International) hold 80.10% and 19.90% shares in CCB Life Asset Management Co., Ltd., respectively. CCB Private Equity is mainly engaged in private equity investment and management of national strategic emerging industry development funds and other private equity funds.

CCB Private Equity gave full play to its professional edge and steadily pressed ahead with investment business. At the end of 2024, paid-in size of assets managed by CCB Private Equity reached RMB16,315 million, total assets of CCB Private Equity amounted to RMB155 million, and shareholders' equity was RMB73 million. Net profit in 2024 was RMB19 million.

CCB International

CCB International (Holdings) Limited, a wholly-owned subsidiary of the Bank in Hong Kong, was established in 2004 with a registered capital of US$601 million. It offers, through its subsidiaries, investment banking related services, including sponsoring and underwriting of public offerings, corporate merger and acquisition and restructuring, direct investment, asset management, securities brokerage and market research.

CCB International gave full play to its advantages in cross-border financial market services, focused on financing demands of high-quality enterprises in key areas, improved its comprehensive service capabilities in initial public offering (IPO) and bond issuance, and actively engaged in and promoted Renminbi internationalisation. At the end of 2024, total assets of CCB International were RMB72,894 million, and shareholders' equity was RMB10,626 million. Net profit in 2024 was RMB14 million.

Personal Finance Business Segment

Sino-German Bausparkasse

Sino-German Bausparkasse Co., Ltd. was established in 2004 with a registered capital of RMB2 billion. The Bank and Bausparkasse Schwaebisch Hall AG hold 75.10% and 24.90% of its shares, respectively. As a specialised commercial bank committed to serving the housing finance sector, Sino-German Bausparkasse is mainly engaged in housing savings deposits and loans, residential mortgages, and real estate development loans for government-subsidised housing supported by state policies.

Sino-German Bausparkasse achieved steady business development, and the sales of housing savings products amounted to RMB46,221 million in 2024. At the end of 2024, total assets of Sino-German Bausparkasse amounted to RMB41,445 million, and shareholders' equity was RMB3,139 million. Net profit in 2024 was RMB82 million.

CCB Life

CCB Life Insurance Co., Ltd. is a life insurance subsidiary invested and controlled by the Bank in 2011 with a registered capital of RMB7,120 million. The Bank, KGI Life Insurance CO., ltd., the National Council for Social Security Fund, Shanghai Jin Jiang International Investment and Management Company Limited, Shanghai China-Sunlight Investment Co., Ltd., and China Jianyin Investment Limited hold 51%, 19.90%, 16.14%, 4.90%, 4.85% and 3.21% of its shares, respectively. It is mainly engaged in personal insurance such as life, health, accidental injury insurance and reinsurance of the above-mentioned offerings.

CCB Life steadily pressed ahead with business transformation, and its business structure continued to improve. Under the new financial instruments standard and new insurance contracts standard, at the end of 2024, total assets of CCB Life were RMB321,283 million, and shareholders' equity was RMB4,768 million. Net profit in 2024 was RMB324 million.

CCB Housing

CCB Housing Services Co., Ltd. was established in 2018 with a registered capital of RMB1,196 million. CCB Dingteng (Shanghai) Investment Management Co., Ltd. and Shanghai Aijian Trust Co., Ltd. hold 75.25% and 24.75% of its shares, respectively. CCB International Innovative Investment Limited, a wholly-owned subsidiary established in Hong Kong by CCB International, holds 100% shares in CCB Dingteng (Shanghai) Investment Management Co., Ltd. CCB Housing is mainly engaged in house rental business.

CCB Housing continued to strengthen the operation of long-term rental apartments, focused on cooperating with the parent bank to serve customers, and provided the public with better housing services relying on "CCB Home" platform. At the end of 2024, total assets of CCB Housing were RMB12,422million, and shareholders' equity was RMB579 million. Net loss in 2024 was RMB247 million.

CCB Consumer Finance

CCB Consumer Finance Co., Ltd. was established in 2023 with a registered capital of RMB7.2 billion. The Bank, Beijing State-owned Assets Management Co., Ltd. and Wangfujing Group Co., Ltd. hold 83.33%, 11.11% and 5.56% of its shares, respectively. CCB Consumer Finance is mainly engaged in personal petty consumer loans.

CCB Consumer Finance was committed to implementing the concept of inclusive finance, promoted sound operation, and helped expand domestic demand and stimulate consumption. At the end of 2024, total assets of CCB Consumer Finance were RMB12,573 million, and shareholders' equity was RMB7,145 million. Net profit in 2024 was RMB10 million.

Treasury and Asset Management Business Segment

CCB Principal Asset Management

CCB Principal Asset Management Co., Ltd. was established in 2005 with a registered capital of RMB200 million. The Bank, Principal Financial Services, Inc. and China Huadian Industry-Finance Holdings Company Limited hold 65%, 25% and 10% of its shares, respectively. It is engaged in the raising and selling of funds, and asset management.

CCB Principal Asset Management stayed committed to prudent operation and continued to enhance its professional capabilities and quality and efficiency of services. At the end of 2024, assets managed by CCB Principal Asset Management reached RMB1.45 trillion, total assets of CCB Principal Asset Management amounted to RMB11,805 million, and shareholders' equity was RMB9,830 million. Net profit in 2024 was RMB844 million.

CCB Trust

CCB Trust Co., Ltd. is a trust subsidiary invested and controlled by the Bank in 2009 with a registered capital of RMB10.5 billion. The Bank and Hefei Xingtai Financial Holding (Group) Co., Ltd. hold 67% and 33% of its shares, respectively. It is mainly engaged in trust business, investment banking and proprietary business.

CCB Trust witnessed a steady development of each business segment, and ranked first among its peers in terms of both cumulative issuance size and legacy size of credit asset securitisation. At the end of 2024, total assets managed by CCB Trust were RMB1.47 trillion, of which the total size of risk disposal service trust, wealth management business and credit asset securitisation business exceeded RMB500 billion; total assets of CCB Trust were RMB45,968 million and shareholders' equity was RMB28,708 million. Net profit in 2024 was RMB543 million.

CCB Futures

CCB Futures Co., Ltd. is a futures subsidiary invested and controlled by the Bank in 2014 with a registered capital of RMB936 million. CCB Trust and Shanghai Liangyou (Group) Co., Ltd. hold 80% and 20% of its shares, respectively. It is mainly engaged in commodity futures brokerage, financial futures brokerage, asset management and futures investment advisory business. CCB Trading Company Limited, a wholly-owned subsidiary of CCB Futures, is engaged in pilot risk management operations, such as warehouse receipt service, basis trading, over-the-counter derivatives business, and general trade business.

CCB Futures gave full play to its professional strength, and maintained steady development in all business lines. At the end of 2024, total assets of CCB Futures were RMB12,431 million, and shareholders' equity was RMB1,265 million. Net profit in 2024 was RMB32 million.

CCB Pension

CCB Pension Management Co., Ltd. was established in 2015 with a registered capital of RMB2.3 billion. The Bank, Principal Financial Services Inc. and the National Council for Social Security Fund hold 70%, 17.647% and 12.353% of its shares, respectively. It is mainly engaged in investment and management of national social security funds, businesses related to management of enterprise annuity funds, entrusted management of pension funds, and pension advisory service for the above-mentioned asset management activities.

CCB Pension strengthened customer service and improved capabilities in investment, research and risk control. At the end of 2024, assets managed by CCB Pension reached RMB652,725 million, total assets of CCB Pension amounted to RMB4,167 million, and shareholders' equity was RMB3,442 million. Net profit in 2024 was RMB293 million.

CCB Wealth Management

CCB Wealth Management Co., Ltd., a wholly-owned subsidiary of the Bank, was established in 2019, with a registered capital of RMB15 billion. It is mainly engaged in the offering of WMPs, investment services of entrusted properties, and wealth management advisory and consulting services to the customers. CCB Wealth Management invested RMB560 million and RMB1 billion in BlackRock CCB Wealth Management Co., Ltd. and GUOMIN Pension & Insurance Co., Ltd., with a shareholding ratio of 40% and 8.79%, respectively.

CCB Wealth Management realised balanced development among quality, efficiency and business size on the basis of sound and compliant operation. At the end of 2024, the size of WMPs of CCB Wealth Management amounted to RMB1.60 trillion, total assets of CCB Wealth Management were RMB20,480 million, and shareholders' equity was RMB19,724 million. Net profit in 2024 was RMB1,526 million.

CCB Housing Rental

CCB Housing Rental Private Fund Management Co., Ltd., a wholly-owned subsidiary of CCB Trust, was established in 2022, with a registered capital of RMB100 million. It is mainly engaged in private equity investment fund management and venture capital fund management services. CCB Housing Rental is the general partner of CCB Housing Rental Fund and serves as both the fund manager and managing partner.

CCB Housing Rental assisted in exploring the new pattern of real estate development that encourages both housing rentals and purchases via innovation of financial instruments. At the end of 2024, assets managed by CCB Housing Rental reached RMB13,872 million, total assets of CCB Housing Rental amounted to RMB161 million, and shareholders' equity was RMB118 million. Net profit in 2024 was RMB12 million.

Other Business Segment

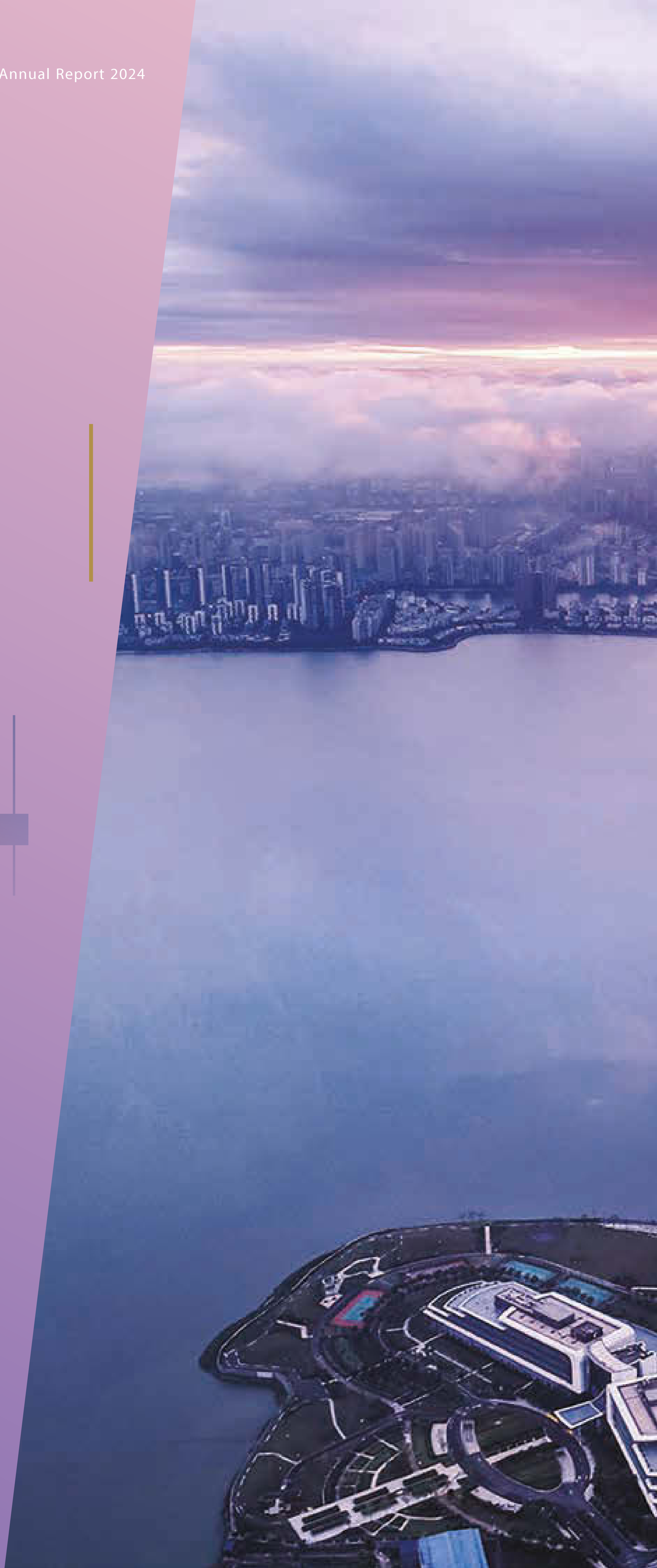
CCB FinTech

CCB FinTech Co., Ltd. was established in 2018 with a registered capital of RMB1,730 million. CCB Tenghui (Shanghai) Private Equity Fund Management Co., Ltd., China Central Depository & Clearing Co., Ltd., Shanghai Lianyin Venture Capital Co., Ltd., and China Development Bank Capital Co., Ltd. hold 92.50%, 2.50%, 2.50% and 2.50% in its shares, respectively. CCB International (China) Co., Ltd, a wholly-owned subsidiary of CCB International, holds 100% shares in CCB Tenghui (Shanghai) Private Equity Fund Management Co., Ltd.

CCB FinTech focused on serving the main responsibilities and primary businesses of the Group, engaged in software research and development of the Group, and was responsible for the R&D quality and efficiency. It accelerated the digital and intelligent transformation of the Group by transforming technical tools and improving technical capabilities. At the end of 2024, total assets of CCB FinTech were RMB6,706 million, and shareholders' equity was RMB1,419 million. Net profit in 2024 was RMB3 million.

Digital Finance

We continuously consolidate the foundation of data technology, optimise the digital ecosystem layout, and enhance the effectiveness of digital empowerment in business.



Note: Aerial view of the Bank's Wuhan Production Park.

FINTECH AND CHANNEL OPERATION

By playing a coordinative role of digital transformation and providing foundational support in serving the digital economy, the Group integrates and coordinates online and offline services through the "two-wheel drive" of technology and data and leverages digital finance to effectively support the development of technology finance, inclusive finance, green finance and pension finance.

CCB Cloud's computing power scale reached **507.72** PFlops an increase of **9.58%** over last year, in which the proportion of new computing power such as graphics processing units (GPU) accounted for more than **23.39%**

Investment in FinTech amounted to **RMB24,433 million**

A total of **3,550** FinTech patents had been granted, an increase of **1,382** over last year

Online individual users reached **563 million**

Monthly active users (MAU) of the "Binary Stars" reached **223 million**

"CCB Lifestyle" obtained over **2.1 million** customers from external channels, driving personal credit including residential mortgages and credit card instalments to exceed **RMB170 billion**

In 2024, the Group continued to improve its FinTech capabilities and built autonomous and controllable digital technology innovation system. It deepened data governance and effectively used data elements to expand the scope of financial services. It optimised the layout of physical channels and pressed ahead with intensive operation and process upgrades of complex businesses at outlets. It built a digital ecosystem, ramped up the "Binary Stars" network traffic value operation, implemented innovative applications of e-CNY in various scenarios, improved service experience and lowered operating costs, to empower the Group's high-quality business development through digital capabilities.

FinTech

The Group improved the information technology management system, consolidated the digital infrastructure, promoted the integration of business, data and technology as well as agile delivery, strengthened technology risk management, and maintained the safe and stable operation of information systems.

The Group continued to advance the construction of digital infrastructure. It improved the framework of "Multi-Zone, Multi-Region, Multi-Technology Stack and Multi-Chip" architecture, continued to build the high-performance computing service platform, and transformed the "CCB Cloud" computing power system to general and intelligent multi-level. At the end of 2024, CCB Cloud's computing power scale reached 507.72 PFlops, an increase of 9.58% over 2023, of which the proportion of new computing power such as graphics processing units (GPU) accounted for more than 23.39%, maintaining a leading position among its peers in overall computing power and service capabilities. *The Information Technology – Cloud Computing – Reference architecture*, the core basic national standard on cloud computing field, prepared under the leading of the Bank, was approved and released. The "Financial Industry-Cloud Construction and Application Practice" project was awarded the first prize of "2023 Financial Technology Development Award" by the PBOC. The Group deepened the construction of FLMs. It released 100 billion-level FLMs, built a system comprising large language models (LLMs), text-to-image large models, multimodal LLMs and LLMs for code. It strengthened the training, inference and operation capabilities of FLMs on the AI platform, and fully empowered 193 internal application scenarios. It optimised retrieval-augmented generation application model to support financial analysis for credit approval. As a result, the time required to generate a customer financial analysis report was shortened from several hours to minute-level. The Bank improved the productisation of financial image recognition, intelligent search and recommendation and intelligent voice. The coverage of requirements supported by financial image recognition product has increased from 80% to 90%. It expanded real-time acquisition, analysis and service conversion of transaction data on the big data platform, to effectively support 571 business scenarios such as regulatory compliance, precise marketing, anti-gambling and anti-fraud, and financial market. As a result, the efficiency of marketing data analysis and decision-making improved dramatically, with time required shortened from four hours to 20 seconds. It continued to advance the construction of value exploration and application capabilities regarding data elements. It built multi-in-one graph analysis capabilities such as 100 billion-level batch graph analysis, online graph query and streaming graph calculation, supporting multi-scenario business applications such as credit fund takeover, fund flow analysis, customer multi-dimensional relationship analysis, anti-gambling and anti-fraud, and enabled chain-based exploration of industrial chain and supply chain, precise marketing and customer expansion, dynamic capture of abnormal suspicious transactions and intelligent early warnings.

The Group fully completed the transformation of the core system to distributed architecture. All domestic and overseas businesses had been processed via the distributed core system which maintained stable operation. The Group continued to improve quality and efficiency in sci-tech R&D. Throughout the year, the Group responded to 20,738 business demands, put 79,696 business demands into operation, and effectively supported the launch of several key projects such as personal credit, mobile banking, "CCB Huidongni" and state-owned enterprise treasury management service. The Group actively improved gambling and fraud risk prevention and control capabilities of various channels. It continued to advance group-level IT integration, with the subsidiaries' cloud migration rate of systems reaching 89%. It strengthened the construction of ecosystem for "Mega Asset Management", and focused on improving the system ability of investment transaction and risk control, to empower business development of asset management subsidiaries.

The Group continued to strengthen the abilities of safe production and cybersecurity protection. Key businesses were equipped with sustainable service capabilities, with 100% coverage of remote disaster recovery for important systems. The Group carried out routine and realistic security operations, screened and rectified vulnerabilities at the group level, continued to perform penetration testing, and actively exercised group-wide cybersecurity attack and defence drills and blackmail emergency drills. The Group promoted the application of comprehensive security testing management platform, enabled normalised and automated scanning security detection to support lifecycle online management of security vulnerabilities. In 2024, the Bank created new security detection tasks 5,598 times per day on average.

The Group reinforced integrated technology management, served its main responsibilities and main businesses, improved the safety production guarantee system, set up network security operation teams, coordinated the Group's R&D resources, improved the R&D organisation model and process, established business demand R&D centres, enhanced enterprise-level demand coordination, and established a sound information technology system. It continued to press ahead with implementation of the FinTech Talent Project and cultivated the first batch of new FinTech talents. At the end of 2024, the number of FinTech personnel of the Group was 16,365, accounting for 4.34% of its total headcount. The Group's FinTech investments were RMB24,433 million, accounting for 3.35% of operating income. The Group had been granted a total of 3,550 FinTech patents, an increase of 1,382 over 2023, including 2,438 invention patents.

Feature article No.3 Embracing AI revolution and building new quality productive forces in the era of large model

With comprehensively expanded AI revolution and accelerating era of large model, as a financial institution intensively integrating data, technology and scenarios, the Group launched the construction and application of FLMs in March 2023. It established a cross-functional task force, and gave play to the advantages of talent, computility, algorithm, data and scenario from the perspective of enterprise-level application, so as to improve customer experience, empower employees and reduce their burdens.

Based on the enterprise-level requirements, the Group selected 100 billion-level open-source LLMs on a selective basis, performed pre-training, supervised fine-tuning and reinforcement learning on these LLMs by using high-quality textual data accumulated over a long period of time. In doing so, the Group built a series of FLMs for all scenario applications with a unified technology base, as well as a Model as a Service (MaaS) application platform. At present, FLMs have a better understanding of financial knowledge and bank businesses. They also have preliminarily nine first-level capabilities including information understanding, information generation, mathematical logic, action planning, interactive performance, content security, endogenous security, financial knowledge and financial application performance. By the end of 2024, FLM experienced iterative updating for 16 times, with general and business scenario capabilities improving significantly. In 2024, the Group launched 168 FLM application scenarios, totalling 193 and covering about half of the Group's employees. Specifically enhanced by FLM, the credit approval is equipped with financial analysis function to shorten the time for customer financial analysis from several hours or even longer to minute-level; the intelligent assistant for personal account managers integrates several FLM applications, enhancing the intelligent level of account managers alongside the whole process of "insights – matching – access" and improving the success rate of marketing conversion. By giving full play to the FLM's role in empowerment and burden reduction, the Group focused on building basic applications such as ChatCCB, AI Toolbox, Code Interpreter and Vectorised Knowledge Base. In particular, ChatCCB is a FLM-based "chatbot". It has diverse office assistance functions such as content generation, knowledge Q&A, applets utilisation, and search of external trusted websites. AI Toolbox is the "applet editor" of ChatCCB. It supports employee users to develop personalised "applet" by editing prompts, connecting Vectorised Knowledge Base and the Bank's information systems. Code Interpreter is a "data analyst" based on the FLM. Within Code Interpreter, the FLM generates data analysis programme according to data files uploaded and prompt input by employee users, and outputs the executed results of the data analysis programme. Vectorised Knowledge Base is a "professional library" for ChatCCB, AI Toolbox and other FLM applications. It supports the Group's members to upload and maintain knowledge materials in the appointed space, then vectorise them.

Highly attracted by the released DeepSeek LLMs, the Group fine-tuned them with high-quality text data in the first place, formed a reasoning FLM based on DeepSeek-R1, and completed private deployment in the production environment to empower application scenarios across the Group. The reasoning FLM based on DeepSeek-R1, helping employees to think deeply, has broad application prospects in financial engineering, risk model, asset allocation, investment decision-making, industry research, programming, etc. The Group will continue to collect chain-of-thought data related to financial business to train the reasoning FLMs, and further advance employee empowerment and burden reduction, improve customer and user channel experience, as well as digital and intelligent transformation of business, process and system.

Entities and Outlets

The Group provided its customers with convenient and high-quality banking services through its widespread branches and sub-branches, self-service facilities, specialised service entities and e-banking service platforms. At the end of 2024, the Group had a total of 14,750 operating entities. The Bank had a total of 14,201 operating entities consisting of 14,166 domestic entities including the head office, two branch-level specialised entities, 37 tier-one branches, 362 tier-two branches, 13,751 sub-branches, 13 outlets under the sub-branches and 35 overseas entities. The Bank had 24 major subsidiaries (including 17 integrated operation subsidiaries and seven overseas banking subsidiaries) with a total of 549 entities, including 420 domestic ones and 129 overseas ones.

The following table sets forth the distribution of the Group's operating entities by region as at the dates indicated.

	31 December 2024		31 December 2023	
	Number of entities	% of total	Number of entities	% of total
Domestic operations of the Bank	14,166	96.04	14,255	95.70
Yangtze River Delta	2,239	15.18	2,249	15.10
Pearl River Delta	1,799	12.20	1,829	12.28
Bohai Rim	2,380	16.14	2,385	16.01
Central	3,424	23.21	3,431	23.03
Western	2,939	19.92	2,959	19.87
Northeastern	1,381	9.36	1,398	9.38
Head office	4	0.03	4	0.03
Overseas operations of the Bank	35	0.24	34	0.23
Subsidiaries	549	3.72	606	4.07
Total	14,750	100.00	14,895	100.00

The Bank continued to optimise its outlet layout, enhance the effectiveness of its outlet operations and support key resource input in channel construction in regions and counties such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area. It stepped up the withdrawal, merger or relocation of inefficient and concentrated outlets in urban areas and expanded the outlet coverage in new urban planning areas and key counties. In 2024, the Bank relocated 240 outlets, and set up 35 new outlets, including 26 new county-level outlets. The Bank optimised the configuration of self-service channel, with 43,036 ATMs and 39,090 smart teller machines in operation, to support business processing comprehensively. Specifically, it set up 13,559 ATMs and 12,226 smart teller machines at county-level outlets. The Bank improved the service experience of overseas visitors to China, installing 7,510 ATMs for small-denomination cash withdrawals. All counters in outlets and smart teller machines of the Bank could process business through foreign permanent residence ID card. The Bank intensified financial service support for sci-tech enterprises, with 37 technology sub-branches and 79 sub-branches with technology characteristics. It had established over 280 inclusive finance service centres and over 1,800 personal loan centres. It opened 13,766 "Workers' Harbours" to the public, transformed and upgraded to specialised and differentiated services, expanded the service scope in fields such as elderly-friendly and disabled person services, integrated government affairs services, rural revitalisation, green and low carbon transformation.

Adhering to the "customer-centred" service concept, the Group accelerated the construction of enterprise-level operation system. It continued to optimise business processing procedures for problems affecting customer and employee experience, and deeply promoted paperless and digital counter business, and provided customers with "one-stop" and "one-click" services, greatly saving business processing time. Relying on mobile banking, "CCB Lifestyle", official WeChat account and other channels, the Group improved the functions of "outlet service" channel, expanded business appointment and pre-processing, and achieved effective coordination between online and offline channels. The Group continued to expand the scope of business centralised operations, fully adopted intelligent technologies such as RPA to improve the quality and efficiency of centralised operation, and empowered group-wide efficiency improvement.

The Bank established a bank outlet at the Xiong'an Business Service Centre

Online Channels

The Bank deepened the operation of mobile banking and the "CCB Lifestyle" ecological scenarios and improved the quality and efficiency of integration of the "Binary Stars". Mobile banking focused on expanding the size of customer assets, strengthening the operation of credit products, and promoting online value creation. Adhering to a user experience-oriented approach, "CCB Lifestyle" connected, activated and upgraded services for customers through platform scenarios, activities, rights and interests, so as to drive the growth of platform traffic. At the end of 2024, the Bank had 563 million online personal users, and the monthly active users (MAU) of the "Binary Stars" reached 223 million.

Mobile Banking

The Bank renewed the version of personal mobile banking, shortened the main financial transaction operation process for users, innovated functions and services such as the "Parent-Child Zone", and applied new technologies to enhance the app's performance, including startup speed and device compatibility. It strengthened the online-offline synergy of the "Binary Stars" and upgraded the services of outlets and the electronic receipt function. It continued to enhance online security risk control capabilities and implement refined anti-gambling and anti-fraud management. To expand the linkage between corporate and personal scenarios for enterprise mobile banking, it added services such as cloud archives, loan amount estimation, and cross-border business benefits; the single-person mode supported digital wallets and online payment functions, helping small and micro businesses reduce costs and increase efficiency. Customers with assets of personal mobile banking totalled 424 million, an increase of 3.68% over 2023; specifically, active customers of mobile banking with assets exceeding RMB10 thousand increased by 10.95% over 2023. In 2024, the proportion of WMP sales through all channels reached 89.00%, an increase of 2.72 percentage points over 2023. MAUs of "Wealth" channel and "Life" channel of personal mobile banking increased by 16.47% and 21.29% respectively over 2023. The number of corporate mobile banking users reached 7,024.8 thousand, up 22.48% over 2023.

CCB Lifestyle

The "CCB Lifestyle" app accompanies 156 million users, creating little joys of life.

CCB Lifestyle

"CCB Lifestyle" further promoted the construction of large-scale consumption and small-scale high-frequency scenarios to meet customers' non-financial life service demands, and leveraged the positioning of the platform as a consumer finance and scene direct operation entity to facilitate the transformation of ecological traffic value. The platform had a total of 156 million registered users, with 0.42 million merchant stores on board and "Smart Canteen" covering nearly 8 thousand units. "CCB Lifestyle" obtained over 2.1 million customers from external channels in 2024, with nearly 1.3 million new credit card customers, driving personal credit including residential mortgages and credit card instalments to exceed RMB170 billion. It also undertook the consumer subsidies amounting to RMB7,696 million in 196 cities, driving consumption reaching RMB74.2 billion.

Online Banking

Personal online banking focused on the core needs of customers and platform experience, refining service journeys such as account inquiry and foreign exchange remittance. It strove to improve the construction level of wealth products, supporting convenient screening, historical performance inquiry and income record; it optimised the experience of credit products to make users' loan decisions more accurate; and provided advanced services for customer groups such as cross-border and payroll distribution. Corporate online banking established a technology finance zone and launched a foreign exchange zone; it integrated the users of the Bank's existing platforms such as "Jianrongzhihe" and "FITS® e Intelligent" to form a unified online corporate user system. The number of personal online banking users was 426 million, an increase of 2.25% over 2023. The number of corporate online banking users was15.22 million, an increase of 7.98% over 2023.

Online Payment

The Bank intensified its financial support for the private economy and small and micro merchants. Through the "business card" service, it provided financial services to over 2 million small and micro customers on leading internet platforms. The number of online payment transactions was 63,353 million, with a transaction volume of RMB21.27 trillion. The number of card-linked fast payment users was 471 million, ranking first among its peers in payment institutions such as Alipay, JD.com, Meituan, Douyin, and Pinduoduo.

Remote Intelligent Banking

The Bank adhered to the development concept of "service as operation", actively built a remote banking service system that enables omni-channel, all-media and multi-scenario access, continued to accelerate the digital and intelligent transformation of services, and provided remote comprehensive financial services to domestic and overseas customers of the Group, ensuring accessibility anytime and anywhere. It pressed ahead with high-quality financial services, providing professional services for special customers such as the elderly and foreigners, and efficiently resolving customer demands. It innovatively launched dozens of functions such as WeChat mini programme interactive zone and created interaction models like video-enabled customer service, "Smart View" functions that embedded telephone services into WeChat multimedia information interaction, and enterprise WeChat three-party group chat, enriching scenarios such as the "One-stop Offerings" supermarket shelves and digital customer service, and building a new media matrix of "CCB Customer Service". In 2024, the Bank provided all-channel services to 495 million customers, with the satisfaction rate of customer service hotline reaching 99.78%. The number of subscription users of WeChat official account "CCB Customer Service" exceeded 45 million.

E-CNY Pilots and Promotion

In 2024, the Bank efficiently completed the key research and development tasks of e-CNY assigned by the PBOC, implemented the strategy of "integrated operation and enterprise-level advancement", and continued to improve the system capabilities and product service capabilities.

The Bank enhanced the level of customer service, created over 20 replicable and scalable customer service solutions, and accelerated their rollout. The total amount of taxes paid using e-CNY in 2024 was RMB81,778 million, an increase of 58.58% over 2023. The annual connection rate of the "956196" unified service hotline for e-CNY reached 99%. It enhanced its risk prevention and control capabilities, fully implemented the anti-money laundering guidelines for e-CNY, and deployed 62 anti-fraud models.

The Bank innovated scenario applications, promoted the implementation of e-CNY smart contract applications in scenarios such as electricity bills, the Internet of Things, charging piles, refuelling, and the payroll distribution of migrant workers, and facilitated the implementation of hardware wallets in closed scenarios like subways, campuses, and elderly care facilities, as well as the implementation of umbrella wallets in industrial internet and government service platform scenarios.

Case story No.9 Innovative application of e-CNY products on Haier's e-commerce platform

As a professional dealer service platform, Haier Group's Jushanghui platform incorporated tens of thousands of dealers to provide diversified services such as dealer procurement, fund settlement, logistics and finance, and to provide supply support for hundreds of millions of consumers. The Bank fully leveraged the features of e-CNY such as zero fee rate, immediate settlement upon payment, and secure controllability, and launched a "e-CNY + Industrial Internet" service solution to serve the needs of customers by applying e-CNY payment products and umbrella wallet sub-account products. The dealers' payments for goods, after being made, were settled and allocated to sub-wallets of Haier affiliated companies through the umbrella wallets. This realised multi-level penetration of E-commerce funds, real-time and targeted allocation and entry, reducing the operating cost of the platform. Taking the platform as an industrial media, the Bank linked "smart" and "beneficial" e-CNY to the group and upstream and downstream enterprises, enhancing the efficiency of enterprise transformation. By the end of 2024, the transaction volume of e-CNY on the Haier Jushanghui platform reached RMB150 million.

The Bank made new breakthroughs in cross-border payments. As one of the first members, it participated in the minimally viable operation (MVP) of the Multilateral Central Bank E-CNY Bridge, promoting the pilot application of the e-CNY in Hong Kong. As one of the first participating banks, CCB Asia contributed to the research and development of the e-HKD. The Bank supported individuals from 212 overseas countries and regions to register and open CCB e-CNY wallets for domestic consumption. A total of 63.2 thousand wallets have been opened.

The main pilot indicators of e-CNY maintained the leading position in the industry. Since the inception of the pilot programme, the cumulative number of consumption transactions ranked first in the industry, while the cumulative consumption amount secured the second position. At the end of 2024, the Bank's e-CNY personal wallets and corporate parent wallets increased by 33.15% and 28.05%, respectively, over 2023.

RISK MANAGEMENT

The Group has been committed to the concept of comprehensive risk management. It continues to improve its comprehensive, proactive, intelligent and modern risk management system, promotes its integrated risk management and control and unified credit risk management, and strengthens risk governance of overseas operations, subsidiaries and grass-roots institutions. It steadily elevates its ability to prevent financial risks and ensures that various risks are under overall control.

In 2024, the Group beefed up its efforts in "**comprehensive risk management**". It dug into the overall and key issues of improving the risk internal control system, and optimised checks and balances and coordination mechanism of "three lines of defence". It improved the corporate comprehensive financing management system, promoted the building of a unified credit management system for personal customers, and enhanced emerging risk management. The Group bolstered "**proactive risk management**". It strengthened cross-cycle management of asset quality, intensified risk prevention and mitigation in key areas, upgraded its significant risks reporting system, implemented the "One Policy for One Subsidiary" management for subsidiaries, and continued to carry out comprehensive risk monitoring, risk profiling and risk warning of overseas operations. The Group also reinforced "**intelligent risk management**". Leveraging on technologies such as big data and AI, it expedited its development of projects such as enterprise-level risk management platform, propelled the integration of digital risk control tools into its business processes, and advanced risk information sharing. The Group also updated its recovery and resolution plans on an annual basis, and made continuous improvements in areas such as total loss-absorbing capacity ("TLAC"), large exposures, and effective risk data aggregation and risk reporting, so as to meet the additional regulatory requirements for systemically important banks.

Case story No.10

Building an exclusive evaluation tool for sci-tech enterprises and integrating it into the customer rating model

To actively implement national innovation-driven development strategy and make significant efforts in technology finance, the Bank provided differentiated and sustainable financial support to sci-tech enterprises by building an exclusive evaluation tool for non-retail sci-tech enterprises and integrating it into the customer rating model. The evaluation tool prioritised elements such as the strategic layout of patents, advantages of the core team, intensity of R&D input, market value, and availability of equity investments as key criteria for evaluating sci-tech enterprises, forming an evaluation system featuring full coverage, all-round evaluation and whole-process support.

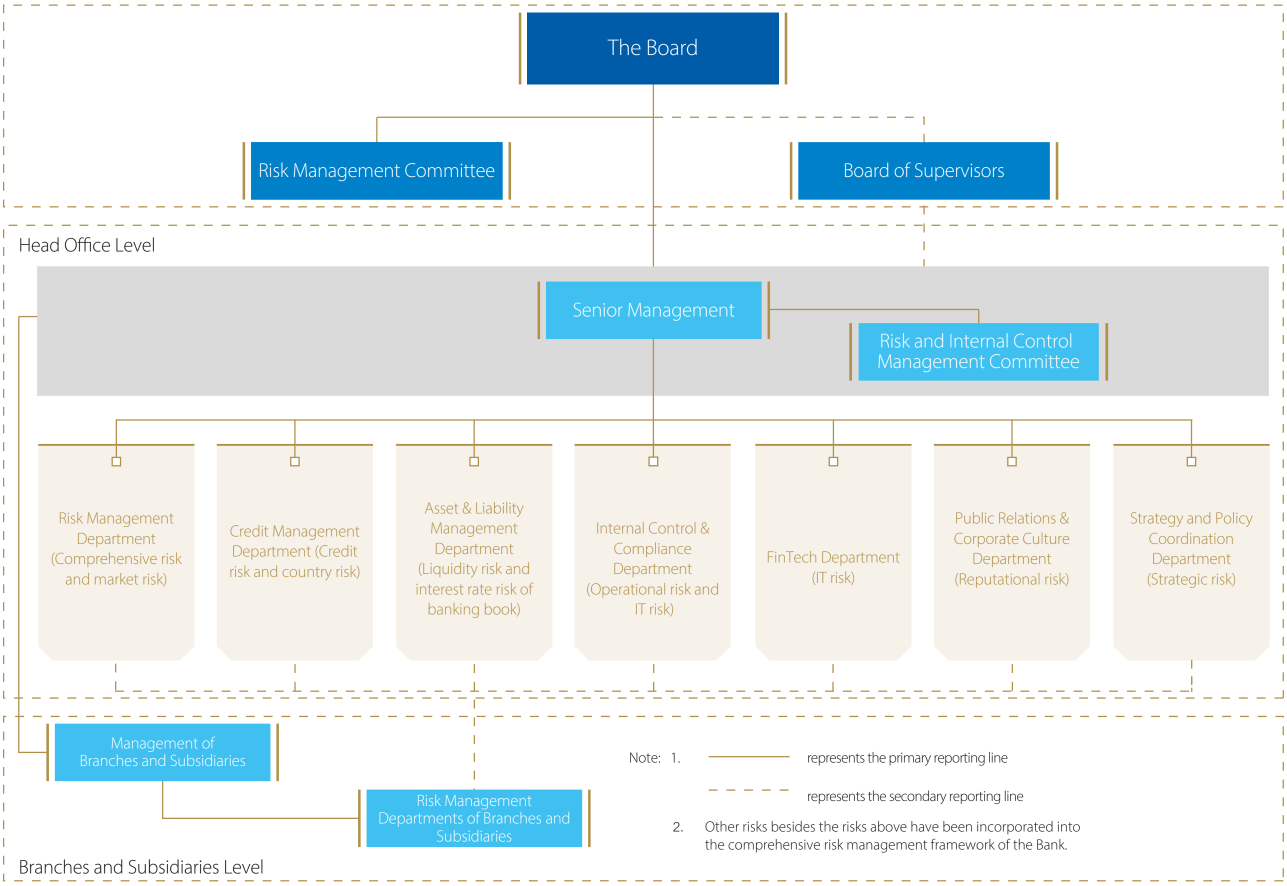
In terms of full coverage, the evaluation tool boasts a wide range of applications, covering various sci-tech enterprises. In addition to those set out in the traditional list of sci-tech enterprises, such as national high-tech enterprises, small and medium-sized enterprises that use special and sophisticated technologies to produce novel and unique products, and small and medium-sized sci-tech enterprises, the evaluation tool can also provide effective support for region-specific sci-tech innovation enterprises that have not yet obtained corresponding qualifications, such as those within industrial clusters with local characteristics and those within Sci-tech Innovation and Financial Reform Pilot Zones.

In terms of all-round evaluation, focusing on four core dimensions of corporate human resources, technological innovation capability, market value of sci-tech achievements, and external resource support, the exclusive evaluation tool integrates over seven billion internal and external data resources, including intellectual property, investment and financing activities, tendering and bidding, transaction settlement, business registration, and credit information, enabling a panoramic evaluation of an enterprise's capabilities in commercialisation of its sci-tech achievements, which lifted the limitations of evaluating sci-tech enterprises by relying solely on dimension-specific information.

In terms of whole-process support, the evaluation results empower differentiated ratings for sci-tech enterprises with its coordination with customer credit rating, fully showcasing the competitive advantages of high-quality sci-tech enterprises. Such evaluation results provide extensive support to various business processes, such as customer eligibility, credit lines, loan pricing, assets classification, impairment provisions, capital measurement, and evaluation of business performance.

RISK MANAGEMENT STRUCTURE

The risk management organisational structure of the Bank comprises the Board and its special committees, senior management and its special committees, the departments for risk management, etc. The framework is as follows.



The Board fulfils risk management responsibilities pursuant to the Articles of Association of the Bank and regulatory requirements. The Board and its Risk Management Committee develop risk management strategies, supervise the implementation, assess the Group's overall risk profile, regularly review the statements of risk appetite and transmit the risk appetite through relevant policies. The board of supervisors supervises the building of comprehensive risk management system, as well as the performance of the Board and senior management in discharging their comprehensive risk management responsibilities. Senior management and its Risk and Internal Control Management Committee are responsible for implementing risk strategies developed by the Board and organising comprehensive risk management work across the Group.

Risk Management Department is the lead department responsible for the Group's comprehensive risk management and leads market risk management. Credit Management Department is the lead department responsible for credit risk management and country risk management. Asset & Liability Management Department is the lead department responsible for liquidity risk management and interest rate risk management of banking book. Internal Control & Compliance Department is the lead department responsible for operational risk management. FinTech Department and Internal Control & Compliance Department jointly promote IT risk management. Public Relations & Corporate Culture Department and Strategy and Policy Coordination Department are the lead departments responsible for reputational risk management and strategic risk management, respectively. Other types of risks are managed by respective specialised departments.

The Bank continued to optimise its risk governance system for subsidiaries, strengthened collaborative risk governance between the parent bank and subsidiaries, integrated risk control, and intensified see-through management and process management. It specified management objectives of subsidiaries for various risks, optimised risk reporting mechanism and reporting lines, performed risk profiling, and bolstered risk management of key subsidiaries and key businesses, so as to consolidate the bottom line of risk compliance.

Progress on the Implementation of the *Rules on Capital Management of Commercial Banks*

According to the *Rules on Capital Management of Commercial Banks*, the Bank, as a Tier 1 commercial bank, is required to meet stricter requirements in terms of risk-weighted assets measurement and information disclosure, and to implement high-standard capital regulatory rules. After thorough preparations, the Bank fully completed the Basel III compliance in early 2024, achieving a smooth transition between the old and new rules. After a year of parallel testing, all operations have been running in an orderly manner.

The Bank constantly improved its management mechanism for the implementation of the *Rules on Capital Management of Commercial Banks* and gave full play to the synergy of each business line. It reviewed the policies and process systems, fully integrated the new capital rules into business operations, and achieved IT controls in operation, so as to effectively support branches and sub-branches in customer selection, business marketing and risk monitoring and management. The Bank promoted the optimisation and application of the measurement model system and fully embedded it in the credit, investment and trading process. It set up centralised management mechanisms for IT requirement development to promote the building and implementation of risk-weighted assets measurement system and the "Blue Chip" project for market risk. The Bank's high-quality implementation of the new capital rules has resulted in stable capital adequacy ratios and a further enhancement in specialised, refined and intelligent comprehensive risk management.

BUILDING OF RISK AND COMPLIANCE CULTURE

The Group continued to foster a "steady, prudent, comprehensive and proactive" risk culture. It pressed ahead with the implementation of relevant rules for the building of risk culture, and promoted the effective integration of risk culture into management mechanism, rules and policies, business procedures, operating process, technical tools, code of conduct, as well as business management. It identified risk culture as the focus of training for each business line, and advocated risk culture via videos, micro classes, and online classes. It attached great importance to the building of risk management team, optimised staffing for key positions, and provided effective support for team building in terms of incentives and constraints, training and certification.

The Group continuously promoted the development of compliance culture, deepened the concept of "proactive compliance by all employees, and compliance creates value", and promoted professional ethics and value propositions of honesty and integrity to improve compliance awareness of all employees.

GROUP RISK APPETITE AND TRANSMISSION

The Group's risk appetite was reviewed by the Board and implemented by senior management. With careful study of future development, the basic positioning of business development and the risk-taking boundary were clarified. Focusing on "what to do and not to do, and how much risk will be assumed if we do", risk appetite constantly plays a leading role in coordinating development and security, and promotes the continuous enhancement of risk management capability and market competitiveness.

The Group maintained a steady and prudent risk appetite, and adhered to the basic principle that business development should be subject to risk prevention and control capabilities. It focused on serving the real economy, prioritised businesses to support key national strategies and key areas for development, and fully supported the "Five Priorities", i.e., technology finance, green finance, inclusive finance, pension finance and digital finance. It emphasised the balance between development and security, and focused on improving the six core capabilities of value creation, asset quality control, structural adjustment, risk early warning, intelligent risk control and coordinated risk control at "three lines of defence". The Group specified qualitative requirements and quantitative indicators of various key risks and highlighted effective connections with management tools such as subsequent business plans, credit policies, risk limits, capital management and performance assessment. The framework of the Group's unified risk policies and standards reflects the differences in development positioning of various subsidiaries.

CREDIT RISK MANAGEMENT

The Group stayed committed to proactive management and control of credit risk, and effectively promote resolution of risks in key areas. As such, the overall credit risk maintained stable and controllable in 2024.

The Group deepened its integrated credit risk management. It continued to press ahead with the adjustment of composition of credit assets, and focused on the "Five Priorities" and key areas of the real economy to enhance its capability to provide high-quality financial services for major strategies, key areas and weak links. It increased its efforts in whole-process management and control of credit risks, and elevated the efficiency of risk control over key processes. It bolstered risk prevention and resolution for key areas, forming an all-encompassing matrix-style risk management mechanism. It upgraded its unified credit risk monitoring mechanism, adhered to the "customer-centred" concept in coordinated management, and enhanced collaborative risk prevention and control between the parent bank and subsidiaries. The Group implemented the *Rules on Risk Classification of Financial Assets of Commercial Banks*. It took full consideration of the substantive risks, conducted risk classification management in a strict and accurate manner in line with the three-step procedure of "initial classification, identification and approval", and the asset quality remained stable. It adhered to the high-quality implementation of ECL method, timely made adequate provisions, and maintained strong risk mitigation capacity.

The Group enhanced its risk measurement capabilities. It rolled out an evaluation tool specially for sci-tech enterprises and an upgraded customer rating model across the bank to support the rapid development of technology finance; it promoted the building of the ESG evaluation system for corporate customers to support the high-quality development of green finance; it optimised the rating model for small business customers, and reinforced its risk control of non-retail inclusive finance customers in a forward-looking manner, to support the steady development of inclusive finance. The Group pressed ahead with the building of the online business risk scanning and detection (RSD) system, empowered branches to develop, launch, transplant and reuse regional differentiated characteristic rules, and bolstered proactive risk control. It continued to improve the application of scorecard tool in the retail business segment, covering Quick Loan for Small and Micro Businesses, Yunong Quick Loan, qualified revolving retail loan, and special instalment services, and put customer risk assessment in place.

The Group optimised credit approval management mechanism. Comprehensive financing covers credit and non-credit investment and financing businesses that the Bank has provided and intends to provide to its customers. Operating departments are responsible for customer investigation and eligibility assessment, declaration of customer ratings, development of comprehensive financing business plan and post-lending management, while credit approval departments are responsible for the implementation of independent project evaluation, review of credit ratings of corporate customers, and independent approval of comprehensive financing business.

The Group strengthened its special assets resolution. It expedited risk mitigation and disposal, and enhanced its non-performing asset disposal capacity, quality and efficiency. With the effective management and timely disposal of non-performing assets, the Group sped up the flow of credit funds and the virtuous economic development circulation, and provided solid support for bank-wide strategy implementation, operation management and control, structural adjustment and efficiency enhancement.

Case story No.11

Financial analysis for credit approval via FLM

The Bank actively explored the application of generative large model technology in risk control, and developed the "financial analysis for credit approval via FLM" function. Based on the Bank's FLM, this function is in strict alignment with the core logic of credit business and the key elements of financial analysis, harnesses the unique learning and reasoning capability of FLM, and intelligently analyses the customer's financial position from multiple dimensions such as repayment ability, profitability, operation capability and risk assessment. As a result, the time required to generate a customer financial analysis report can be reduced from several hours or even longer to minutes. This function can free users from complex and repetitive efforts such as calculation of financial indicators and tie-out and verification of financial statements, enabling them to efficiently conduct customer due diligence and set out targeted credit approval plans. In addition, this function also incorporates the "Intelligent Q&A" service section, where users can use natural language to raise more in-depth questions about customers, and then the FLM analyses underlying causes and provides suggested solutions.

The successful R&D of "financial analysis for credit approval via FLM" function marks another milestone in the Bank's efforts in promoting digitalisation of risk control. This function produced remarkable results in terms of its application. Specifically, by the end of 2024, this function had generated more than 130 thousand financial analysis reports, covering 61 thousand corporate customers; users had raised questions in the "Intelligent Q&A" service section for nearly 6,000 times. This function has also been highly recognised by the banking industry, and was awarded the "Technology Innovation Award" in terms of financial services by the first "Data Element X" Competition sponsored by the National Data Administration.

Distribution of Loans by Five-category Classification

The following table sets forth the distribution of the Group's loans by the five-category loan classification under which NPLs include substandard, doubtful and loss as at the dates indicated.

(In millions of RMB, except percentages)	31 December 2024 Amount	31 December 2024 % of total	31 December 2023 Amount	31 December 2023 % of total
Normal	24,961,689	96.77	22,903,949	96.19
Special mention	487,337	1.89	581,777	2.44
Substandard	97,272	0.38	126,691	0.53
Doubtful	105,356	0.41	99,597	0.42
Loss	142,063	0.55	98,968	0.42
Gross loans and advances excluding accrued interest	25,793,717	100.00	23,810,982	100.00
NPLs	344,691		325,256	
NPL ratio		1.34		1.37

The Group adhered to the principle of substantive risk judgement and accurately assessed its risk position based on the core definition of loans by five-category classification. At the end of 2024, the Group's NPLs were RMB344,691 million, an increase of RMB19,435 million over 2023; the NPL ratio was 1.34%, a decrease of 0.03 percentage points from 2023; the special mention loans accounted for 1.89% of gross loans and advances to customers excluding accrued interest, a decrease of 0.55 percentage points from 2023.

Distribution of Loans and NPLs by Product Type

The following table sets forth the distribution of the Group's loans and NPLs by product type as at the dates indicated.

(In millions of RMB, except percentages)	31 December 2024 Loans and advances	31 December 2024 NPLs	31 December 2024 NPL Ratio (%)	31 December 2023 Loans and advances	31 December 2023 NPLs	31 December 2023 NPL Ratio (%)
Domestic loans and advances of the Bank	24,938,748	325,868	1.31	23,006,496	305,220	1.33
Corporate loans and advances	14,434,401	238,687	1.65	13,225,655	248,126	1.88
Short-term loans	4,014,375	82,843	2.06	3,594,305	69,554	1.94
Medium to long-term loans	10,420,026	155,844	1.50	9,631,350	178,572	1.85
Personal loans and advances	8,872,595	87,181	0.98	8,676,054	57,094	0.66
Residential mortgages	6,187,858	38,735	0.63	6,386,525	26,824	0.42
Credit card loans	1,065,883	23,680	2.22	997,133	16,541	1.66
Personal business loans	1,021,693	16,282	1.59	777,481	7,424	0.95
Personal consumer loans	527,895	5,752	1.09	421,623	3,630	0.86
Other loans	69,266	2,732	3.94	93,292	2,675	2.87
Discounted bills	1,631,752	–	–	1,104,787	–	–
Overseas operations and subsidiaries	854,969	18,823	2.20	804,486	20,036	2.49
Gross loans and advances excluding accrued interest	25,793,717	344,691	1.34	23,810,982	325,256	1.37

Distribution of Loans and NPLs by Region

The following table sets forth the distribution of the Group's loans and NPLs by region as at the dates indicated.

	31 December 2024			31 December 2023		
(In millions of RMB, except percentages)	Loans and advances	NPLs	NPL Ratio (%)	Loans and advances	NPLs	NPL Ratio (%)
Yangtze River Delta	5,240,886	43,845	0.84	4,703,648	36,544	0.78
Pearl River Delta	4,169,575	82,590	1.98	3,936,980	80,208	2.04
Bohai Rim	4,338,437	48,047	1.11	4,058,595	40,809	1.01
Central	4,290,781	58,713	1.37	3,993,891	64,726	1.62
Western	4,855,020	52,990	1.09	4,440,785	46,204	1.04
Northeastern	1,039,321	24,170	2.33	975,595	27,433	2.81
Head office	1,142,742	23,735	2.08	1,026,719	16,608	1.62
Overseas	716,955	10,601	1.48	674,769	12,724	1.89
Gross loans and advances excluding accrued interest	25,793,717	344,691	1.34	23,810,982	325,256	1.37

Distribution of Loans and NPLs by Industry

The following table sets forth the distribution of the Group's loans and NPLs by industry as at the dates indicated.

	31 December 2024				31 December 2023			
(In millions of RMB, except percentages)	Loans and advances	% of total	NPLs	NPL Ratio (%)	Loans and advances	% of total	NPLs	NPL Ratio (%)
Domestic loans and advances of the Bank	24,938,748	96.69	325,868	1.31	23,006,496	96.62	305,220	1.33
Corporate loans and advances	14,434,401	55.96	238,687	1.65	13,225,655	55.54	248,126	1.88
Leasing and commercial services	2,616,609	10.14	44,639	1.71	2,446,233	10.27	44,571	1.82
Transportation, storage and postal services	2,389,026	9.26	17,643	0.74	2,231,294	9.37	21,157	0.95
Manufacturing	2,172,903	8.42	37,362	1.72	2,070,294	8.69	37,425	1.81
Production and supply of electric power, heat, gas and water	1,600,664	6.21	11,655	0.73	1,380,505	5.80	10,680	0.77
Wholesale and retail trade	1,393,050	5.40	34,725	2.49	1,357,274	5.70	25,907	1.91
Real estate	908,380	3.52	43,518	4.79	853,956	3.59	48,158	5.64
Water, environment and public utility management	761,752	2.95	7,016	0.92	740,150	3.11	9,991	1.35
Construction	699,150	2.71	19,207	2.75	622,505	2.61	16,387	2.63
Finance	530,770	2.06	183	0.03	226,135	0.95	1,075	0.48
Mining	344,654	1.34	5,013	1.45	326,474	1.37	18,309	5.61
Others[1]	1,017,443	3.95	17,726	1.74	970,835	4.08	14,466	1.49
Personal loans and advances	8,872,595	34.40	87,181	0.98	8,676,054	36.44	57,094	0.66
Discounted bills	1,631,752	6.33	–	–	1,104,787	4.64	–	–
Overseas operations and subsidiaries	854,969	3.31	18,823	2.20	804,486	3.38	20,036	2.49
Gross loans and advances excluding accrued interest	25,793,717	100.00	344,691	1.34	23,810,982	100.00	325,256	1.37

1. These mainly comprise industries such as information transmission, software and information technology services, scientific research and technological service, agriculture, forestry, animal husbandry, fishing, health and social work, and education.

The Group supported the development of the real economy, continued to promote structural optimisation and adjustment, and effectively controlled risks in key areas. The NPL ratio for manufacturing industry was stable, while NPL ratios for industries such as real estate, transportation, storage and postal services declined.

Rescheduled Loans and Advances to Customers

The following table sets forth the Group's rescheduled loans and advances to customers as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Rescheduled loans and advances to customers	120,861	0.47	53,824	0.23

1. The standard of rescheduled loans and advances to customers was in compliance with the *Rules on Risk Classification of Financial Assets of Commercial Banks.*

At the end of 2024, rescheduled loans and advances to customers were RMB120,861 million, an increase of RMB67,037 million over 2023, and its proportion in gross loans and advances excluding accrued interest was 0.47%.

Overdue Loans and Advances to Customers

The following table sets forth the Group's overdue loans and advances to customers by overdue period as at the dates indicated.

	31 December 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Overdue within three months	74,609	0.29	83,625	0.35
Overdue between three months and six months	49,239	0.19	41,107	0.17
Overdue between six months and one year	85,409	0.33	53,943	0.23
Overdue between one and three years	95,530	0.37	72,670	0.31
Overdue for over three years	26,409	0.10	14,511	0.06
Total overdue loans and advances to customers	331,196	1.28	265,856	1.12

At the end of 2024, overdue loans and advances to customers were RMB331,196 million, an increase of RMB65,340 million over 2023, and its proportion in gross loans and advances excluding accrued interest increased by 0.16 percentage points.

Migration Rate of Loans

(%)	31 December 2024	31 December 2023	31 December 2022
Migration rate of normal loans	1.07	1.66	1.57
Migration rate of special mention loans	11.69	12.21	11.81
Migration rate of substandard loans	44.56	44.86	35.85
Migration rate of doubtful loans	34.38	44.84	39.63

1. The migration rate of loans was calculated on a consolidated basis according to definition of the indicators revised in 2022 by the former CBIRC.

Large Exposures Management

The Group strictly implemented regulatory regulations, continued to improve its large exposures management system, strengthened the building of large exposures management information system, carried out large exposures monitoring and management in a steady and orderly manner, and strove to improve the large exposures limit control capacity.

Concentration of loans

At the end of 2024, the Group's gross loans to the largest single borrower accounted for 4.15% of total capital after regulatory adjustments, while those to top ten customers accounted for 15.22% of total capital after regulatory adjustments.

(%)	31 December 2024	31 December 2023	31 December 2022
Proportion of loans to the largest single customer	4.15	4.42	4.50
Proportion of loans to top ten customers	15.22	14.87	14.87

The Group's top ten single borrowers are as follows as at the date indicated.

		31 December 2024	
(In millions of RMB, except percentages)	Industry	Amount	% of gross loans and advances excluding accrued interest
Customer A	Transportation, storage and postal services	178,711	0.69
Customer B	Production and supply of electric power, heat, gas and water	95,981	0.37
Customer C	Production and supply of electric power, heat, gas and water	75,540	0.29
Customer D	Finance	66,600	0.26
Customer E	Leasing and commercial services	51,857	0.20
Customer F	Transportation, storage and postal services	41,834	0.16
Customer G	Mining	40,497	0.16
Customer H	Transportation, storage and postal services	35,405	0.14
Customer I	Finance	34,512	0.14
Customer J	Finance	34,150	0.13
Total		655,087	2.54

MARKET RISK MANAGEMENT

In 2024, the Group continued to reinforce its market risk management. It formulated the annual risk policy and limit plan for investment and trading business, and improved the limit management mechanism. It developed detailed rules of new product risk assessment for the financial market business and financial institutional business, and rolled out a new product risk assessment system, enabling online operation of the risk assessment process. It optimised the system for debenture investment eligibility, approval and list management, and conducted special stress testing on bonds in a targeted manner. The Group enhanced digital monitoring and risk screening for trading business, launched on-site investigation on derivatives business in key branches, and refined risk management mechanism of financial institutional business and asset management business. It also optimised the new standardised approach for market risk and the counterparty credit risk measurement module, and completed the building of relevant systems of measurement and rules.

Value at Risk Analysis

The Bank divides its on- and off-balance sheet assets and liabilities into trading book and banking book. The Bank performs value at risk ("VaR") analysis on its trading portfolio to measure and monitor the potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices. The Bank calculates the VaRs of its Renminbi and foreign currency trading portfolios on a daily basis (at a confidence level of 99% and with a holding period of one trading day).

The VaR analysis on the Bank's trading book is as follows as at the balance sheet date and during the respective periods.

	2024				2023			
(In millions of RMB)	31 December	Average	Maximum	Minimum	31 December	Average	Maximum	Minimum
VaR of trading portfolio	300	265	331	199	272	265	427	176
Of which: Interest rate risk	75	37	88	22	22	43	68	22
Exchange rate risk	311	261	343	201	269	257	427	154
Commodity risk	1	1	6	–	1	1	10	–

Stress Testing on Market Risk

The Bank uses stress testing over single factor scenario, multifactor scenario and historical scenario, to effectively supplement VaR analysis on trading books. Stress testing on market risk aims to reveal weak links in the investment and trading business under extreme scenarios by quantitatively analysing the impact of changes in interest rates, exchange rates and other market prices on asset prices and earnings of the Bank, thus enhancing the Bank's ability to respond to extreme risk events. The stress testing results showed that losses from market risks were generally under control.

Interest Rate Risk Management

The Group implements robust and prudent interest rate risk management strategy, seeks to achieve a balance between interest rate risk and profitability, and minimises the adverse impact from interest rate changes on net interest income and economic value. The Group employs a range of methods to measure and analyse interest rate risk on banking book, including repricing gap analysis, sensitivity analysis of net interest income and economic value, duration analysis, stress testing, and economic capital analysis. It actively uses quantitative and pricing tools for balance sheet, prudently employs interest rate derivative hedging instruments, and performs interest rate risk management and evaluation by applying plan and performance appraisal and internal capital assessment to effectively control the interest rate risk level of business lines, overseas operations and subsidiaries, so that the interest rate risk on banking book is kept within a reasonable range.

In 2024, the Group paid close attention to domestic and foreign economic situation and significant changes in macro policies and financial market, continued to reinforce interest rate risk management, and reasonably responded to market pressures and management challenges. It closely tracked changes in interest rates of deposits, loans and bonds, and strengthened monitoring and management of structural changes in the maturities of various assets and liabilities; it bolstered interest rate risk management of overseas operations and adjusted the risk limit management requirements; it also optimised internal and external pricing management strategies and prudently assessed interest rate terms of new products. During the reporting period, the results of stress testing indicated that the Group's interest rate risk indicators were kept within the limits, and the level of interest rate risk was under control.

Interest rate sensitivity gap analysis

The analysis of interest rate sensitivity gaps of the Group's assets and liabilities by the next expected repricing dates or maturity dates (whichever are earlier) is set out below as at the dates indicated.

(In millions of RMB)	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
Interest rate sensitivity gap as at 31 December 2024	283,083	(3,787,488)	5,734,890	(3,989,529)	5,103,009	3,343,965
Accumulated interest rate sensitivity gap as at 31 December 2024		(3,787,488)	1,947,402	(2,042,127)	3,060,882	
Interest rate sensitivity gap as at 31 December 2023	256,960	(4,133,890)	6,172,381	(3,989,543)	4,866,166	3,172,074
Accumulated interest rate sensitivity gap as at 31 December 2023		(4,133,890)	2,038,491	(1,951,052)	2,915,114	

At the end of 2024, the positive repricing gap of the Group's assets and liabilities with maturities of less than one year was RMB1,947,402 million, a decrease of RMB91,089 million from 2023, mainly due to the rapid growth of financial assets sold under repurchase agreements and debt securities issued. The positive gap of assets and liabilities with maturities of more than one year was RMB1,113,480 million, an increase of RMB236,857 million over 2023, mainly due to the growth of long-term bond investments.

Sensitivity analysis

Net interest income sensitivity analysis refers to the impact of interest rate changes on net interest income generated by financial assets and financial liabilities that are to be repriced within the next year and held at the end of the period. Equity sensitivity analysis refers to the impact on equity of net change in fair value resulting from the revaluation of fixed-rate financial assets held at the end of the year and measured at fair value through other comprehensive income due to changes in interest rates.

The net interest income and equity sensitivity analysis is based on two scenarios. The first assumes that all yield curves rise or fall by 100 basis points in a parallel way, while the interest rates for deposits at the PBOC remain the same; the second assumes that the interest rates for deposits at the PBOC and the demand deposits remain the same, while all the other yield curves rise or fall by 100 basis points in a parallel way.

The changes in net interest income and equity of the Group under different scenarios are set out below as at the dates indicated.

		Impact on net interest income		Impact on equity	
(In millions of RMB)		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Rise by 100 basis points	Interest rates for deposits at the PBOC being constant	(46,805)	(51,907)	(108,445)	(66,366)
	Interest rates for deposits at the PBOC and demand deposits being constant	92,363	89,293		
Fall by 100 basis points	Interest rates for deposits at the PBOC being constant	46,805	51,907	119,288	72,013
	Interest rates for deposits at the PBOC and demand deposits being constant	(92,363)	(89,293)		

Exchange Rate Risk Management

The Group is exposed to exchange rate risk primarily because of currency mismatch of the assets and liabilities it holds in currencies other than Renminbi and the positions it takes as a market maker in financial markets. The Group measures and analyses its exchange rate risk by using a combination of methods such as exchange rate risk exposure and stress testing, and controls and mitigates risk by matching its assets with liabilities, setting limits, and hedging.

In 2024, the Group adhered to its prudent and sound strategy for exchange rate risk management and paid continuous attention to the changes in international financial landscapes and major currencies exchange rates. It implemented the *Rules on Capital Management of Commercial Banks* and other related policies, revised measurement rules for exchange rate risk exposure, optimised the application of exchange rate risk management system, and enhanced the quality and efficiency of risk management. During the reporting period, the Group's exchange rate risk indicators satisfied regulatory requirements, and stress testing results showed that the overall exchange rate risk was under control.

Currency concentrations

The Group's currency concentrations are set out below as at the dates indicated.

	31 December 2024				31 December 2023			
(In millions of RMB)	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	964,301	315,444	411,909	1,691,654	1,056,484	332,056	443,799	1,832,339
Spot liabilities	(1,017,588)	(498,078)	(249,136)	(1,764,802)	(1,089,924)	(441,868)	(282,838)	(1,814,630)
Forward purchases	3,351,341	316,408	243,302	3,911,051	1,873,971	210,735	105,261	2,189,967
Forward sales	(3,276,346)	(91,062)	(367,232)	(3,734,640)	(1,870,891)	(65,420)	(237,857)	(2,174,168)
Net options position	(47,118)	–	(829)	(47,947)	(12,457)	(1)	(32)	(12,490)
Net (short)/long position	(25,410)	42,712	38,014	55,316	(42,817)	35,502	28,333	21,018

OPERATIONAL RISK MANAGEMENT

In 2024, the Group actively benchmarked itself against regulatory requirements such as Basel III, the *Rules on Capital Management of Commercial Banks*, and the *Rules on Operational Risk Management of Banking and Insurance Institutions* and effectively enhanced its operational risk management.

The Group revised its policies on operational risk management, improved the top-level design, and further promoted the application of risk management tools such as operational risk loss data, key risk indicators and operational risk self-assessment. It further polished up its management mechanism such as operational risk reporting, and promoted regulatory assessment and validation related work pursuant to new standardised approach for operational risk in an orderly manner, so as to comprehensively enhance refined management. It continued to strengthen business continuity management, improved rules and regulations, focused on developing emergency plans and organising emergency drills, consolidated management foundation, so as to enhance operational resilience.

The Group continued to improve its staff behaviour management system, so as to promote staff compliance and standardised operations. It established and improved its staff behaviour management framework, clarified the code of conduct for employees, and conducted inspections of abnormal behaviours. It cared for its employees and guided them to correctly develop and practise the compliance concept. In 2024, the Bank organised audits on risk prevention and control of criminal cases and dynamic audits on key operational risk items related to employees, with focuses on risk prevention and control of criminal cases, staff behaviour management and noncompliance.

Anti-Money Laundering

The Group strictly adheres to AML and financial sanctions regulatory requirements, comprehensively implements a "risk-based" management approach, and continuously strengthens its money laundering risk management capabilities through ongoing enhancement of AML framework, optimisation of system infrastructure, and robust fulfilment of core obligations. These efforts ensure that AML mechanisms effectively fulfil their critical role in preventing money laundering activities and combating related financial crimes.

LIQUIDITY RISK MANAGEMENT

The Board reviews and approves liquidity risk strategy and risk appetite, and assumes the ultimate responsibility for liquidity risk management. Senior management carries out liquidity risk strategy set by the Board and organises the implementation of liquidity risk management activities. The board of supervisors supervises and evaluates the performance of the Board and senior management in liquidity risk management. Asset & Liability Management Department leads the Group's liquidity risk management and performs various duties in liquidity risk management together with business management departments and branches. Each subsidiary assumes the primary responsibility for its own liquidity risk management.

The Group adheres to a liquidity risk management strategy featuring prudence, decentralisation, coordination and diversification. The objective for liquidity risk management is to establish and improve a liquidity risk management system that can fully identify, accurately measure, continuously monitor, and effectively control liquidity risk, effectively balance the return on and security of funds, and safeguard the steady operation across the bank. In light of regulatory requirements, external macro environment, and its business development, the Group formulates approaches for liquidity risk identification, measurement and monitoring, sets out risk limit management criteria, carries out daily liquidity management, periodically conducts stress testing at the group level, and reviews and assesses contingency plans.

In 2024, the Group adhered to the principle of robustness and prudence, responded to changes in internal and external fund situation in a forward-looking manner, carefully arranged the total amount and structure of funding sources and utilisation, and optimised the allocation of assets and liabilities. It gave full play to the buffering role of liquidity reserve, improved its financing strategies, and elevated the diversification and stability of financing sources. It continued to advance the iteration of liquidity management system, and improved the autonomy, intelligence and timeliness of IT systems. In addition, it also proactively fulfilled its obligations as a major state-owned bank, and played its roles as a market "stabiliser" and a policy "transmitter".

Stress Testing of Liquidity Risk

The Group conducts quarterly liquidity risk stress testing in order to gauge its risk tolerance ability in different stress testing scenarios. The key factors and events set by the stress testing as having an impact on liquidity risk include significant decline in the ability to liquidate current assets, significant loss of wholesale and retail deposits, reduction of the availability of wholesale and retail financing, and significant adverse changes in market liquidity conditions. The results of stress testing show that under different stress scenarios, the Group's liquidity risk is under control.

Indicators of Liquidity Risk Management

The Group adopts liquidity indicator analysis, remaining maturity analysis and undiscounted cash flow analysis to measure its liquidity risk.

The following table sets forth the liquidity ratios and loan-to-deposit ratios of the Group as at the dates indicated.

(%)		Regulatory standard	31 December 2024	31 December 2023	31 December 2022
Liquidity ratio[1]	RMB	≥25	76.55	69.20	62.94
	Foreign currency	≥25	72.07	77.40	80.23
Loan-to-deposit ratio[2]	RMB		89.28	85.12	83.62

1. Calculated by dividing current assets by current liabilities in accordance with the requirements of the former CBIRC.
2. Calculated on the basis of domestic legal person in accordance with the requirements of the former CBIRC.

The following table sets forth the liquidity coverage ratio and net stable funding ratio (NSFR) of the Group as at the dates indicated.

	Fourth quarter 2024	Third quarter 2024	Fourth quarter 2023
Liquidity coverage ratio (%)[1]	125.73	120.29	133.17
	31 December 2024	30 September 2024	31 December 2023
NSFR (%)	133.91	135.47	127.32

1. Calculated in accordance with the applicable regulatory requirements, definitions and accounting standards for the period. Each number represents simple arithmetic means of the values for every calendar day in the quarter.

At the end of 2024, the Group's Renminbi and foreign currency liquidity ratios were 76.55% and 72.07% respectively, and the loan-to-deposit ratio was 89.28%. The average daily liquidity coverage ratio for the fourth quarter of 2024 was 125.73%. The Group's NSFR was 133.91% at the end of 2024. All the liquidity indicators above met the regulatory requirements. For detailed information on liquidity coverage ratio and NSFR, please refer to the *Capital Management Pillar III Annual Report 2024* published on the websites of Shanghai Stock Exchange (www.sse.com.cn), the "HKEXnews" of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), and the Bank (www.ccb.cn, www.ccb.com).

The analysis of the Group's assets and liabilities by remaining maturity is set out below as at the dates indicated.

(In millions of RMB, except percentages)	No maturity	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Net gaps as at 31 December 2024	2,993,681	(12,688,474)	(686,338)	(769,481)	90,854	1,711,813	12,691,910	3,343,965
Net gaps as at 31 December 2023	3,126,852	(12,622,851)	(762,670)	(768,644)	(122,754)	1,637,856	12,684,285	3,172,074

The Group regularly monitored the maturity gaps between its assets and liabilities for various businesses in order to assess its liquidity risk profile within different maturity ranges. At the end of 2024, the cumulative maturity gap of the Group was RMB3.34 trillion.

REPUTATIONAL RISK MANAGEMENT

In 2024, the Group adhered to the forward-looking, comprehensive, proactive and effective principle of reputational risk management, strengthened source management of reputational risk, deployed risk screening on a regular basis, and prevented and mitigated potential risks with emergency plans. It strengthened the working mechanism for emergency response and joint resolution, and continued to enhance its capability in joint resolution of negative news coverage. During the reporting period, no significant reputational incidents occurred, effectively safeguarding the Group's good corporate image and reputation.

COUNTRY RISK MANAGEMENT

In strict compliance with regulatory requirements, the Group incorporates country risk management into comprehensive risk management system. The Board assumes the ultimate responsibility for monitoring the effectiveness of country risk management, and senior management carries out country risk management policies approved by the Board. The Group manages country risk by applying tools including evaluation and rating, risk limit, data aggregate, stress testing, monitoring and early alert, and emergency responses.

In 2024, the Group continued to optimise its country risk management in line with the needs of business development to address global economic challenges. It optimised the country risk management system, reviewed country risk ratings, and carried out country risk assessment. It closely monitored country risk exposure, conducted country risk stress testing, and strengthened country risk early warning and emergency response mechanism. The Group's country risk exposure was mainly concentrated in countries or regions with low or relatively low country risk, and the overall country risk was maintained at a reasonable level.

IT RISK MANAGEMENT

In 2024, the Group continued to strengthen IT risk management to effectively safeguard the high-quality development of FinTech. It continued to improve its IT risk management system, and upgraded its management framework and whole-process management requirements. The Group continued to perform IT risk identification, assessment, monitoring, reporting, control and mitigation, and promoted early detection, early warning, early exposure and early resolution of IT risks. The Group attached great importance to cybersecurity, improved its cybersecurity risk monitoring system, conducted all-round, full-chain and real-time monitoring, actively responded to cyberattacks, and effectively addressed cybersecurity risks such as ransomware and data leakage, seeing no cybersecurity incidents throughout the year. It continued to reinforce the management of information technology outsourcing, conducted in-depth supervision and inspection of third-party service providers, and strengthened risk management and control of IT outsourcing. No IT risk incidents caused by third-party outsourcing and cooperation occurred during the year. It strengthened IT assurance and evaluation, engaged professional accounting firms to conduct audit and assurance on IT control measures adopted by the head office towards overseas entities, and engaged qualified professional institutions to conduct cybersecurity classified protection evaluation as well as security assessment of cryptography application for systems at or above Grade III of cybersecurity classified protection. During the reporting period, the relevant IT risk indicators of the Group met regulatory requirements and risk appetite requirements, with risks basically under control.

STRATEGIC RISK MANAGEMENT

In 2024, under the leadership of the Board and senior management, the Group established a mechanism for formulating and implementing its strategic plan, improved the rules and systems for strategic planning and strategic risk management, and continued to improve the strategic risk management framework. It optimised the governance structure and division of responsibilities for strategic risk management, closely tracked external economic and financial environment, and enhanced strategic risk identification and assessment. The Group's strategic risk remained under control during the reporting period.

EMERGING RISK MANAGEMENT

As emerging risks, such as model risk, data risk, fraud risk, ESG risk, and new product risk, continued to emerge and evolve rapidly in the wake of acceleration of digital transformation and rapid development of FinTech in recent years, the Group continued to bolster its identification and assessment of emerging risks, and formulated targeted prevention and control measures.

In terms of model risk management, the Group continued to improve its model risk management mechanism, advanced the ex-post model evaluation across the group, carried out model validation and review, and focused on enhancing management of online business risk control models. It pressed ahead with the building of IT system for model risk management, and promoted the application of enterprise-level model risk management platform across the group. It won relevant awards from the *Financial Computerizing* and *The Chinese Banker*.

In terms of data risk management, the Group continued to improve its data risk management and control mechanism, carried out special data security inspections and risk screening, improved the assessment mechanism for key scenarios such as data transfer, data disclosure, and launch of new products, and advanced the implementation of classified data security protection measures across all links of the lifecycle of data. It carried out group-wide self-inspection and inspection on data quality, enabling closed-loop management of online data quality monitoring, co-investigation and rectification.

In terms of fraud risk management, the Group actively tracked regulatory requirements and external developments, and improved fraud risk management system. It deepened coordination and interaction across the group, intensified whole-process management, diversified tools for fraud risk prevention and control, and expanded functions of its fraud risk management platform, so as to continue to enhance its capability to prevent and resolve various fraud risks.

In terms of ESG risk management, the Group continued to improve its ESG risk management system in compliance with regulatory requirements. It established ESG risk management measures for investment and financing activities, reinforced ESG risk management of customers, and integrated ESG risk management into the whole process of investment and credit businesses. It specified the ESG risk classification standards, classification process and differentiated management strategies for customers of investment and financing activities, and rolled out the ESG risk classification management system for such customers across the bank, further elevating the quality and efficiency of risk management.

In terms of new product risk management, the Group built a new product risk assessment system, covering applications of new product risk assessment, special risk reviews, collection and scoring of assessment conclusions, and summary of assessment information, and took the lead among peers to enable the whole-process online new product risk assessment. Taking into account the varied and wide-spread investment and trading products, it developed detailed risk management rules for financial market business and financial institutional business. It continued to upgrade its management mechanism for money laundering risk of new products, and optimised the compliance review process.

CONSOLIDATED MANAGEMENT

In 2024, the Group continued to enhance consolidated management, reinforced various aspects of the Group's consolidated management, including corporate governance, risk management and capital management, and prevented cross-border and cross-industry business risks, and promoted the high-quality development of subsidiaries.

The Group promoted the integrated management at the group level, and strengthened business integration of the parent bank and subsidiaries on the basis of incorporating subsidiaries into the Group's business segment operation and management system. It continued to streamline equity hierarchy of the Group, and improved see-through management ability of subsidiaries at all levels. It intensified comprehensive risk management of subsidiaries, improved the transmission and implementation mechanism of its unified risk appetite, and advanced unified credit risk management across the group. It continued to press ahead with the implementation of the "customer-centred" comprehensive financing management mechanism to strengthen integrated and collaborative risk control. It enhanced monitoring and management of capital adequacy of subsidiaries to push the subsidiaries to constantly meet industry regulatory requirements on capital indicators and maintain a reasonable buffer. The Group enhanced its data governance and application capabilities, and promoted subsidiaries to improve their data governance systems, enhance the informatisation level, and elevate the quality and efficiency of data reporting. It continued to promote IT integration at the group level, and strengthened support for sci-tech development at subsidiaries.

INTERNAL AUDIT

The Group's internal audit is committed to evaluating and supervising the improvement of risk management, control and governance processes, promoting value creation, and improving business operation. The internal auditors work in a relatively independent manner and are managed vertically. It is responsible to and reports to the Board and its audit committee, and also reports to the board of supervisors and senior management. In addition to the audit department at the head office, the Bank has 29 audit offices at tier-one branches and an overseas audit centre in Hong Kong.

Focusing on the goal of "supporting strategy implementation, strengthening governance, preventing risks and promoting development", the internal audit department continues to deepen and improve its coordinated and agile audit mechanisms to cover all relevant aspects, highlight key areas and tackle many similar problems in other areas with one typical audit finding, and covers auditable units of all business segments with its audit procedures. In 2024, the audit procedures covered businesses such as loans to large and medium-sized enterprises, special assets resolution, inclusive finance, personal loans, financial and accounting management, liabilities, payment and settlement, key compliance matters, financial market trading business and market risk management, off-balance sheet business, e-finance, credit card, foreign exchange, group consolidated management, and FinTech, and covered subsidiaries and overseas institutions on a cyclical basis. The internal audit department performed study and analysis on the underlying causes of identified issues, strengthened systematic and fundamental rectification, and continued to upgrade management mechanisms, business processes and internal management, so as to effectively promote the sound development of the Group's operation and management.

CAPITAL MANAGEMENT

The Group adhered to a robust and prudent capital management strategy, stressing both internal capital accumulation and external replenishment. It strengthened the constraint and guidance role of capital, continued to promote the transformation towards more intensive use of capital, and enhanced the efficiency of capital utilisation. It maintained adequate capital and an optimal capital structure, providing a solid foundation for serving the high-quality development of the real economy.

In 2024, the Group actively ensured the smooth transition and high-quality implementation of the new capital rules. It steadily and orderly carried out external capital replenishment, and continued to strengthen capital strength while maintaining a sound capital structure. It continued to improve the regulatory capital constraint and transmission mechanism, established a comprehensive capital planning management system covering the entire group, and steadily pushed forward refined capital management. During the reporting period, it saw solid performance in various capital indicators. Driven by factors such as retained earnings of RMB178,805 million after deducting dividends, the issuance of Tier 2 capital bonds of RMB135 billion, the conversion of measurement rules upon implementation of the new capital rules, and reinforced intensive capital management, the Group's capital adequacy ratios rose at all levels as compared to the end of 2023, and remained at a sound and reasonable level.

CAPITAL ADEQUACY RATIOS

According to regulatory requirements, the Group calculates and discloses capital adequacy ratios in accordance with the *Rules on Capital Management of Commercial Banks* from 1 January 2024. The scope of calculation includes all the domestic and overseas branches and sub-branches, and financial subsidiaries (excluding insurance companies). Based on the approval for the implementation of the advanced capital measurement approach in 2014, the former CBIRC granted approval for the Group to expand the implementation scope of the approach in April 2020. Pursuant to the regulatory requirements, the Group calculates capital adequacy ratios with both the advanced approach and other approaches for capital measurement, and complies with the relevant requirements for capital floors.

The Group steadily carried out external capital replenishment, continued to deepen the transformation towards more intensive use of capital and refined management, and advanced the high-quality implementation of the new capital rules. At the end of 2024, the Group's capital adequacy ratio, Tier 1 ratio and Common Equity Tier 1 ratio, which were calculated in accordance with the *Rules on Capital Management of Commercial Banks*, were 19.69%, 15.21% and 14.48%, respectively, all in compliance with the regulatory requirements.

The following table sets forth the Group's capital adequacy information as at the dates indicated.

(In millions of RMB, except percentages)	31 December 2024	31 December 2023
Common Equity Tier 1 capital after regulatory adjustments	3,165,549	2,944,386
Tier 1 capital after regulatory adjustments	3,324,424	3,144,474
Total capital after regulatory adjustments	4,303,263	4,020,661
Risk-weighted assets	21,854,590	22,395,908
Common Equity Tier 1 ratio (%)	14.48	13.15
Tier 1 ratio(%)	15.21	14.04
Capital adequacy ratio (%)	19.69	17.95

1. Please refer to section "Risk management – Capital management" in the Notes to Financial Statements for details of composition of capital. Upon official implementation of the *Rules on Capital Management of Commercial Banks* on 1 January 2024, the Group adjusted measurement rules for risk-weighted assets under Pillar I. Specifically, it enhanced classification criteria for credit risk exposure under the risk-weighted approach, refined risk weights, and restructured measurement of market risk-weighted assets and operational risk-weighted assets. The Group calculates relevant data and indicators in accordance with relevant rules in the *Rules on Capital Management of Commercial Banks* from 1 January 2024, while data as of 31 December 2023 are still calculated in accordance with relevant rules in the *Capital Rules for Commercial Banks (Provisional)*.
2. For detailed information on capital adequacy ratios and risk-weighted assets, please refer to the *Capital Management Pillar III Annual Report 2024* published on the websites of Shanghai Stock Exchange (www.sse.com.cn), the "HKEXnews" of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), and the Bank (www.ccb.cn, www.ccb.com).

LEVERAGE RATIO

According to regulatory requirements, the Group calculates the leverage ratio in accordance with relevant rules in the *Rules on Capital Management of Commercial Banks* from 1 January 2024. The leverage ratio refers to the ratio of the Tier 1 capital after regulatory adjustments to the adjusted balance of on and off-balance sheet assets. As at 31 December 2024, the Group's leverage ratio was 7.78%, meeting regulatory requirements.

The following table sets forth the Group's leverage ratio as at the dates indicated.

(In millions of RMB, except percentages)	31 December 2024	31 December 2023
Leverage ratio (%)	7.78	7.83
Tier 1 capital after regulatory adjustments	3,324,424	3,144,474
On and off-balance sheet assets after adjustments	42,755,544	40,137,194

1. The Group calculates relevant data and indicators in accordance with the *Rules on Capital Management of Commercial Banks* from 1 January 2024, while data as of 31 December 2023 are still calculated under the *Capital Rules for Commercial Banks (Provisional)*.
2. For detailed information on leverage ratio, please refer to the *Capital Management Pillar III Annual Report 2024* published on the websites of Shanghai Stock Exchange (www.sse.com.cn), the "HKEXnews" of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), and the Bank (www.ccb.cn, www.ccb.com).

DISCUSSIONS ON KEY TOPICS IN BUSINESS DEVELOPMENT

ADJUSTMENT OF MORTGAGE RATES FOR EXISTING RESIDENTIAL MORTGAGES TO HELP REDUCE THE FINANCING COST FOR RESIDENTS

The Bank actively responded to the initiative of self-regulatory pricing mechanism for market interest rates, and conducted batch adjustment of interest rates for existing commercial residential mortgages in an orderly and lawful manner. It immediately issued relevant announcements and Q&As on channels including official websites, WeChat, and its outlets, launched user-friendly IT system functions, organised internal special trainings, and strengthened customer consultation services. With these measures in place, it managed to lower interest rates for more than 12 million of its residential mortgage customers, which effectively alleviated their repayment burden, and elevated the role of finance in supporting the recovery and expansion of consumption, safeguarding and improving the wellbeing of the people's lives.

DIFFERENTIATED COMPETITIVE ADVANTAGES OF OUR PRIVATE BANKING BUSINESS

Poised to deliver supreme experience and win customer trust with its professionalism, the Bank's private banking business strives to meet the needs for diversified and differentiated wealth management of high-net-worth customers and build a professional private banking service system with CCB characteristics.

Private banking product management was robust. The private banking product management mechanism, characterised by "macro strategic guidance, meso asset allocation, and micro product implementation", operates with high efficiency and effectiveness. The Bank carefully set strategies to select high-quality asset management institutions and products, expanded and enhanced the enterprise-wide private banking product offerings, strengthened the full life cycle management of private banking products, and refined risk management of agency sales. In 2024, the private banking products distributed by the Bank demonstrated stable return performance.

Private banking asset allocation services were enhanced both in coverage and quality. The Bank provided private banking customers with comprehensive service solutions for wealth planning and asset allocation under a "customer-specific" service model. The Bank selected high-quality products from its full product categories, offered preferential products exclusive for private banking customers, and continued to review asset portfolios and provide dynamic adjustment services in light of customer needs and market changes, so as to deliver sustained and stable value creation for customers. In 2024, the Bank's private banking customers covered by asset allocation service increased by 10.00% over the previous year, and the customer coverage rate, customer asset size and asset stability continued to improve.

Family wealth services demonstrated market-leading expertise and capability. The Bank continued to improve its family wealth service system, which covers family trust advisory service, insurance trust advisory service and family office service, precisely and effectively met the needs of customer families for wealth preservation, appreciation and inheritance, and provided professional, comprehensive, customised and diversified one-stop services and comprehensive solutions for customer families and enterprises. At the end of 2024, the family trust advisory business and insurance trust advisory service under the Bank's management reached RMB141,184 million, maintaining a leading position among peers.

DATA SECURITY MANAGEMENT

The Group attached great importance to data security, strictly complied with laws, regulations and regulatory requirements, and built a data security management system featured by "proactive management, intelligent prevention and comprehensive control" to improve the data security governance capability across the group.

Based on the establishment of rules and regulations in 2023, the Group further promoted careful implementation of the rules and mechanisms by all business lines and levels with clarified responsibilities in 2024, and continued to strengthen the classified and graded protection of data in various business scenarios and information systems. The Group enhanced its overall control by strengthening data security management at overseas operations and domestic subsidiaries, organised data security risk assessment, and established the process for online assessment to improve work quality and efficiency. The Group enhanced secure tools for using data, developed and released "ShuAnTong" to innovatively address security and compliance matters in data use. The Group carried out emergency drills for data security events to comprehensively improve emergency response capability. The Group intensified efforts in strengthening professional teams and staff training, and carried out online and on-site special trainings on data security, with over 3.47 million person times to view the courses, effectively raising the staff awareness of data security protection.

PROSPECTS

Looking ahead to 2025, global economic growth is expected to remain sluggish with intensified unilateralism and protectionism, impeded multilateral trading system, and increased tariff barriers. There are still many factors that might cause geopolitical tensions, leading to large uncertainties surrounding the expansion of international trade and investment, and the inflation risk in major developed economies still warrants attention. China is expected to maintain stable growth as the supporting conditions and long-term positive trends have not altered, underpinned by its robust economic foundation, strengths in numerous areas, strong resilience and great potential.

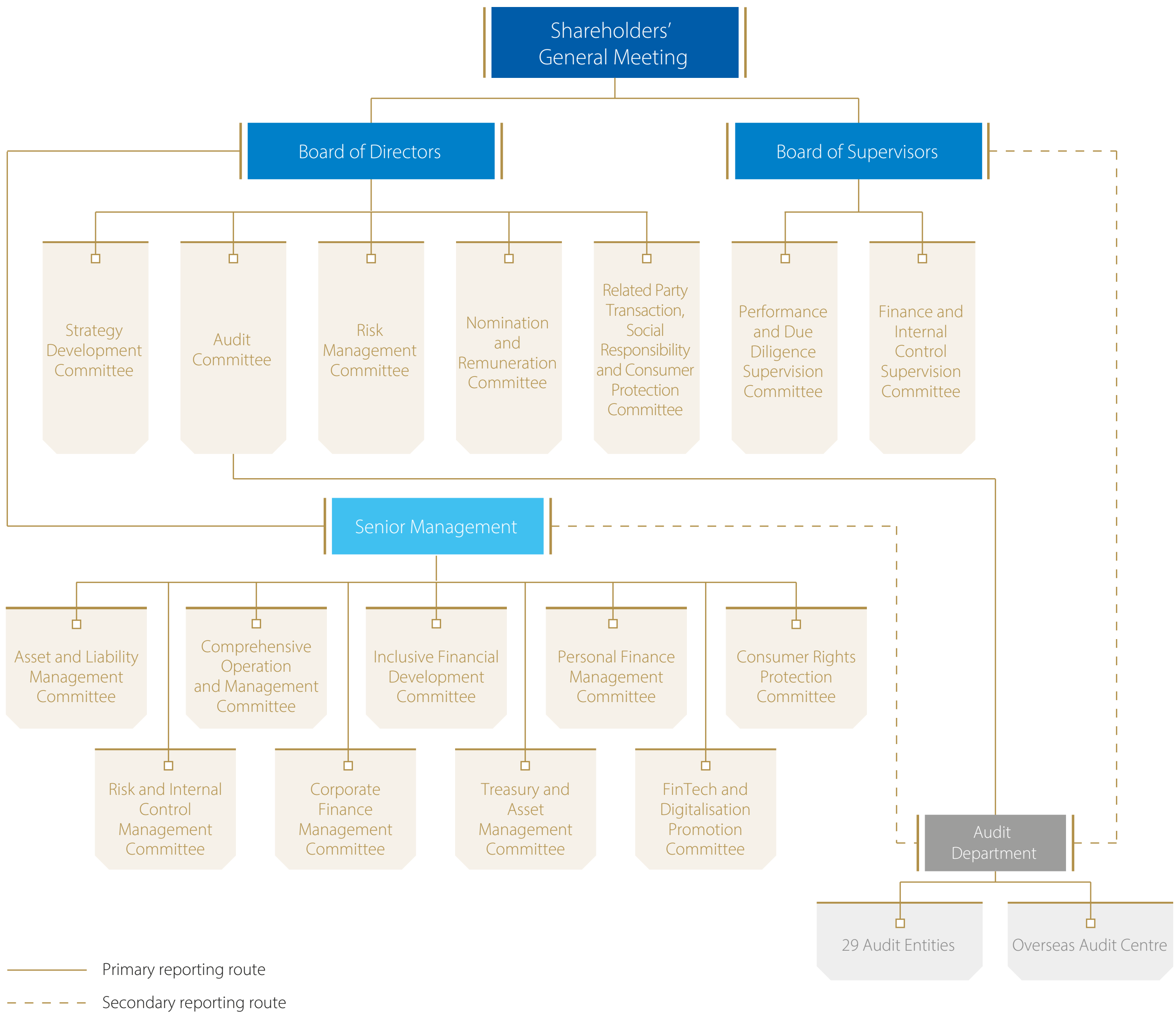
The banking industry in China is faced with both opportunities and challenges, while opportunities outweigh challenges. Since the fourth quarter of 2024, a comprehensive package of incremental policies has taken effect gradually, leading to positive changes in key economic indicators. New growth drivers across various fields have bolstered the momentum for high-quality development, while the intensity of R&D investment has risen further. In 2025, China will comprehensively expand domestic demand, and accelerate the implementation of "Two Renewals", bringing more business opportunities in the investment and consumption sectors. The implementation of a more proactive fiscal policy and a moderately loose monetary policy will further support the sustained economic recovery. Key projects and priority areas bring abundant development opportunities, providing good prospects for the banking industry to expand its customer base and offer high-quality financial services. Meanwhile, domestic demand remains weak, certain enterprises encounter production and operational challenges, and potential risks continue to exist. The Group will take effective measures proactively to respond to the situation.

In 2025, the Group will uphold the overarching principle of pursuing progress while ensuring stability, fully and accurately implement the new development philosophy, and enhance "Three Capabilities" in serving national construction, preventing financial risks, and participating in international competition as fundamental guidelines of reform and development. It will concentrate on core responsibilities and main business, strive to become stronger and more competitive, consolidate traditional strengths and distinctive advantages, cultivate new growth drivers, optimise financial services, adhere to the bottom line of risk, comprehensively improve value creation and market competitiveness, and unwaveringly promote high-quality development through internal growth. The Group will focus on the following tasks in operations and management: **Firstly, the Group will intensify efforts to advance the "Five Priorities".** It will deepen the "equity, loan, bond and insurance" services in technology finance to better serve the development of new quality productive forces; enrich the product spectrum of green finance and provide comprehensive services comprising both financing and intelligence; enhance service capabilities of inclusive finance, and deepen integrated development online and offline; build a more competitive product and service system with a strong brand "Jianyang'an" in pension finance; strengthen the empowerment of key areas by digital technology, and promote the integrated development of the "Five Priorities" with digital and intelligent technologies. **Secondly, the Group will proactively serve the expansion of domestic demand.** It will give full play to its advantages in personal credit and strengthen and optimise financial supply. It will thoroughly explore market opportunities of residential mortgages, enhance the market competitiveness in key regions, and carry out dedicated consumer finance initiative to consolidate its leading position in consumer finance. It will grasp the right investment direction, and strongly support the construction in key areas such as transportation, power and new-type infrastructure. It will also enhance its efforts in in areas such as the upgrading of the manufacturing industry, and increase loans for scientific and technological innovation and large-scale equipment renewal. **Thirdly, the Group will provide more powerful and effective support for the implementation of major strategies.** It will focus on key regions and major projects, provide "checklist-style" coordinated services, and continue to ensure resource support for the central and western regions and the northeastern region. It will serve high-level opening up, further promote the integrated global operation of Renminbi and foreign currency businesses, and steadily support foreign trade and investment. **Fourthly, the Group will persist with its centralised R&D and operations featured by "sharing, efficiency, integration, security and controllability".** It will accelerate the establishment of an enterprise-wide large operation system, promote the openness, sharing and reuse of operation capabilities, enhance efficiency and security, and boost the integration of online and offline operations. It will focus on the "enterprise-wide" IT architecture, enhance the quality and efficiency of technological R&D, and accelerate the digital and intelligent transformation of the Group. **Fifthly, the Group will adhere to the bottom-line thinking and build a solid foundation for risk control.** It will strengthen comprehensive risk management of overseas operations and subsidiaries, improve integrated risk management system of the Group, and enhance penetrating risk management at key institutions. It will strengthen coordinated risk control of inclusive and retail business, optimise risk management mechanism of coordination and checks and balances, improve the agile and efficient risk management mechanism for online business, and build an intelligent and intensive business operation model. It will also strengthen compliance management in credit business with enhanced credit compliance culture.

CORPORATE GOVERNANCE REPORT

During the reporting period, the Bank strictly implemented the PRC Company Law, Law on Commercial Banks and other laws and regulations, as well as the listing rules of the stock exchange of listing places. It has fully complied with the code provisions as set out in Part 2 of the *Corporate Governance Code* of Appendix C1 to Listing Rules of Hong Kong Stock Exchange, and substantially complied with most of the recommended best practices therein.

CORPORATE GOVERNANCE STRUCTURE



In improving corporate governance, the Bank strengthened Party leadership, promoted the integration of Party leadership into all aspects of corporate governance, and established a corporate governance mechanism that is legally defined, transparent in authority and responsibility, coordinated in operation, and effectively balanced. In accordance with the laws and regulations and the latest regulatory requirements, the Bank proceeded in an orderly manner with the re-examination and amendment of supporting governance documents such as the Articles of Association, the procedural rules for shareholders' general meeting, and the procedural rules for the Board, to consolidate the foundation of the corporate governance system. It optimised authorisation system and plan, strengthened capital management of the Group, consolidated management, and penetrated management, to achieve full coverage of important authorised matters at all levels and both domestically and overseas. It clarified duties and powers of the governing bodies such as the Board, optimised the procedures and decision-making process, and improved communication coordination and information sharing mechanisms, to enhance quality and efficiency of corporate governance operations.

SHAREHOLDERS' GENERAL MEETING

Powers of Shareholders' General Meeting

The shareholders' general meeting is the authoritative body of the Bank and mainly exercises the following functions:

- deciding on the business strategies and investment plans of the Bank;
- electing and changing directors and supervisors (except for employee representative supervisors), and determining the remuneration of relevant directors and supervisors;
- considering and approving the Bank's annual financial budgets, final accounts, profit distribution plans and loss recovery plans;
- adopting resolutions related to matters including the increase or reduction of registered capital, and merger, split, dissolution, liquidation and change in corporate form of the Bank;
- adopting resolutions related to the issuance and listing of corporate bonds or other marketable securities;
- adopting resolutions related to the material acquisitions and repurchase of the Bank's shares;
- adopting resolutions related to the Bank's engagement or removal of the accounting firm that conducts regular statutory audit on the financial reports of the Bank;
- deciding on the issuance of preference shares; deciding or authorising the Board to decide on the matters relating to the issued preference shares by the Bank, including but not limited to repurchase, conversion and dividend distribution;
- amending the Articles of Association and other basic corporate governance documents of the Bank.

Details of Shareholders' General Meetings Convened

On 28 November 2024, the Bank held the second extraordinary general meeting of 2024, which reviewed and approved proposals including interim profit distribution plan for 2024, adding a quota for charitable donations in 2024, requesting the shareholders' general meeting to authorise the Board to deal with matters relating to the liability insurance for directors, supervisors and senior management members, remuneration distribution and settlement plan for directors for the year 2023, and remuneration distribution and settlement plan for supervisors for the year 2023. The executive directors, namely Mr. Zhang Jinliang and Mr. Zhang Yi, the non-executive directors, namely Mr. Tian Bo, Mr. Xia Yang, Ms. Liu Fang and Ms. Li Lu, and the independent non-executive directors, namely Mr. Graeme Wheeler, Mr. Michel Madelain, Mr. William Coen, Mr. Leung Kam Chung, Antony, Lord Sassoon and Mr. Lin Zhijun attended the meeting. The directors' attendance rate was 92%. The domestic and international auditors of the Bank, and the legal advisors as to PRC laws and Hong Kong laws of the Bank attended the meeting. The convening of this shareholders' general meeting was in compliance with procedures prescribed by relevant laws and regulations. The announcement on the resolutions of the meeting was published on the websites of Shanghai Stock Exchange, the "HKEXnews" of Hong Kong Exchanges and Clearing Limited, and the Bank on 28 November 2024, and on the Bank's designated newspapers for information disclosure on 29 November 2024.

On 27 June 2024, the Bank held the 2023 annual general meeting, which reviewed and approved proposals including the 2023 report of the board of directors, 2023 report of the board of supervisors, 2023 final financial accounts, profit distribution plan for 2023, interim profit distribution arrangements for 2024, 2024 fixed assets investment budget, engagement of external auditors for 2024, election of executive directors and independent non-executive directors, and independent non-executive directors working system. The executive directors, namely Mr. Zhang Jinliang and Mr. Ji Zhihong, the non-executive directors, namely Ms. Shao Min, Mr. Tian Bo, Mr. Xia Yang, Ms. Liu Fang and Ms. Li Lu, and the independent non-executive directors, namely Mr. Kenneth Patrick Chung, Mr. Graeme Wheeler, Mr. Michel Madelain, Mr. William Coen, Mr. Leung Kam Chung, Antony and Lord Sassoon attended the meeting. The directors' attendance rate was 100%. The domestic and international auditors of the Bank, and the legal advisors as to PRC laws and Hong Kong laws of the Bank attended the meeting. The convening of this shareholders' general meeting was in compliance with procedures prescribed by relevant laws and regulations. The announcement on the resolutions of the meeting was published on the websites of Shanghai Stock Exchange, the "HKEXnews" of Hong Kong Exchanges and Clearing Limited, and the Bank on 27 June 2024, and on the Bank's designated newspapers for information disclosure on 28 June 2024.

On 29 April 2024, the Bank held the first extraordinary general meeting of 2024, which reviewed and approved proposals including the annual issuance plan for the Group's financial bonds, amount of capital instruments to be issued and amount of non-capital TLAC bonds to be issued. The executive directors, namely Mr. Zhang Jinliang and Mr. Ji Zhihong, the non-executive directors, namely Ms. Shao Min, Mr. Tian Bo, Mr. Xia Yang, Ms. Liu Fang and Ms. Li Lu, and the independent non-executive directors, namely Mr. Kenneth Patrick Chung, Mr. Graeme Wheeler, Mr. Michel Madelain, Mr. William Coen, Mr. Leung Kam Chung, Antony and Lord Sassoon attended the meeting. The directors' attendance rate was 100%. The domestic and international auditors of the Bank, as well as the legal advisors as to PRC laws and Hong Kong laws of the Bank attended the meeting. The convening of this shareholders' general meeting was in compliance with procedures prescribed by relevant laws and regulations. The announcement on the resolutions of the meeting was published on the websites of Shanghai Stock Exchange, the "HKEXnews" of Hong Kong Exchanges and Clearing Limited, and the Bank on 29 April 2024, and on the Bank's designated newspapers for information disclosure on 30 April 2024.

BOARD OF DIRECTORS

Responsibilities of the Board

The Board is the executive body of and is responsible to the shareholders' general meeting. It mainly performs the following functions:

- convening the shareholders' general meeting and reporting to the shareholders' general meeting;
- implementing the resolutions of the shareholders' general meeting;
- determining the Bank's development strategies, and supervising the implementation of the development strategies;
- deciding on the Bank's business plans, investment plans and risk capital allocation plans;
- formulating the Bank's annual financial budget plans, final account plans, profit distribution plans and loss recovery plans;
- formulating plans related to the increase or reduction of registered capital, capital replenishment plan, the issuance and listing of the Bank's convertible bonds, subordinated bonds, corporate bonds or other marketable securities; and plans related to merger, split, dissolution, liquidation and change in corporate form of the Bank;
- formulating plans related to the Bank's material acquisitions and repurchase of the Bank's shares;
- other powers stipulated by the Articles of Association of the Bank and authorised by the shareholders' general meeting.

The Board's Implementation of Resolutions of the General Meetings of Shareholders

In 2024, the Board earnestly implemented the resolutions considered and approved by the shareholders' general meetings, including the annual issuance plan for the Group's financial bonds, profit distribution plan for the year 2023 and interim profit distribution plan for 2024, 2024 fixed assets investment budget, adding a quota for charitable donations in 2024, remuneration distribution and settlement plan for directors and supervisors for the year 2023, as well as the election of directors, engagement of external auditors for 2024, and formulation of independent non-executive directors working system.

Composition of the Board

At the end of 2024, the Board consisted of 13 directors, including three executive directors, namely Mr. Zhang Jinliang, Mr. Zhang Yi and Mr. Ji Zhihong; four non-executive directors, namely Mr. Tian Bo, Mr. Xia Yang, Ms. Liu Fang and Ms. Li Lu; and six independent non-executive directors, namely Mr. Graeme Wheeler, Mr. Michel Madelain, Mr. William Coen, Mr. Leung Kam Chung, Antony, Lord Sassoon and Mr. Lin Zhijun.

The term of office of directors of the Bank is three years, and directors may be re-elected upon expiration of their terms of office.

The Bank formulated the diversity policy for the Board in August 2013. The Board nominates directors with due regard to their professional capabilities and ethical standards, while also taking into full consideration the complementarity of gender, age, location, cultural and educational backgrounds as well as knowledge and professional experience from different sectors. The final decision should be based on the candidates' overall competence and possible contributions to the Board. The nomination and remuneration committee is responsible for supervising the implementation of the Board's diversity policy.

The Bank seeks to enhance the Board's professional capabilities and structural reasonableness, continues to achieve optimum combination of Board members that matches the development strategies of the Bank, to vigorously supports the efficient operation and scientific decision-making of the Board. The executive directors of the Bank have rich experience in strategy research and analysis, macro-economic studies as well as bank operation and management with macro views; the non-executive directors have rich experience in macro-economic studies, state-owned financial capital management, risk management, finance, accounting and other special fields from holding important positions with government departments, financial regulatory authorities or commercial banks; the independent non-executive directors come from areas including America, Europe, Oceania, Hong Kong SAR, and Macau SAR, are familiar with international accounting standards, capital supervision, credit rating and financial market rules. The audit committee, the risk management committee, the nomination and remuneration committee and the related party transaction, social responsibility and consumer protection committee of the Board of the Bank are all chaired by independent non-executive directors. During the reporting period, the composition of the Board was in line with the requirements for gender diversity of board members both under the Listing Rules of Hong Kong Stock Exchange and the Board's diversity policy.

Chairman and President

Mr. Zhang Jinliang, chairman of the Board of the Bank, is the legal representative of the Bank, and is responsible for business strategies and overall development of the Bank.

Mr. Zhang Yi, president of the Bank, is responsible for the daily management of business operations. The president is appointed by and accountable to the Board and performs his duties in accordance with provisions of the Articles of Association of the Bank and authorisation of the Board.

Operation of the Board

The Board convenes regular meetings, generally no less than six times a year; extraordinary meetings are convened if and when necessary. Board meetings may be convened by means of on-site conferences or written resolutions. The agenda for regular meetings is scheduled upon consultation with each director. Board meeting papers and relevant materials are usually circulated to all directors and supervisors 14 days in advance of Board meetings.

According to the Articles of Association of the Bank, the Board approves risk appetite of the Bank, formulates policies of the Bank on risk management and internal control, and assumes the ultimate responsibility for comprehensive risk management. The Board reviews the internal control evaluation report and the statements of risk appetite annually, and reviews the comprehensive risk management report of the Group semi-annually, so as to evaluate the overall risk profile and the effectiveness of internal control system. After assessment, the Board believes that the Group's risk profile remains stable on the whole, the management and control of asset quality is within expectation, the core risk indicators remain stable, and the risk management system is effective.

All directors keep 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 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. Senior management reports its 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 are made only after thorough discussions. Directors may also engage independent professional institutions at the Bank's expense after due procedures, if they deem it necessary to get independent professional opinions. If any director has interests in a proposal to be considered by the Board, he or she should abstain from discussion and voting on the relevant proposal, and will not be counted in the quorum of the relevant proposal. Besides, independent non-executive directors should also express objective, fair and independent opinions to issues under discussion of the Bank. The independent non-executive directors of the Bank hold no position other than directors at the Bank, have no relationships with the Bank or the Bank's substantial shareholder that might affect their independent and objective judgment, and have no business and financial interests in the Bank or the Bank's subsidiaries. The Board reviews the implementation and effectiveness of the above mechanism every year.

The Bank effected directors' liability insurance for all directors in 2024.

Board Meetings

In 2024, the Board of the Bank convened 11 meetings, which were held on 2 February, 6 March, 26 March, 28 March, 15 April, 29 April, 16 May, 27 June, 9 August, 30 August, and 30 October respectively. At these meetings, the Board reviewed the proposals including annual issuance plan for the Group's financial bonds, risk appetite statement, annual business plan and fixed assets investment budget, the nomination of directors, the appointment of senior management members, periodic reports, profit distribution plan, remuneration distribution and settlement plan for directors and senior management members, adding a quota for charitable donations, capital management measures, management measures for information disclosure on pillar III of capital management, measures for data governance, strategic plan and strategic risk management measures, independent non-executive directors working system, and measures for investor relations management.

The Board members' attendances of Board meetings in 2024 are set out as follows.

Board members	Number of meetings attended in person/ Number of meetings during term of office	Number of meetings attended by proxy/ Number of meetings during term of office
Executive directors		
Mr. Zhang Jinliang	10/11	1/11
Mr. Zhang Yi	4/4	0/4
Mr. Ji Zhihong	10/11	1/11
Non-executive directors		
Mr. Tian Bo	11/11	0/11
Mr. Xia Yang	11/11	0/11
Ms. Liu Fang	11/11	0/11
Ms. Li Lu	11/11	0/11
Independent non-executive directors		
Mr. Graeme Wheeler	9/11	2/11
Mr. Michel Madelain	11/11	0/11
Mr. William Coen	11/11	0/11
Mr. Leung Kam Chung, Antony	8/11	3/11
Lord Sassoon	11/11	0/11
Mr. Lin Zhijun	1/1	0/1
Resigned directors		
Mr. Tian Guoli	3/3	0/3
Mr. Cui Yong	0/0	0/0
Ms. Shao Min	8/8	0/8
Mr. Kenneth Patrick Chung	6/7	1/7

Duty Performance of Directors

In 2024, all directors duly performed their duties pursuant to requirements of domestic and overseas laws and regulations, regulatory rules and the Articles of Association, made decisions in a scientific and prudent manner based on respective professional advantages and rich experience in various fields, and promoted the effective implementation of resolutions of the shareholders' general meeting and the board of directors. During the year, the Board held 11 meetings, having considered 94 proposals and reviewed one proposal and 44 written reports. Three shareholders' general meetings were convened, to which the Board submitted 20 proposals.

All directors conducted in-depth study and discussions on major issues and key concerns of the Bank's development through meetings of the Board and special committees, thematic symposiums, communication meetings and field research. All directors comprehensively and objectively analysed and assessed opportunities and challenges brought by current macro situation to the operation and development of the banking industry, firmly advanced the goal of high-quality development, gave full play to its leading role in strategic decision-making, guided management to coordinate an effective connection of business, risk, profitability and capital, continued to improve the depth and breadth of serving the real economy with financial services, assisting the economy in achieving effective promotion of quality and reasonable growth of quantity.

Please refer to "Corporate Governance Report – Shareholders' General Meeting" for details of the attendances of directors at the shareholders' general meetings. Please refer to "Corporate Governance Report – Board of Directors" for details of the attendances of directors at the meetings of the Board. Please refer to "Corporate Governance Report – Committees under the Board" for details of the attendances of directors at meetings of the Board special committees.

Please refer to the Work Report of Independent Non-Executive Directors for the Year 2024 for details of duty performance of independent non-executive directors of the Bank during the reporting period, which would be disclosed by the Bank on the same day as this annual report.

Accountability of Directors in Relation to Financial Statements

The directors are responsible for overseeing the preparation of financial statements for each accounting period to give a true and fair view of the Group's financial position, operating results and cash flows.

During the reporting period, the Bank published annual report 2023, first quarter report of 2024, half-year report 2024, and third quarter report of 2024 in accordance with relevant laws, regulations and listing rules of the listing places.

Training of Directors

All directors of the Bank took part in trainings on amendments to the PRC Company Law, anti-embezzlement, AML and preventing financial fraud related laws and regulations. In addition, Mr. Tian Bo attended the special training on integrity construction; Mr. Xia Yang attended the special training on new regulations on reducing shareholdings; Ms. Liu Fang attended the special training on new quality productive forces and high-quality development; Ms. Li Lu attended the special trainings on investor protection and investor relations, governance practices of listed companies, the new "Nine State Guidelines" and "1+N" policy system, and ESG and sustainable development; Mr. Michel Madelain attended the special trainings on *IFRS 17* and ESG reporting; Mr. Lin Zhijun attended the special trainings on disclosure requirements on ESG and sustainable development, the Listing Rules of Hong Kong Stock Exchange and regulatory requirements, and integrity construction.

Company Secretaries and Training

Mr. Qiu Jicheng and Mr. Chiu Ming King serve as joint company secretaries to the Bank. Mr. Qiu Jicheng currently serves as general manager of the board of directors office.

During the reporting period, Mr. Qiu Jicheng and Mr. Chiu Ming King took part in related professional trainings for no less than 15 hours in accordance with the requirements of the Listing Rules of Hong Kong Stock Exchange.

Compliance with Model Code for Securities Transactions by Directors and Supervisors

The Bank has adopted a code of practice in relation to securities transactions by directors and supervisors as set out in the Appendix C3 *Model Code for Securities Transactions by Directors of Listed Issuers* to the Listing Rules of Hong Kong Stock Exchange. All directors and supervisors had complied with the provisions of the above code during the year ended 31 December 2024.

Independent Operating Capability

The Bank is independent from Huijin, its controlling shareholder, with respect to business, personnel, assets, institutional and financial matters. The Bank has independent and complete operating assets as well as independent operating capability, and is able to survive in the market on its own.

COMMITTEES UNDER THE BOARD

There are five committees under the Board: strategy development committee, audit committee, risk management committee, nomination and remuneration committee, and related party transaction, social responsibility and consumer protection committee. More than half of the members of audit committee, risk management committee, nomination and remuneration committee, and related party transaction, social responsibility and consumer protection committee are independent non-executive directors.

As of the disclosure date, details of the positions of the Bank's directors in the committees under the Board are as follows.

Directors	Strategy development committee	Audit committee	Risk management committee	Nomination and remuneration committee	Related party transaction, social responsibility and consumer protection committee
Executive directors					
Mr. Zhang Jinliang	Chairman				
Mr. Zhang Yi	Member		Member		
Mr. Ji Zhihong	Member				Member
Non-executive directors					
Mr. Tian Bo	Member	Member			
Mr. Xia Yang	Member		Member		
Ms. Liu Fang	Member	Member			
Ms. Li Lu	Member			Member	
Independent non-executive directors					
Mr. Graeme Wheeler		Member	Chairman	Member	Member
Mr. Michel Madelain		Chairman	Member	Member	Member
Mr. William Coen		Member	Member		Chairman
Mr. Leung Kam Chung, Antony	Member		Member	Chairman	
Lord Sassoon	Member	Member		Member	
Mr. Lin Zhijun		Member	Member		Member

1. From March 2024, Mr. Zhang Jinliang began to serve as chairman of the Board and chairman of the strategy development committee of the Board, and ceased to serve as member of the risk management committee of the Board.
2. From June 2024, Mr. Zhang Yi served as executive director, and member of the strategy development committee and the risk management committee of the Board; Mr. Zhang Yi served as vice chairman of the Board from July 2024.
3. From June 2024, Mr. Graeme Wheeler served as chairman of the risk management committee, and ceased to serve as chairman of the related party transaction, social responsibility and consumer protection committee of the Board.
4. From June 2024, Mr. Michel Madelain served as chairman of the audit committee, and ceased to serve as chairman of the nomination and remuneration committee of the Board.
5. From June 2024, Mr. William Coen served as chairman of the related party transaction, social responsibility and consumer protection committee of the Board.
6. From June 2024, Mr. Leung Kam Chung, Antony served as chairman of the nomination and remuneration committee, and ceased to serve as chairman of the risk management committee of the Board.
7. From September 2024, Mr. Lin Zhijun served as independent non-executive director and member of the audit committee, the risk management committee and the related party transaction, social responsibility and consumer protection committee of the Board.
8. From March 2024, Mr. Tian Guoli ceased to serve as chairman of the Board, executive director, and chairman of the strategy development committee of the Board.
9. From January 2024, Mr. Cui Yong ceased to serve as executive director, and member of the strategy development committee and the risk management committee of the Board.
10. From August 2024, Ms. Shao Min ceased to serve as non-executive director, and member of the strategy development committee and the nomination and remuneration committee of the Board.
11. From June 2024, Mr. Kenneth Patrick Chung ceased to serve as independent non-executive director, chairman of the audit committee, and member of the strategy development committee, the risk management committee and the related party transaction, social responsibility and consumer protection committee of the Board.

Strategy Development Committee

At the end of 2024, the strategy development committee consisted of nine directors. Mr. Zhang Jinliang, chairman of the Board of the Bank, served as chairman of the committee. Members included Mr. Zhang Yi, Mr. Ji Zhihong, Mr. Tian Bo, Mr. Xia Yang, Ms. Liu Fang, Ms. Li Lu, Mr. Leung Kam Chung, Antony and Lord Sassoon. Three of these members were executive directors, four were non-executive directors, and two were independent non-executive directors.

The primary responsibilities of the strategy development committee include:

- drafting strategies and development plans of the Bank, supervising and assessing implementation thereof;
- reviewing annual business plans and fixed assets investment budgets of the Bank;
- reviewing the report on implementation of annual business plans and fixed assets investment budgets;
- evaluating the coordinated development of various businesses;
- reviewing material restructuring and re-organisation plans;
- reviewing significant investment and financing plans of the Bank;
- other relevant responsibilities of the committee.

In 2024, the strategy development committee held five meetings in total. All members of the committee performed duties diligently and conscientiously, intensified the study and judgement on the macro situation and the research on major strategic issues, attached great importance to the implementation of the Bank's 14th Five-Year Plan, the building of Digital CCB and other important plans, and supervised the implementation of the annual business plan and fixed asset investment budget. According to the latest regulatory requirements and needs of operation and management, the committee reviewed and approved the matters including the annual issuance plan for the Group's financial bonds, amount of capital instruments to be issued and amount of non-capital TLAC bonds to be issued, 2024 annual business plan and fixed assets investment budget, adding a quota for charitable donations in 2024 and disposal of non-performing assets. It reviewed and approved important systems including the capital management measures and the management measures for information disclosure on pillar III of capital management, management measures for internal capital adequacy assessment process, measures for data governance, strategic plan and strategic risk management measures. It reviewed and approved reports including the report on large shareholder and major shareholder assessment in 2023, 2023 capital adequacy ratio management report and capital adequacy ratio report, 2024 half-year and quarterly capital management pillar III reports, and 2024 internal capital adequacy assessment report. The committee fully researched, communicated and discussed with the management and relevant departments on the above important matters, and submitted such matters to the Board for decision after reaching a consensus.

Members of strategy development committee	Number of meetings attended in person/ Number of meetings during term of office	Number of meetings attended by proxy/ Number of meetings during term of office
Mr. Zhang Jinliang	4/5	1/5
Mr. Zhang Yi	2/2	0/2
Mr. Ji Zhihong	4/5	1/5
Mr. Tian Bo	5/5	0/5
Mr. Xia Yang	5/5	0/5
Ms. Liu Fang	5/5	0/5
Ms. Li Lu	5/5	0/5
Mr. Leung Kam Chung, Antony	4/5	1/5
Lord Sassoon	5/5	0/5
Resigned members		
Mr. Tian Guoli	1/1	0/1
Mr. Cui Yong	0/0	0/0
Ms. Shao Min	3/3	0/3
Mr. Kenneth Patrick Chung	3/3	0/3

Audit Committee

At the end of 2024, the audit committee of the Bank consisted of seven directors. Mr. Michel Madelain, independent non-executive director of the Bank, served as chairman of the committee. Members included Mr. Tian Bo, Ms. Liu Fang, Mr. Graeme Wheeler, Mr. William Coen, Lord Sassoon and Mr. Lin Zhijun. Two of these members were non-executive directors and five were independent non-executive directors. The composition of the audit committee meets the requirements of corporate governance and domestic and overseas regulatory requirements.

The primary responsibilities of the audit committee include:

- supervising financial reports of the Bank, and examining the Bank's accounting information and disclosure of major events;
- supervising and evaluating internal control of the Bank;
- supervising and evaluating internal audit of the Bank;
- supervising and evaluating external audit of the Bank, proposing to the Board on engagement or removal of an accounting firm which carries out statutory audit on the financial reports of the Bank on a regular basis, and taking responsibility for the communication and coordination between internal auditors and external auditors;
- paying attention to possible misconduct in financial reporting, internal control or other areas;
- reporting its work to the Board, and maintaining communication and cooperation with other special committees;
- other responsibilities of the committee.

In 2024, the audit committee convened six formal meetings, one pre-communication meeting for annual financial report and one for half-year financial report, and two separate meetings with external auditors. The audit committee put forward important opinions and suggestions and supported the decision-making process of the Board by paying special attention to the following aspects:

The committee supervised and reviewed periodic reports. It reviewed financial report 2023 and half-year financial report 2024, and the first and third quarter financial reports of 2024, adhered to the practice of pre-communication before annual and half-year financial report approval and fully exchanged views with the management and external auditors. The committee continued to follow up on the impact of changes relating to the macro situation and regulatory policies on the Bank's operation and management as well as asset quality to help the Bank maintain sound and stable operation; strengthened the governance of accounting information, improved the level of refined management; and closely tracked important matters related to business management and risk and internal control to improve the quality of financial reports and promote the level of information disclosure. In terms of the annual financial report, the audit committee reviewed the annual financial report, and fully communicated with the management and formed written opinions before the commencement of onsite work of external auditors. Based on the initial audit opinions given by the external auditors, the committee strengthened communication with external auditors and reviewed the annual financial report again. After the completion of the audit, the audit committee reviewed and voted on the annual financial report, and submitted it to the Board for deliberation.

The committee oversaw and evaluated external audit. It oversaw and urged to carry out the annual assessment of the external audit on a regular basis, which was taken as an important consideration for engaging external auditors. It agreed to continue to engage Ernst & Young as the external auditor of CCB for 2024, reviewed and approved the 2024 external audit service contract, and submitted the proposal to the Board for review. The committee regularly listened to the external audit plan and the updates and implementation thereof, reports on the audit of the financial reports, communicated over key audit matters, studied the management recommendations from the external auditors, strengthened the management of non-audit services, and accepted filings of work summaries of external auditors. It promoted the further improvement of the policy system of external audit management, and fully implemented the relevant regulatory requirements on external audit management and security management on audit information.

The committee oversaw and assessed internal control and internal audit. It attached importance to internal control, assessed the effectiveness of internal control on a regular basis, issued the assessment report and disclosed to the public. The committee paid attention to related findings and rectifications of internal control defects in internal and external audits and internal control assessment, and promoted the continuous improvement and perfection of the internal control. The committee attached importance to internal audit, regularly listened to the internal audit plan and related updates, the summary report on internal audit findings, continued to promote related rectifications, and promoted the coordination between the internal and external audit. The committee conducted the assessment and evaluation of internal audit work and advanced the external assessment on internal audit quality.

Members of audit committee	Number of meetings attended in person/ Number of meetings during term of office	Number of meetings attended by proxy/ Number of meetings during term of office
Mr. Michel Madelain	6/6	0/6
Mr. Tian Bo	6/6	0/6
Ms. Liu Fang	6/6	0/6
Mr. Graeme Wheeler	6/6	0/6
Mr. William Coen	6/6	0/6
Lord Sassoon	6/6	0/6
Mr. Lin Zhijun	1/1	0/1
Resigned member		
Mr. Kenneth Patrick Chung	4/4	0/4

Risk Management Committee

At the end of 2024, the risk management committee consisted of seven directors. Mr. Graeme Wheeler, independent non-executive director of the Bank, served as chairman of the committee. Members included Mr. Zhang Yi, Mr. Xia Yang, Mr. Michel Madelain, Mr. William Coen, Mr. Leung Kam Chung, Antony and Mr. Lin Zhijun. One of these members was executive director, one was non-executive director and five were independent non-executive directors.

The primary responsibilities of the risk management committee include:

- reviewing the risk management policies in accordance with the overall strategy of the Bank, and monitoring and assessing their implementation and effectiveness;
- continuing to supervise and examine the effectiveness of risk management system;
- providing guidance on the building of risk management system of the Bank;
- monitoring and assessing the establishment, organisational structure, working procedures and effectiveness of risk management departments, and providing suggestions on improvement;
- reviewing the Bank's risk report, conducting periodic assessment of risk profile, and providing suggestions on improvement of risk management;
- evaluating the performance of the Bank's senior executives responsible for risk management;
- supervising the compliance of core businesses, management systems and major operation activities of the Bank;
- taking the responsibilities of the US risk management committee as well;
- other relevant responsibilities of the committee.

In 2024, the risk management committee convened six meetings in total. The committee guided and promoted the Bank to strengthen risk awareness and establish bottom-line thinking, put risk prevention in a more prominent position, continued to improve the comprehensive, proactive and intelligent risk management system, and conducted in-depth studies on the risk situation and response measures in key areas, improved the important plans and measures on operational risk, country risk and off-balance sheet business. It proactively conducted research on macro policies, asset quality, information technology risk, fraud risk and other topics, strengthened the analysis and study of environment and climate risks and opportunities, pushed for the enhancement of compliance management and AML capacity, and implemented ongoing supervision of the risk and compliance management of overseas institutions, helping to improve the effectiveness of risk management and control across the bank.

Under the framework of comprehensive risk management system, the risk management committee continued to supervise and review the effectiveness of the risk management system of the Bank and listened to the management's reports on the overall risk management of the Group on a quarterly basis. Please refer to "Management Discussion and Analysis – Risk Management" for details of risk management.

Members of risk management committee	Number of meetings attended in person/ Number of meetings during term of office	Number of meetings attended by proxy/ Number of meetings during term of office
Mr. Graeme Wheeler	6/6	0/6
Mr. Zhang Yi	2/2	0/2
Mr. Xia Yang	6/6	0/6
Mr. Michel Madelain	6/6	0/6
Mr. William Coen	6/6	0/6
Mr. Leung Kam Chung, Antony	5/6	1/6
Mr. Lin Zhijun	1/1	0/1
Resigned members		
Mr. Zhang Jinliang	1/1	0/1
Mr. Cui Yong	0/0	0/0
Mr. Kenneth Patrick Chung	4/4	0/4

Nomination and Remuneration Committee

At the end of 2024, the nomination and remuneration committee consisted of five directors. Mr. Leung Kam Chung, Antony, independent non-executive director of the Bank, served as chairman of the committee. Members included Ms. Li Lu, Mr. Graeme Wheeler, Mr. Michel Madelain and Lord Sassoon. One of these members was non-executive director, and four were independent non-executive directors.

The primary responsibilities of the nomination and remuneration committee include:

- organising the formulation of standards and procedures for the election of directors and senior management members of the Bank, and submitting the proposed procedures and standards to the Board for approval;
- proposing to the Board on candidates for directors, president, chief audit officer and the secretary to the Board;
- proposing to the Board on candidates for members of special committees of the Board;
- reviewing the candidates for senior management members of the Bank nominated by president and making suggestions to the Board;
- listening to development plans for the senior management members and fostering plans for the key backup talents;
- reviewing the Bank's remuneration management policy submitted by the president, and submitting it to the Board for decision;
- organising the preparation of performance evaluation methods for directors and remuneration distribution methods for directors, and submitting them to the Board for review;

- organising the preparation of performance evaluation methods and remuneration distribution methods for the senior management members of the Bank, and submitting them to the Board for decision;
- organising performance evaluation on directors, making proposals on the distribution of remuneration of directors, and submitting it to the Board for review;
- organising performance evaluation for the senior management members of the Bank, making suggestions on remuneration distribution plan for the senior management members of the Bank, and submitting it to the Board for decision;
- supervising the implementation of the Bank's performance evaluation policy and remuneration policy;
- other relevant responsibilities of the committee.

In 2024, the nomination and remuneration committee convened eight meetings in total. The committee continued to focus on the structure, size and composition of the Board. For nomination, in accordance with the relevant requirements of the Articles of Association of the Bank and the terms of reference for the committee on nomination procedures of directors and members of special committees under the Board, as well as the appointment procedures of senior management members, the committee proposed to the Board on the candidates for directors, candidates for members of special committees under the Board and candidates for senior management members. The committee reviewed the appointment qualifications of nominees, with the main considerations including compliance with laws and regulations and the Bank's Articles of Association, and performance of their duties diligently for the Bank. The committee recognised that during the reporting period, the composition of the Board of the Bank was in conformity with the requirements of the diversity policy for the Board. For remuneration, the committee organised the formulation of the remuneration distribution and settlement plan for directors and senior management of the Bank for 2023, and improved the performance evaluation plans for executive directors and senior management for 2024. The committee studied and regulated the authorisation management of liability insurance for directors, supervisors and senior management members, deeply analysed the employee remuneration structure, and continued to advance the implementation of the policy of "prioritising grassroots-level employees". For talent development and training, the committee focused on the training of professional talents on climate change and the career development of female employees, attached importance to the development plans for the senior management members and fostering plans for the key backup talents, continued to follow up on employee training and promoted the building of the professional talent team.

Members of nomination and remuneration committee	Number of meetings attended in person/ Number of meetings during term of office	Number of meetings attended by proxy/ Number of meetings during term of office
Mr. Leung Kam Chung, Antony	5/8	3/8
Ms. Li Lu	8/8	0/8
Mr. Graeme Wheeler	7/8	1/8
Mr. Michel Madelain	8/8	0/8
Lord Sassoon	8/8	0/8
Resigned member		
Ms. Shao Min	6/6	0/6

Related Party Transaction, Social Responsibility and Consumer Protection Committee

At the end of 2024, the related party transaction, social responsibility and consumer protection committee consisted of five directors. Mr. William Coen, independent non-executive director of the Bank, served as chairman of the committee. Members included Mr. Ji Zhihong, Mr. Graeme Wheeler, Mr. Michel Madelain and Mr. Lin Zhijun. One of the members was executive director, and four were independent non-executive directors.

The primary responsibilities of the related party transaction, social responsibility and consumer protection committee include:

- taking charge of related party transaction management, review and risk control of related party transactions, and paying attention to compliance, fairness and necessity of related party transactions;
- accepting the filing for general related party transactions; reviewing material related party transactions, and submitting them to the Board for approval;
- studying and preparing the Bank's social responsibility strategy and policy;
- supervising, inspecting and assessing the Bank's performance of social responsibilities, and guiding and supervising the preparation of the corporate social responsibility report;
- studying and preparing the ESG management policies and strategies, tracking and assessing progress on a regular basis, and guiding and monitoring disclosure of relevant information;
- studying and preparing the Bank's green finance strategy, and supervising and evaluating the implementation of the green finance strategy;
- supervising and guiding the management in promoting the work related to inclusive finance;
- guiding and supervising the establishment and improvement of the management policy system of consumer protection, urging the senior management to implement relevant work, guiding the disclosure of material information of consumer protection and fulfilling other management duties for consumer protection required by laws, regulations and regulatory authorities;
- other relevant responsibilities of the committee.

In 2024, the related party transaction, social responsibility and consumer protection committee convened six meetings in total. The committee continued to strengthen the supervision and management of related-party transactions, regularly listened to the situation of related-party transactions and related management, accepted the filing of general related-party transactions, reviewed the special reports on related-party transactions, pushed for the completion of the signing procedures of the unified transaction agreement with CCB Asia, and enhanced the third line of defence of related-party transactions management. It actively performed its duties in consumer protection, continued to strengthen coordinated guidance of consumer protection, and attached great importance to the circular on complaints transferred by regulatory authorities and their assessment of consumer protection, promoted the revision of the *Management Measures for Consumer Rights Protection*, regularly listened to work reports, and monitored and assessed the implementation of relevant work. It tracked and continued to supervise and guide green finance, inclusive finance and rural revitalisation finance, regularly listened to reports on the progress of related work, promoted integrated development of key areas, and enhanced the quality and efficiency in serving the real economy. It thoroughly implemented the green development philosophy, actively fulfilled its ESG responsibilities, regularly listened to special reports, followed up and guided the implementation and promotion of work plans, and continued to strengthen the disclosure and publicity of ESG information, vigorously boosting the continuous improvement of the effectiveness of ESG work of the Bank.

Members of related party transaction, social responsibility and consumer protection committee	Number of meetings attended in person/ number of meetings during term of office	Number of meetings attended by proxy/ number of meetings during term of office
Mr. William Coen	6/6	0/6
Mr. Ji Zhihong	5/6	1/6
Mr. Graeme Wheeler	6/6	0/6
Mr. Michel Madelain	6/6	0/6
Mr. Lin Zhijun	1/1	0/1
Resigned member		
Mr. Kenneth Patrick Chung	4/4	0/4

BOARD OF SUPERVISORS

Responsibilities of the Board of Supervisors

The board of supervisors, being the supervisory body of the Bank, is accountable to the shareholders' general meeting and performs the following functions in accordance with relevant laws:

- supervising the performance of the Board, senior management and their members;
- requiring the directors and senior management to correct their acts when their acts infringe the interests of the Bank;
- inspecting and supervising the financial activities of the Bank;
- verifying the financial information, including financial reports, business reports and profit distribution plans that are proposed to the shareholders' general meeting by the Board;
- supervising the Bank's business decisions, risk management, internal control, etc., and providing guidance on the internal audit work;
- exercising other duties authorised by the Articles of Association of the Bank and the shareholders' general meeting.

Composition of the Board of Supervisors

At the end of 2024, the board of supervisors of the Bank consisted of five supervisors, including Mr. Lin Hong, a shareholder representative supervisor, Mr. Liu Jun, an employee representative supervisor, and three external supervisors, namely Mr. Zhao Xijun, Mr. Liu Huan and Mr. Ben Shenglin.

Operation of the Board of Supervisors

The board of supervisors convenes regular meetings at least once a quarter, and extraordinary meetings are convened if and when required. Meetings of the board of supervisors may be convened by on-site conference or written resolution. Supervisors are generally notified in writing with specified meeting agenda ten days prior to the meeting. During the meeting, the supervisors are free to express their opinions, and important decisions are only made after detailed discussions.

Detailed minutes are prepared for the meetings of the board of supervisors and are provided to all supervisors. The board of supervisors may engage external legal advisors or certified public accountants at the Bank's expense if it deems it necessary to discharge its duties. The Bank takes necessary measures and methods to ensure supervisors' right to information and provides relevant information and documents to them pursuant to related regulations.

Supervisors may attend board meetings as non-voting attendees, and the board of supervisors may, when it deems necessary, assign supervisors to attend meetings of the Bank as non-voting attendees such as meetings of board committees, annual work conference, meetings on business operation analysis, and presidents' executive meetings. The board of supervisors also carries out supervisory work through measures such as information review, research and inspections, interviews and panel discussions, and performance evaluation polls.

The Bank effected supervisors' liability insurance for all supervisors in 2024.

Meetings of the Board of Supervisors

In 2024, the board of supervisors convened four meetings, which were held on 28 March, 29 April, 30 August and 30 October respectively. Major proposals reviewed and approved included the Bank's periodic reports, profit distribution plan, report of the board of supervisors, supervisory work plan, and assessment report on internal control. Relevant information was disclosed pursuant to the provisions of relevant laws, regulations and listing rules of the listing venues.

The following table sets forth the attendances of supervisors at the meetings of the board of supervisors in 2024:

Members of the board of supervisors	Number of meetings attended in person/ Number of meetings during term of office	Number of meetings attended by proxy/ Number of meetings during term of office
Shareholder representative supervisor		
Mr. Lin Hong	4/4	0/4
Employee representative supervisor		
Mr. Liu Jun	4/4	0/4
External supervisors		
Mr. Zhao Xijun	4/4	0/4
Mr. Liu Huan	4/4	0/4
Mr. Ben Shenglin	3/4	1/4

Duty Performance of External Supervisors

In 2024, Mr. Zhao Xijun, Mr. Liu Huan, and Mr. Ben Shenglin, the external supervisors of the Bank, duly performed their duties, attended the meetings of the board of supervisors and special committees thereof, and participated in the studies and decision-making of major issues of the board of supervisors. They proactively attended major meetings of the Board, the special committees under the Board and the management as non-voting attendees, participated in the special research organised by the board of supervisors, provided policy suggestions by leveraging their experience and expertise, and made significant contributions to the effective supervision of the board of supervisors.

COMMITTEES UNDER THE BOARD OF SUPERVISORS

The performance and due diligence supervision committee and the finance and internal control supervision committee are established under the board of supervisors.

Performance and Due Diligence Supervision Committee

The performance and due diligence supervision committee consists of three supervisors. Mr. Liu Huan, external supervisor, serves as chairman of the committee. Members include Mr. Lin Hong and Mr. Zhao Xijun.

The primary responsibilities of the performance and due diligence supervision committee include:

- formulating rules, work plans and schemes, and implementation plans for supervision and inspection, in connection with the supervision of the performance and due diligence of the Board, senior management and their members, and implementing or organising the implementation of such rules, plans and schemes upon approval of the board of supervisors;
- issuing evaluation opinions or report on the performance of the Board, senior management and their members;
- organising the formulation of the appraisal and remuneration distribution plan for supervisors and submitting them to the board of supervisors for review.

In 2024, the performance and due diligence supervision committee convened four meetings, all on-site. The committee reviewed the report on evaluation of the performance of the Board, senior management and their members by the board of supervisors, and self-evaluation report on the performance of the board of supervisors and supervisors. It studied and formulated the work plan for performance supervision and evaluation for the year 2024. It reviewed the proposals regarding the remuneration distribution and settlement plan for supervisors and the performance evaluation plan for shareholder representative supervisor of the Bank. It listened to special reports including the implementation of the 14th Five-Year Plan, the development of pension finance, the special governance work of subsidiaries, and the implementation of the *Environmental, Social and Governance Work Plan (2023-2025)*. The committee organised the implementation of annual supervisory work and assisted the board of supervisors in the supervision and evaluation of the Board, senior management and their members and the self-evaluation of the board of supervisors.

Members of the performance and due diligence supervision committee	Number of meetings attended in person/ Number of meetings during term of office	Number of meetings attended by proxy/ Number of meetings during term of office
Mr. Liu Huan	4/4	0/4
Mr. Lin Hong	4/4	0/4
Mr. Zhao Xijun	4/4	0/4

Finance and Internal Control Supervision Committee

The finance and internal control supervision committee consists of four supervisors. Mr. Zhao Xijun, external supervisor, serves as chairman of the committee. Members include Mr. Lin Hong, Mr. Liu Jun and Mr. Ben Shenglin.

The primary responsibilities of the finance and internal control supervision committee include:

- formulating the rules, work plans and schemes, and implementation plans for supervision and inspection in connection with supervision of finance and internal control, and implementing or organising the implementation of such rules, plans, and schemes upon approval of the board of supervisors;
- reviewing the annual financial reports and operation reports of the Bank and the profit distribution plan made by the Board, and providing suggestions to the board of supervisors;
- when necessary, preparing the implementation plan for auditing the Bank's operation decision, risk management and internal control, and organising the implementation after being approved by the board of supervisors.

In 2024, the finance and internal control supervision committee convened four meetings, all on-site. The committee reviewed proposals including periodic reports, profit distribution plan and internal control evaluation report. It listened to work reports on financial compliance management, comprehensive risk management, and credit asset quality on a regular basis, and continued to focus on capital management, liquidity risk, reputational risk, stress testing, expected credit losses, and consolidated management. It supervised and provided suggestions on internal control, acquisition and disposal of material assets, related party transactions and use of proceeds, etc. in accordance with regulatory provisions. In addition, the committee listened to special reports including the building of operational risk management system, cybersecurity risk management, risk management of inclusive finance business, and AML work, put forward targeted suggestions and helped the board of supervisors carry out supervision of finance, risk control and compliance management.

Members of the finance and internal control supervision committee	Number of meetings attended in person/ Number of meetings during term of office	Number of meetings attended by proxy/ Number of meetings during term of office
Mr. Zhao Xijun	4/4	0/4
Mr. Lin Hong	4/4	0/4
Mr. Liu Jun	2/4	2/4
Mr. Ben Shenglin	3/4	1/4

SENIOR MANAGEMENT

Responsibilities of Senior Management

The senior management is accountable to the Board and supervised by the board of supervisors. Authorisation to the senior management by the Board strictly complies with the Articles of Association of the Bank and other corporate governance documents. Pursuant to the Articles of Association of the Bank, president of the Bank exercises the following functions:

- presiding over the operation and management of the Bank, and organising the implementation of resolutions of the Board;
- submitting operation and investment plans of the Bank to the Board, and organising the implementation of such plans upon approval of the Board;
- formulating internal management organisation structure of the Bank;
- formulating basic management rules of the Bank;
- formulating specific rules and regulations of the Bank;
- proposing to the Board to appoint or dismiss executive vice presidents and other senior executives (except for chief audit officer and secretary to the Board);
- appointing or dismissing the heads of functional departments or branches within the Bank other than those to be appointed or dismissed by the Board;
- authorising senior executives (except for chief audit officer and secretary to the Board), heads of internal functional departments and branches to conduct operating activities;
- establishing president accountability system, and evaluating business performance of managers of business departments, functional departments and branches;
- proposing the convening of extraordinary board meetings;
- taking emergency measures in the event of a run on the Bank and other major emergencies, and immediately reporting it to the banking industry regulatory authorities under the State Council and other relevant authorities, as well as the board of directors and the board of supervisors;
- other functions that should be exercised by president according to laws, regulations, rules, the Articles of Association of the Bank, and resolutions of the shareholders' general meeting and the Board.

Executive vice presidents and other senior executives of the Bank shall assist president with his work. When the president is absent or unable to exercise his duties and powers, the Board shall designate a person to exercise the duties and powers on his behalf.

Operation of Senior Management

Based on the authorisation of the Articles of Association of the Bank and other corporate governance documents and the Board, the senior management organises operation and management activities of the Bank in an orderly manner. According to the strategies and targets set by the Board, it makes comprehensive operation plans and regularly reports to the Board on implementation of strategies and plans. The senior management analyses and assesses internal and external environment, formulates operation strategies and management measures, and makes timely adjustments in line with market changes. The senior management invites directors and supervisors to participate in important meetings and major events, takes advice and suggestions, and keeps close communication with the Board and the board of supervisors, so as to enhance the operation and management capabilities and operational efficiency.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Particulars of Directors, Supervisors and Senior Management

Directors of the Bank

Name	Position	Gender	Age	Term of Office
Zhang Jinliang	Chairman[1], executive director	Male	55	June 2022 to 2024 annual general meeting
Zhang Yi	Vice chairman[2], executive director	Male	54	June 2024 to 2026 annual general meeting
Ji Zhihong	Executive director	Male	56	June 2023 to 2025 annual general meeting
Tian Bo	Non-executive director	Male	53	August 2019 to 2024 annual general meeting
Xia Yang	Non-executive director	Male	56	August 2019 to 2024 annual general meeting
Liu Fang	Non-executive director	Female	51	January 2021 to 2025 annual general meeting
Li Lu	Non-executive director	Female	44	March 2023 to 2024 annual general meeting
Graeme Wheeler	Independent non-executive director	Male	73	October 2019 to 2024 annual general meeting
Michel Madelain	Independent non-executive director	Male	69	January 2020 to 2024 annual general meeting
William Coen	Independent non-executive director	Male	62	June 2021 to 2026 annual general meeting
Leung Kam Chung, Antony	Independent non-executive director	Male	73	October 2021 to 2026 annual general meeting
Lord Sassoon	Independent non-executive director	Male	69	October 2023 to 2025 annual general meeting
Lin Zhijun	Independent non-executive director	Male	70	September 2024 to 2026 annual general meeting
Resigned directors				
Tian Guoli	Chairman, executive director	Male	64	October 2017 to March 2024
Cui Yong	Executive director	Male	55	June 2023 to January 2024
Shao Min	Non-executive director	Female	60	January 2021 to August 2024
Kenneth Patrick Chung	Independent non-executive director	Male	67	November 2018 to 2023 annual general meeting

1. Mr. Zhang Jinliang began to serve as chairman of the Board from March 2024.
2. Mr. Zhang Yi began to serve as vice chairman of the Board from July 2024.

Supervisors of the Bank

Name	Position	Gender	Age	Term of Office
Lin Hong[1]	Shareholder representative supervisor	Male	58	December 2021 to present
Liu Jun[1]	Employee representative supervisor	Male	59	December 2021 to present
Zhao Xijun	External supervisor	Male	61	June 2019 to 2024 annual general meeting
Liu Huan	External supervisor	Male	70	June 2020 to 2025 annual general meeting
Ben Shenglin	External supervisor	Male	59	June 2020 to 2025 annual general meeting

1. In accordance with the laws and regulations and the Articles of Association of the Bank, Mr. Lin Hong and Mr. Liu Jun will continue to perform their duties as supervisors after the expiration of their terms of office.

Senior management of the Bank

Name	Position	Gender	Age	Term of Office
Zhang Yi	President	Male	54	May 2024 –
Ji Zhihong	Executive vice president	Male	56	August 2019 –
Li Jianjiang	Executive vice president and chief risk officer	Male	52	May 2024 –
Jin Panshi	Chief information officer	Male	60	March 2021 –
Sheng Liurong	Chief financial officer	Male	59	November 2022 –
Resigned senior management				
Zhang Jinliang	President	Male	55	May 2022 to March 2024
Cui Yong	Executive vice president	Male	55	August 2022 to January 2024
Li Yun	Executive vice president	Male	51	November 2021 to March 2025
Wang Bing	Executive vice president and secretary to the Board[1]	Male	53	March 2023 to November 2024
Li Min	Executive vice president	Male	53	September 2023 to September 2024
Hu Changmiao	Secretary to the Board	Male	61	May 2019 to May 2024

1. Mr. Wang Bing began to concurrently serve as secretary to the Board of the Bank from May 2024.

Shareholdings of directors, supervisors and senior executives

During the reporting period, there was no change in the shareholdings of directors, supervisors and senior executives of the Bank. The Bank's certain directors, supervisors and senior executives indirectly held H-shares of the Bank via the employee stock incentive plan of the Bank before they assumed current positions. Specifically, Mr. Zhang Yi held 9,848 H-shares, Mr. Lin Hong held 15,555 H-shares, Mr. Liu Jun held 12,447 H-shares, and Mr. Sheng Liurong held 17,521 H-shares. Mr. Li Min, the resigned executive vice president, held 8,444 H-shares; Mr. Hu Changmiao, the resigned secretary to the Board, held 17,709 H-shares. Apart from the above, other directors, supervisors and senior executives of the Bank did not hold any shares of the Bank.

Changes in Directors, Supervisors and Senior Management

Directors of the Bank

Upon election of the Board and approval of the NFRA, Mr. Zhang Jinliang began to serve as chairman of the Board from March 2024 and ceased to serve as vice chairman of the Board from March 2024. Upon election of the Board and approval of the NFRA, Mr. Zhang Yi began to serve as vice chairman of the Board from July 2024. Upon election at the 2023 annual general meeting of the Bank, Mr. Zhang Yi began to serve as executive director of the Bank from June 2024, Mr. William Coen and Mr. Leung Kam Chung, Antony continued to serve as independent non-executive directors of the Bank from June 2024. Upon election at the 2023 annual general meeting of the Bank and approval of the NFRA, Mr. Lin Zhijun began to serve as independent non-executive director of the Bank from September 2024. Mr. Zhang Yi and Mr. Lin Zhijun obtained legal advice referred to in Rule 3.09D of the Listing Rules of Hong Kong Stock Exchange on 27 June 2024 and confirmed their understanding of their obligations as directors of the Bank.

By reason of age, Mr. Tian Guoli ceased to serve as chairman of the Board and executive director of the Bank from March 2024. Due to change of job, Mr. Cui Yong ceased to serve as executive director of the Bank from January 2024. Due to change of job, Ms. Shao Min ceased to serve as non-executive director of the Bank from August 2024. Due to expiration of term of office, Mr. Kenneth Patrick Chung ceased to serve as independent non-executive director of the Bank from June 2024.

Senior management of the Bank

Upon appointment of the Board of the Bank and approval of the NFRA, Mr. Zhang Yi began to serve as president of the Bank from May 2024. Upon appointment of the Board of the Bank and approval of the NFRA, Mr. Li Jianjiang began to serve as executive vice president of the Bank from May 2024; upon appointment of the Board of the Bank, he began to concurrently serve as chief risk officer of the Bank from May 2024.

Due to work adjustment, Mr. Zhang Jinliang ceased to serve as president of the Bank from March 2024. Due to change of job, Mr. Cui Yong ceased to serve as executive vice president of the Bank from January 2024. Due to change of job, Mr. Li Yun ceased to serve as executive vice president of the Bank from March 2025. Upon appointment of the Board of the Bank, Mr. Wang Bing began to serve concurrently as secretary to the Board of the Bank from May 2024; due to change of job, Mr. Wang Bing ceased to serve as executive vice president and secretary to the Board of the Bank from November 2024. Due to change of job, Mr. Li Min ceased to serve as executive vice president of the Bank from September 2024. By reason of age, Mr. Hu Changmiao ceased to serve as secretary to the Board of the Bank from May 2024.

Changes in personal information of directors, supervisors and senior management

Mr. Zhang Jinliang, chairman of the Board and executive director of the Bank, began to serve as member of International Advisory Panel of Monetary Authority of Singapore from October 2024 and began to serve as vice chairman of the ninth session of the council of China Banking Association from November 2024.

Mr. Zhang Yi, vice chairman of the Board, executive director and president of the Bank, ceased to serve as executive director and executive vice president of BOC from May 2024, and began to concurrently serve as chairman of Sino-German Bausparkasse from January 2025.

Mr. Graeme Wheeler, independent non-executive director of the Bank, began to serve as independent non-executive director of Rendeavour, a company building cities in Africa, from June 2024.

Mr. Michel Madelain, independent non-executive director of the Bank, began to serve as managing director of the IFRS Foundation from September 2024 and ceased to serve as member of the Supervisory Board of La Banque Postale in France from October 2024.

Mr. William Coen, independent non-executive director of the Bank, ceased to serve as senior advisor of global financial services of KPMG from April 2024.

Lord Sassoon, independent non-executive director of the Bank, began to serve as chairman of the Pilgrim Foundation from January 2025.

Biographical Details of Directors, Supervisors and Senior Management

Directors of the Bank

Zhang Jinliang

chairman and executive director

Mr. Zhang has served as chairman of the Board since March 2024 and executive director of the Bank since June 2022. He began to serve as vice chairman of the eighth session of the council of China Society for Finance & Banking from April 2023, and concurrently serves as member of International Advisory Panel of Monetary Authority of Singapore from October 2024, and vice chairman of the ninth session of the council of China Banking Association from November 2024. He served as vice chairman of the Board from June 2022 to March 2024 and as president of the Bank from May 2022 to March 2024. From August 2018 to April 2022, Mr. Zhang served as director and general manager of China Post Group Corporation Limited (previously China Post Group Corporation). From May 2019 to April 2022, Mr. Zhang served as chairman and non-executive director of Postal Savings Bank of China Co., Ltd. From January 2016 to August 2018, Mr. Zhang was executive director of China Everbright Group and executive director and president of China Everbright Bank. From October 2003 to January 2016, Mr. Zhang served successively as deputy general manager of finance & accounting department, head of IT blueprint implementation office, general manager of financial management department, general manager of Beijing Branch, executive director and executive vice president of Bank of China. Mr. Zhang is a certified public accountant and senior accountant. He obtained a PhD degree in economics from Xiamen University in 1997.

Zhang Yi

vice chairman, executive director and president

Mr. Zhang has served as vice chairman of the Board of the Bank since July 2024, executive director of the Bank since June 2024, and president of the Bank since May 2024. Mr. Zhang began to concurrently serve as chairman of Sino-German Bausparkasse from January 2025. Mr. Zhang served as executive vice president of BOC from March 2023 to May 2024 and executive director of BOC from April 2024 to May 2024. He served as executive vice president of ABC from November 2021 to March 2023, and chief financial officer of the Bank from April 2021 to September 2021. Prior to that, Mr. Zhang served as deputy general manager of the asset & liability management department of the Bank, deputy general manager and general manager of Jiangsu Branch of the Bank, and general manager of the finance & accounting department of the Bank. Mr. Zhang is a senior accountant. He graduated from Southwestern University of Finance and Economics in 1993 with a bachelor's degree, and graduated from Renmin University of China in 2002 with a master's degree in business administration.

Ji Zhihong

executive director and executive vice president

Mr. Ji has served as executive director of the Bank since June 2023 and executive vice president of the Bank since August 2019. Mr. Ji has served concurrently as chairman of the Council of CCB Housing Rental Fund since November 2022. He served as director-general of the financial market department of the PBOC from August 2013 to May 2019, during which he was concurrently director of the financial market management department of the Shanghai Head Office from August 2013 to May 2016. From September 2012 to August 2013, he was director-general of the research bureau of the PBOC. From April 2010 to September 2012, he was deputy director-general of the monetary policy department of the PBOC. From February 2008 to April 2010, he was deputy director (deputy director-general level) of the open market operations department of the PBOC Shanghai Head Office. Mr. Ji is a research fellow. He obtained a master's degree in international finance from the Graduate School of the People's Bank of China (now PBOC School of Finance, Tsinghua University) in 1995 and a PhD degree in national economics from Chinese Academy of Social Sciences in 2005.

Tian Bo

non-executive director

Mr. Tian has served as non-executive director of the Bank since August 2019. Mr. Tian joined Huijin in 2019. From March 2006 to August 2019, Mr. Tian worked consecutively as division head of banking business department, division head and assistant general manager of corporate banking department, deputy general manager of trade finance department and deputy general manager of transaction banking department of BOC. From February 2016 to February 2018, Mr. Tian also served as a member of the Standing Committee of the CPC Municipal Committee and Vice Mayor of Fangchenggang City of Guangxi Zhuang Autonomous Region. From July 1994 to March 2006, Mr. Tian worked at Beijing Branch of ICBC and head office of China Minsheng Bank. Mr. Tian graduated from Beijing College of Finance and Trade with a bachelor's degree in finance in 1994 and obtained a master's degree in management from the Capital University of Economics and Business in 2004.

Xia Yang

non-executive director

Mr. Xia has served as non-executive director of the Bank since August 2019. Mr. Xia joined Huijin in 2019. From August 1997 to September 2019, Mr. Xia worked in Hua Xia Bank, and consecutively served in various positions including general manager of asset custody department, general manager of Jinan Branch, general manager of Hefei Branch, deputy general manager and chief disciplinary officer of Hangzhou Branch, deputy general manager and chief disciplinary officer of Wenzhou Branch. From December 1988 to August 1997, Mr. Xia worked for Zhejiang Branch of ICBC and Hangzhou Branch of China Merchants Bank. Mr. Xia is a senior economist and accountant. Mr. Xia graduated from Nanjing University with a bachelor's degree in human and animal physiology in 1988; he graduated from Nanjing University with a PhD degree in management sciences and engineering in 2018.

Liu Fang

non-executive director

Ms. Liu has served as non-executive director of the Bank since January 2021. Ms. Liu joined Huijin in 2021. Ms. Liu served as deputy director-general of the general affairs department (policy and regulation department) and counsel of SAFE from July 2019 to February 2021. From March 2015 to June 2019, she was deputy director-general of the general affairs department (policy and regulation department) of SAFE. From July 1999 to February 2015, Ms. Liu consecutively served as chief staff member and deputy director of the balance of payments department of SAFE, deputy director and director of the general affairs department (policy and regulation department) of SAFE. Ms. Liu graduated from School of International Economics of Renmin University of China with a master's degree in economics in 1999.

Li Lu

non-executive director

Ms. Li has served as non-executive director of the Bank since March 2023. Ms. Li joined Huijin in 2005. From January 2005 to March 2023, Ms. Li took up posts in Huijin including business manager and deputy senior manager of BOC equity management division of bank department, senior manager of research and support division of banking institution management department I, director of CCB division of equity management department I, and managing director of equity management department I. During her terms of office, Ms. Li worked as deputy general manager of Dongcheng Sub-branch, Beijing Branch, BOC from May 2012 to April 2013. Ms. Li obtained a bachelor's degree in economics from Capital University of Economics and Business in 2002 and received her master's degree of science from University of Surrey in the United Kingdom in 2003.

Graeme Wheeler

independent non-executive director

Mr. Wheeler has served as independent non-executive director of the Bank since October 2019. Mr. Wheeler has served as independent non-executive director of Rendeavour, a company building cities in Africa, from June 2024, and non-executive director of Thyssen-Bornemisza Group since 2017. He served as governor of Reserve Bank of New Zealand from 2012 to 2017, non-executive director of Thyssen-Bornemisza Group and co-founder of Privatisation Analysis and Consulting Ltd. from 2010 to 2012, managing director responsible for operations of World Bank from 2006 to 2010, vice president and treasurer of World Bank from 2001 to 2006, director of financial products and services department of World Bank from 1997 to 2001, treasurer of New Zealand Debt Management Office (NZDMO) and deputy secretary to New Zealand Treasury from 1993 to 1997, director of macro-economic policy of New Zealand Treasury from 1990 to 1993, economic and financial counsellor of New Zealand Delegation to the OECD, Paris, from 1984 to 1990 and an advisor in the New Zealand Treasury from 1973 to 1984. Mr. Wheeler was awarded Companion of the New Zealand Order of Merit in 2018. Mr. Wheeler obtained his master's degree of commerce in economics from University of Auckland in 1972.

Michel Madelain

independent non-executive director

Mr. Madelain has served as independent non-executive director of the Bank since January 2020. Mr. Madelain has served as managing director of the IFRS Foundation since September 2024. Mr. Madelain served as a member of the Supervisory Board of La Banque Postale in France from April 2018 to October 2024. From January 2018 to December 2023, he was trustee of the IFRS Foundation. In that capacity he chaired the Nominating Committee and played an active role in the setting up of the new sustainability board, the ISSB and the consolidation of existing standard setters in the UK and the United States of America with the IFRS Foundation. From June 2016 to December 2018, he was vice chairman of Moody's Investors Service (MIS). Concurrently, he served as chairman of Moody's European Boards and was a member of MIS US Board. From May 2008 to June 2016, he was president and chief operating officer of MIS, having previously assumed a number of positions in Europe and the USA with MIS from 1994 to May 2008. Under his leadership were launched Moody's first initiatives to support the green bond markets through research and assessments. From May 1980 to May 1994, he worked with Ernst & Young in Belgium and France and was promoted to the partnership in 1989. Mr. Madelain is a Qualified Chartered Accountant of France. He obtained a master's degree in management from Kellogg Graduate School of Management of Northwestern University (USA) and a bachelor's degree in business administration from the Ecole Supérieure de Commerce de Rouen, France.

William Coen

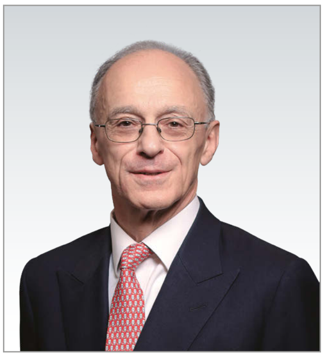
independent non-executive director

Mr. Coen has served as independent non-executive director of the Bank since June 2021. Mr. Coen has served as independent non-executive director of Buna, a cross-border payment system in the Arab region, from July 2022, and as member of Global Advisory Board of Mitsubishi UFJ Financial Group, Inc. from October 2021. He currently serves as a member of the Advisory Board of Baton Systems, Inc. since June 2021, and chief regulatory adviser for Suade Labs since April 2021. He has been chairman of the IFRS Advisory Council from February 2020, member of the board of directors of the Toronto Leadership Centre since November 2019 and technical advisor of the International Monetary Fund since July 2019. He served as senior advisor of global financial services of KPMG from 2022 to 2024, secretary general of the Basel Committee on Banking Supervision from 2014 to 2019, deputy secretary general of the Basel Committee on Banking Supervision from 2007 to 2014, and supported BIS Financial Stability Institute from 2003 to 2006. Prior to joining the Basel Committee on Banking Supervision Secretariat in 1999, he consecutively worked with the US Office of Comptroller of the Currency and the US Board of Governors of the Federal Reserve System. Mr. Coen is currently a member of the Bretton Woods Committee and was a member of the Financial Stability Board and its standing committees. He obtained his Bachelor of Science Degree from Manhattan College in 1984 and his master of business administration degree from Fordham University in 1991.

Leung Kam Chung, Antony

independent non-executive director

Mr. Leung has served as independent non-executive director of the Bank since October 2021. Mr. Leung, former Financial Secretary of the Hong Kong SAR, is chairman of Nan Fung Group in Hong Kong, chairman and co-founder of New Frontier Group, and served as chairman and co-founder of Solomon Learning. In addition, Mr. Leung is chairman of two charity organisations, namely "Heifer Hong Kong" and "Food Angel". Mr. Leung had extensive experience in financial services, including chairman of Greater China Region of Blackstone Group, chairman of Asia for JP Morgan Chase and head of Private Banking for Asia, Investment Banking, Treasury Department and Greater China Region of Citi. Mr. Leung had also served as independent non-executive director of China Merchants Bank, Industrial and Commercial Bank of China, China Mobile (Hong Kong) Limited and American International Assurance (Hong Kong) Limited, international advisor of China Development Bank, chief executive officer of Nan Fung Group in Hong Kong and chairman of Hong Kong Association of Harvard Business School. Other public services that Mr. Leung had engaged in included non-official member of the Executive Council of the Hong Kong SAR, chairman of the Education Commission, chairman of the University Grants Committee, member of the Exchange Fund Advisory Committee, director of Hong Kong Airport Authority and director of Hong Kong Futures Exchange, member of the Preparatory Committee for the Hong Kong Special Administrative Region, member of the First Government Election Committee of the Hong Kong Special Administrative Region and Hong Kong Affairs Advisors. Mr. Leung graduated from the University of Hong Kong in 1973 and attended Harvard Business School's Programme for Management Development and Advanced Management Programme. Mr. Leung was conferred an honorary doctor of law by the Hong Kong University of Science and Technology in 1998.



Lord Sassoon

independent non-executive director

Lord Sassoon has served as independent non-executive director of the Bank since October 2023. Lord Sassoon is a member of the International Advisory Council of the China Investment Corporation (CIC), president of the China-Britain Business Council (CBBC), chairman of The Sir John Soane's Museum, a trustee emeritus of the British Museum (served as trustee and deputy chairman from 2013 to 2021), independent non-executive director of Barco NV, Arbuthnot Banking Group PLC, and Arbuthnot Latham & Co., Limited, and chairman of the Pilgrim Trust. He formerly served as a member of the Global Advisory Board of Mitsubishi UFJ Financial Group from 2013 to 2021, and a director of Jardine Matheson Holdings Limited and other Jardine group companies from 2013 to 2020. He was chairman of CBBC from 2013 to 2019, and president of the EU-China Business Association from 2013 to 2017. He was commercial secretary to the Treasury from 2010 to 2013 and chaired the Financial Action Task Force from 2007 to 2008. He served as a managing director in HM Treasury from 2002 to 2006 with responsibility for Financial Services and Enterprise Policy. During his career, he has had a consistent focus on business relating to Asia, and has participated in the UK-China Economic and Financial Dialogue since 2002. Lord Sassoon joined S.G. Warburg (later UBS Warburg) in 1985, becoming a managing director in 1995. He began his career at KPMG in 1977, qualifying as an associate of the Institute of Chartered Accountants in England and Wales. Lord Sassoon joined the House of Lords in 2010. He was educated at the University of Oxford, where he read philosophy, politics and economics, and obtained his master of arts degree in 1977.

Lin Zhijun

independent non-executive director

Mr. Lin Zhijun has served as independent non-executive director of the Bank since September 2024. Mr. Lin is the Senior Advisor to the President, Professor and PhD Supervisor of the Macau University of Science and Technology, independent non-executive director of China Everbright Limited and BOCOM International Holdings Company Limited. Previously, he served as independent non-executive director of Sinotruk (Hong Kong) Limited, Dali Foods Group Company Limited, South Manganese Investment Limited (formerly "CITIC Dameng Holdings Limited") and Springland International Holdings Limited. He was also Vice President and Dean of the School of Business of the Macau University of Science and Technology, Professor and Head of the Department of Accountancy and Law at Hong Kong Baptist University, Visiting Professor at the University of Hong Kong, and Associate Professor at the Faculty of Management at the University of Lethbridge, Canada, Associate Professor at College of Economics, Xiamen University. Mr. Lin worked at the Toronto office of an international accounting firm (now known as "Deloitte"). Mr. Lin is a member of the American Institute of Certified Public Accountants, the Chinese Institute of Certified Public Accountants, Chartered Global Management Accountants and the Australian Institute of Certified Management Accountants. Mr. Lin holds a master's degree in economics from Xiamen University, a master of science in business administration from University of Saskatchewan in Canada and a PhD degree in economics (accounting) from Xiamen University.

Supervisors of the Bank

Lin Hong

shareholder representative supervisor

Mr. Lin has served as supervisor of the Bank since December 2021. Mr. Lin has served as general director of Party Committee Supervision Office of the Bank since November 2024, and general manager of the audit department of the Bank since May 2018. Mr. Lin served as leader of the inspection team of CPC China Construction Bank Committee from May 2017 to May 2018, deputy general manager of Jiangxi Branch of the Bank (general manager level) from March 2015 to May 2017, deputy secretary of the discipline inspection committee, deputy general manager of the disciplinary and supervisory department and deputy director of the inspection affairs office (general manager level) of the Bank from March 2007 to March 2015 and deputy general manager of the disciplinary and supervisory department of the Bank from August 2001 to March 2007. Mr. Lin is a senior accountant. He graduated from Jiangxi Finance and Economics College with a bachelor's degree in auditing in 1988 and obtained a PhD degree in industrial economics from Jiangxi University of Finance and Economics in 2008.

Liu Jun

employee representative supervisor

Mr. Liu has served as supervisor of the Bank since December 2021. Mr. Liu has served as general manager of Shanghai Branch of the Bank since February 2023. He served as chairman of CCB Principal Asset Management from July 2022 to February 2023. He served as general manager of Guangdong Branch of the Bank from December 2014 to March 2022. He served as head of Guangdong Branch of the Bank from November 2014 to December 2014, general manager of Shenzhen Branch of the Bank from April 2011 to November 2014, head of Shenzhen Branch of the Bank from March 2011 to April 2011, deputy general manager of Guangdong Branch of the Bank from September 2008 to March 2011, and assistant general manager of Guangdong Branch of the Bank from June 2006 to September 2008. Mr. Liu graduated from Anhui University with a bachelor's degree in law in 1986 and obtained an MBA degree from Hong Kong Baptist University in 2003.

Zhao Xijun

external supervisor

Mr. Zhao has served as supervisor of the Bank since June 2019. Mr. Zhao has served as joint dean of the China Capital Market Research Institute, Renmin University of China since 2020. He served as deputy dean of the School of Finance of Renmin University of China from 2005 to 2019, director of international office of Renmin University of China from 2001 to 2005, head of finance department of the School of Finance of Renmin University of China from 1995 to 2001 and a research fellow of the international department of the CSRC from 1994 to 1995. Mr. Zhao is independent non-executive director of China National Foreign Trade Financial & Leasing Co., Ltd. and iFLYTEK Co., Ltd. and external supervisor of Hua Xia Bank Co., Ltd. Mr. Zhao served as independent non-executive director of the Bank from August 2010 to March 2014. Mr. Zhao was a visiting scholar in University of Sherbrooke and McGill University, Canada from 1989 to 1990 and Nijenrode University, Netherlands from 1995 to 1996. Mr. Zhao graduated from Wuhan University with a bachelor' s degree in Scientific French in 1985, completed his graduate studies from the finance department of Renmin University of China in 1987, and received his PhD degree from the School of Finance of Renmin University of China in 1999.

Liu Huan

external supervisor

Mr. Liu has served as supervisor of the Bank since June 2020. Mr. Liu is a counselor of the State Council and a professor of the School of Finance and Taxation of the Central University of Finance and Economics. He served as deputy dean of the School of Taxation, Central University of Finance and Economics from 2006 to 2016, deputy dean of the Department of Taxation, and deputy dean of the School of Finance and Public Administration from 1997 to 2006. From 2004 to 2005, he served as deputy director-general of the Local Taxation Bureau of Beijing Xicheng District and assistant director-general of the Local Taxation Bureau of Beijing. Mr. Liu serves as independent non-executive director of Motic (Xiamen) Electric Group Co., Ltd. and Zhejiang Sunoren Solar Technology Co., Ltd. He is a member of the Standing Committee and deputy director of the Economic Committee of the 11th, 12th and 13th Beijing Municipal Committee of the Chinese People's Political Consultative Conference. He is a visiting professor at School of Economics and Management of Tsinghua University, a visiting professor at the School of Overseas Education of Shanghai Jiaotong University and a supervisor of master's degree in taxation of the University of Chinese Academy of Social Sciences. Mr. Liu is a certified public accountant and graduated from the Central Institute for Fiscal and Finance with a bachelor's degree in economics in 1982.

Ben Shenglin

external supervisor

Mr. Ben has served as supervisor of the Bank since June 2020. Mr. Ben has served as a professor and doctoral supervisor of Zhejiang University since May 2014, executive director of the Institute of International Money, Renmin University of China since January 2014 and co-director since July 2018, dean of Academy of Internet Finance of Zhejiang University since April 2015 and dean of the International Business School of Zhejiang University since October 2018. Mr. Ben had served in senior positions in financial institutions including JPMorgan Chase Bank, HSBC, and ABN AMRO Bank. He currently serves as independent non-executive director of Zhejiang Orient Financial Holdings Group Co., Ltd., Industrial Bank Co., Ltd. and Caitong Securities Co., Ltd. Mr. Ben is a member of the Standing Committee of Zhejiang Provincial Committee of the Chinese People's Political and Consultative Conference and has served in social positions including chairman of the Zhejiang Association of FinTech. Mr. Ben graduated with a bachelor's degree in engineering from Tsinghua University in 1987, a master's degree in business administration from Renmin University of China in 1990, and a PhD degree in economics from Purdue University in 1994.

Senior management of the Bank

Zhang Yi
president

See "Directors of the Bank".

Ji Zhihong
executive vice president

See "Directors of the Bank".

Li Jianjiang
executive vice president and chief risk officer

Mr. Li has served as executive vice president and chief risk officer of the Bank since May 2024. Mr. Li served as general manager of Chongqing Branch of China Development Bank ("CDB") from June 2020 to March 2024, deputy general director of the executive office of CDB from May 2018 to June 2020, and deputy general manager of Gansu Branch of CDB from April 2015 to May 2018. Mr. Li is a senior economist. Mr. Li graduated from China School of Banking and Finance majoring in finance with a bachelor's degree in July 1996.

Jin Panshi

chief information officer

Mr. Jin has served as chief information officer of the Bank since March 2021. Mr. Jin served as information controller of the Bank from February 2018 to March 2021. He served as general manager of the information technology management department of the Bank from January 2010 to February 2018, general manager of the audit department of the Bank from December 2007 to January 2010, deputy director of the board of supervisors' office from November 2004 to December 2007, deputy general manager of the audit department of the Bank from June 2001 to October 2004. He was concurrently supervisor of the Bank from October 2004 to November 2016. Mr. Jin is a senior engineer and a certified information systems auditor. He graduated from Jilin University of Technology with a bachelor's degree and a master's degree in computer application in 1986 and 1989 respectively, and obtained an EMBA degree from Tsinghua University in 2010.

Sheng Liurong

chief financial officer

Mr. Sheng has served as chief financial officer of the Bank since November 2022 and concurrently served as chairman of CCB Principal Asset Management since September 2023. Mr. Sheng served as general manager of asset and liability management department of the Bank from March 2020 to May 2024. Mr. Sheng concurrently served as non-executive director of CCB Financial Leasing from August 2018 to October 2023. He served as head and general manager of the financial market department of the Bank from September 2017 to March 2020, general manager of Xiamen Branch of the Bank from July 2014 to September 2017, deputy general manager of Xiamen Branch of the Bank from October 2003 to July 2014, and head of the preparation team of Chile Branch of the Bank from May 2013 to July 2014. Mr. Sheng is a senior economist. He graduated from Xiamen University with a bachelor's degree in finance in 1986, a master's degree in money and banking in 1990, and obtained a PhD degree in economics from Xiamen University in 1997.

Remuneration of Directors, Supervisors and Senior Management

Remuneration policy for directors, supervisors and senior management

The Bank has specified standards in relation to the remuneration policy for directors, supervisors and senior management. The remuneration policy for enterprise leaders administered by the CPC Central Committee complies with the relevant measures on remuneration for heads of financial enterprises under central administration. The Bank's remuneration policy for other directors, supervisors and senior executives is based on the principle of the combination of incentives and disciplines, short-term incentives and long-term incentives, and governmental regulations and market adjustment. The Bank has adopted a structured remuneration system composed of basic annual salary, performance-based annual salary and welfare income. The Bank participates in relevant PRC mandatory retirement schemes for its directors, supervisors, senior management and other employees. Apart from the tenure incentive remuneration to enterprise leaders administered by the CPC Central Committee in accordance with state regulations, the Bank does not implement mid-term or long-term incentive plan for other directors, supervisors or senior executives.

Incentive clawback mechanism and bonuses

The Bank has established an incentive clawback mechanism. If the enterprise leaders make a significant mistake or cause significant losses to the enterprise during their term, the Bank will claw back part or all of their performance-based annual salary or term incentive income paid previously. The Bank strictly implements the deferred payment and clawback rules for performance compensation of key personnel. For employees who have received disciplinary action or other penalties due to violation of regulations or dereliction of duty, their salaries are deducted in accordance with relevant regulations.

Payment linked to sustainability

The Bank has established a performance appraisal mechanism for executive directors, shareholder representative supervisor and senior management, whose remunerations are directly linked to the results of the appraisal. In accordance with regulatory policy requirements, the Articles of Association and annual operation plans, the performance appraisal attaches great importance to sustainable development and includes quantitative and qualitative sustainability-related indicators. Specifically, quantitative indicators include "technology finance" and "green finance" and other relevant indicators, specifically appraising the proportion of loans to strategic emerging industries and the increase in green loans. Qualitative indicators explicitly require to "comprehensively promote green finance, strongly support the key areas such as energy conservation and environmental protection and clean energy, as well as low-carbon transformation of traditional enterprises, so as to facilitate the realisation of the carbon peaking and carbon neutrality goals of the country", with a strong emphasis on complete, accurate and comprehensive implementation of the new development philosophy, continuing to improve corporate governance, promoting the modernisation of governance system and governance capabilities, and striving to advance business transformation and development innovation. Since the establishment of relevant indicators, the Bank has continued to tighten the link between sustainable development performance and senior executives' remuneration, successfully achieved the goals and tasks of relevant sustainable development indicators, and effectively wielded the role of incentive and constraint of remuneration.

Remuneration of directors, supervisors and senior management for the year 2024

(In thousands of RMB)

Name	Allowance	Remuneration paid	Contribution by the employer to compulsory insurances, housing fund, etc.	Total (before tax)[1]	Starting and ending months for receiving remuneration
Zhang Jinliang	–	672.6	243.7	916.3	Whole year
Zhang Yi	–	448.4	171.1	619.5	May – December
Ji Zhihong	–	605.3	235.9	841.2	Whole year
Tian Bo[2]	–	–	–	–	N/A
Xia Yang[2]	–	–	–	–	N/A
Liu Fang[2]	–	–	–	–	N/A
Li Lu[2]	–	–	–	–	N/A
Graeme Wheeler	440.0	–	–	440.0	Whole year
Michel Madelain	440.0	–	–	440.0	Whole year
William Coen	400.0	–	–	400.0	Whole year
Leung Kam Chung, Antony	410.0	–	–	410.0	Whole year
Lord Sassoon	390.0	–	–	390.0	Whole year
Lin Zhijun	130.0	–	–	130.0	September – December
Lin Hong	–	1,047.8	296.4	1,344.2	Whole year
Liu Jun[3]	50.0	–	–	50.0	Whole year
Zhao Xijun	290.0	–	–	290.0	Whole year
Liu Huan	270.0	–	–	270.0	Whole year
Ben Shenglin	250.0	–	–	250.0	Whole year
Li Jianjiang	–	454.0	182.8	636.8	April – December
Jin Panshi	–	1,051.1	322.6	1,373.7	Whole year
Sheng Liurong	–	1,051.4	322.6	1,374.0	Whole year
Resigned directors, supervisors and senior management					
Tian Guoli	–	168.1	54.5	222.6	January – March
Cui Yong	–	–	–	–	N/A
Shao Min[2]	–	–	–	–	N/A
Kenneth Patrick Chung	220.0	–	–	220.0	January – June
Li Yun	–	605.3	235.9	841.2	Whole year
Wang Bing	–	554.9	214.2	769.1	January – November
Li Min	–	454.0	171.0	625.0	January – September
Hu Changmiao	–	525.0	133.2	658.2	January – June

1. Remuneration of the Bank's leaders administered by CPC Central Committee has been paid in accordance with the State's remuneration reform policies since 2015.
2. Non-executive directors of the Bank receive their remuneration from Huijin, the shareholder of the Bank. Save as disclosed above, none of other directors received any remuneration from the related parties of the Bank.
3. Remuneration before tax paid for acting as employee representative supervisor of the Bank.
4. As the Bank's certain non-executive directors and external supervisors hold positions of directors or senior management in other legal persons or organisations, such legal persons or organisations thus become related parties of the Bank. Apart from this, none of the Bank's directors, supervisors or senior management received remuneration from the related parties of the Bank.
5. In October 2024, the nomination and remuneration committee under the Board of the Bank reviewed and approved the remuneration distribution and settlement plan for directors, supervisors and senior management for 2023, and submitted to the Board for consideration and approval. Every director abstained from voting on his or her own remuneration for 2023.
6. During the reporting period, the Bank paid remuneration of directors, supervisors and senior management amounted to RMB13,511.8 thousand. The total remuneration for certain directors, supervisors and senior management for 2024 have not yet been finalised in accordance with the regulations of relevant government authorities. The final total remuneration will be disclosed by the Bank separately after it is determined.

Staff Development

We value gender diversity among our staff, respect individual differences in talents, and are committed to providing equal development opportunities for our staff.

Note: Group photo of the staff from the business department of the Bank's Qinghai Branch.

EMPLOYEES

At the end of 2024, the Group had 376,847 employees. The number of employees with academic qualifications of bachelor's degree or above was 309,001 or 82.00%. Besides, there were 3,374 workers dispatched from labour leasing companies, a decrease of 6.90% from 2023. In addition, the Group assumed the expenses of 125,275 retired employees.

The Group attached importance to gender diversity of employees, fully respected individual differences of talents and was committed to providing equal opportunities for employees. At the end of 2024, the proportion of male and female employees (including senior executives) of the Group was 46.96% and 53.04% respectively. The Group is expected to maintain a reasonable level of gender diversity of employees.

The compositions of the Group's employees by gender, age, academic qualification and responsibilities are as follows:

Gender

	% of total
Male 176,958	46.96%
Female 199,889	53.04%

Age

	% of total
Under 30 100,126	26.57%
31 to 40 109,726	29.12%
41 to 50 76,991	20.43%
51 to 59 89,569	23.77%
Over 60 435	0.11%

Academic qualification

	% of total
Doctor's degree 769	0.20%
Master's degree 54,666	14.51%
Bachelor's degree 253,566	67.29%
Associate degree 56,209	14.92%
Post-secondary 5,622	1.49%
High school and below 6,015	1.59%

Responsibilities

	% of total
Management 11,017	2.92%
Corporate banking 30,979	8.22%
Personal banking 43,018	11.42%
Treasury and asset management 2,379	0.63%
Risk management 19,509	5.18%
Technology and channel operation 29,752	7.89%
Comprehensive management 26,303	6.98%
Operating outlets and integrated tellers 189,735	50.35%
Employees of subsidiaries 22,050	5.85%
Others 2,105	0.56%

Total number of employees 376,847

The following table sets forth the distribution of the Group's employees by region as at the date indicated.

	31 December 2024		31 December 2023	
	Number of employees	% of total	Number of employees	% of total
Domestic operations of the Bank	353,490	93.80	352,159	93.45
Yangtze River Delta	53,970	14.32	53,411	14.17
Pearl River Delta	45,306	12.02	45,172	11.99
Bohai Rim	58,924	15.64	58,337	15.48
Central	71,038	18.85	71,514	18.98
Western	76,125	20.20	75,696	20.09
Northeastern	33,046	8.77	33,242	8.82
Head office[1]	15,081	4.00	14,787	3.92
Overseas operations of the Bank	1,307	0.35	1,365	0.36
Subsidiaries	22,050	5.85	23,347	6.19
– Domestic	17,585	4.67	18,252	4.84
– Overseas	4,465	1.18	5,095	1.35
Total	376,847	100.00	376,871	100.00

1. Including employees of the head office, credit card centre, CCB learning centre (IICCB) and institutions directly under the head office.

Staff Remuneration Policies

The Bank is committed to maintaining order and harmony in remuneration allocation, and continues to improve the standard of performance and remuneration management to serve the development of the Bank. The Bank's major allocation policies and other significant matters related to remuneration management need to be reviewed by the nomination and remuneration committee under the Board. Material proposals related to remuneration allocation need to be voted on and approved by the shareholders' general meeting or reported to the competent government authorities for approval or filing.

Pursuant to relevant government policies regarding remuneration reform for heads of state-owned enterprises, remuneration for the Bank's leaders administered by the CPC Central Committee include three parts, namely the basic annual salary, performance-based annual salary and tenure incentive income. The Bank has established an incentive clawback mechanism. If the enterprise leaders make a significant mistake or cause significant losses to the enterprise during their term, the Bank will claw back part or all of the performance-based annual salary and tenure incentive income paid previously.

The Bank made full use of remuneration allocation to motivate and constrain its employees. It established an appraisal and allocation concept encouraging value creation, allocated more salary resources to operating institutions, front office departments, and positions that directly create value, strictly implemented incentive and guarantee policies for frontline employees, and strengthened their income guarantee, to enhance the sense of gain of staff. The Bank strengthened remuneration management of overseas institutions and controlled subsidiaries, optimised the remuneration allocation structure, and refined incentive guarantees. It further improved the performance management system and incentive and constraint mechanism to promote the management level and work efficiency of the Group. The Bank continued to perfect management mechanism for deferred payment and clawback of performance-based remuneration, and strictly implemented deferred payment and clawback rules for performance-based remuneration to senior management members and personnel at key positions. Remuneration for employee subject to disciplinary or other penalties due to violation of rules or breach of duties was deducted in accordance with relevant measures. The Bank will disclose information on the implementation of clawback of performance-based remuneration for 2024 in accordance with regulations after reporting to the regulatory authorities.

Staff Development and Training

Focusing on the actual needs in promoting strategy implementation and business development, implementing the regulatory requirements, and cultivating professional talents, the Bank carries out classified and tiered training based on the post and duty characteristics of employees, and requirements for ability to perform duties.

The Bank continued to promote the building of full-cycle training system for employee career development, adhering to the principle of targeted training, layered classification and full coverage. Focusing on different career stages including the initial stage, the growth stage and the talent stage, the Bank established a three-pillar training model for young employees, namely "orientation training, integration plan, management trainee" to empower backbone business personnel at outlets such as customer service managers, customer relationship managers and operation supervisors, and carried out a three-tier leadership advancement training of "outlets managers, sub-branch managers, and tier-two branch managers". It implements the training demand plans through the scientific and efficient training operation structure, and helps employees establish the concept of lifelong learning and improve professional skills and ability to cope with new businesses and challenges.

In 2024, the Group organised 40,839 on-site training sessions with a total enrolment of 1.96 million participants and 27.13 million hours of training. A total of 375.6 thousand people took part in online training (including learning through online platforms) for 66.40 million hours. The proportion of those who participated in on-site and online training sessions reached 99.51% of all staff members.

Progress of Implementation of Employee Stock Incentive Plan

The Bank implemented the first phase of the employee stock incentive plan in July 2007. For details, please refer to the announcement published by the Bank on 6 July 2007. The Bank had not added new participants or implemented new phase of stock incentive plan ever since. In the future, the Bank will pay close attention to regulatory policies and industry trends and explore innovative incentives as appropriate.

INTERNAL CONTROL

The objective of the internal control of the Bank is to reasonably ensure the compliance of operation and management with laws and regulations, the safety of assets, and the truthfulness and completeness of financial reports and related information, improve operational efficiency and effectiveness, and facilitate the successful implementation of development strategies. The Board is responsible for establishing and improving internal controls, implement them effectively, evaluating its effectiveness, and supervising the effective operation of internal control system according to the requirements regarding the standardised system of enterprise internal control. Considering that the purpose of the above risk management and internal control system is to manage rather than eliminate the risk of failing to achieve business objectives, the Board can only reasonably but not absolutely guarantee that the relevant rules can prevent any major misrepresentation or loss. The board of supervisors supervises the establishment and implementation of internal control of the Board. The senior management is responsible for organising and leading the daily operation of internal control.

In 2024, the Bank continued to improve the digital monitoring mechanism, and strengthened support for internal control management tools based on its internal control evaluation system and business compliance platform to enhance the effectiveness of the Bank's internal control management with high-quality and efficient internal control evaluation.

The Board and its audit committee assess the effectiveness of internal control and review the internal control assessment report annually. The assessment conclusion is that, at the end of 2024, there was no material deficiency in the internal control over financial reporting of the Bank, and no material deficiency was detected in the internal control over non-financial reporting. The Board believed that the Bank conducted effective internal control over financial reporting in all major aspects in compliance with the requirements regarding the standardised system of enterprise internal control and other relevant regulations.

The Bank engaged Ernst & Young Hua Ming LLP as the auditor of internal control. The audit opinion on internal control was in line with the Bank's assessment conclusion on the effectiveness of internal control over financial reporting. The disclosure of material deficiency of internal control over non-financial reporting in the audit report of internal control was in line with the disclosure of the internal control assessment report of the Bank.

For detailed information on internal control, please refer to the internal control assessment report and the audit report on internal control of the Bank published on the websites of Shanghai Stock Exchange, the "HKEXnews" of Hong Kong Exchanges and Clearing Limited, and the Bank.

SHAREHOLDERS' RIGHTS

Right to Convene an Extraordinary Shareholders' General Meeting

Any shareholder, individually or jointly holding more than 10% of the total issued voting shares of the Bank, has the right to request the Board in writing to convene an extraordinary general meeting.

The Board shall reply in writing within ten days after receiving the request. In case the Board approves the holding of the meeting, it shall issue a corresponding meeting notice within five days after the resolution is made. In case the Board refuses to hold the meeting or makes no reply, the proposing shareholder may propose to the board of supervisors in writing. In case the board of supervisors approves the holding of the meeting, it shall issue a corresponding meeting notice within five days after receiving the proposal. In case the board of supervisors does not issue the meeting notice, the shareholder, individually or jointly holding more than 10% of the total issued voting shares of the Bank for more than 90 consecutive days, may convene and preside over an extraordinary general meeting on its own.

Right to Raise Proposals to the Shareholders' General Meeting

A shareholder with the right to propose has the authority to raise proposals to the shareholders' general meeting. Proposals to the shareholders' general meeting shall be submitted to the convener of such meeting prior to the issuance of the notice of such meeting; after the issuance of the notice, a shareholder with the right to propose has the authority to raise extraordinary proposals. Extraordinary proposals shall be put forth and submitted to the convener of the meeting in writing 15 days prior to the meeting.

Right to Raise Proposals to the Board

Any shareholder, individually or jointly holding more than 10% of the total issued voting shares of the Bank, may raise proposals to the Board.

Right to Raise Enquiries to the Bank

In accordance with the Bank's Articles of Association, shareholders have the right to obtain relevant information of the Bank, including the Articles of Association, status of the share capital, financial report, report of the board of directors and report of the board of supervisors.

INVESTOR RELATIONS

Effective Communication with Shareholders

The Board and the management attach great importance to communication with shareholders. In 2024, the Bank adhered to a consistent shareholder communication strategy, coordinating the use of online and offline methods to organise various investor communication activities as a bridge for close communication with the market. It conveyed to investors, the media and the public the Bank's efforts in implementing the new development philosophy completely, accurately and comprehensively, vigorously serving the real economy, actively responding to risks and challenges, and boosting its high-quality development, so as to fully respond to the concerns of the market. The Bank successively held annual results presentation, first quarter results teleconference, interim results presentation and third quarter results presentation, promptly conducted roadshows in domestic and overseas major capital markets after the release of the results, actively participated in investor forums organised by domestic and overseas investment banks, proactively received investor research groups and visited institutional shareholders, and engaged in close communication with thousands of fund managers and analysts, reasonably guiding investor expectations and reinforcing a positive image in the capital market. The Bank also maintained adequate communication with shareholders and investors through the shareholders' general meetings, its websites, stock exchange platforms, investor hotline, mailbox and other methods.

After implementation and review of the above measures, the Bank believes that the current shareholder communication policy is adequate and effective.

Shareholder Enquiries

Any enquiries from shareholders related to shareholding, including transfer of shares, change of address, loss reporting of share certificates and dividend notes, should be sent in writing to the following addresses:

A-share:

China Securities Depository and Clearing Corporation Limited, Shanghai Branch
No. 188 Yanggaonan Road, Pudong New District, Shanghai
Telephone: 86-4008058058

H-share:

Computershare Hong Kong Investor Services Limited
17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Telephone: 852-28628555
Facsimile: 852-28650990

Investor Enquiries

Enquiries from investors to the Board may be directed to:

Board of Directors Office
China Construction Bank Corporation
No. 25, Financial Street, Xicheng District, Beijing, China
Telephone: 8610-66215533
Facsimile: 8610-66218888
Email: ir@ccb.com

China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Telephone: 852-39186212

This annual report is available on the websites of the Bank (www.ccb.cn, www.ccb.com), Shanghai Stock Exchange (www.sse.com.cn), and the "HKEXnews" of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). If you have any queries on this annual report, please call our hotline at 8610-66215533 or 852-39186212. If you have any comment or suggestions on the annual report preparation, please send an email to ir@ccb.com.

OTHER CORPORATE GOVERNANCE INFORMATION

Corporate Culture

For details of the Bank's corporate culture, please refer to "Corporate Introduction".

Risk Management

For details of the Bank's risk management, please refer to "Management Discussion and Analysis".

Insider Information Management

For details of the Bank's insider information management, please refer to the "Report of the Board of Directors".

Independence of Independent Non-Executive Directors

For details of the independence of independent non-executive directors of the Bank, please refer to "Report of the Board of Directors".

Auditors' Remuneration and Auditor Related Matters

For details on the auditors' remuneration and auditor related matters of the Bank, please refer to "Major Issues – Auditors".

Green Finance

We uphold the goal and vision of "becoming a global leading sustainable bank" by integrating green concepts into our business management, strategic development, and corporate culture.

Note: The Bank's Hebei Xiong'an Branch provides payment settlement and financing support services for Baiyangdian ecological governance projects such as the Yellow River Diversion and Baiyangdian Water System Project, and Water Resources Recycling Centre Project in the start-up area of Xiong'an New Area.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The Bank upholds the responsibilities as a leading bank, and actively embraces ESG principles. Its commitment to sustainability has earned widespread external recognition, with its MSCI ESG rating rising to AAA, placing it at the forefront of global large commercial banks, and further strengthening foundation for sustainable development. The Bank simultaneously released the *2024 Sustainability Report* and the Annual Report 2024 to the public for review. For details on environmental and social responsibilities as well as ESG information, please refer to the *2024 Sustainability Report*.

ESG GOVERNANCE

The Bank has established a top-down and well-structured ESG governance framework, which fully covers the board of directors, the board of supervisors, and all levels of the management. It continued to optimise the long-term mechanism for ESG governance, carried out ESG management in an orderly way, and endeavoured to achieve high-quality and sustainable development of the Bank. For more information on ESG-related corporate governance, please refer to the "Corporate ESG Governance" section of the *2024 Sustainability Report*.

GREEN OPERATIONS

The Bank actively strengthened green operation management, adopted energy conservation and emission reduction measures, optimised the carbon emission management system, enhanced the technological capacity for carbon management, and promoted green and low-carbon construction. It enhanced employees' environmental awareness and advocated green office practices. It promoted green procurement and digital procurement, achieved full-process electronic bidding, online business negotiations and contract signing, and enhanced the quality and efficiency of procurement management. It promoted the construction of low-carbon and green financial-grade data centres and took multiple measures to achieve energy conservation and consumption reduction in computer rooms. It strived to build green outlets that feature green and low-carbon, environmental protection and energy conservation, humanistic care and intelligent operation. By the end of 2024, it had cumulatively opened 1,051 green outlets. For more information on operational carbon emissions management and Scope 3 emissions, please refer to the "Environmental Dimension Issues – Green Operations" section of the *2024 Sustainability Report*.

GREEN FINANCE

Please refer to "Management Discussion and Analysis – Business Review" in this report for details of green finance. For more information on policies and regulations related to the environment, business development, risk management and work effectiveness, please refer to the "Environmental Dimension Issues" section of the *2024 Sustainability Report*.

CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND ADVANCING FINANCIAL SERVICES FOR RURAL REVITALISATION

The Bank strengthened financial assistance and credit support to areas lifted out of poverty and key counties for national rural revitalisation. The Bank continued to make credit supply in key areas such as food security, rural industries and rural construction. It diligently implemented targeted assistance programmes in Ankang, Shaanxi Province, and successfully achieved all designated assistance objectives and tasks to a high standard. As of the end of 2024, the loan balance of areas lifted out of poverty was RMB1,179,217 million, an increase of RMB101,524 million or 9.42% over the end of 2023. Loan balance of key counties for national rural revitalisation was RMB154,123 million, an increase of RMB19,483 million or 14.47% over the end of 2023.

Please refer to "Management Discussion and Analysis – Business Review – Personal Finance Business" in this report for details of financial services for rural revitalisation.

Scan for more

PROTECTION OF CONSUMERS' RIGHTS AND INTERESTS

The Bank strictly implemented regulatory requirements, closely aligned with the business development strategy, and fully built a new pattern of "comprehensive consumer protection", striving to build a domestically leading, world-class industry benchmark for the protection of financial consumers' rights and interests. It comprehensively built a "proactive, standardised and intelligent" consumer protection management system encompassing "all levels, all employees, and all processes", and promoted the evolution of consumer protection efforts from problem resolution to value creation, and from traditional approaches to digitalisation and intelligence.

The Bank enhanced the ability of integrated management of consumer protection. It established a clear and well-defined responsibility management system for consumer protection with dedicated committees at both the board of directors and senior management levels. It strengthened research on regulatory policies and major issues, and enhanced analysis of policy trends. It regularly listened to reports on the progress of consumer protection work, paid attention to the problems and difficulties in the implementation process, and formulated management measures for key issues. It continued to integrate consumer protection work into business development and corporate culture, formulated detailed consumer protection work plans to ensure comprehensive planning, collaborative advancement and effective implementation; promoted the construction of consumer protection culture and strengthened the dissemination of consumer protection cultural concepts.

The Bank improved the full-process control of consumer protection review. It took consumer protection review as a key measure for full-process control, relying on the consumer protection review system, iteratively upgraded the AI intelligent review function, and enhanced the standardisation and professional capabilities of consumer protection review. It reviewed policies, systems, business rules, charging and pricing, agreement terms, and promotional texts in the stages of product and service design and development, pricing management and agreement formulation, and identified relevant risks. In 2024, the Bank completed a total of 340.2 thousand consumer protection reviews, effectively preventing potential risks of consumer rights infringement.

The Bank comprehensively and deeply carried out financial education and publicity activities. During events such as the "3•15 Consumer Rights Protection Propaganda Week" and the "Financial Education Propaganda Month," it actively conducted comprehensive online and offline educational campaigns targeting the general public, as well as specific groups including the elderly, teenagers, and new urban residents, in order to enhance consumers' awareness and capability in safeguarding their legitimate rights and interests. It integrated consumer rights protection training into business operations, ensuring comprehensive coverage for middle and senior management, front-line staff, and new recruits. In 2024, branches at all levels conducted 21.7 thousand sessions of consumer protection-related training throughout the year, with 2,389 thousand participants.

The Bank strengthened the ability of refined management of complaints. It publicly displayed bilingual (Chinese and English) complaint guidelines across both online and offline channels, made every effort to ensure the smooth operation of the "one-click transfer" function of the 12378 hotline and the handling of complaints through the online platform, and formed an expert team to address the pre-processing of complaints on the online complaint platform. It improved the quality and efficiency of handling customer issues by strictly implementing the "first asking responsibility system" and an "accountability system with top leaders in charge" of major complaints, and establishing a hierarchical and classified process for handling customer problems. It strengthened the source governance of complaint issues, enhanced front-end data monitoring, regularly analysed complaint data, dynamically grasped the changing trends of complaints, routinely carried out closed-loop feedback of complaint data to product design and channel operation, utilised complaint information to promote the optimisation and improvement of products and services, and facilitated the root cause resolution of complaint problems.

In 2024, the Bank received a total of 154,901 consumer complaints, the complaint incidence rate (number of complaints per million customers) was 201, and the average number of complaints per outlet was 11. The main categories of complaints were related to debit cards (47,295 cases, accounting for 30.53%), credit cards (43,180 cases, accounting for 27.88%), personal loans (20,681 cases, accounting for 13.35%), etc. The complaints were mainly distributed in Central China (35,071 cases, accounting for 22.64%) and Bohai Rim (28,480 cases, accounting for 18.39%).

For more details, please refer to the "Consumer Rights Protection" section of the *2024 Sustainability Report*.

PUBLIC WELFARE AND CHARITY

The Group deeply implemented and practiced the public welfare concept of "integrating the responsibility of serving the public into businesses while calling for involvement of employees, customers and institutions", steadfastly adhered to the original mission of public welfare and consistently provided timely assistance where it was most needed. In 2024, the Group's total donations amounted to RMB134 million, focusing on consolidating poverty alleviation achievements, promoting rural revitalisation, supporting long-term public welfare projects, responding to emergency disaster relief, and fostering innovation in public welfare activities. Specifically, emergency donations totalling RMB4.60 million were made to assist with the floods and typhoon disasters in Liaoning, Hunan and Hainan. By the end of 2024, over 70 thousand young volunteers from the Bank had participated in voluntary public welfare activities, providing a total of 179.1 thousand hours of service, benefiting nearly one million people.

Implementation of major public welfare programmes:

Programme	Cooperative institution	Duration	Progress as at the end of 2024
Building the Future – CCB Sponsorship Programme for the Development of Poverty- stricken High School Students	China Education Development Foundation	2007 – present	Supported 104.6 thousand high school students with accumulative donation of RMB182 million in education loans and scholarships.
CCB Sponsorship Programme of "Healthy Mother Express"	China Women's Development Foundation	2011 – present	Donated a total of RMB93 million, purchased 612 vehicles under the programme in underdeveloped counties and towns in 24 provinces and autonomous regions, including Xinjiang, Xizang, Gansu and Qinghai.
CCB Hope Primary Schools	China Youth Development Foundation	1996 – present	Donated a total of RMB27.06 million, built 50 Hope Primary Schools, constructed 135 classrooms for music, art, physical education, science and technology, and moral education, trained over 800 teachers, and organised 320 teachers and students to participate in summer camps.
San Jiang Yuan Ecological Conservation Project	San Jiang Yuan Ecological Protection Foundation	2022 – present	Donated a total of RMB5 million to carry out the construction of ecological demonstration villages in San Jiang Yuan National Park, promoting the ecological values of harmonious coexistence between humans and nature.
"Do Good, Be Wise" Caring Student Action	CCB Youth Volunteers Association and local committees of Communist Youth League of China of all branches	2016 – present	Donated a total of RMB13.23 million, provided financial and material support to over 43,900 teachers and students in underdeveloped areas, organised more than 1,900 teachers and students to participate in summer (winter) camp activities.
"Donation of Bonus Points to Make Dream Come True · Micro-Charity"	China Youth Development Foundation, China Literature and Art Foundation, Chinese Young Volunteers Association, Young Volunteers Action Guidance Centre of the Central Committee of the Communist Youth League of China	2012 – present	Donated a total of RMB12.97 million, donated to build 164 "Happy Music Classrooms", trained music and art teachers in the rural areas, and built the "Home of Youth" for Chinese Young Volunteers Association and Young Volunteers Action Guidance Centre of the Central Committee of the Communist Youth League of China
"Workers' Station (Oasis)" Public Welfare Project	China Worker Development Foundation	2021 – present	Launched the "Workers' Station (Oasis)" points donation public welfare platform simultaneously, and enabled individuals from various sectors of society to contribute to charitable causes and demonstrate their support by donating points accumulated through Long Card credit cards.

We provide warm services for outdoor workers at the Workers' Harbor

The staff of our Shanghai Branch provides Tibetan students with financial knowledge on preventing illegal fund-raising

MAJOR ISSUES

PERFORMANCE OF UNDERTAKINGS

In September 2004, Huijin made a commitment of "Non-Compete", i.e., as long as Huijin continues to hold any shares of the Bank, or is deemed as a controlling shareholder or a related party of the controlling shareholder of the Bank in accordance with the laws or listing rules of the PRC or the Bank's listing places, Huijin would not engage in or participate in any competing commercial banking businesses, including but not limited to granting loans, taking deposits and providing settlement, fund custody, bank card and currency exchange services. However, Huijin may still engage in or participate in competing businesses through investing in other commercial banks. Accordingly, Huijin made the commitment that it would: (1) fairly treat its investments in commercial banks, and would not abuse its shareholder position in the Bank or the information it obtained through its shareholder position in the Bank to make decisions detrimental to the Bank but beneficial to other commercial banks; and (2) exercise its shareholder's rights for the best interests of the Bank.

On 6 April 2016, in accordance with relevant rules of the CSRC, in order to ensure the effective fulfilment of the measures to make up for the immediate return diluted by the issuance of preference shares of the Bank, Huijin undertook not to intervene with the operation and management of the Bank and not to misappropriate the interests of the Bank.

As of 31 December 2024, Huijin had not breached any of the above undertakings.

MISAPPROPRIATION OF FUNDS FOR NON-OPERATIONAL PURPOSE

During the reporting period, there was no misappropriation of the Bank's funds by the controlling shareholder or other related parties for non-operational purpose.

ILLEGAL GUARANTEES

During the reporting period, the Bank did not enter into any guarantee contract in violation of relevant regulations.

AUDITORS

Ernst & Young Hua Ming LLP was appointed as the domestic auditor of the Bank and its domestic subsidiaries for the year 2024 and Ernst & Young was appointed as the international auditor of the Bank and most of its overseas subsidiaries for the year 2024. Ernst & Young Hua Ming LLP was appointed as the auditor of internal control of the Bank for the year 2024. Ernst & Young Hua Ming LLP and Ernst & Young have provided audit service to the Bank for six years in total. Mr. Jiang Changzheng of Ernst & Young Hua Ming LLP has been partner and signatory CPA of the Bank's A-share audit engagement since 2022, and Ms. Gu Jun and Ms. Li Linlin have been signatory CPAs of the Bank's A-share audit engagement since 2023. Mr. Leung Shing Kit of Ernst & Young has been partner and signatory accountant of the Bank's H-share audit engagement since 2024.

The fees for the audit of financial statements (including the audit of internal control) and other services paid to Ernst & Young Hua Ming LLP, Ernst & Young and other international member firms of Ernst & Young by the Group are set out as follows.

(In millions of RMB)	2024	2023	2022
Fees for the audit of financial statements	140.96	140.96	140.96
Other services fees	6.02	10.72	12.61

1. Other services mainly include professional services provided for bond issuance and verification of tax declaration.

MATERIAL LITIGATIONS AND ARBITRATIONS

During the reporting period, the Bank was not subject to any material litigation or arbitration.

PENALTIES

During the reporting period, the Bank was not subject to any investigations in accordance with laws for any suspected crimes. Neither the controlling shareholder, actual controller, directors, supervisors nor the senior executives of the Bank were subject to coercive measures in accordance with laws for any suspected crimes, or were detained by disciplinary inspection and supervision authorities for suspected serious violations of disciplines and laws or for duty-related crimes and were unable to fulfil duties due to such reasons. Neither the Bank, the controlling shareholder, actual controller, directors, supervisors nor the senior executives of the Bank were subject to criminal penalties, investigations or administrative penalties by the CSRC for suspected violations of laws and regulations, material administrative punishments by other competent authorities, or administrative supervision measures by the CSRC or disciplinary actions by the stock exchanges. Neither the directors, supervisors nor the senior executives of the Bank were subject to coercive measures by other relevant authorities for suspected violations of laws and regulations and were unable to fulfil duties due to such reason.

INTEGRITY

During the reporting period, the Bank and its controlling shareholder had no unperformed obligations rendered by valid legal documents of the courts, or significant outstanding matured debts.

MATERIAL RELATED PARTY TRANSACTIONS

In accordance with the *Rules on Related Party Transactions of Banking and Insurance Institutions* and other regulatory provisions, for long-term and ongoing related party transactions, including service provision, insurance business, and other related party transactions recognised by regulators, between a bank and its related party that require repeated signing of transaction agreements, a unified transaction agreement may be signed under which transactions no longer need to be reviewed, reported, and disclosed on a case-by-case basis, while the signing of this agreement should be reviewed internally, reported and disclosed in the same way as a material related party transaction. On 11 November 2024, the Bank and CCB Asia entered into a unified transaction agreement to stipulate related party transactions under financial market business carried out between the Bank and CCB Asia. The agreement is valid for three years, from 15 November 2024 to 14 November 2027. The transactions covered under the agreement include domestic and foreign currency bond business and foreign exchange spot business between the Bank and CCB Asia, with an estimated transaction amount equivalent to RMB1,583.2 billion. This agreement was considered and approved by the Board meeting held on 30 October 2024, and has been reported to the NFRA and announced on the Bank's websites. Subsequently, the Bank would monitor, report, and periodically disclose related party transactions under the agreement in accordance with regulatory requirements. Save as disclosed above, the Bank had no material related party transaction during the reporting period.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the reporting period, the Bank did not enter into any material arrangement for custody, contracting or leasing of other companies' assets, or allow its assets to be subject to such arrangements by other companies.

The guarantee business is an off-balance sheet service in the ordinary course of the Bank's business. The Bank did not have any material guarantee that is required to be disclosed except for the financial guarantee services within its business scope as approved by the regulators. During the reporting period, the Bank did not enter into any other material contract that is required to be disclosed.

MAJOR EVENTS

For major events during the reporting period, please refer to announcements disclosed by the Bank on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Bank.

OTHER SHAREHOLDING OR SHARE PARTICIPATIONS

In January 2024, the transaction related to equity transfer of the former China Construction Bank (Brasil) Banco Múltiplo S/A (the former "CCB Brasil") between the Group and Bank of China Limited was completed. Upon completion of the transaction, the Group held 31.66% of equity in the former CCB Brasil, and the operation and management rights of the former CCB Brasil were transferred to Bank of China Limited from 1 February 2024.

In July 2024, the Bank completed the payment of the first contribution of RMB1,075 million to China Integrated Circuit Industry Investment Fund Phase III Co., Ltd. In July 2024, the Bank completed the second payment of the second contribution of RMB1.0 billion to National Green Development Fund Co., Ltd.

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

CHANGES IN ORDINARY SHARES

Unit: share

	1 January 2024		Changes during the reporting period +/(-)					31 December 2024	
	Number of shares	Percentage (%)	Issuance of additional shares	Bonus issue	Shares converted from capital reserve	Others	Subtotal	Number of shares	Percentage (%)
I. Shares subject to selling restrictions									
II. Shares not subject to selling restrictions									
1. RMB ordinary shares	9,593,657,606	3.84	–	–	–	–	–	9,593,657,606	3.84
2. Overseas listed foreign investment shares	95,231,418,499	38.09	–	–	–	–	–	95,231,418,499	38.09
3. Others[1]	145,185,901,381	58.07	–	–	–	–	–	145,185,901,381	58.07
III. Total number of shares	250,010,977,486	100.00	–	–	–	–	–	250,010,977,486	100.00

1. H-shares of the Bank not subject to selling restrictions held by the promoters of the Bank, i.e., Huijin, State Grid, Yangtze Power and Baowu Steel Group.

SECURITIES ISSUANCE AND LISTING

During the reporting period, the Bank did not issue any ordinary shares, convertible bonds or preference shares.

According to the resolution of the 2022 annual general meeting of the Bank and upon approvals of the NFRA and the PBOC, in February 2024, the Bank issued fixed-rate Tier 2 capital bonds of RMB20 billion with a term of ten years and RMB30 billion with a term of 15 years in the domestic market, and the Bank has a conditional right to redeem the bonds at the end of the fifth year and the tenth year respectively; the coupon rates are 2.75% and 2.82% respectively. In July 2024, the Bank issued fixed-rate Tier 2 capital bonds of RMB40 billion with a term of ten years and RMB10 billion with a term of 15 years in the domestic market, and the Bank has a conditional right to redeem the bonds at the end of the fifth year and the tenth year respectively; the coupon rates are 2.21% and 2.37% respectively. According to the resolution of the Bank's first extraordinary general meeting of 2024 and upon approvals of the NFRA and the PBOC, in December 2024, the Bank issued fixed-rate Tier 2 capital bonds of RMB35 billion with a term of ten years in the domestic market, and the Bank has a conditional right to redeem the bonds at the end of the fifth year; the coupon rate is 1.96%. All proceeds raised are used to replenish the Bank's Tier 2 capital.

According to the resolution of the Bank's first extraordinary general meeting of 2024 and upon approvals of the NFRA and the PBOC, in August 2024, the Bank issued fixed-rate total loss-absorbing capacity non-capital bonds of RMB35 billion with a term of four years and RMB15 billion with a term of six years in the domestic market, and the Bank has a conditional right to redeem the bonds at the end of the third year and the fifth year respectively; the coupon rates are 2.00% and 2.10% respectively; the proceeds raised are used to improve the total loss-absorbing capacity of the Bank.

In February 2024, the Group redeemed Tier 2 capital bonds of US$1.85 billion issued overseas in February 2019. In August 2024, the Bank redeemed Tier 2 capital bonds of RMB20 billion issued in the domestic market in August 2014. In November 2024, the Bank redeemed the undated additional tier 1 capital bonds of RMB40 billion issued in the domestic market in November 2019.

For details of the issuance of other debt securities, please refer to Note "Debt securities issued" to the financial statements.

ORDINARY SHAREHOLDERS

At the end of the reporting period, the Bank had a total of 293,174 ordinary shareholders, of whom 37,378 were holders of H-shares and 255,796 were holders of A-shares. As at 28 February 2025, the Bank had 302,311 ordinary shareholders, of whom 37,116 were holders of H-shares and 265,195 were holders of A-shares.

Unit: share

Total number of ordinary shareholders	**293,174 (Total number of registered holders of A-shares and H-shares as at 31 December 2024)**

Particulars of shareholding of top ten ordinary shareholders (excluding shares on loan through refinancing)

Name of ordinary shareholder	Nature of shareholder	Shareholding percentage (%)	Changes during the reporting period	Total number of shares held
Huijin [1]	State	57.03	–	142,590,494,651 (H-share)
		0.11	–	267,392,944 (A-share)
HKSCC Nominees Limited [2]	Overseas legal person	37.52	-22,679,551	93,795,038,438 (H-share)
China Securities Finance Corporation Limited	State-owned legal person	0.88	–	2,189,259,672 (A-share)
State Grid [3]	State-owned legal person	0.64	–	1,611,413,730 (H-share)
Reca Investment Limited	Overseas legal person	0.34	–	856,000,000 (H-share)
Hong Kong Securities Clearing Company Ltd. [4]	Overseas legal person	0.28	49,249,369	689,270,894 (A-share)
Yangtze Power	State-owned legal person	0.26	–	648,993,000 (H-share)
Central Huijin Asset Management Ltd.	State-owned legal person	0.20	–	496,639,800 (A-share)
Baowu Steel Group	State-owned legal person	0.13	–	335,000,000 (H-share)
New China Life Insurance Company Ltd. – Traditional – Ordinary insurance product – 018L – CT001SH	Others	0.08	94,455,796	200,903,923 (A-share)

1. On 11 October 2023, Huijin increased its shareholding by 18,379,960 A-shares of the Bank through the trading system of Shanghai Stock Exchange, and continued to increase its shareholding of the Bank in the secondary market in its own name within the six months thereafter. By 10 April 2024, such shareholding acquisition plan had been implemented completely, and Huijin had increased its shareholding by 71,450,968 A-shares of the Bank on a cumulative basis, accounting for 0.03% of the total share capital of the Bank.
2. The number of shares held by HKSCC Nominees Limited at the end of the period represents the total number of H-shares of the Bank it held as a nominee on behalf of all institutional and individual investors registered with it as at 31 December 2024. As at 31 December 2024, State Grid, Yangtze Power, and Baowu Steel Group held 1,611,413,730 H-shares, 648,993,000 H-shares and 335,000,000 H-shares of the Bank respectively, all of which were held under the name of HKSCC Nominees Limited. Save the aforesaid H-shares of the Bank held by State Grid, Yangtze Power, and Baowu Steel Group, 93,795,038,438 H-shares of the Bank were held under the name of HKSCC Nominees Limited, which included the H-shares of the Bank held by Ping An Asset Management as investment manager on behalf of several clients, as well as those held by Ping An Group through its controlled enterprises.
3. As at 31 December 2024, the holding of H-shares of the Bank by State Grid through its subsidiaries was as follows: State Grid International Development Co., Ltd. held 296,131,000 shares, and State Grid International Development Limited held 1,315,282,730 shares.
4. The number of shares held by Hong Kong Securities Clearing Company Ltd. at the end of the period represents the total number of A-shares of the Bank (shares of northbound trading) it held as a nominee designated by and on behalf of Hong Kong and overseas investors as at 31 December 2024.
5. Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Huijin. New China Life Insurance Company Ltd. is a company controlled by Huijin. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Apart from these, the Bank is not aware of any connected relation or concerted action among the aforesaid shareholders as at 31 December 2024. Huijin exercises the contributor's rights and obligations in key state-owned financial institutions on behalf of the State, and it does not engage in any other commercial business activities, nor does it interfere with daily operations of the key state-owned financial institutions of which it is the controlling shareholder.
6. As at 31 December 2024, none of the top ten shareholders were involved in margin trading, short selling or refinancing of funds or securities, except that the status of HKSCC Nominees Limited was unknown.
7. None of the shares held by the aforesaid shareholders were subject to selling restrictions. None of the aforesaid shares were pledged, labelled or frozen except that the status of the shares held under the name of HKSCC Nominees Limited was unknown.

SUBSTANTIAL SHAREHOLDER OF THE BANK

Huijin is the controlling shareholder of the Bank, holding 57.14% of the shares of the Bank as at 31 December 2024, and indirectly held 0.20% of the shares of the Bank through its subsidiary, Central Huijin Asset Management Ltd. Huijin is a wholly state-owned company established with the approval of the State Council in accordance with the PRC Company Law on 16 December 2003. Both its registered capital and paid-in capital are RMB828,209 million. Its legal representative is Mr. Zhang Qingsong. Huijin makes equity investment in key state-owned financial institutions as authorised by the State Council, and exercises the contributor's rights and obligations in key state-owned financial institutions up to its contribution amount on behalf of the State to achieve preservation and appreciation of state-owned financial assets. Huijin does not engage in any other commercial business activities, nor does it interfere with daily operations of the key state-owned financial institutions of which it is the controlling shareholder.

As at 31 December 2024, information on the enterprises directly held by Huijin is as follows.

No.	Name of institution	Shareholding of Huijin (%)
1	China Development Bank	34.68
2	Industrial and Commercial Bank of China Limited [1, 2]	34.79
3	Agricultural Bank of China Limited [1, 2]	40.14
4	Bank of China Limited [1, 2]	64.13
5	China Construction Bank Corporation [1, 2, 3]	57.14
6	China Everbright Group Ltd.	63.16
7	China Export & Credit Insurance Corporation	73.63
8	China Reinsurance (Group) Corporation [2]	71.56
9	China Jianyin Investment Limited	100.00
10	China Galaxy Financial Holding Co., Ltd.	69.07
11	Shenwan Hongyuan Group Co., Ltd. [1, 2]	20.05
12	New China Life Insurance Company Limited [1, 2]	31.34
13	China International Capital Corporation Limited [1, 2]	40.11
14	Zhong Hui Life Insurance Co., Ltd.	80.00
15	Evergrowing Bank Co., Limited	40.46
16	Bank of Hunan Corporation Limited	20.00
17	China Securities Co., Ltd. [1, 2]	30.76
18	China Galaxy Asset Management Co., Ltd.	13.30
19	Guotai Junan Investment Management Co., Ltd.	14.54

1. A-share listed companies held by Huijin, the controlling shareholder of the Bank, as at 31 December 2024.
2. H-share listed companies held by Huijin, the controlling shareholder of the Bank, as at 31 December 2024.
3. Besides the enterprises above controlled or held by Huijin, Huijin has a wholly-owned subsidiary Central Huijin Asset Management Ltd., which was established in November 2015 in Beijing with a registered capital of RMB5 billion, and engages in assets management business.

Please refer to the *Announcement on Matters related to the Incorporation of China Investment Corporation* published by the Bank on 9 October 2007 for details of China Investment Corporation.

At the end of the reporting period, there were no other corporate shareholders holding 10% or more of shares of the Bank except for HKSCC Nominees Limited, nor were there any internal employee shares.

DETAILS OF PREFERENCE SHARES

At the end of the reporting period, the Bank had 24 preference shareholders, all of whom were domestic preference shareholders, and there was no restoration of voting rights. As at 28 February 2025, the Bank had 24 preference shareholders, all of whom were domestic preference shareholders.

At the end of 2024, the particulars of shareholding of the top ten preference shareholders of the Bank were as follows.

Unit: share

Name of preference shareholder	Nature of shareholder	Shareholding percentage (%)	Changes during the reporting period	Total number of shares held
Hwabao Trust Co., Ltd.	Others	18.22	+39,170,000	109,310,000
Jiangsu International Trust Corporation Limited	Others	10.72	+63,900,000	64,300,000
China Life Insurance Company Limited	Others	8.33	–	50,000,000
China Mobile Communications Group Co., Ltd.	State-owned legal person	8.33	–	50,000,000
Ping An Life Insurance	Others	8.28	–	49,660,000
Shanghai Branch of Bank of China Limited	Others	7.93	-6,800,000	47,600,000
Everbright Securities Asset Management Co., Ltd.	Others	6.67	+12,800,000	40,040,000
China Fund Management Co., Ltd.	Others	4.47	+26,794,878	26,794,878
Sun Life Everbright Asset Management Co., Ltd.	Others	4.18	–	25,060,000
Postal Savings Bank of China Co., Ltd.	Others	4.17	-2,000,000	25,000,000

1. None of the aforesaid preference shares were pledged, labelled or frozen.
2. The Bank is not aware of any connected relation or concerted action among the aforesaid preference shareholders, or between the aforesaid preference shareholders and the top ten ordinary shareholders.

According to the resolution and authorisation of the shareholders' general meeting, the meeting of the board of directors of the Bank held on 30 October 2024 considered and approved the dividend distribution plan of domestic preference shares of the Bank. Dividends for preference shares are paid in cash by the Bank to preference shareholders on an annual basis. Dividends not fully distributed to preference shareholders are not accumulated to the next year. After the preference shareholders receive dividends at the agreed dividend rate, they are not entitled to the distribution of any remaining profit with ordinary shareholders.

According to the terms of issuance of domestic preference shares, the Bank distributed dividends of RMB2,142 million (including tax) to the holders of the domestic preference shares. Such dividends were paid in cash on 26 December 2024. Please refer to the announcement published on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Bank for details.

Distributions of dividends for preference shares of the Bank in the past three years were as follows.

	2024		2023		2022	
(In millions of RMB, except percentages)	Dividend rate	Dividends distributed (including tax)	Dividend rate	Dividends distributed (including tax)	Dividend rate	Dividends distributed (including tax)
Domestic preference shares	3.57%	2,142	3.57%	2,142	4.75%	2,850

In accordance with *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments* and *Rules on Distinguishing Financial Liabilities and Equity Instruments and Relevant Accounting Treatments* promulgated by the MOF of the PRC, as well as *International Financial Reporting Standard No. 9 – Financial Instruments* and *International Accounting Standard No. 32 – Financial Instruments: Presentation* formulated by the International Accounting Standards Board, the existing preference shares issued by the Bank meet the requirements of equity instruments in their terms and conditions, and are treated as equity instruments.

The Bank had not issued preference shares in the past three years. During the reporting period, the Bank had no redemption or conversion of preference shares.

REPORT OF THE BOARD OF DIRECTORS

In 2024, the Board of the Bank consistently adhered to proper business, performance and risk management philosophy, focused on its main responsibilities and primary businesses, efficiently coordinated size, structure, profit and risks, increased the support for the real economy, developed the "Five Priorities" of finance, consolidated the foundation of refined management, and continued to strengthen the comprehensive risk management, so as to ensure that the Bank's overall operation was sound and orderly, its performance met the expectations, and its own high-quality development was achieved in serving economic and social development.

In accordance with laws and regulations, the Articles of Association and the authorisation of the shareholders' general meeting, the Board of the Bank conscientiously performed its duties, made rational and prudent decisions and exercised its powers properly, with the help of expertise of the directors and their rich experience in various fields. During the year, the Board held 11 meetings, at which 94 proposals were considered; 31 meetings of the special committees of the Board were convened, at which 226 proposals were studied and reviewed; and one annual general meeting, and two extraordinary general meetings were proposed to be convened, at which 20 resolutions were considered. The Board of the Bank hereby presents its report together with the financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group is engaged in a range of banking services and related financial services.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 is set out in the "Management Discussion and Analysis" of this annual report.

FORMULATION AND IMPLEMENTATION OF PROFIT DISTRIBUTION POLICY

The Bank may distribute dividends in the form of cash, shares and a combination of cash and shares. Unless under special circumstances, the Bank shall distribute dividends in cash if it gains profit in the year and has positive undistributed profits on a cumulative basis. The cash dividends distributed by the Bank in a year shall be no less than 10% of the net profit attributable to equity shareholders of the Bank on a consolidated basis for the same year. To make adjustment to the profit distribution policy, the Board shall conduct a specific discussion to elaborate on the reasons to make the adjustments and prepare a written report. Independent non-executive directors shall express their views, and the matter shall be approved in the form of special resolution by the shareholders' general meeting. The Bank shall provide the shareholders with online voting channels when reviewing the adjustments to the profit distribution policy.

The formulation and implementation of the Bank's profit distribution policies conform to the provisions of the Bank's Articles of Association and the requirements of the resolutions of the general meeting of shareholders. The Bank has sound decision-making procedures and mechanisms as well as clear and definite dividend distribution criteria and ratios. The independent non-executive directors conducted due diligence and fulfilled their duties in the decision-making process of the profit distribution plan. Minority shareholders may fully express their opinions and appeals, and their legitimate rights and interests are fully protected. The Bank always attaches great importance to investor returns, and continues to reward its investors with stable cash dividends, maintaining a payout ratio of 30% in recent years.

The amounts of cash dividends and ratios of cash dividend to net profit of the Bank for the years from 2022 to 2024 are as follows.

	2024	2023	2022
Cash dividend per share (Including tax and in RMB)	0.403[2]	0.400	0.389
Cash dividends (Including tax and in millions of RMB)	100,754[2]	100,004	97,254
Ratios of cash dividend to net profit [1, 2] (%)	30.0%	30.1%	30.0%

1. Net profit refers to the net profit attributable to equity shareholders of the Bank on a consolidated basis. Please refer to Note "Profit Distributions" to the financial statements of annual reports of the related years for details of cash dividends.
2. The 2024 interim cash dividend per share (including tax) was RMB0.197, with cash dividends totalling approximately RMB49,252 million, and the 2024 final cash dividend per share (including tax) was RMB0.206, with cash dividends totalling approximately RMB51,502 million. The 2024 cash dividend per share (including tax) was RMB0.403, with cash dividends for the year totalling approximately RMB100,754 million.

Please refer to "Details of Preference Shares" of this annual report for details of the profit distribution of preference shares.

PROFIT AND DIVIDENDS

The profit of the Group for the year 2024 and the Group's financial position at the end of 2024 are set out in the "Financial Statements" of this annual report. The analysis on operating results, financial position and related changes during the reporting period are set out in the "Management Discussion and Analysis" of this annual report.

Upon the approval of the 2023 annual general meeting, the Bank paid a cash dividend of RMB0.400 per share (including tax) for 2023, with cash dividends totalling approximately RMB100,004 million, to all shareholders whose names appeared on the register of members after the closing of the stock market on 11 July 2024.

Upon the approval of the second extraordinary general meeting of 2024, the Bank paid an interim cash dividend of RMB0.197 per share (including tax) for 2024, with cash dividends totalling approximately RMB49,252 million, to all shareholders whose names appeared on the register of members after the closing of the stock market on 9 January 2025.

The Board proposes a final cash dividend of RMB0.206 per share (including tax) for 2024, totalling approximately RMB51,502 million to all shareholders of the Bank, subject to deliberation and approval of the shareholders' general meeting in the first half of 2025. The Bank will pay cash dividend within two months after the approval of the profit distribution plan for 2024 by the shareholders' general meeting. For details including the record date, period for closure of register of members, expected payment date in relation to the distribution of final cash dividend for 2024, please refer to the Bank's upcoming announcements. After considering the interim dividend, the 2024 cash dividend per share (including tax) will be RMB0.403, with cash dividends for the year totalling approximately RMB100,754 million, accounting for 30% of the Group's net profit attributable to equity shareholders of the Bank for 2024.

TAXATION AND TAX REDUCTION AND EXEMPTION

Shareholders of the Bank pay relevant taxes according to tax laws and regulations, enjoy potential tax reduction and exemption in line with their actual situations, and should seek advice from professional tax and legal consultants for specific taxation matters. At the end of 2024, the relevant tax laws and regulations are as follows:

Holders of A-Shares

According to the *Circular Concerning the Implementation of Differentiated Individual Income Tax Policies on Dividends from Listed Companies* (Cai Shui [2012] No. 85) and *Circular Concerning the Differentiated Individual Income Tax Policies on Dividends from Listed Companies* (Cai Shui [2015] No. 101) issued by the MOF, the State Administration of Taxation and the CSRC, for the stocks held for more than one year, the dividend income shall be temporarily exempted from individual income tax; for the stocks held for more than one month but not more than one year (inclusive), the dividend income shall be temporarily included in the taxable income at 50% of its amount; for stocks held for not more than one month (inclusive), the dividend income shall be included in the taxable income in full amount. Individual income taxes on the aforesaid income shall be collected at a uniform rate of 20%. Individual income taxes on dividends from listed companies for securities investment funds shall be collected according to the rules aforesaid as well.

According to article 26(2) of the *Law on Enterprise Income Tax*, dividends and other equity investment income between qualified resident enterprises are tax-exempt income.

According to article 83 of the *Regulations for the Implementation of the Law on Enterprise Income Tax*, the "dividends and other equity investment income between qualified resident enterprises" as prescribed in article 26(2) of the *Law on Enterprise Income Tax* refer to investment income obtained by a resident enterprise from the direct investment in other resident enterprises. The "stock equity and other equity investment income" as prescribed in article 26(2) of the *Law on Enterprise Income Tax* exclude investment income from outstanding stocks publicly issued by a resident enterprise on stock exchanges that are held for less than 12 months.

According to the *Law on Enterprise Income Tax* and the regulations for its implementation, the enterprise income tax on dividend income obtained by non-resident enterprise shareholders shall be levied at a reduced rate of 10%.

Holders of H-Shares

According to PRC tax laws and regulations, withholding agents shall withhold and pay individual income tax on dividend income for shares of non-foreign-invested domestic enterprises listed in Hong Kong obtained by an offshore resident individual. However, the offshore resident individual shareholder holding Hong Kong-listed shares of domestic non-foreign-invested enterprises may enjoy relevant preferential tax treatment under the tax treaties between China and the state where such shareholder possesses resident status, or the indirect tax arrangements between the Chinese mainland and Hong Kong or Macau. Generally, as for individual holders of H-shares, individual income tax shall be withheld and paid at the rate of 10%, unless it is otherwise provided by tax laws and regulations and relevant tax treaties.

According to *Notice on the Issues Concerning Withholding Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to Holders of H-shares Which Are Overseas Non-resident Enterprises* (Guo Shui [2008] No. 897) published by the State Administration of Taxation, when a Chinese resident enterprise pays dividends for the year 2008 or any year thereafter to its holders of H-shares which are overseas non-resident enterprises, it shall withhold enterprise income tax thereon at a uniform rate of 10%.

According to current practice of the Hong Kong Inland Revenue Department, holders of H-shares in Hong Kong do not need to pay tax for dividends distributed by the Bank.

Issues about taxation of Shanghai-Hong Kong Stock Connect shall follow the *Notice on Taxation Policies Concerning the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets* (Cai Shui [2014] No. 81) issued by the MOF, the State Administration of Taxation and the CSRC.

Issues about taxation of Shenzhen-Hong Kong Stock Connect shall follow the *Notice on Taxation Policies Concerning the Pilot Programme of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets* (Cai Shui [2016] No. 127) issued by the MOF, the State Administration of Taxation and the CSRC.

Preference Shareholders

Individual income tax payment related to dividends of non-public domestic preference shares obtained by individuals shall follow the relevant PRC tax laws and regulations.

As prescribed by the *Law on Enterprise Income Tax* and the *Regulation for Implementation of the Law on Enterprise Income Tax*, dividends of domestic preference shares between qualified resident enterprises are exempt from taxation. Enterprise income tax on dividends of domestic preference shares obtained by non-resident enterprises, in general, shall be collected at the preferential rate of 10%.

SUMMARY OF FINANCIAL INFORMATION

Please refer to "Financial Summary" of this annual report for the summary of the operating results, assets and liabilities of the Group for the years 2020 to 2024.

RESERVES

Please refer to "Consolidated Statement of Changes in Equity" of this annual report for details of the movements in the reserves of the Group for the year 2024.

DONATIONS

Total donations made by the Group for the year 2024 were RMB134 million.

FIXED ASSETS

Please refer to Note "Fixed Assets" to the financial statements of this annual report for details of movements in fixed assets of the Group for the year 2024.

RETIREMENT BENEFITS

Please refer to Note "Accrued Staff Costs" to the financial statements of this annual report for details of the retirement benefits provided to employees of the Group.

ULTIMATE PARENT COMPANY AND ITS SUBSIDIARIES

Please refer to "Changes in Share Capital and Particulars of Shareholders – Substantial Shareholder of the Bank" of this annual report and Note "Long-term Equity Investments" to the financial statements for details of the Bank's ultimate parent company and its subsidiaries respectively at the end of 2024.

TOP TEN SHAREHOLDERS AND THEIR SHAREHOLDINGS

Please refer to "Changes in Share Capital and Particulars of Shareholders" of this annual report for details of the top ten shareholders of the Bank and their shareholdings at the end of 2024.

ISSUANCE OF SHARES

During the reporting period, the Bank did not issue any ordinary shares, convertible bonds or preference shares.

ISSUANCE OF DEBT SECURITIES

Please refer to "Changes in Share Capital and Particulars of Shareholders – Securities Issuance and Listing" of this annual report for details of the issuance of Tier 2 capital bonds and undated additional Tier 1 capital bonds of the Bank.

EQUITY-LINKED AGREEMENTS

The Bank made a non-public issuance of domestic preference shares of RMB60 billion in total in the domestic market on 21 December 2017. Apart from the above preference shares, the Bank had not entered into or maintained any other equity-linked agreement by the end of the reporting period.

Pursuant to regulations including the *Capital Rules for Commercial Banks (Provisional)* and the *Administrative Measures for the Pilot Programme for Preference Shares*, a commercial bank shall make provisions on compulsory conversion of preference shares into ordinary shares, under which the commercial bank shall convert the preference shares into ordinary shares as contractually agreed in case of a trigger event. Such a trigger event happens when the Common Equity Tier 1 ratio drops to 5.125% or below, when the regulator determines that the Bank will not be able to survive if the preference shares of the Bank are not converted or written down, or when relevant government authorities determine that the Bank will not be able to survive if there is no capital injection or equivalent support from public sectors. According to the relevant regulations, the Bank has made provisions on trigger events under which preference shares shall be compulsorily converted into ordinary shares. If such trigger events happen to the Bank and all preference shares need to be compulsorily converted into ordinary shares at the initial conversion price, the number of ordinary A-shares that the domestic preference shares are converted into will not exceed 11,538,461,538. During the reporting period, the Bank did not experience any trigger event for which the preference shares need to be compulsorily converted into ordinary shares.

SHARE CAPITAL AND PUBLIC FLOAT

Up to the publishing of this report, based on public information, the Bank issued 250,010,977,486 ordinary shares in total (including 240,417,319,880 H-shares and 9,593,657,606 A-shares), which complied with the relevant requirements for public float under relevant laws and regulations as well as the listing rules of its listing venues.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any of its shares. At the end of the reporting period, neither the Bank nor its subsidiaries hold any treasury shares.

PRE-EMPTIVE RIGHTS

The Articles of Association of the Bank does not contain provisions under which the Bank's shareholders have pre-emptive rights. The Articles of Association specifies that if the Bank wishes to increase its capital, it may issue new shares to investors, issue or distribute new shares to existing shareholders, or convert its capital reserve to share capital.

PROFILES OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, AND REMUNERATION POLICY

Please refer to "Corporate Governance Report – Profiles of Directors, Supervisors and Senior Management" of this annual report for details of profiles of directors, supervisors and senior management and the remuneration policy.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Bank has received the annual confirmation on independence from each independent non-executive director in compliance with Rule 3.13 of the Listing Rules of Hong Kong Stock Exchange. The Bank considered that all the independent non-executive directors of the Bank were independent, and their independence complies with the independence guidelines set out in Rule 3.13 of the Listing Rules of Hong Kong Stock Exchange.

In the past year, all independent non-executive directors duly performed their duties pursuant to various laws and regulations, regulatory requirements and the Articles of Association of the Bank, effectively played the role of participating in decision-making, conducting supervision, checks and balances, and providing professional advice, further advanced the intensive high-quality development of the Bank, effectively promoted the overall improvement of the Bank's operation and management, and efficiently safeguarded the legitimate rights and interests of the Bank and all its shareholders and stakeholders. The Board of the Bank has received self-inspection documents signed by all of its independent non-executive directors on their independence in accordance with the *Management Measures for Independent Directors of Listed Companies* and *No. 1 Self-Disciplinary Regulatory Guidance of Shanghai Stock Exchange – Standardised Operation*. Upon evaluation, the independent non-executive directors of the Bank held no position other than directors at the Bank, have no direct or indirect significant interest with the Bank, Bank's substantial shareholder or actual controller, have no other relationships that might affect their independent and objective judgment, and have none of the eight prohibited circumstances for acting as independent non-executive directors under the *Management Measures for Independent Directors of Listed Companies* and *No. 1 Self-Disciplinary Regulatory Guidance of Shanghai Stock Exchange – Standardised Operation*, which were in compliance with the relevant requirements on the independence of independent non-executive directors. The Board fully acknowledged the independence of the independent non-executive directors of the Bank, and highly appreciated the contributions made by such directors to the Bank.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDER AND OTHER PERSONS

Name	Type of shares	Title	Number of shares	Nature of rights and interests	% of A-shares issued	% of H-shares issued	% of total ordinary shares issued
Huijin [1]	A-shares	Beneficial owner	195,941,976	Long position	2.04	–	0.08
		Interest of controlled corporations	496,639,800	Long position	5.18	–	0.20
Huijin [2]	H-shares	Beneficial owner	133,262,144,534	Long position	–	59.31	57.03
Ping An Asset Management [3]	H-shares	Investment manager	12,054,449,000	Long position	–	5.01	4.82
Ping An Group [4]	H-shares	Interest of controlled corporations	12,039,195,151	Long position	–	5.00	4.82

1. On 29 December 2015, Huijin declared its interests on the website of Hong Kong Stock Exchange. It disclosed that it held the interests of 692,581,776 A-shares of the Bank, accounting for 7.22% of the A-shares issued (9,593,657,606 shares) and 0.28% of the ordinary shares issued (250,010,977,486 shares). Specifically, 195,941,976 A-shares were directly held by Huijin, and 496,639,800 A-shares were held by Central Huijin Asset Management Ltd., a wholly-owned subsidiary of Huijin. As at 31 December 2024, according to the A-share register of shareholders of the Bank, Huijin directly held 267,392,944 A-shares of the Bank, and Central Huijin Asset Management Ltd. directly held 496,639,800 A-shares of the Bank.
2. On 26 May 2009, Huijin declared its interests on the website of Hong Kong Stock Exchange. It disclosed that it held the interests of 133,262,144,534 H-shares of the Bank, accounting for 59.31% of the H-shares issued at that time (224,689,084,000 shares) and 57.03% the ordinary shares issued at that time (233,689,084,000 shares). As at 31 December 2024, according to the H-share register of shareholders of the Bank, Huijin directly held 142,590,494,651 H-shares of the Bank, accounting for 59.31% of the H-shares issued (240,417,319,880 shares) and 57.03% of the ordinary shares issued (250,010,977,486 shares).
3. As confirmed by Ping An Asset Management, these shares were held by Ping An Asset Management as an investment manager on behalf of a number of customers (including but not limited to Ping An Life Insurance), and were made in accordance with the latest mandatory equity disclosure by Ping An Asset Management as of 31 December 2024 (the relevant event date was 18 December 2024). Ping An Life Insurance and Ping An Asset Management are both subsidiaries of Ping An Group. As an investment manager, Ping An Asset Management can exercise voting rights at its discretion and investment operation and management rights independently on behalf of customers on these shares, which is also completely independent from Ping An Group. Therefore, according to the SFO, Ping An Group adopts a non-aggregate method to be exempt from the disclosure of such equity interests as a holding company.
4. According to the latest mandatory equity disclosure by Ping An Group as of 31 December 2024 (the relevant event date was 18 December 2024), Ping An Group was deemed to have an interest of 12,039,195,151 H-shares of the Bank in total due to the following holdings by its subsidiaries: Ping An Life Insurance (99.51% owned by Ping An Group) held 11,223,698,000 H-shares, Ping An Pension Insurance Co., Ltd. (94.18% owned by Ping An Group) held 60,869,000 H-shares, Ping An Property & Casualty Insurance Co., Ltd. (99.55% owned by Ping An Group) held 726,398,000 H-shares, and Ping An Asset Management (Hong Kong) Co., Ltd. (indirectly wholly-owned by Ping An Group) held 28,230,151 H-shares.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE BANK OR ITS ASSOCIATED CORPORATIONS

During the reporting period, there was no change in the shareholdings of directors and supervisors of the Bank. The Bank's certain directors and supervisors indirectly held H-shares of the Bank via employee stock incentive plan of the Bank before they assumed their current positions. As at 31 December 2024, Mr. Zhang Yi held 9,848 H-shares, Mr. Lin Hong held 15,555 H-shares, and Mr. Liu Jun held 12,447 H-shares. Save as disclosed above, none of the directors and supervisors of the Bank had any interests or 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) which have to be notified to the Bank and Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the SFO), or recorded in the register required to be kept under Section 352 of the SFO or notified to the Bank and Hong Kong Stock Exchange pursuant to Appendix C3 *Model Code for Securities Transactions by Directors of Listed Issuers*, to the Listing Rules of Hong Kong Stock Exchange.

As of 31 December 2024, except for the employee stock incentive plan, the Bank had not granted its directors or supervisors, or their respective spouses or children under the age of 18, any other rights to subscribe for the shares or debentures of the Bank or any of its associated corporations.

DIRECTORS' FINANCIAL, BUSINESS AND FAMILY RELATIONSHIPS

There are no financial, business, family or other material relationships among the directors of the Bank.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS, SERVICE CONTRACTS AND LIABILITY INSURANCE

During the reporting period, no director or supervisor of the Bank or entities connected with the directors or supervisors had any interest, whether directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Group's business with the Bank or any of its holding companies or subsidiaries or subsidiaries of the Bank's holding companies, apart from their respective service contracts.

None of the directors or supervisors of the Bank has entered into service contracts with the Bank that cannot be terminated by the Bank within one year without payment of compensation (other than statutory compensation).

The Bank effected liability insurance for all directors and supervisors in 2024.

DIRECTORS' AND SUPERVISORS' INTERESTS IN THE BANK'S COMPETING BUSINESSES

Save as disclosed in the biographical details of the directors and supervisors of the Bank, none of the directors or supervisors of the Bank directly or indirectly has any interest that constitutes or may constitute a competing business of the Bank.

MANAGEMENT CONTRACTS

During the reporting period, the Bank did not enter into or have any contract regarding the management and administration of the whole or any important business.

CORPORATE GOVERNANCE

The corporate governance practice adopted by the Bank and its compliance with the *Corporate Governance Code* are set out in the "Corporate Governance Report" of this annual report.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The 2021 annual general meeting held on 23 June 2022 considered and approved the *Proposal on Amendments to the Articles of Association of China Construction Bank Corporation*. On 3 January 2024, the NFRA approved the revised Articles of Association, which became effective from the date of the approval.

RISK MANAGEMENT

The risk management of the Group for the year ended 31 December 2024 is set out in the "Management Discussion and Analysis – Risk Management" of this annual report.

RELATED PARTY TRANSACTIONS

In 2024, the related party transactions between the Bank and its related parties as defined by the NFRA consisted of general related party transactions and various transactions under the unified transaction agreement with CCB Asia, covering credit granting, asset transfers, services, deposits and others. Except for the transactions that can be exempted from disclosure in the same way for related party transactions as set out in Article 57 of the *Rules on Related Party Transactions of Banking and Insurance Institutions*, related party transactions involving credit granting were RMB442,491 million, related party transactions involving asset transfers were RMB16,855million, related party transactions of service nature were RMB15,863 million, and related party transactions involving deposits and others were RMB362,660 million. In 2024, under the unified transaction agreement with CCB Asia, Renminbi and foreign currency debt securities business of RMB16,121 million and foreign exchange spot business of RMB548 million occurred. At the end of 2024, the maximum credit balance for a single related party, the maximum total credit balance for a group customer of a single affiliated legal person or unincorporated organisation, and the credit balance for all related parties accounted for 1.95%, 1.95%, and 6.87% of the capital after regulatory adjustments, respectively, all of which met the requirements of the *Rules on Related Party Transactions of Banking and Insurance Institutions*.

In 2024, the Bank engaged in a series of connected transactions with the connected persons of the Bank as defined by the Listing Rules of Hong Kong Stock Exchange in the ordinary course of its business. Such transactions met the criteria for exemption under Rule 14A.73 of the Listing Rules of Hong Kong Stock Exchange, and were fully exempted from the shareholders' approval, annual review and all the disclosure requirements.

For details of the related party transactions as defined by the Listing Rules of Shanghai Stock Exchange and accounting standards, please refer to Note "Related party relationships and transactions" to the financial statements of this annual report.

SIGNIFICANT INVESTMENTS

As of 31 December 2024, the Group did not have any significant investment as required to be disclosed in accordance with Rule 32(4A) under the Appendix D2 to the Listing Rules of Hong Kong Stock Exchange.

ENVIRONMENTAL POLICIES AND PERFORMANCE

For details of the Bank's environmental policies and performance, please refer to the "Environmental and Social Responsibilities" of this annual report and the Bank's *Sustainability Report 2024*.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

Employees are the valuable assets to the Bank. The Bank ensures the labour rights of employees according to laws and regulations, and is committed to building a broad development platform for its employees by constantly safeguarding the career development of its employees in terms of remunerations, benefits, training, promotions and other aspects. The Bank attaches great importance to the sound partnership with its suppliers, adheres to the principles of openness, fairness, impartiality and integrity, and treats suppliers as equals, in a bid to build a conducive supply ecosystem. Adhering to the "customer-centred" concept, the Bank strives to deliver high-quality financial services, accelerates the forging of new quality productive forces, continues to promote service innovation and refined management upgrades, makes every effort to create an intelligent, convenient and beyond-expectation customer service experience, actively responds to customer needs and expectations, so as to satisfy the financial service demands of customers and help realise people's aspirations for a better life. For details of the Bank's relationships with employees, suppliers and customers, please refer to the Bank's *Sustainability Report 2024*.

MAJOR CUSTOMERS

For the year 2024, the aggregate amount of interest income and other business income generated from the five largest customers of the Group accounted for less than 30% of the total interest income and other business income of the Group.

INFORMATION DISCLOSURE

During the reporting period, the Bank strictly abided by relevant laws, regulations, and regulatory requirements, proactively fulfilled its information disclosure obligations, so as to ensure the truthfulness, accuracy, completeness and timeliness of the information disclosure. It strengthened the building of information disclosure systems and mechanisms, revised the measures for the administration of insiders, and continued to consolidate the compliance foundation of information disclosure work. It continued to improve the quality and efficiency of information disclosure, further enhanced voluntary information disclosure, comprehensively demonstrated the results of intensive and high-quality development, and fully responded to market concerns.

MANAGEMENT OF INSIDER INFORMATION

During the reporting period, the Bank revised the measures for the administration of insiders in line with the latest laws, regulations, and regulatory requirements, further clarifying the responsible parties and procedural requirements for the management of insiders, as well as the scope of insider information and insiders. Smoothly aligned with the Bank's information disclosure management rules, the measure further improved the information disclosure system of rules.

The Bank managed insider information strictly in accordance with laws, regulations, regulatory requirements, and rules of the Bank. It timely monitored and identified insider information, strictly implemented the confidentiality requirements regarding insider information, standardised information transmission process, controlled the scope of insiders, ensured proper registration of insiders, and prepared and disclosed related information in accordance with laws and regulations. The Bank was not aware of any insider trading of the shares of the Bank by taking advantage of insider information during the reporting period.

The Board of Directors
28 March 2025

REPORT OF THE BOARD OF SUPERVISORS

In 2024, pursuant to the provisions of laws, regulations, regulatory requirements and the Articles of Association of the Bank, the board of supervisors operated in a standardised and orderly manner, and earnestly performed its duties. Focusing on the "Five Priorities", the board of supervisors organised the implementation of supervision work, and conducted in-depth investigations and research. It emphasised the effectiveness of supervisions to boost the Bank's high-quality development.

PARTICULARS OF MAJOR WORK

Steadily improving the quality and efficiency of meetings. During the year, the board of supervisors convened four meetings, at which 17 resolutions were considered, including the Bank's periodic reports and reports on performance assessment. The performance and due diligence supervision committee held four meetings. The finance and internal control supervision committee held four meetings. Concentrating on the Bank's core tasks, the meeting agendas were arranged reasonably. The board of supervisors listened to 27 special reports, including the implementation of the 14th Five-Year Plan, the development of pension finance and comprehensive risk management, and reviewed 21 written reports, such as related party transaction management and rectification of internal audit findings. Adhering to its problem-oriented approach, it conducted in-depth discussions focusing on key matters, and provided opinions and suggestions on the implementation of the decisions and plans of the CPC Central Committee, support to the development of the real economy, promotion of rectifications of inspection, regulatory and audit findings, improvement of management systems and mechanisms, and the balance between business development and risk control, thereby effectively enhancing the efficiency of supervision.

Carrying out performance and due diligence supervision in a standardised manner. Members of the board of supervisors attended shareholders' general meetings, meetings of the Board and the special committees under the Board and important meetings of senior management, to gain an in-depth understanding of the Bank's operation management and business development while supervising the legitimacy and compliance of authorisation management, meeting procedures, decision-making processes, and information disclosure. The board of supervisors strengthened targeted strategic supervision, tracked the Bank's implementation of the 14th Five-Year Plan and other strategic development plans, and provided factual, objective and independent assessment opinions by deliberating from perspectives of scientific rigour, reasonableness, and prudence. It continued to carry out supervision of data governance and consumer protection to promote the consolidation of foundations of data governance and the construction of consumer protection coordination system. It optimised work plan for performance supervision and appraisal, through methods such as questionnaires, performance evaluations, and performance report reviews, and combined with routine supervision results to form assessment opinions of the annual performance of the Board and its members, and senior management and its members. It enhanced self-examination and supervision, formed annual self-assessment opinion of the performance of the board of supervisors and its members, and reported to the shareholders' general meeting and regulators pursuant to relevant provisions.

Earnestly conducting financial supervision. Always focusing on the supervision of financial statements, the board of supervisors attached great importance to the truthfulness, accuracy and completeness of the contents of statements. It regularly communicated with functional departments and external auditors to gain an in-depth understanding of the important matters in the preparation and auditing of financial reports, paying attention to risk evolution trends and impairment provisioning as well as the compliance of information disclosure. Based on the supervision work, the board of supervisors gave independent review opinions on the financial statements according to laws and regulations. It carried out supervision over the standardisation of financial operation, and paid attention to the building of the long-term mechanism for the Bank's standardised financial operation, effectively improving the Group's financial compliance management level. It regularly reviewed business plans, performance assessment and other major financial decisions, and gave suggestions on enhancing targetedness and effectiveness of risk assessments and continued to streamline and optimise performance assessment indicators. It intensified supervision over consolidated management and capital management, followed up on the special action on subsidiaries and the implementation of the new capital rules, prompted and urged the subsidiaries to improve their internal governance systems, and coordinated the implementation of the capital rules for commercial banks. In accordance with relevant laws and regulations, it exercised supervision over matters including related party transactions, information disclosure, fund raising, and major asset acquisition and sales.

Deepening and solidifying risk management supervision. The board of supervisors continued to conduct regular supervision over comprehensive risk management, focused on areas such as liquidity risk, reputational risk, stress testing, and expected credit loss management, and gave timely supervisory suggestions. It paid close attention to the shortcomings and weaknesses of risk management, gained an in-depth understanding of the risk status of subsidiaries and overseas institutions, and suggested for increasing differentiated management efforts and enhancing risk mitigation capabilities. Focusing on new types of risks, the board of supervisors listened to the report on cybersecurity risk management and promoted the Bank to strengthen business continuity and information technology risk management, so as to improve the capabilities and level of cybersecurity protection. Paying attention to climate risk, it suggested taking effective measures to strengthen climate risk governance. It strengthened credit risk supervision, listened to report on the risk management of inclusive finance business, and put forward suggestions on coordinating the relationship between business development and risk management and control, consolidating the management foundation, and pursuing an intensive development path. The board of supervisors regularly discussed credit asset quality, suggested accelerating the establishment of a long-term mechanism for tackling challenges on asset quality, and continued to deepen the Group's unified management of credit risk. It intensified the supervision of operational risk, followed closely the implementation of new regulatory rules, and suggested enhancing the refinement and professional capabilities of operational risk management.

Continuing to step up supervision over internal control and compliance. The board of supervisors dynamically monitored the construction of the compliance management system, supervising and providing guidance on criminal case prevention and employee behaviour governance. Taking the rectification of problems identified in regulatory notifications and internal audit as pivots, it continued to promote the development of rectification mechanisms to enhance compliance management capabilities. Paying attention to the progress of the Bank's anti-gambling and anti-fraud initiatives, the board of supervisors suggested strengthening coordination and information sharing, and consolidating the foundation of work from aspects such as systems and mechanisms, model systems, management and control measures, and talent teams so as to improve risk prevention and control capabilities related to gambling and fraud. It studied the challenges and difficulties faced by anti-money laundering management in the new landscape, and suggested comprehensively utilising technological means to continuously enhance the automation and intelligence of money laundering risk prevention and control. It followed up on the status of internal control assessment, deficiencies rectifications, and the construction of database for key issues, and reviewed the annual internal control assessment report.

Stressing on the effectiveness of supervision. By comprehensively utilising methods such as studies and discussions, listening to reports, investigation and analysis, and review, the board of supervisors solidly performed its duties, independently and objectively issued supervisory opinions to promote the Bank's stable operation and healthy development. Adhering to a problem-oriented approach, it conducted in-depth special research on topics such as pension finance and the building of corporate client manager teams, performed detailed analysis on issues including liquidity risk management, credit extension to corporate clients, and loans for share repurchase and shareholding increase, and put forward numerous constructive opinions and suggestions that drive improvements in systems and mechanisms and enhance capabilities for high-quality development. It proactively studied the definition of responsibilities for each entity performing duties under the revised PRC Company Law, making efforts to explore the scientific construction of corporate governance supervision mechanisms. All supervisors worked together closely, performed their duties diligently, and fully accomplished the tasks of the board of supervisors.

INDEPENDENT OPINIONS ON RELEVANT MATTERS OF THE BANK

Operations in Compliance with Laws and Regulations

During the reporting period, the Bank carried out its operation pursuant to laws and regulations, and the decision-making procedure was in compliance with provisions of laws, regulations and the Bank's Articles of Association. The directors and senior management fulfilled their duties diligently. The board of supervisors was not aware of any of their acts in breach of applicable laws, regulations or the Bank's Articles of Association, or detrimental to the Bank's interests in performance of their duties.

Financial Reporting

The Bank's financial statements for 2024 truly and fairly reflected the Bank's financial position and operating results.

Use of Proceeds

During the reporting period, the Bank completed the issuance of RMB135 billion domestic Tier 2 bonds. The proceeds had all been used to replenish the Bank's Tier 2 capital. The Bank completed the issuance of RMB50 billion domestic non-capital TLAC bonds. The proceeds had all been used to improve the Bank's total loss-absorbing capacity. The use of proceeds was consistent with the Bank's commitments.

Acquisition and Sale of Assets

During the reporting period, the board of supervisors was not aware of any insider trading or any acts detrimental to the interests of shareholders or leading to a drain on the Bank's assets in the acquisition or sale of assets.

Related Party Transactions

During the reporting period, the board of supervisors was not aware of any related party transactions that were detrimental to the interests of the Bank.

Internal Control

During the reporting period, the Bank continued to strengthen and refine its internal control. The board of supervisors had no objection to the *Internal Control Assessment Report 2024*.

Performance of Social Responsibilities

During the reporting period, the Bank performed its social responsibilities earnestly. The board of supervisors had no objection to the *Sustainability Report 2024*.

Implementation of Information Disclosure Management Rules

During the reporting period, the Bank earnestly implemented the information disclosure management rules, fulfilled its information disclosure obligations, and the board of supervisors was not aware of any violations of laws or regulations in information disclosure.

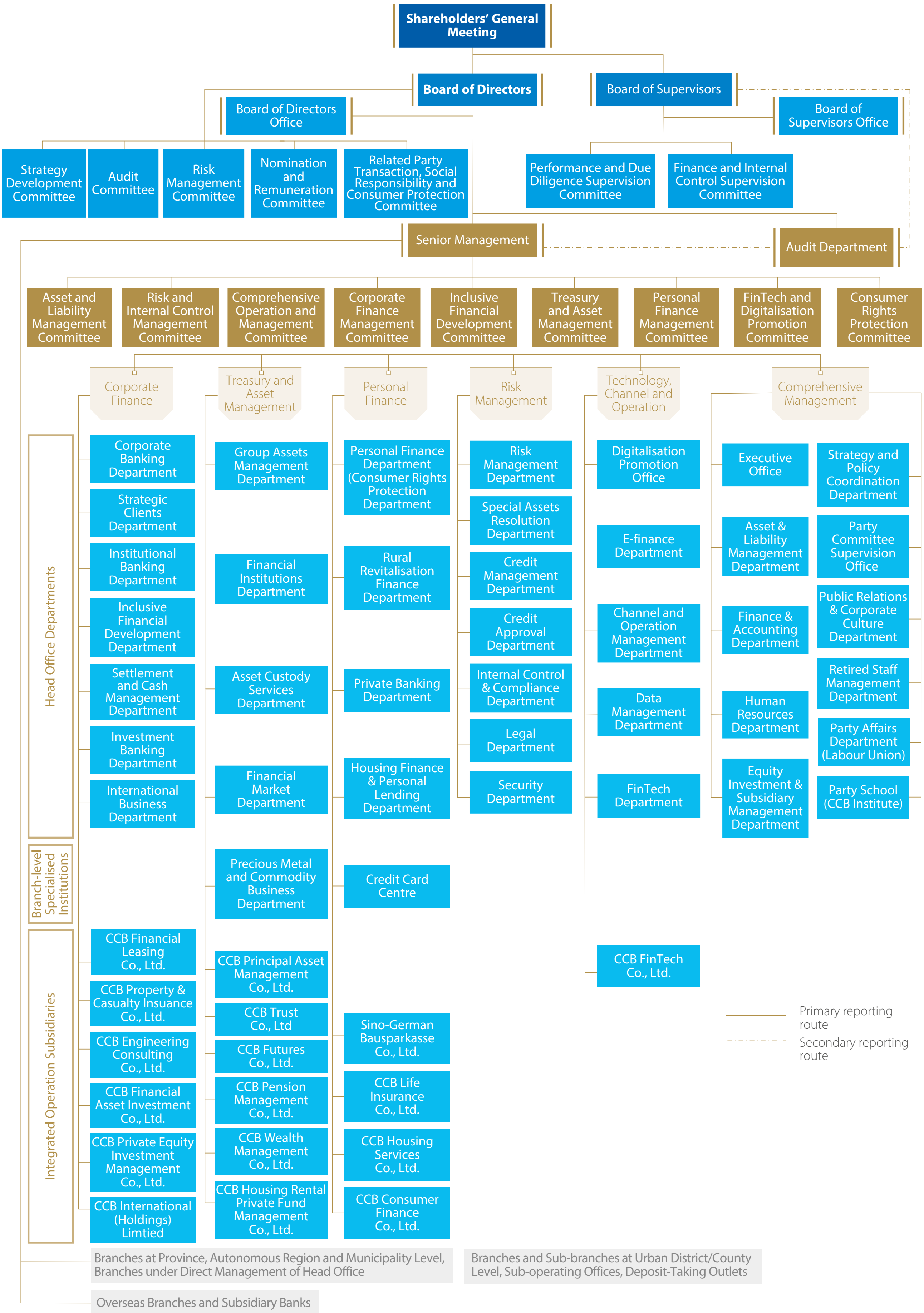
Assessment of the Performance of Directors, Supervisors and Senior Management

All directors, supervisors and senior executives who participated in the performance assessment for the year 2024 had been evaluated as competent.

Save as disclosed above, the board of supervisors had no objection to other supervision matters during the reporting period.

The Board of Supervisors
28 March 2025

ORGANISATIONAL STRUCTURE



BRANCHES AND SUBSIDIARIES

TIER-ONE BRANCHES IN THE CHINESE MAINLAND

Branches	Address	Telephone	Facsimile
Anhui Branch	No. 2358, Yungu Road, Hefei Postcode: 230001	0551-62874100	0551-62872014
Beijing Branch	Entry.4, Building 28, Xuanwumen West Street, Beijing Postcode: 100053	010-63603682	010-63603656
Chongqing Branch	No. 123, Minzu Road, Yuzhong District, Chongqing Postcode: 400010	023-63771855	023-63771835
Dalian Branch	No. 1, Jiefang Street, Zhongshan District, Dalian Postcode: 116001	0411-88066666	0411-82804560
Fujian Branch	No. 298, Jiangbin Middle Avenue, Taijiang District, Fuzhou Postcode: 350009	0591-87838467	0591-87856865
Gansu Branch	No. 77, Qin'an Road, Lanzhou Postcode: 730030	0931-4891975	0931-4891862
Guangdong Branch	No. 509, Dongfengzhong Road, Guangzhou Postcode: 510045	020-83018888	020-83013950
Guangxi Branch	No. 90, Minzu Avenue, Nanning Postcode: 530022	0771-5513110	0771-5513012
Guizhou Branch	No. 148, North Zhonghua Road, Guiyang Postcode: 550001	0851-86696000	0851-86696371
Hainan Branch	CCB Plaza, No. 8, Guomao Road, Haikou Postcode: 570125	0898-68587268	0898-68587569
Hebei Branch	No. 40, Ziqiang Road, Shijiazhuang Postcode: 050000	0311-88601010	0311-88601001
Henan Branch	No. 80, Huayuan Road, Zhengzhou Postcode: 450003	0371-65556677	0371-65556688
Heilongjiang Branch	No. 67, Hongjun Street, Nan'gang District, Harbin Postcode: 150001	0451-58683642	0451-53625552
Hubei Branch	No. 709, Jianshe Street, Wuhan Postcode: 430015	027-85486656	027-65775881
Hunan Branch	No. 2, Baisha Road, Changsha Postcode: 410005	0731-84419910	0731-84419141
Jilin Branch	No. 810, Xi'an Road, Changchun Postcode: 130061	0431-80835310	0431-88988748
Jiangsu Branch	No. 188, Hongwu Road, Nanjing Postcode: 210002	025-84200545	025-84209316
Jiangxi Branch	No. 366, Bayi Street, Nanchang Postcode: 330006	0791-86848165	0791-86848318
Liaoning Branch	No. 40, Nan'er Road, Heping District, Shenyang Postcode: 110002	024-22787600	024-22857427
Inner Mongolia Branch	No. 6, Daxue East Street, Saihan District, Huhhot Postcode: 010010	0471-4593703	0471-4593890
Ningbo Branch	No. 255, Baohua Street, Ningbo Postcode: 315042	0574-87328212	0574-87325019
Ningxia Branch	No. 98, Nanxun West Street, Xingqing District, Yinchuan Postcode: 750001	0951-4126085	0951-4106165
Qingdao Branch	No. 222, Shenzhen Road, Laoshan District, Qingdao Postcode: 266061	0532-68670056	0532-82670157
Qinghai Branch	No. 59, West Street, Xining Postcode: 810000	0971-8261154	0971-8261225

Branches	Address	Telephone	Facsimile
Shandong Branch	No. 168, North Long'ao Road, Jinan Postcode: 250099	0531-82088734	0531-86169108
Shaanxi Branch	No. 1589, Zhuquenan Road, Yanta District, Xi'an Postcode: 710061	029-87606007	029-87606014
Shanxi Branch	No. 126, Yingze Street, Taiyuan Postcode: 030001	0351-4957800	0351-4957278
Shanghai Branch	No. 900, Lujiazui Ring Road, Shanghai Postcode: 200120	021-58880000	021-58781818
Shenzhen Branch	No. 8, Pengcheng 1st Road, Futian District, Shenzhen Postcode: 518038	0755-81686666	0755-81683333
Sichuan Branch	Sichuan CCB Building, No. 86, Tidu Street, Chengdu Postcode: 610016	028-86767161	028-86767187
Suzhou Branch	No. 18, Suzhou Avenue West, Suzhou Industrial Park, Suzhou Postcode: 215021	0512-62788786	0512-62788783
Tianjin Branch	Plus 1 No. 19, Nanjing Road, Hexi District, Tianjin Postcode: 300203	022-58751166	022-58751811
Xizang Branch	No. 21, Beijing West Road, Lhasa Postcode: 850000	0891-6838792	0891-6834852
Xiamen Branch	No. 98, Lujiang Road, Xiamen Postcode: 361001	0592-2158982	0592-2158862
Xinjiang Branch	No. 99, Minzhu Road, Urumqi Postcode: 830002	0991-2848666	0991-2819160
Yunnan Branch	CCB Plaza, Jinbi Road, Kunming Postcode: 650021	0871-63060333	0871-63060333
Zhejiang Branch	No. 33, Jiefang East Road, Hangzhou Postcode: 310016	0571-85313263	0571-85313001

BRANCHES AND SUBSIDIARIES

OVERSEAS BRANCHES

Astana Branch	Address: 26th Floor, Talan Towers, 16 Dostyk street, Esil district, Astana City, The Republic of Kazakhstan
	Telephone: 007-7172738888
	Facsimile: 007-7172736666
Macau Branch	Address: 5th Floor, Circle Square, 61 Avenida de Almeida Ribeiro, Macau
	Telephone: 00853-82911880
	Facsimile: 00853-82911804
DIFC Branch	Address: 31st Floor, Tower 2, Al Fattan Currency House, DIFC, 128220, Dubai, UAE
	Telephone: 00971-4-5674888
	Facsimile: 00971-4-5674777
Tokyo Branch	Address: 17F/1F, West Tower, Otemachi First Square, 5-1, Otemachi 1-chome Chiyoda-ku, Tokyo 100-0004, Japan
	Telephone: 0081-3-52935218
	Facsimile: 0081-3-32145157
Osaka Branch	*Address: 1/F, Itoh Building, 3-6-14 Minamihonmachi, Chuo-ku, Osaka-shi, Osaka, 541-0054, Japan*
	Telephone: 0081-6-61209080
	Facsimile: 0081-6-62439080
Toronto Branch	Address: 181 Bay Street, Suite 3650, Toronto ON, Canada, M5J 2T3
	Telephone: 001-647-7777700
	Facsimile: 001-647-7777739
Frankfurt Branch	Address: Bockenheimer Landstrasse 75,60325 Frankfurt am Main, Germany
	Telephone: 0049-69-9714950
	Facsimile: 0049-69-97149588, 97149577
Ho Chi Minh City Branch	Address: 11th Floor Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam
	Telephone: 0084-28-38295533
	Facsimile: 0084-28-38275533
Luxembourg Branch	Address: 16 Boulevard Royal, L-2449 Luxembourg, Luxembourg
	Telephone: 00352-28668800
	Facsimile: 00352-28668801
London Branch	Address: 111 Old Broad Street, London, EC2N 1AP, U.K.
	Telephone: 0044-20-70386000
	Facsimile: 0044-20-70386001
Labuan Branch	Address: Level 13(E), Main Office Tower, Financial Park, Jalan Merdeka Labuan, Malaysia
	Telephone: 0060-87-582018
	Facsimile: 0060-87-451188
Kuantan Banking Business Department	Address: Administrative Building, Kawasan Industri Malaysia-China Kuantan (MCKIP), Jalan Gebeng By Pass, Kuantan, Pahang Darul Makmur, Malaysia
	Telephone: 0060-87-582018
	Facsimile: 0060-87-582028
New York Branch	Address: 33rd Floor, 1095 Avenue of the Americas, New York, USA NY 10036
	Telephone: 001-646-7812400
	Facsimile: 001-212-2078288
Seoul Branch	Address: China Construction Bank Tower, 24 Myeongdong 11-gil, Jung-gu, Seoul 04538, Korea
	Telephone: 0082-2-67303600
	Facsimile: 0082-2-67303601
Zurich Branch	Address: Beethovenstrasse 33, 8002 Zurich, Switzerland
	Telephone: 0041-43-5558800
	Facsimile: 0041-43-5558898
Taipei Branch	Address: 1/F, No. 108, Sec.5, Xinyi Road, Xinyi Dist., Taipei 11047, Taiwan
	Telephone: 00886-2-87298088
	Facsimile: 00886-2-27236633

Sydney Branch	Address: Level 31, 88 Phillip Street, Sydney, NSW 2000, Australia Telephone: 0061-2-80316100 Facsimile: 0061-2-92522779
Brisbane Branch	*Address: Level 9, 123 Eagle Street, Brisbane, QLD 4000, Australia* *Telephone: 0061-7-30691900* *Facsimile: 0061-2-92522779*
Melbourne Branch	*Address: Level 40, 525 Collins Street, Melbourne, VIC 3000, Australia* *Telephone: 0061-3-94528500* *Facsimile: 0061-2-92522779*
Perth Branch	*Address: Level 9, 32 St Georges Terrace, Perth, WA 6000, Australia* *Telephone: 0061-8-62463300* *Facsimile: 0061-2-92522779*
Adelaide Branch	*Address: Level 22, Festival Tower, Station Road, Adelaide, SA 5000, Australia* *Telephone: 0061-8-74206600* *Facsimile: 0061-2-92522779*
Hong Kong Branch	Address: 28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong Telephone: 00852-39186939 Facsimile: 00852-39186001
Singapore Branch	Address: 9 Raffles Place, #39-01/02, Republic Plaza, Singapore 048619 Telephone: 0065-65358133 Facsimile: 0065-65356533
New Zealand Branch	Address: Level 29, Vero Centre, 48 Shortland Street, Auckland 1010, New Zealand Telephone: 0064-9-3388200 Facsimile: 0064-9-3744275
Johannesburg Branch	Address: 95 Grayston Drive, Morningside, Sandton, South Africa 2196 Telephone: 0027-11-5209400 Facsimile: 0027-11-5209411
Cape Town Branch	*Address: 15th Floor, Portside Building, 4 Bree Street, Cape Town, South Africa* *Telephone: 0027-21-4197300* *Facsimile: 0027-21-4433671*
Chile Branch	Address: Isidora Goyenechea 2800, 30th Floor, Santiago, Chile Postcode: 7550000 Telephone: 0056-2-27289100

SUBSIDIARIES

CCB Property & Casualty Insurance Co., Ltd.	Address: 15th Floor, Building No. 1 of Luqiao Plaza, No. 142 Ning'an North Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region Postcode: 750000 Telephone: 010-85098000 Facsimile: 010-85098007 Website: www.ccbpi.com.cn
CCB Private Equity Investment Management Co., Ltd.	Address: Room 1106, South Building of No. 35 Tower, 35 Jinshifang Street, Xicheng District, Beijing Postcode: 100033 Telephone: 010-58527200 Facsimile: 010-58527209
CCB Principal Asset Management Co., Ltd.	Address: 16/F, Winland International Finance Centre, No. 7, Financial Street, Xicheng District, Beijing Postcode: 100033 Telephone: 010-66228888 Facsimile: 010-66228889 Website: www.ccbfund.cn
CCB FinTech Co., Ltd.	Address: 12/F and 15/F, No. 99, Yincheng Road, China (Shanghai) Pilot Free Trade Zone Postcode: 200120 Telephone: 021-60633500 Facsimile: 021-60633500 Website: www.ccbft.com
CCB Financial Asset Investment Co., Ltd.	Address: Unit 1601-01, 16/F, No. 9A Financial Street, Xicheng District, Beijing Postcode: 100033 Telephone: 010-67590600 Facsimile: 010-67590601
CCB Financial Leasing Co., Ltd.	Address: 6/F, Block 4, No. 1, Chang'an Xingrong Centre, Naoshikou Street, Xicheng District, Beijing Postcode: 100031 Telephone: 010-67594013 Facsimile: 010-66275808 Website: www.ccbleasing.com
CCB Wealth Management Co., Ltd.	Address: 89-92/F, Shenzhen Ping An Financial Centre, No. 5033, Yitian Road, Futian District, Shenzhen Postcode: 518000 Telephone: 0755-88338101 Facsimile: 0755-88338085
CCB Futures Co., Ltd.	Address: 5/F, No. 99, Yincheng Road, China (Shanghai) Pilot Free Trade Zone Postcode: 200120 Telephone: 021-60635551 Facsimile: 021-60635520 Website: www.ccbfutures.com
CCB Life Insurance Co., Ltd.	Address: Part of 23/F, 29-33/F, part of 51/F, CCB Tower, No. 99, Yincheng Road, Pudong New District, Shanghai Postcode: 200120 Telephone: 021-60638288 Facsimile: 021-60638204 Website: www.ccb-life.com.cn
CCB Consumer Finance Co., Ltd.	Address: Block 6, No. 33 Xitucheng Road, Haidian District, Beijing Postcode: 100088 Telephone: 010-59302100 Website: www.ccbcf.cn
CCB Trust Co., Ltd.	Address: 10/F, Block 4, No. 1, Chang'an Xingrong Centre, Naoshikou Street, Xicheng District, Beijing Postcode: 100031 Telephone: 010-67596584 Facsimile: 010-67596590 Website: www.ccbtrust.com.cn

CCB Pension Management Co., Ltd.	Address: 11/F, A Section, Zhizhen Building, No. 7 Zhichun Road, Haidian District, Beijing Postcode: 100191 Telephone: 010-56731294 Facsimile: 010-56731203 Website: www.ccbpension.com
CCB Housing Services Co., Ltd.	Address: 15-16/F, Tower C, Financial Street Centre, No. 9A, Financial Street, Xicheng District, Beijing Postcode: 100033 Telephone: 010-86622714 Facsimile: 010-86622724
CCB Housing Rental Private Fund Management Co., Ltd.	Address: 8/F, Block 4, No. 1, Chang'an Xingrong Centre, Naoshikou Street, Xicheng District, Beijing Postcode: 100031 Telephone: 010-83778868 Facsimile: 010-83778800
CCB Engineering Consulting Co., Ltd.	Address: 7/F, No. 2 Building, No. 2A, Xisanhuan North Road, Haidian District, Beijing Postcode: 100081 Telephone: 010-60910300 Facsimile: 010-88512310 Website: www.ccbconsulting.com
CCB International (Holdings) Limited	Address: 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong Telephone: 00852-39118000 Facsimile: 00852-25301496 Website: www.ccbintl.com.hk
Sino-German Bausparkasse Co., Ltd.	Address: No. 19, Guizhou Road, Heping District, Tianjin Postcode: 300051 Telephone: 022-58086699 Facsimile: 022-58086808 Website: www.sgb.cn
China Construction Bank (Russia) Limited	Address: Lubyanskiy proezd, 11/1, building 1, 101000 Moscow, Russia Telephone: 007-495-6759800-140 Facsimile: 007-495-6759810
China Construction Bank (London) Limited	Address: 111 Old Broad Street, London, EC2N 1AP, U.K. Telephone: 0044-20-70386000 Facsimile: 0044-20-70386001
China Construction Bank (Malaysia) Berhad	Address: Level20, MenaraCCB, Quill6, No. 6, Leboh Ampang, Kuala Lumpur, Malaysia Postcode: 50100 Telephone: 0060-321601888 Facsimile: 0060-327121819
Penang Branch	*Address: Unit 4.03, Menara, Boustead Penang, No. 39, Jalan Sultan Ahmad Shah, Pulau Pinang, Malaysia* *Postcode: 10050* *Telephone: 0060-326303308* *Facsimile: 0060-326303308*
China Construction Bank (Europe) S.A.	Address: 16 Boulevard Royal, L-2449 Luxembourg, Luxembourg Telephone: 00352-28668800 Facsimile: 00352-28668801
Amsterdam Branch	*Address: Claude Debussylaan 32, 1082MD Amsterdam, the Netherlands* *Telephone: 0031-0-205047899* *Facsimile: 0031-0-205047898*
Paris Branch	*Address: 86-88 bd Haussmann, 75008, Paris, France* *Telephone: 0033-155309999* *Facsimile: 0033-155309998*

BRANCHES AND SUBSIDIARIES

Barcelona Branch	*Address: Avenida Diagonal, 640 5a planta D, 08017, Barcelona, Spain* *Telephone: 0034-935225000* *Facsimile: 0034-935225078*
Warsaw Branch	*Address: Warsaw Financial Centre, ul. Emilii Plater 53, 00-113 Warsaw, Poland* *Telephone: 0048-22-1666621* *Facsimile: 0048-22-1666600*
Milan Branch	*Address: Via Mike Bongiorno 13, 20124 Milan, Italy* *Telephone: 0039-02-32163000* *Facsimile: 0039-02-32163092*
Hungary Branch	*Address: Szabadság tér 7, 1054 Budapest, Hungary* *Telephone: 0036-1-3366888* *Facsimile: 0036-1-3366801*
China Construction Bank (New Zealand) Limited	Address: Level 29, Vero Centre, 48 Shortland Street, Auckland 1010, New Zealand Telephone: 0064-9-3388200 Facsimile: 0064-9-3744275
China Construction Bank (Asia) Corporation Limited	Address: 28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong Telephone: 00852-39186939 Facsimile: 00852-39186001 Website: www.asia.ccb.com
PT Bank China Construction Bank Indonesia Tbk	Address: Sahid Sudirman Centre 15th Floor, Jl. Jend. Sudirman Kav. 86, Jakarta Postcode: 10220 Telephone: 0062-2150821000 Facsimile: 0062-2150821010 Website: idn.ccb.com

APPENDIX: INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of China Construction Bank Corporation
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Construction Bank Corporation (the "Bank") and its subsidiaries (the "Group") set out on pages 191 to 329, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and relevant notes to the consolidated financial statements, including material accounting policy 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 International Financial Reporting Accounting Standards ("IFRS Accounting Standards") 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 ("HKSAs") 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* 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 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit losses for loans and advances to customers measured at amortised cost	
The Group determines and measures expected credit losses for loans and advances to customers measured at amortised cost, in accordance with IFRS 9 *Financial Instruments*. Significant judgments and assumptions are involved in the measurement of expected credit losses, for example: • Significant increase in credit risk – Criteria for determining whether significant increase in credit risk has occurred are highly judgmental, and may have a significant impact on expected credit losses for loans and advances to customers measured at amortised cost with longer outstanding maturities; • Models and parameters – Complex models, numerous inputs and parameters, including probability of default, loss given default, exposure at default, and risk grouping, are used to measure expected credit losses, involving plenty of management judgments and assumptions; • Forward-looking information – Macroeconomic forecasts are developed, and impacts on expected credit losses are considered for multiple probability-weighted economic scenarios; • Whether financial assets are credit-impaired – The determination of credit impairment requires consideration of multiple factors, and measurement of expected credit losses depends on estimates of future cash flows. As at 31 December 2024, loans and advances to customers measured at amortised cost amounted to RMB24,161,965 million, accounting for 59.55% of total assets. Allowances for impairment losses of such loans and advances totalled RMB802,894 million. As the measurement of expected credit losses involves many significant judgments and assumptions, we consider expected credit losses for loans and advances to customers measured at amortised cost a key audit matter. *Relevant disclosures are included in Note 4(3), Note 4(26)(b), Note 25 and Note 62(1) to the financial statements.*	We evaluated and tested the design and operating effectiveness of key controls over credit granting, post approval credit management, loan credit rating system, collateral management as well as management, implementation and monitoring of expected credit losses approach, including relevant data quality and information systems. We adopted a risk-based sampling approach in our loan review procedures, focusing on loans granted to industries affected by macroeconomic changes and to real estate enterprises with bond defaults and negative news coverage. We assessed the debtors' repayment capacity and evaluated the Group's judgment in rating loans, taking into consideration post-lending inspection reports, debtors' financial information, collateral valuation reports and other available information. With the support of our modelling specialists, we evaluated and tested the expected credit loss model, key parameters, and management's significant judgments and assumptions, mainly focusing on the following aspects: (1) Expected credit loss model: • Taking into account macroeconomic changes, industry risk factors, and results of validation, reassessment and optimisation of ECL model, we assessed the reasonableness of ECL model methodology and related parameters, including probability of default, loss given default, exposure at default, risk grouping, and whether there had been a significant increase in credit risk; • We assessed the forward-looking information used by management to determine expected credit losses, including the forecasts of macroeconomic variables and the assumptions and weightings of multiple macroeconomic scenarios; • We performed back-testing and assessed the reasonableness of management's determination of credit impairment. For credit-impaired loans and advances, we analysed the amount, timing and probability of management's estimated future cash flows, especially recoverable cash flows from collaterals. (2) Design and operating effectiveness of key controls: • With the support of our IT audit specialists, we evaluated and tested the data and processes used to determine expected credit losses, including loan business data, internal credit rating data, macroeconomic data, as well as the computational logic, inputs and system interfaces of the impairment assessment system; • We evaluated and tested key controls over the management, implementation and monitoring of expected credit losses approach, including approval of management system, important policies and models, key parameters and their adjustments, ongoing monitoring of model performance, model validation, monitoring and parameter calibration. We evaluated and tested the design and operating effectiveness of internal controls related to disclosures of credit risk exposures and expected credit losses.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Consolidation assessment and disclosures of structured entities	
The Group holds interests in many different structured entities as a result of its business activities in asset management and asset securitisation. Such interests in structured entities include wealth management products ("WMPs"), asset management plans, trust plans, funds, and asset-backed securities. As at 31 December 2024, the balance of unconsolidated structured entities initiated by the Group totalled RMB5,356,359 million. The Group needs to comprehensively consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns to determine whether it has control over such structured entities, and therefore whether it should include them in the scope of consolidation. The assessment of the Group's control over structured entities involves significant judgements on factors such as the purpose and design of structured entities, the Group's ability to direct relevant activities, direct and indirect beneficial interests and returns, performance fees, and benefits received or losses incurred from providing credit enhancement or liquidity support. Comprehensive analysis of these factors and concluding on whether the Group has control involve significant management judgements and estimates. In view of the materiality and the complexity of management judgements, we consider consolidation assessment and disclosures of structured entities a key audit matter. *Relevant disclosures are included in Note 4(1), Note 4(26)(f) and Note 28 to the financial statements.*	We evaluated and tested the design and operating effectiveness of key controls over the Group's assessment of whether it controls a structured entity. We assessed the Group's analysis and conclusions on whether it controls structured entities based on the Group's analysis on its power over these structured entities, the magnitude and variability of the variable returns from its involvement with structured entities and linkage between these two matters on the basis of comprehensive consideration of all relevant facts and circumstances. We analysed whether the Group has legal or constructive obligations to ultimately absorb losses from structured entities through inspection of contractual documents, which included examining, on a sampling basis, whether the Group has provided liquidity support or credit enhancement to structured entities initiated by itself, such as wealth management products. We evaluated and tested the design and operating effectiveness of internal controls related to disclosures of unconsolidated structured entities.
Valuation of financial instruments	
The fair values of the Group's financial instruments measured at fair value are determined either by active market quotes or valuation techniques. Valuation techniques are used to determine the fair value of financial instruments that do not have quoted prices in active markets, such as investments in unlisted equity, private fund investments and certain debt investments. These techniques may involve the use of significant unobservable inputs requiring assumptions and estimates based on management's subjective judgements. Valuation results can vary significantly under different valuation techniques or assumptions. As at 31 December 2024, the carrying amount of the Group's financial assets measured at fair value totalled RMB4,994,045 million, accounting for 12.31% of total assets. Given the higher uncertainty in valuation results, financial instruments whose fair value measurement involves significant unobservable inputs are categorised as level 3 within the fair value hierarchy. As at 31 December 2024, RMB168,725 million or 3.38% of financial assets measured at fair value were categorised as Level 3. Given the materiality of the balance and the significant judgements involved in fair value measurement of Level 3 financial instruments, we consider valuation of financial instruments a key audit matter. *Relevant disclosures are included in Note 4(3), Note 4(26)(c), Note 23, Note 25, Note 26 and Note 62(5) to the consolidated financial statements.*	We evaluated and tested the design and operating effectiveness of key controls over the valuation of financial instruments. We selected samples to perform audit procedures and evaluated the appropriateness of valuation techniques, inputs, assumptions and comparable companies adopted by CCB, including comparison with valuation techniques commonly used in the market by industry peers, validation of observable inputs using external market data, and comparison with valuation results calculated using various pricing sources. For financial instruments whose valuations were calculated using significant unobservable inputs, as in the case of investments in unlisted equity, private fund investments and certain debt investments, we involved our valuation specialists to assess the valuation model for such financial instruments, performed independent valuations on selected samples and compared the valuation results with those of the Group. We evaluated and tested the design and operating effectiveness of internal controls related to disclosures of fair value.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Bank are responsible for the other information. The other information comprises 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 of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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 of the Bank 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 of the Bank either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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 HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 partner on the audit resulting in this independent auditor's report is *Leung Shing Kit*.

Ernst & Young

Certified Public Accountants

Hong Kong

28 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	2024	2023
Interest income		**1,241,557**	1,247,366
Interest expense		**(651,675)**	(630,133)
Net interest income	6	**589,882**	617,233
Fee and commission income		**117,940**	129,906
Fee and commission expense		**(13,012)**	(14,160)
Net fee and commission income	7	**104,928**	115,746
Net trading gain	8	**4,739**	5,685
Dividend income	9	**6,576**	5,712
Net gain/(loss) arising from investment securities	10	**10,878**	(222)
Net gain on derecognition of financial assets measured at amortised cost	11	**3,991**	946
Other operating income, net:			
– Other operating income		**29,882**	25,223
– Other operating expense		**(22,306)**	(24,708)
Other operating income, net	12	**7,576**	515
Operating income		**728,570**	745,615
Operating expenses	13	**(223,779)**	(220,152)
		504,791	525,463
Credit impairment losses	14	**(120,700)**	(136,774)
Other impairment losses	15	**(298)**	(463)
Share of profits of associates and joint ventures		**584**	1,151
Profit before tax		**384,377**	389,377
Income tax expense	18	**(48,095)**	(56,917)
Net profit		**336,282**	332,460

The notes on pages 199 to 329 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	2024	2023
Other comprehensive income:			
(1) Other comprehensive income that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**(93)**	(54)
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income		**9,152**	153
Others		**74**	39
Subtotal		**9,133**	138
(2) Other comprehensive income that may be reclassified subsequently to profit or loss			
Fair value changes of debt instruments measured at fair value through other comprehensive income		**36,827**	8,256
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income		**(1,241)**	(1,234)
Reclassification adjustments included in profit or loss due to disposals		**(2,997)**	(439)
Net gain on cash flow hedges		**100**	201
Exchange difference on translating foreign operations		**1,273**	4,115
Others		**(10,270)**	(6,424)
Subtotal		**23,692**	4,475
Other comprehensive income for the year, net of tax		**32,825**	4,613
Total comprehensive income for the year		**369,107**	337,073
Net profit attributable to:			
Equity shareholders of the Bank		**335,577**	332,653
Non-controlling interests		**705**	(193)
		336,282	332,460
Total comprehensive income attributable to:			
Equity shareholders of the Bank		**369,504**	339,257
Non-controlling interests		**(397)**	(2,184)
		369,107	337,073
Basic and diluted earnings per share (in RMB yuan)	19	**1.31**	1.31

The notes on pages 199 to 329 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	31 December 2024	31 December 2023
Assets:			
Cash and deposits with central banks	20	**2,571,361**	3,066,058
Deposits with banks and non-bank financial institutions	21	**154,532**	148,218
Precious metals		**138,433**	59,429
Placements with banks and non-bank financial institutions	22	**672,875**	675,270
Positive fair value of derivatives	23	**108,053**	43,840
Financial assets held under resale agreements	24	**622,559**	979,498
Loans and advances to customers	25	**25,040,400**	23,083,377
Financial investments	26		
Financial assets measured at fair value through profit or loss		**612,504**	602,303
Financial assets measured at amortised cost		**7,429,723**	6,801,242
Financial assets measured at fair value through other comprehensive income		**2,641,736**	2,234,731
Long-term equity investments	27	**23,560**	20,983
Fixed assets	29	**165,116**	159,948
Construction in progress	30	**4,319**	7,423
Land use rights	31	**12,417**	12,911
Intangible assets	32	**5,830**	6,540
Goodwill	33	**2,522**	2,456
Deferred tax assets	34	**120,485**	121,227
Other assets	35	**244,724**	299,372
Total assets		**40,571,149**	38,324,826
Liabilities:			
Borrowings from central banks	37	**942,594**	1,155,634
Deposits from banks and non-bank financial institutions	38	**2,835,885**	2,792,066
Placements from banks and non-bank financial institutions	39	**479,881**	407,722
Financial liabilities measured at fair value through profit or loss	40	**240,593**	252,179
Negative fair value of derivatives	23	**93,990**	41,868
Financial assets sold under repurchase agreements	41	**739,918**	234,578
Deposits from customers	42	**28,713,870**	27,654,011
Accrued staff costs	43	**60,661**	52,568
Taxes payable	44	**40,388**	73,580
Provisions	45	**38,322**	43,344
Debt securities issued	46	**2,386,595**	1,895,735
Deferred tax liabilities	34	**1,525**	1,724
Other liabilities	47	**652,962**	547,743
Total liabilities		**37,227,184**	35,152,752

The notes on pages 199 to 329 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	31 December 2024	31 December 2023
Equity:			
Share capital	48	**250,011**	250,011
Other equity instruments	49		
Preference shares		**59,977**	59,977
Perpetual bonds		**100,000**	139,991
Capital reserve	50	**135,736**	135,619
Other comprehensive income	51	**57,901**	23,981
Surplus reserve	52	**402,196**	369,906
General reserve	53	**534,591**	496,255
Retained earnings	54	**1,781,715**	1,674,405
Total equity attributable to equity shareholders of the Bank		**3,322,127**	3,150,145
Non-controlling interests		**21,838**	21,929
Total equity		**3,343,965**	3,172,074
Total liabilities and equity		**40,571,149**	38,324,826

Approved and authorised for issue by the Board of Directors on 28 March 2025.

Zhang Jinliang	**Zhang Yi**	**Liu Fanggen**
Chairman and executive director	*Vice chairman, executive director and president*	*General manager of finance & accounting department*

The notes on pages 199 to 329 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank									
		Other equity instruments								
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Non-controlling interests	Total equity
As at 1 January 2024	250,011	59,977	139,991	135,619	23,981	369,906	496,255	1,674,405	21,929	3,172,074
Movements during the year	–	–	(39,991)	117	33,920	32,290	38,336	107,310	(91)	171,891
(1) Total comprehensive income for the year	–	–	–	–	33,927	–	–	335,577	(397)	369,107
(2) Changes in share capital										
i Capital injection by other equity holders	–	–	–	–	–	–	–	–	169	169
ii Capital deduction by other equity instruments holders	–	–	(39,991)	(11)	–	–	–	–	–	(40,002)
iii Increase in subsidiaries	–	–	–	–	–	–	–	–	596	596
iv Change in shareholdings in subsidiaries	–	–	–	98	–	–	–	–	(180)	(82)
v Decrease in subsidiaries	–	–	–	–	–	–	–	–	(38)	(38)
(3) Profit distribution										
i Appropriation to surplus reserve	–	–	–	–	–	32,290	–	(32,290)	–	–
ii Appropriation to general reserve	–	–	–	–	–	–	39,620	(39,620)	–	–
iii Dividends to ordinary shareholders	–	–	–	–	–	–	–	(149,256)	–	(149,256)
iv Dividends to other equity instruments holders	–	–	–	–	–	–	–	(7,108)	–	(7,108)
v Dividends to non-controlling interests holders	–	–	–	–	–	–	–	–	(241)	(241)
(4) Internal transfer within owner's equity										
i Other comprehensive income transferred to retained earnings	–	–	–	–	(7)	–	–	7	–	–
(5) Others	–	–	–	30	–	–	(1,284)	–	–	(1,254)
As at 31 December 2024	250,011	59,977	100,000	135,736	57,901	402,196	534,591	1,781,715	21,838	3,343,965

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank									
		Other equity instruments								
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Non-controlling interests	Total equity
As at 31 December 2022	250,011	59,977	79,991	135,653	20,793	337,527	444,786	1,527,995	22,027	2,878,760
Change in accounting policy	–	–	–	–	(3,390)	–	–	2,107	(1,233)	(2,516)
As at 1 January 2023	250,011	59,977	79,991	135,653	17,403	337,527	444,786	1,530,102	20,794	2,876,244
Movements during the year	–	–	60,000	(34)	6,578	32,379	51,469	144,303	1,135	295,830
(1) Total comprehensive income for the year	–	–	–	–	6,604	–	–	332,653	(2,184)	337,073
(2) Changes in share capital										
i Capital injection/(deduction) by other equity instruments holders	–	–	60,000	(13)	–	–	–	–	1,999	61,986
ii Increase in subsidiaries	–	–	–	–	–	–	–	–	1,521	1,521
(3) Profit distribution										
i Appropriation to surplus reserve	–	–	–	–	–	32,379	–	(32,379)	–	–
ii Appropriation to general reserve	–	–	–	–	–	–	53,633	(53,633)	–	–
iii Dividends to ordinary shareholders	–	–	–	–	–	–	–	(97,254)	–	(97,254)
iv Dividends to other equity instruments holders	–	–	–	–	–	–	–	(5,110)	–	(5,110)
v Dividends to non-controlling interests holders	–	–	–	–	–	–	–	–	(201)	(201)
(4) Internal transfer within owner's equity										
i Other comprehensive income transferred to retained earnings	–	–	–	–	(26)	–	–	26	–	–
(5) Others	–	–	–	(21)	–	–	(2,164)	–	–	(2,185)
As at 31 December 2023	250,011	59,977	139,991	135,619	23,981	369,906	496,255	1,674,405	21,929	3,172,074

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	2024	2023
Cash flows from operating activities:			
Profit before tax		**384,377**	389,377
Adjustments for:			
– Credit impairment losses	14	**120,700**	136,774
– Other impairment losses	15	**298**	463
– Depreciation and amortisation		**30,230**	29,081
– Interest income from impaired financial assets		**(3,417)**	(5,491)
– Revaluation (gain)/loss on financial instruments measured at fair value through profit or loss		**(5,351)**	3,615
– Share of profits of associates and joint ventures		**(584)**	(1,151)
– Dividend income	9	**(6,576)**	(5,712)
– Unrealised foreign exchange gain		**(14,580)**	(278)
– Interest expense on bonds issued		**31,212**	26,394
– Interest income from investment securities and net income from disposal		**(300,558)**	(277,869)
– Net gain on disposal of fixed assets and other long-term assets		**(491)**	(299)
		235,260	294,904
Changes in operating assets:			
Net decrease/(increase) in deposits with central banks and with banks and non-bank financial institutions		**208,944**	(111,364)
Net increase in placements with banks and non-bank financial institutions		**(70,845)**	(136,228)
Net decrease in financial assets held under resale agreements		**356,643**	61,463
Net increase in loans and advances to customers		**(2,050,108)**	(2,704,137)
Net (increase)/decrease in financial assets held for trading purposes		**(4,037)**	12,956
Net increase in other operating assets		**(137,000)**	(83,767)
		(1,696,403)	(2,961,077)
Changes in operating liabilities:			
Net (decrease)/increase in borrowings from central banks		**(212,696)**	376,760
Net increase in deposits from customers and from banks and non-bank financial institutions		**1,019,759**	2,774,550
Net increase in placements from banks and non-bank financial institutions		**64,669**	34,091
Net decrease in financial liabilities measured at fair value through profit or loss		**(11,914)**	(37,045)
Net increase/(decrease) in financial assets sold under repurchase agreements		**503,566**	(9,008)
Net increase in certificates of deposit issued		**306,655**	211,835
Income tax paid		**(84,832)**	(76,965)
Net increase in other operating liabilities		**213,959**	34,805
		1,799,166	3,309,023
Net cash from operating activities		**338,023**	642,850

The notes on pages 199 to 329 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	2024	2023
Cash flows from investing activities:			
Proceeds from sales and redemption of financial investments		**2,684,393**	1,920,946
Interest and dividends received		**302,680**	268,039
Proceeds from disposal of subsidiaries, associates and joint ventures		**1,457**	2,484
Proceeds from disposal of fixed assets and other long-term assets		**5,547**	4,312
Purchase of investment securities		**(3,654,799)**	(2,990,814)
Acquisition of subsidiaries, associates and joint ventures		**(2,738)**	(1,128)
Purchase of fixed assets and other long-term assets		**(29,172)**	(25,093)
Net cash used in investing activities		**(692,632)**	(821,254)
Cash flows from financing activities:			
Issue of bonds		**273,078**	148,642
Proceeds from issuance of other equity instruments		**–**	59,987
Cash received from subsidiaries' capital injection by non-controlling interests holders		**765**	3,428
Dividends paid		**(107,353)**	(102,565)
Repayment of borrowings		**(96,491)**	(122,748)
Interest paid on bonds issued		**(29,592)**	(26,113)
Cash payment for redemption of other equity instruments		**(40,000)**	–
Cash payment for other financing activities		**(7,605)**	(7,958)
Net cash used in financing activities		**(7,198)**	(47,327)
Effect of exchange rate changes on cash and cash equivalents		**5,792**	7,542
Net decrease in cash and cash equivalents		**(356,015)**	(218,189)
Cash and cash equivalents as at 1 January	55	**925,463**	1,143,652
Cash and cash equivalents as at 31 December	55	**569,448**	925,463
Cash flows from operating activities include:			
Interest received, excluding interest income from investment securities		**949,893**	954,466
Interest paid, excluding interest expense on bonds issued		**(565,911)**	(560,213)

The notes on pages 199 to 329 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

1 Company information

The history of China Construction Bank Corporation (the "Bank") dates back to 1954, which was previously known as the People's Construction Bank of China when it was established. It was responsible for the management and distribution of government funds for construction and infrastructure related projects under the state economic plan. The People's Construction Bank of China gradually evolved into a comprehensive commercial bank following the takeover of the Bank's function of granting policy loans by China Development Bank in 1994. In 1996, the People's Construction Bank of China changed its name to China Construction Bank ("the former CCB"). On 17 September 2004, China Construction Bank Corporation was established in the People's Republic of China (the "PRC") as a result of a separation procedure undertaken by its predecessor, China Construction Bank. In October 2005 and September 2007, the Bank's H shares and A shares were listed on the Hong Kong Stock Exchange (Stock Code: 939) and the Shanghai Stock Exchange (Stock Code: 601939), successively. As at 31 December 2024, the Bank issued the total ordinary share capital of RMB250,011 million, with a par value of RMB1.00 per share.

The Bank obtained its finance permit No.B0004H111000001 from the China Banking Regulatory Commission ("CBRC") (In 2023, the regulator was renamed the National Financial Regulatory Administration, hereinafter referred to as the "NFRA") of the PRC. The Bank obtained its unified social credit code No.911100001000044477 from the Beijing Administration for Industry and Commerce. The registered office of the Bank is located at No.25, Finance Street, Xicheng District, Beijing, the PRC.

The principal activities of the Bank and its subsidiaries (collectively the "Group") are the provision of corporate finance business, personal finance business, treasury and asset management business and others. The Group mainly operates in the Chinese mainland and also has a number of overseas branches and subsidiaries. For the purpose of these financial statements, the Chinese mainland refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and Taiwan. Overseas refers to countries and regions other than the Chinese mainland.

The Bank is mainly regulated by the NFRA, an institution directly under the State Council of the of the PRC (the "State Council"). The overseas financial institutions of the Bank are required to comply with the regulatory requirements of their respective local jurisdictions. Central Huijin Investment Ltd. ("Huijin"), a wholly-owned subsidiary of China Investment Corporation ("CIC"), exercises the contributor's rights and obligations in key state-owned financial institutions up to its contribution amount on behalf of the State.

These financial statements were authorised for issue by the Board of Directors of the Bank on 28 March 2025.

2 Basis of preparation

The Group uses the calendar year as the accounting year, which is from 1 January to 31 December.

These financial statements comprise the Bank and its subsidiaries and the Group's interests in associates and joint ventures.

(1) Basis of measurement

These financial statements have been prepared on the historical cost basis except that: (i) financial instruments at fair value through profit or loss are measured at fair value; (ii) derivatives are measured at fair value; (iii) financial assets measured at fair value through other comprehensive income are measured at fair value; (iv) non-current assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell; and (v) certain non-financial assets are measured at revalued amounts. The measurement basis of major assets and liabilities is further explained in Note 4.

(2) Functional and presentation currency

These financial statements are presented in RMB, unless otherwise stated, rounded to the nearest million. RMB is the functional currency of the domestic operations of the Group. The functional currencies of overseas operations are determined in accordance with the primary economic environment in which they operate, and are translated into RMB for the preparation of these financial statements according to Note 4(2)(b).

(3) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, 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 those presented using these estimates and assumptions.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements that have a significant impact on the financial statements and estimates that are very likely to result in material adjustments in the subsequent period are discussed in Note 4(26).

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

3 Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622), and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group has adopted the following revised IFRS Accounting Standards for the current year.

(1)	Amendments to IFRS 16	*Lease Liability Measurement in a Sale and Leaseback Transaction*
(2)	Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
(3)	Amendments to IAS 1	*Non-current Liabilities with Covenants*
(4)	Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The adoption of other amendments did not have a significant impact on the Group's consolidated financial statements.

Except for the matters described above, the material accounting policies adopted by the Group for the 2024 financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

4 Material accounting policies and significant accounting estimates

(1) Consolidated financial statements

(a) Business combinations

The consideration transferred by the acquirer for the acquisition and the identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill in accordance with the accounting policies set out in Note 4(10). If the consideration is less than the fair value of the identifiable net assets of the acquiree in the case of a bargain purchase, the difference is recognised in profit or loss.

Acquisition date mentioned above is the date on which the Group effectively obtains control of the acquiree.

(b) Subsidiaries and non-controlling interests

Subsidiaries are all entities (including structured entities) over which the Bank has control. The Bank controls an entity when the Bank has the power over the entity, and 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that 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.

For the separate financial statements of the Bank, investments in subsidiaries are accounted for at cost. At initial recognition, investment in subsidiaries is measured at the cost of acquisition determined at the acquisition date when the subsidiaries are acquired through business combination or when the capital is injected into the subsidiaries set up by the Group. Impairment losses on investments in subsidiaries are accounted for in accordance with the accounting policies as set out in Note 4(13).

The financial results and performance of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. When preparing the consolidated financial statements, the Bank makes necessary adjustments on the accounting period and accounting policies of subsidiaries to comply with those of the Bank.

Intragroup balances and transactions, and any profits or losses arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements.

4 Material accounting policies and significant accounting estimates (continued)

(1) Consolidated financial statements (continued)

(b) Subsidiaries and non-controlling interests (continued)

The portion of a subsidiary's net assets that is attributable to equity interests that are not owned by the Bank, whether directly or indirectly through subsidiaries, is treated as non-controlling interests and presented as "non-controlling interests" in the consolidated statement of financial position within total equity. The portion of net profit or loss and other comprehensive income of subsidiaries for the year attributable to non-controlling interests is separately presented in the consolidated statement of comprehensive income as a component of the Group's net profit and other comprehensive income.

(c) Associates and joint arrangements

An associate is an enterprise in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policy decisions.

Joint arrangement is an arrangement of which two or more parties have joint control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Investments in associates or joint ventures are accounted for using the equity method in the consolidated financial statements and are initially recorded at acquisition cost, and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associates or joint ventures. The Group's share of the post-acquisition, post-tax results of the associates or joint ventures for the year is recognised in the consolidated statement of comprehensive income. The Group's interest in associates or joint ventures is included from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

The Group discontinues recognising its share of net losses of the associates or joint ventures after the carrying amount of investments in associates and joint ventures together with any long-term interests that in substance form part of the Group's net investment in the associates or joint ventures are reduced to zero, except to the extent that the Group has incurred legal or constructive obligations to assume additional losses. Where the associates or joint ventures realise net profits subsequently, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

(2) Translation of foreign currencies

(a) Translation of foreign currency transactions

Foreign currency transactions are, on initial recognition, translated into the functional currency at the spot exchange rates at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated into the functional currency at the spot exchange rates at that date. 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 into functional currency using the spot exchange rates at the transaction dates. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the spot exchange rates at the dates the fair values are determined; exchange differences are recognised in profit or loss, except for the differences arising from the translation of equity instruments designated at fair value through other comprehensive income, which are recognised in other comprehensive income.

(b) Translation of financial statements denominated in foreign currencies

Foreign currency financial statements of overseas operations are translated into RMB for the preparation of consolidated financial statements. At the end of each reporting period, the assets and liabilities in the financial statements denominated in foreign currencies are translated into RMB at the spot exchange rates ruling at that date. All items within equity except for *retained earnings* are translated at the exchange rates ruling at the dates of the initial transactions. Income and expenses in the statement of comprehensive income are translated at the weighted average exchange rates for the year. Foreign exchange differences arising from foreign operations are recognised in "other comprehensive income" in equity in the statement of financial position.

The impact of changes in exchange rates on cash and cash equivalents is presented separately in the cash flow statement.

4 Material accounting policies and significant accounting estimates (continued)

(3) Financial instruments

(a) Classification

The Group classifies financial instruments into different categories based on the business model used to manage financial assets and contractual cash flow characteristics or the purposes for which the liabilities were incurred. The categories are: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), financial assets and liabilities measured at fair value through profit or loss ("FVPL"), and other financial liabilities.

The Group's business model for managing financial assets refers to how the Group manages its financial assets in order to generate cash flows. That is, the business model determines whether cash flows of financial assets managed by the Group will result from collecting contractual cash flows, selling financial assets or both. Factors considered by the Group in determining the business model for a group of financial assets include past experience on how the cash flows for these assets were collected, how the performance of those assets is evaluated and reported to key management personnel, how risks are assessed and managed and how managers of the business are compensated.

The characteristics of the contractual cash flows of financial assets refer to the cash flow attributes agreed in the contract of financial instruments that reflect the economic characteristics of the underlying financial assets, that is, the contractual cash flows generated by the underlying financial assets on a specific date solely payments of principal and interest on the principal amount outstanding. The principal is the fair value of the financial asset at initial recognition, but its amount may change over the life of the financial asset (for example, if there are repayments of principal); interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks, and costs, as well as a profit margin.

Financial assets measured at amortised cost

Financial assets are classified as financial assets measured at amortised cost if both of the following conditions are met and they are not designated as FVPL: (i) the assets are managed within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets measured at FVOCI include debt instruments measured at FVOCI and equity instrument designated as measured at FVOCI.

Financial assets are classified as financial assets measured at FVOCI if both of the following conditions are met and they are not designated as FVPL: (i) the assets are managed within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At inception, the Group may designate non-trading equity instruments as financial assets measured at FVOCI, and recognise dividend income in accordance with the relevant policies specified in Note 4(20)(c). Once the designation is made, it cannot be revoked.

Financial assets and liabilities measured at fair value through profit or loss (FVPL)

The Group classifies the financial assets other than financial assets measured at amortised cost and FVOCI as financial assets measured at FVPL.

Financial assets measured at FVPL include those held for trading purposes, those designated as measured at FVPL, those could not pass the solely payments of principal and interest ("SPPI") test and the equity investments which are not designated as measured at FVOCI.

Financial liabilities measured at FVPL include negative fair value of derivatives, and those designated as measured at FVPL.

Financial assets or financial liabilities are classified as held for trading if they are: (i) acquired or incurred principally for the purpose of selling or repurchasing it in the near term; (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or (iii) a derivative (except for a derivative that is a designated and effective hedging instruments or a financial guarantee contract).

At initial recognition, the Group may designate financial assets as financial assets measured at FVPL if the designation can eliminate or significantly reduce accounting mismatch. Once the designation is made, it cannot be revoked.

Financial liabilities are designated as measured at FVPL upon initial recognition when: (i) the designation can eliminate or significantly reduce accounting mismatch; or (ii) the formal written file of the Group's risk management or investment strategy have clearly stated that the financial liability portfolio, or the portfolio of financial assets and financial liabilities, are managed, evaluated and reported to key management personnel on the basis of fair value. Once the designation is made, it cannot be revoked.

4 Material accounting policies and significant accounting estimates (continued)

(3) Financial instruments (continued)

(a) *Classification (continued)*

Other financial liabilities

Other financial liabilities are financial liabilities other than those measured at FVPL and mainly comprise borrowings from central banks, deposits and placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

(b) *Derivatives and hedge accounting*

The Group uses derivatives to hedge its exposure to foreign exchange and interest rate risks. Derivatives are recognised at fair value at the trade date upon initial recognition, and subsequently measured at fair value. The positive fair value is recognised as an asset while the negative fair value is recognised as a liability.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated and qualified as a hedging instrument, and if so, the nature of the item being hedged. For derivatives not designated or qualified as hedging instruments, including those that are intended to provide effective economic hedges of specific interest rate and foreign exchange risks, but not qualified for hedge accounting, changes in fair value of these derivatives are recognised in the consolidated statement of comprehensive income.

The Group documents, at inception, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The Group assesses the hedge effectiveness both at hedge inception and on an ongoing basis.

(i) Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

Changes in fair value of hedging instruments qualifying as fair value hedges are recorded in profit or loss, together with changes in fair value of the hedged item attributable to the hedged risk. The net difference is recognised as ineffectiveness in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. If the hedged item is de-recognised, the unamortised carrying value adjustment is recognised immediately in the profit or loss.

(ii) Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction, and could ultimately affect the profit or loss.

For cash flow hedges, the effective portion of the change in the fair value of the hedging instrument is recognised in other comprehensive income. The ineffective portion of the change in the fair value of the hedging instrument is recognised directly in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability. For cash flow hedges other than these, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When a hedging instrument expires or is sold, or the hedge designation is revoked or when a hedge no longer meets the criteria for hedge accounting, if the hedged future cash flows are still expected to occur, the amount previously recognised in other comprehensive income shall remain until the forecast transaction ultimately occurs or until the hedged expected cash flows affect profit or loss, before being transferred out. If the hedged future cash flows are no longer expected to occur, the amount of accumulated cash flow hedge reserves shall be reclassified from other comprehensive income to profit or loss.

4 Material accounting policies and significant accounting estimates (continued)

(3) Financial instruments (continued)

(c) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host. If a hybrid contract contains a host that is a financial asset, the embedded derivative shall not be separated from the host and shall be classified and measured as a whole.

If a hybrid contract contains a host that is not a financial asset, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if: (i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (iii) the hybrid contract is not measured at FVPL. The Group could choose to measure the separated derivative at FVPL, or designate the entire hybrid contract as at FVPL.

(d) Recognition and derecognition

All financial assets and financial liabilities are recognised in the statement of financial position, when and only when, the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the contractual rights to receive the cash flows of the financial asset have been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset; or the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the transferred financial asset, but has given up control of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement meets all the conditions of transfer of cash flows and transfers substantially all the risks and rewards of ownership of the financial asset or the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the transferred financial assets, but has given up control of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount of the financial asset derecognised and the consideration received, as well as the cumulative changes in fair value previously recognised in equity, is recognised in profit or loss.

When a financial asset is transferred, and 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 to the extent of its continuing involvement in the financial asset.

The financial liability is derecognised only when: (i) the underlying present obligation specified in the contracts is discharged, cancelled or expired, or (ii) 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 financial liability derecognised and the consideration paid is recognised in profit or loss.

A regular way purchase or sale of financial assets is recognised and derecognised using trade date accounting. A 'regular way purchase or sale' refers to the purchase or sale of a financial asset where the terms of the contract necessitate delivery of the asset within the time frame typically established by regulations or convention in the relevant marketplace. The trade date is the date that the Group commits itself to purchase or sell a financial asset.

(e) Measurement

Financial instruments are measured initially at fair value plus or minus, in the case of a financial instrument not measured at FVPL, transaction costs that are directly attributable to the acquisition or issue of the instrument. Transaction costs for financial instruments measured at FVPL are expensed immediately.

Subsequent to initial recognition, the Group measures different categories of financial assets at amortised cost, FVOCI or FVPL respectively. Financial liabilities other than those measured at FVPL are measured at amortised cost using the effective interest method.

4 Material accounting policies and significant accounting estimates (continued)

(3) Financial instruments (continued)

(e) Measurement (continued)

Financial assets measured at FVPL

Gains and losses from changes in fair value of financial assets measured at FVPL are recognised in profit or loss.

Financial liabilities measured at FVPL

Financial liabilities measured at FVPL are measured at fair value, where the gains or losses arose are recognised in profit or loss. For the financial liabilities designated as measured at FVPL, the gains or losses are accounted for in accordance with the following requirements: (i) the amount of changes in fair value of the financial liabilities arising from changes in the Group's own credit risk should be included in other comprehensive income; (ii) other changes in fair value of the financial liabilities are recognised in profit or loss. If the treatment of the impact of changes in the financial liabilities' own credit risk will create or enlarge the accounting mismatch in profit or loss in accordance with (i), the Group shall recognise the entire gain or loss of the financial liabilities (including the amount of the impact of changes in its own credit risk) in profit or loss. When the financial liabilities designated as measured at FVPL is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to retained earnings.

Financial assets measured at FVOCI

Impairment losses, foreign exchange differences, and interest income calculated using the effective interest method of debt instruments measured at FVOCI are recognised in profit or loss. All other fair value changes are recognised in other comprehensive income. Upon derecognition of these debt instruments, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit or loss.

The Group designates certain non-trading equity instruments as financial assets measured at FVOCI, and only recognises dividend income (excluding dividends explicitly recognised as a recovery of investment cost) in profit or loss. Subsequent changes in fair value are recognised in other comprehensive income, with no need for impairment provisions. Upon derecognition of these financial assets, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to retained earnings.

Financial assets measured at amortised cost

The amortised cost of a financial asset should be measured at the amount initially recognised after the following adjustments: (i) deducting the repaid principal; (ii) adding or subtracting the cumulative amortisation using the effective interest method of any difference between that amount initially recognised and the maturity amount; (iii) the loss provision for the accumulated accrual.

For financial assets measured at amortised cost, a gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired, or amortised.

Effective interest rate

The effective interest rate is the rate that exactly discount estimated future cash payments or receipts through the expected life of the financial asset to the carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses but includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate.

The Group determines interest income based on the gross carrying amount of financial assets multiplied by the effective interest rate, except (i) for purchased or originated credit impaired financial assets, the interest income shall be determined by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition; (ii) for financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets, the interest income shall be determined by applying the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods. If the financial instrument is no longer credit-impaired due to the improvement of its credit risk in the subsequent period, and this improvement can be objectively related to an event that occurs after the application of the above provisions, interest income should be recalculated using the effective interest rate multiplied by the gross carrying amount of the financial assets.

Credit-adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset. When calculating the credit-adjusted effective interest rate, an entity shall estimate the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and initial expected credit losses.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

4 Material accounting policies and significant accounting estimates (continued)

(3) Financial instruments (continued)

(f) Impairment

At the end of the reporting period, the Group performs impairment assessment and recognises loss provisions based on expected credit loss on debt instruments measured at amortised cost and FVOCI, as well as loan commitments and financial guarantee contracts.

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable in accordance with the contract and all cash flows expected to be received discounted at the original effective interest rate by the Group, that is, the present value of all cash shortages. Among them, credit-impaired financial assets that have been purchased or originated by the Group shall be discounted according to the credit-adjusted effective interest rate of the financial assets.

The Group's method of measuring expected credit losses of financial instruments reflects the following elements: (i) an unbiased and probability-weighted average amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; (iii) the reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

At the end of each reporting period, the Group measures the expected credit losses ("ECL") of financial instruments at different stages and recognises its loss provision and its changes in the following cases: the financial instrument is in Stage 1 if the credit risk of the financial instrument has not increased significantly since the initial recognition, and the Group measures its loss provision based on the amount of expected credit loss of the financial instrument in the next 12 months; the financial instrument is in Stage 2 if the credit risk of the financial instrument has increased significantly since the initial recognition but are not yet credit-impaired and the Group measures its loss provision based on the amount of lifetime expected credit loss of the financial instrument; the financial instrument is in Stage 3 if the financial instrument has been credit impaired, and the Group measures its loss provision based on the amount of lifetime expected credit loss of the financial instrument. Regardless of whether the Group's assessment of credit losses is based on a single financial instrument or a combination of financial instruments, the increase or reversal of the loss provision resulting therefrom should be included in profit or loss as an impairment loss or gain.

For debt instruments measured at FVOCI, the Group recognises the allowance of impairment in other comprehensive income and impairment losses or gains in profit or loss, which should not change the book value of the financial assets set out in the statement of financial position.

For loss provision measured at the amount equivalent to the lifetime expected credit loss of the financial instrument previously, if, at the end of the current reporting period, the financial instrument is no longer having significant increase in credit risk since the initial recognition, the Group measures its loss provision based on the amount of its expected credit losses for the next 12 months, and recognises the resulting reversal of the loss provision as an impairment gain in profit or loss.

For financial assets that have been considered as purchased or originated credit impaired, the Group only recognises cumulative changes in lifetime expected credit losses after initial recognition at the end of the reporting period as loss provision. At the end of each reporting period, the Group recognises the amount of the change in lifetime expected credit losses as an impairment loss or gain in profit or loss.

(g) Write-offs

When the Group determines that a loan has no reasonable prospect of recovery after the Group has completed all the necessary legal or other proceedings, the loan is written off against its allowance for impairment losses. If in a subsequent period the loan written off is recovered, the amount recovered will be recognised in profit or loss through credit impairment losses.

4 Material accounting policies and significant accounting estimates (continued)

(3) Financial instruments (continued)

(h) Modification of contracts

If the renegotiation or modification of a contract between the Group and a counterparty does not result in derecognition of the financial assets, but leads to changes in contractual cash flows, the Group recalculates the gross carrying amount of the financial asset and the related gain or loss is recognised in profit or loss. The recalculated gross carrying amount of the financial asset is determined based on the present value of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate. The Group assesses whether a significant increase in credit risk has occurred, by comparing the risk of a default occurring under revised terms as at the end of the reporting period with that as at the date of initial recognition under original terms.

(i) Fair value measurement

If there is an active market for a financial instrument, then the fair value of that financial instrument is determined based on quoted price from an active market without any deduction for transaction costs that may occur on future sales or disposals. A quoted price is from an active market where price information is readily and regularly available from an exchange, dealer, industry group or pricing service agency and that price information represents actual and regularly occurring orderly transactions.

If a quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include the price used by market participants in an orderly transaction, reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The Group selects valuation techniques that are commonly accepted by market participants for pricing the instruments and these techniques have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. Periodically, the Group reviews the valuation techniques and tests them for validity.

(j) Offsets

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to offset 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.

(k) Securitisations

The Group securitises certain loans, which generally involves the sale of these assets to structured entities, which in turn issue securities to investors. Interests in the securitised financial assets may be retained in the form of credit enhancement or subordinated tranches, or other residual interests ("retained interests"). Gains or losses on securitisation are the difference between the carrying amount of the derecognised financial assets and the consideration received (including retained interest) which is recognised in profit or loss.

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

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash paid or received is recognised as financial assets held under resale agreements or sold under repurchase agreements in the statement of financial position. Assets held under resale agreements are not recognised. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The differences between the purchase and resale considerations, and that between the sale and repurchase considerations, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expenses respectively.

(4) Precious metals

Precious metals comprise gold and other precious metals. Precious metals acquired by the Group for trading purposes are initially recognised at fair value on the date of acquisition and measured subsequently at fair value with any changes recorded in profit or loss. Precious metals that are not acquired by the Group principally for trading purpose are carried at lower of cost and net realisable value.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

4 Material accounting policies and significant accounting estimates (continued)

(5) Fixed assets and Construction in progress

Fixed assets are assets held by the Group for the conduct of business and are expected to be used for more than one year. Construction in progress is transferred to fixed assets when ready for its intended use.

(a) Cost

Fixed assets are initially recognised at cost, except for the fixed assets and construction in progress obtained from the former CCB by the Bank which were recognised at the revalued amount as cost on the date of restructuring. The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditures for bringing the asset to working condition for its intended use. The cost of a self-constructed fixed asset comprises those expenditures necessarily incurred for bringing the asset to working condition for its intended use.

Where the individual components of an item of fixed assets 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 separate fixed assets.

Subsequent costs, including the cost of replacing part of an item of fixed assets, 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. Expenditures relating to ordinary maintenance of fixed assets are recognised in profit or loss as incurred.

The cost of construction in progress is determined based on actual construction expenditures, which include all necessary construction expenses and other related expenses incurred during construction.

(b) Depreciation and impairment

Depreciation is calculated to write off through profit or loss the cost of items of fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. Impaired fixed assets are depreciated net of accumulated allowance for impairment losses.

The estimated useful lives, net residual value rates and annual depreciation rates of respective fixed assets are as follows:

Types of assets	Estimated useful lives	Estimated net residual value rates	Annual depreciation rates
Bank premises	8-50 years	0%–5%	1.9%–12.5%
Equipment	2-20 years	0%–5%	4.8%–50.0%
Aircraft and vessels, etc	7-25 years	5%	3.8%–13.6%
Others	2-20 years	0%–5%	4.8%–50.0%

Aircraft and vessels, etc, include aircraft, vessels, shield machines and other fixed assets used for operating leases

The Group reviews the estimated useful life and estimated net residual value rates of a fixed asset and the depreciation method applied at least once a financial year.

Impairment losses on fixed assets are accounted for in accordance with the accounting policies as set out in Note 4(13).

(c) Disposal

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

4 Material accounting policies and significant accounting estimates (continued)

(6) Lease

Identification of leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

Assessment of the lease term

The lease term is the non-cancellable period of a lease for which the Group has the right to use an underlying asset. If the Group has an option to extend the lease, that is, the Group has the right to extend the lease, and is reasonably certain to exercise that option, the lease term also includes periods covered by an option to extend the lease. If the Group has an option to terminate the lease, that is, the Group has the right to terminate the lease, but is reasonably certain not to exercise that option, the lease term includes periods covered by an option to terminate the lease. The Group reassesses whether it is reasonably certain to exercise an extension option, purchase option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in the circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term.

As lessee

The Group recognises lease liabilities and right-of-use assets, except for short-term leases and leases of low-value assets.

Right-of-use assets

The right-of-use assets of the Group mainly include bank premises and other equipment.

At the commencement date of the lease, the Group recognises a right-of-use asset. Right-of-use assets are initially measured at cost. The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognises such interest expenses in profit or loss, except those in the costs of the related asset as required. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related asset as required.

After the lease commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In the event that there is a change in: (i) the in-substance fixed lease payments; (ii) the amounts expected to be payable under a residual value guarantee; (iii) future lease payments resulting from a change in an index or a rate used to determine those payments; (iv) the assessment results or actual exercise of an option to purchase, extend or terminate the underlying asset, the Group remeasures its lease liabilities at the present value of lease payments after the changes have been made and adjusts the carrying amount of the right-of-use assets accordingly. If there is a need to further reduce lease liabilities when the carrying amount of right-of-use assets is already reduced to zero, the Group recognises the additional amount in profit or loss.

4 Material accounting policies and significant accounting estimates (continued)

(6) Lease (continued)

As lessee (continued)

Short-term leases and leases of low-value assets

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease of the individual underlying asset with low value, when new, as a lease of low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease term.

Lease modifications

Lease modification is a change in the scope of a lease, the consideration or the term for a lease, that was not part of the original terms and conditions of the lease, for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term.

The Group accounts for a lease modification as a separate lease if both:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by:

(a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope or term of the lease, and recognising the gain or loss relating to the partial or full termination of the lease in profit or loss; or

(b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments discounted using the lessee's incremental borrowing rate. According to the economic environment, the Group takes the observable interest rate as the reference basis for determining the incremental borrowing rate, then adjusts the observable interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date. The Group, as an intermediate lessor, classifies the sublease by reference to the right-of-use asset arising from the head lease.

As lessor of a finance lease

At the commencement date of the lease, the Group recognises finance lease payments receivable and derecognises finance lease assets. The Group presents lease payments receivable at an amount equal to the net investment in the lease for the initial measurement. The net investment in the lease is the sum of any unguaranteed residual value accruing to the lessor and at the commencement date of the lease the lease payments receivable by a lessor under a finance lease discounted at the interest rate implicit in the lease, including the initial direct costs.

The Group recognises interest income over the lease term, based on a pattern reflecting a constant periodic rate of return on its net investment in the lease. Variable lease payments received by the Group that are not included in the measurement of the net investment in the lease are recognised in profit or loss as incurred.

4 Material accounting policies and significant accounting estimates (continued)

(6) Lease (continued)

As lessor (continued)

As lessor of a finance lease (continued)

The Group accounts for a modification to a finance lease as a separate lease if both:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Group accounts for the modification as follows:

(a) if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification, and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification; or

(b) if the lease would have been classified as a finance lease had the modification been in effect at the inception date, the Group accounts for the lease modification in accordance with the requirements in Note 4(3) on the contract modifications or re-negotiation.

As lessor of an operating lease

Rent income under an operating lease is recognised on a straight-line basis over the lease term, through profit or loss. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Sale and leaseback transactions

As lessor

If the transfer of an asset satisfies the requirements to be accounted for as a sale of the asset, the Group, as a lessor, accounts for the purchase of the asset and for the lease applying the accounting requirements set forth; and if the transfer of an asset does not satisfy the requirements to be accounted for as a sale of the asset, the Group, as a lessor, does not recognise the transferred asset and recognises a financial asset equal to the transfer proceeds. The Group accounts for the financial asset applying Note 4(3).

(7) Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties include land use rights leased out, land use rights held for transfer upon capital appreciation, and buildings leased out.

An investment property is measured initially at cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss as incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Depreciation is calculated using the straight-line method to write off to profit or loss the cost of investment properties, less their estimated residual value, if any, over their estimated useful lives. Impaired investment properties are depreciated net of accumulated impairment losses.

The estimated useful life, estimated net residual value rate and annual depreciation rate of the Group's investment properties are as follows:

Types of assets	Estimated useful life	Estimated net residual value rate	Annual depreciation rate
Premises	20-35 years	3%–5%	2.8%–4.9%
Others	5-8 years	0%–3%	12.5%–19.4%

The amortisation period of land use rights is shown in Note 4(8).

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

4 Material accounting policies and significant accounting estimates (continued)

(8) Land use rights

Land use rights are initially recognised at cost. The land use rights obtained from the former CCB by the Bank on the date of restructuring were recorded at the revalued amount. The useful lives of the Group's land use rights generally range from 30 to 70 years, over which the cost of land use rights is amortised on a straight-line basis and charged to profit or loss. Impaired land use rights are amortised net of accumulated allowance for impairment losses.

Impairment losses on land use rights are accounted for in accordance with the accounting policies as set out in Note 4(13).

(9) Intangible assets

Software and other intangible assets are initially recognised at cost. The cost less estimated residual values, if any, of the intangible assets is amortised on a straight-line basis over their useful lives, and charged to profit or loss. The useful lives of intangible assets are determined based on contracts, legal requirements or the period over which future economic benefits can be realised. Impaired intangible assets are amortised net of accumulated allowance for impairment losses.

Impairment losses on intangible assets are accounted for in accordance with the accounting policies as set out in Note 4(13).

The Group classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognised in profit or loss as incurred. Expenditure on the development phase is capitalised only when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits (among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset); (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these above criteria is recognised in profit or loss when incurred.

(10) Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets. Goodwill is not amortised. Goodwill arising from a business combination is allocated to each cash-generating unit ("CGU") or group of CGUs, that is expected to benefit from the synergies of the combination. The Group performs an impairment test on goodwill at least annually.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable net assets over the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree is recognised immediately in profit or loss.

On disposal of the related CGU or group of CGUs, any attributable amount of goodwill net of allowances for impairment losses, if any, is included in the calculation of the profit or loss on disposal.

Impairment loss on goodwill is accounted for in accordance with the accounting policies as set out in Note 4(13).

(11) Repossessed assets

To recover impaired loans and advances, the Group may go through court proceedings or have debtors, guarantors or a third person voluntarily hand over the rights of ownership of the assets. Repossessed assets in the form of financial assets are recognised and presented as the appropriate class of financial assets based on the business models and contractual cash flow characteristics, and repossessed assets that are not financial assets are recognised and reported in "other assets" in the balance sheet when the Group intends to achieve an orderly realisation of the impaired assets and the Group is no longer seeking repayment from the borrower.

The Group measures repossessed assets in the form of financial assets at fair value upon initial recognition, and records any taxes payable, advance payment for litigation fees, tax arrears and other transaction costs incurred to obtain repossessed assets in profit or loss or into the initial book value, respectively, depending on the type of financial assets. Repossessed assets that are not financial assets are initially recognised at the fair value of the rights given up by creditors, and the Group records any taxes payable, advance payment for litigation fees, tax arrears and other transaction costs incurred to obtain the repossessed assets into the book value of repossessed assets.

Repossessed assets that are not financial assets are recognised at book value less allowances for impairment losses measured in accordance with the accounting policies as set out in Note 4(13).

4 Material accounting policies and significant accounting estimates (continued)

(12) Non-current assets or disposal groups held for sale

The Group classifies a non-current asset or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An asset or disposal group is classified as held for sale if the following criteria are simultaneously met: it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups and the sale must be highly probable, i.e., the Group has passed a resolution on a plan to sell the asset or disposal group and obtained a firm purchase commitment with the sale expected to be completed within one year. (The Group has obtained approval from relevant authority or regulators where relevant regulations require such approval before the sale can be made.) If the Group loses control over the subsidiary due to the sale of its investments in the subsidiary, when the criteria are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale, it shall classify its investments in the subsidiary as held for sale in the standalone financial statements, and all assets and liabilities of that subsidiary as held for sale in the consolidated financial statements.

The Group shall recognise an impairment loss for any initial or subsequent write-down of non-current asset or disposal group held for sale (except financial assets, deferred tax assets, etc.) to fair value less costs to sell and record it in profit or loss of the current period and recognise an impairment provision for held for sale asset or disposal group. Non-current asset or disposal group held for sale are not subject to depreciation or amortisation and are not accounted for using the equity method.

(13) Allowances for impairment losses on assets

The Group determines the impairment of long-term equity investments and non-financial assets such as fixed assets, construction in progress, right-of-use assets and intangible assets, using the following methods:

The Group assesses at the end of the reporting period whether there is any indication that assets may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired and it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets.

The recoverable amount of an asset (or CGU, group of CGUs) is the higher of its fair value less costs of disposal and the present value of the expected future cash flows. The Group considers all relevant factors in estimating the present value of future cash flows, such as the expected future cash flows, the useful life and the discount rate.

(a) Impairment test for CGU containing goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the combination.

A CGU or group of CGUs to which goodwill has been allocated is tested for impairment by the Group at least annually, or whenever there is an indication that the CGU or group of CGUs are impaired, by comparing the carrying amount of the CGU or group of CGUs, including the goodwill, with the recoverable amount of the CGU or group of CGUs. At the time of impairment testing of a CGU or group of CGUs to which goodwill has been allocated, there may be an indication of an impairment of an asset within the CGU containing the goodwill. In such circumstances, the Group tests the asset for impairment first, and recognises any impairment loss for that asset before testing for impairment on the CGU containing the goodwill. Similarly, there may be an indication of an impairment of a CGU within a group of CGUs containing the goodwill. In such circumstances, the Group tests the CGU for impairment first, and recognises any impairment loss for that CGU, before testing for impairment the group of CGUs to which the goodwill is allocated.

(b) Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss.

For a CGU or a group of CGUs, the amount of impairment loss firstly reduces the carrying amount of any goodwill allocated to the CGU or group of CGUs, and then reduces the carrying amount of other assets (other than goodwill) within the CGU or group of CGUs, pro rata on the basis of the carrying amount of each asset.

4 Material accounting policies and significant accounting estimates (continued)

(13) Allowances for impairment losses on assets (continued)

(c) Reversing an impairment loss

If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after the 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.

An impairment loss in respect of goodwill is not reversed.

(14) Employee benefits

Employee benefits are all forms of consideration given and compensations incurred by the Group in exchange for services rendered by employees or the termination of the employment relationship. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by its employees, with a corresponding increase in cost of relevant assets or the expenses in profit or loss. Where payment or settlement is deferred and the effect of discount would be material, these amounts are stated at their present values in the statement of financial position.

(a) Post-employment benefits

The Group divides post-employment benefit plans into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. For defined contribution plans, the Group pays contributions to basic retirement insurance, annuity scheme and unemployment insurance for the employees during the reporting period, while defined benefit plans are mainly supplementary retirement benefits.

Defined contribution retirement schemes

Pursuant to the relevant laws and regulations in the PRC, employees in the Chinese mainland have joined defined contribution retirement 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 local government organisations. 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.

Annuity contributions

In addition to the statutory provision contributions, the Bank's employees have joined the annuity scheme set up by the Bank under "CCBC Annuity Scheme" (the "scheme") in accordance with state enterprise annuity regulations. The Bank has made annuity contributions in proportion to its employees' gross wages, which are expensed in profit or loss when the contributions are made.

Supplementary retirement benefits

The Group pays supplementary retirement benefits for its employees in the Chinese mainland who retired on or before 31 December 2003 in addition to the contributions made to statutory insurance schemes. Such supplementary retirement benefits are defined benefit plans.

The Group's obligations in respect of supplementary retirement benefits are calculated by estimating the amount of obligations that the Group is committed to pay to the employees after their retirement using actuarial techniques. At the end of each reporting period, such obligations are discounted with interest yield of government bonds with similar duration. The service cost and net interest from the supplementary retirement benefits are recognised in profit or loss, and the remeasurements are recognised in other comprehensive income.

The liability recognised in the statement of financial position in respect of supplementary retirement benefits is the present value of supplementary retirement benefit obligations at the end of the reporting period less the fair value of plan assets.

(b) Termination benefits

Where the Group terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision is recognised for the compensation arising from termination of employment relationship, through profit or loss. The Group is required to recognise termination benefits at the earlier of when it can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs.

4 Material accounting policies and significant accounting estimates (continued)

(14) Employee benefits (continued)

(c) Early retirement expenses

The Group recognises the present value of all its liabilities to employees who voluntarily agreed to retire early. The early retirement benefit payments are made by the Group from the date of early retirement to the regulated retirement date. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss as incurred.

(d) Staff incentive plan

As approved by the Board of Directors, for the purposes of providing incentives and rewards to eligible employees for their past services, the Group awards a specified amount of staff compensation to the staff incentive plan independently managed by a designated staff committee for those eligible participating employees. The Group recognises its contribution to the plan when it has a present legal or constructive obligation to make such payment and a reliable estimate of the obligation can be made.

(15) Insurance contracts

The Group identifies portfolios of insurance contracts as contracts subject to similar risks and are managed together. The Group further divides portfolios of insurance contracts into groups of insurance contracts and uses groups of insurance contracts as units of account. The Group's approaches for insurance contract measurement include the general measurement model, the special measurement approach ("variable fee approach") for groups of insurance contracts with direct participation features, and the simplified approach ("premium allocation approach"). The Group makes the accounting policy choice of disaggregating insurance finance income or expenses for the period between profit or loss and other comprehensive income.

General measurement model

The Group measures insurance contract liabilities on the initial recognition of a group of insurance contracts at the total of fulfilment cash flows and contractual service margin.

On initial recognition of a group of insurance contracts, the Group measures the total of: the fulfilment cash flows; the cash flows related to asset for insurance acquisition cash flows, and any other asset or liability derecognised at that date; cash flows arising from the contracts in the group at that date. If the total represents a net cash inflow, the Group recognises that as a contractual service margin; if it represents a net cash outflow, the Group recognises that as a loss in profit or loss of the period.

The insurance contract liability is subsequently measured by the Group at the end of the reporting period at the total of the liability for remaining coverage and the liability for incurred claims.

For insurance contracts without direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period are determined as the carrying amount at the start of the period after required adjustments.

The Group rationally determines the coverage units of the group of contracts in each period of the coverage period based on the pattern of provision of insurance contract services, and recognises insurance revenue accordingly over the current and future periods by amortizing the adjusted carrying amount of the contractual service margin.

Variable fee approach

The Group adopts the variable fee approach for insurance contracts with direct participation features. The Group estimates the fulfilment cash flows of the groups of insurance contracts with direct participation features at the difference between the fair value of the underlying items and the variable fee. For insurance contracts with direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period after required adjustments.

Premium allocation approach

For insurance contracts meeting criteria, the Group may simplify the measurement of a group of insurance contracts adopting the premium allocation approach ("PAA"). Adopting the premium allocation approach, on initial recognition, the carrying amount of the liability for remaining coverage is the premiums received, minus any insurance acquisition cash flows at that date, and minus (or plus) any amount arising from the derecognition at that date of any asset for insurance acquisition cash flows and any other related asset or liability. At the end of the reporting period, the carrying amount of the liability for remaining coverage is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows in the period, plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as insurance service expenses and any adjustment to a financing component in the period, minus the amount recognised as insurance revenue for services provided in that period, and minus any investment component paid or transferred to the liability for incurred claims in the period.

4 Material accounting policies and significant accounting estimates (continued)

(16) Provisions and contingent liabilities

A provision is recognised in the statement of financial position if, as the result of a past event, the Group has a present legal or constructive obligation that can be reliably estimated 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 the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

A potential obligation arising from a past transaction or event whose existence can only be confirmed by the occurrence or non-occurrence of future uncertain events; or a present obligation that arises from past transactions or events where it is not probable that an outflow of economic benefits is required to settle the obligation or the amount of the obligation cannot be measured reliably, is disclosed as a contingent liability unless the probability of outflow of economic benefit is remote.

(17) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. A financial instrument issued is an equity instrument if, and only if, both conditions (i) and (ii) below are met: (i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group; and (ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

(18) Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of guarantee fees, and the best estimate of the loss provisions required to settle the guarantee. Any increase in the liability relating to guarantees is recognised in profit or loss.

The impairment allowance of loan commitments provided by the Group is measured by ECL. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined allowance for ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

(19) Fiduciary and custody business

Asset custody business refers to a fee-based business of the Group, as an independent third party, enters into custody contracts with trustors, managers, or trustees in accordance with laws and regulations, maintains entrusted assets in accordance with the contracts, discharges rights and obligations as agreed in the custody contracts, provides custody services, and charges fiduciary and custody fees. The Group fulfils its fiduciary obligations and collects relevant fees in accordance with these contracts, and does not take up any risks and rewards related to the assets under custody, which are recorded as off-balance sheet items.

The Group conducts entrusted lending business, whereby it enters into entrusted loan agreements with customers. Under the terms of these agreements, the customers provide funding (the "entrusted funds") to the Group, and the Group grants loans (the "entrusted loans") to third parties according to the instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, entrusted loans and funds are recorded as off-balance sheet items at their principal amounts and no allowance for impairment losses are made for these entrusted loans.

4 Material accounting policies and significant accounting estimates (continued)

(20) Revenue recognition

(a) Interest income

Interest income for debt instruments measured at amortised cost and fair value through other comprehensive income is recognised in profit or loss based on effective interest method. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-earning instrument and its amount at maturity calculated on an effective interest basis. The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period.

(b) Fee and commission income

Fee and commission income is recognised when the performance obligation is satisfied. For those services that are provided over a period of time, fee and commission income is accrued in accordance with the terms and conditions of the service agreement. For other services, fee and commission income is recognised when the transactions are completed.

(c) Dividend income

Dividend income from equity investments is recognised in profit or loss on the date when the Group's right to receive payment is established.

(21) Income tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous periods. Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax also arises from unused tax losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised.

Current income tax and movements in deferred tax balances are recognised in profit or loss except to the extent that they relate to items recognised in equity, in which case the relevant amounts of tax are recognised in equity, respectively.

At the end of each reporting period, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled according to the requirements of tax laws. The Group also considers the possibility of realisation and the settlement of deferred tax assets and deferred tax liabilities in the calculation.

Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Otherwise, the balances of deferred tax assets and deferred tax liabilities, and movements therein, are presented separately from each other and are not offset.

(22) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(23) Profit distribution

Proposed dividends which are declared and approved after the end of each reporting period are not recognised as a liability in the statement of financial position and are instead disclosed as a subsequent event after the end of each reporting period in the note to the financial statements. Dividends payable are recognised as liabilities in the period in which they are approved.

4 Material accounting policies and significant accounting estimates (continued)

(24) Related parties

If the Group has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or vice versa, or where the Group and one or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. The Group's related parties include but are not limited to the following:

(a) the Bank's parents;

(b) the Bank's subsidiaries;

(c) other entities which are controlled by the Bank's parents;

(d) an investor who has joint control over the Group;

(e) an investor who can exercise significant influence over the Group;

(f) an associate of the Group;

(g) a joint venture of the Group;

(h) principal individual investors of the Group, and close family members of such individuals (principal individual investors are the individual investors who have the power, directly or indirectly, to control, jointly control or exercise significant influence over another party);

(i) key management personnel of the Group and close family members of such individuals (key management personnel represent those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity);

(j) key management personnel of the Bank's parents and close family members of such individuals;

(k) other entities that are controlled or jointly controlled by the Group's principal individual investors, key management personnel, or close family members of such individuals;

(l) a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group; and

(m) joint ventures and their subsidiaries, or associates and their subsidiaries, of other member units (including parent companies and subsidiaries) of the Bank's corporate group, joint ventures and their subsidiaries, or associates and their subsidiaries, of companies that exercise joint control over the Bank, joint ventures and their subsidiaries of the companies that have a significant influence on the Bank, subsidiaries of joint ventures, and subsidiaries of associates.

(25) Operating segments

The identification of operating segments of the Group is on the basis of internal reports that are regularly reviewed by the Group's chief operating decision makers in order to allocate resources to the segment and assess its performance. On the basis of the operating segments, the Group identifies the reportable segments, using a combination of factors including products and services, geographical areas, regulatory environments, which management has chosen for organisation. The operating segments that meet the specified criteria have been aggregated, and the operating segments that meet quantitative thresholds have been reported separately.

The amount reported for each operating segment item is the measure reported to the chief operating decision makers for the purposes of allocating resources to the segment and assessing its performance. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

4 Material accounting policies and significant accounting estimates (continued)

(26) Significant accounting estimates and judgements

(a) *Classification of financial assets*

The Group's significant judgments in determining the classification of financial assets include the analysis of business models and contractual cash flow characteristics.

The Group determines the business model for the management of financial assets at the level of portfolios and considers the factors such as how the asset's performance is evaluated and reported to key management personnel, the risks affecting the performance of financial assets and the way in which financial assets are managed, and how managers of the business are compensated.

In assessing whether the contractual cash flows of financial assets are consistent with the basic lending arrangement, the Group uses the following key judgements: whether the principals may change because of the changes of time distribution or amount over the life due to reasons such as prepayment; whether the interest includes only the consideration for the time value of money, for credit risk, for other basic lending risks and costs, as well as a profit margin. For example, whether the amount prepaid reflects only the principal that has not yet been paid and the interest based on the outstanding principal, as well as reasonable compensation paid for the early termination of the contract.

(b) *Measurement of expected credit losses*

The measurement of expected credit loss for the investment in financial assets measured at amortised cost and debt instruments measured at FVOCI is an area that requires the use of complex models and significant assumptions about future macroeconomic conditions and credit behaviour (e.g. the likelihood of default by customers and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit losses is further detailed in Note 62(1).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses, such as:

– Determining criteria for significant increase and credit-impaired in credit risk;

– Choosing appropriate models and assumptions for the measurement of expected credit losses;

– Determining the forward-looking information and weightings for different types of products when measuring expected credit losses; and

– Establishing groups of financial instruments with similar risk characteristics for the purpose of measuring expected credit losses.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 62(1) Credit risk.

(c) *Fair value of financial instruments*

The fair value of financial instruments that are traded in an active market is based on their quoted market prices in an active market at the valuation date. A quoted market price is a price from an active market where price information is readily and regularly available from an exchange or from a dealer quotation and where this price information represents actual and recurring orderly transactions.

For all other financial instruments, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation model. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, foreign currency exchange rates, credit spreads and the liquidity premium. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at the end of each reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on the maximising observable market data at the end of each reporting period. However, where market data is not available, the Group needs to make the best estimates on such unobservable market inputs.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants in an orderly transaction.

4 Material accounting policies and significant accounting estimates (continued)

(26) Significant accounting estimates and judgements (continued)

(d) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(e) Employee retirement benefit obligations

The Group has established liabilities in connection with benefits paid to certain retired employees. The amounts of employee benefit expense and liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, pension benefit inflation rates, medical benefit inflation rates, and other factors. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the Group's other comprehensive income and liability related to its employee retirement benefit obligations.

(f) Scope of consolidation

The Group has taken into consideration all facts and circumstances in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

5 Taxation

The Group's main applicable taxes and tax rates are as follows:

Value added tax ("VAT")

Pursuant to the 'Circular on the Comprehensive Plan for Levying VAT in place of Business Tax' (Cai Shui [2016] No.36) jointly issued by the Ministry of Finance ("MOF") and the State Administration of Taxation, business tax that used to be levied on taxable income of the Bank and its subsidiaries in the Chinese mainland was replaced by VAT from 1 May 2016, and the main VAT rate is 6%.

City construction tax

City construction tax is calculated as 1% to 7% of VAT.

Education surcharge

Education surcharge is calculated as 3% of VAT.

Local education surcharge

Local education surcharge is calculated as 2% of VAT.

Income tax

The predominant income tax rate that is applicable to the Bank and its subsidiaries in the Chinese mainland is 25%. Taxation on overseas operations is charged at the relevant local rates. Tax paid on overseas operations is deducted to the extent allowed under the relevant income tax laws of the PRC.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

6 Net interest income

	2024	2023
Interest income arising from:		
Deposits with central banks	**44,878**	45,636
Deposits with banks and non-bank financial institutions	**5,063**	5,907
Placements with banks and non-bank financial institutions	**20,165**	19,771
Financial assets held under resale agreements	**16,761**	19,611
Financial investments	**289,788**	278,524
Loans and advances to customers		
– Corporate loans and advances	**509,093**	492,292
– Personal loans and advances	**342,270**	373,291
– Discounted bills	**13,539**	12,334
Total	**1,241,557**	1,247,366
Interest expense arising from:		
Borrowings from central banks	**(27,137)**	(23,785)
Deposits from banks and non-bank financial institutions	**(78,229)**	(63,187)
Placements from banks and non-bank financial institutions	**(19,502)**	(17,692)
Financial assets sold under repurchase agreements	**(4,119)**	(2,962)
Debt securities issued	**(63,860)**	(54,504)
Deposits from customers		
– Corporate deposits	**(205,143)**	(215,040)
– Personal deposits	**(253,685)**	(252,963)
Total	**(651,675)**	(630,133)
Net interest income	**589,882**	617,233

(1) Interest income from impaired financial assets is listed as follows:

	2024	2023
Impaired loans and advances	**3,309**	5,058
Other impaired financial assets	**108**	433
Total	**3,417**	5,491

(2) Interest expense on financial liabilities with maturity over five years mainly represented the interest expense on debt securities issued.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

7 Net fee and commission income

	2024	2023
Fee and commission income		
Settlement and clearing fees	**36,705**	37,637
Bank card fees	**21,074**	21,071
Commission on trust and fiduciary activities	**17,057**	18,389
Agency service fees	**14,412**	18,894
Income from asset management business	**8,581**	10,680
Consultancy and advisory fees	**8,131**	10,892
Others	**11,980**	12,343
Total	**117,940**	129,906
Fee and commission expense		
Bank card transaction fees	**(6,530)**	(6,593)
Inter-bank transaction fees	**(1,111)**	(1,245)
Others	**(5,371)**	(6,322)
Total	**(13,012)**	(14,160)
Net fee and commission income	**104,928**	115,746

8 Net trading gain

	2024	2023
Debt securities	**3,599**	4,134
Derivatives	**1,158**	1,360
Equity investments	**(235)**	(57)
Others	**217**	248
Total	**4,739**	5,685

9 Dividend income

	2024	2023
Dividend income from equity investments measured at fair value through profit or loss	**5,721**	5,701
Dividend income from equity investments measured at fair value through other comprehensive income	**855**	11
Total	**6,576**	5,712

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

10 Net gain/(loss) arising from investment securities

	2024	2023
Net loss related to financial liabilities designated as measured at fair value through profit or loss	**(5,995)**	(8,865)
Net gain related to other financial assets and liabilities measured at fair value through profit or loss	**13,253**	7,158
Net gain related to financial assets measured at fair value through other comprehensive income	**3,012**	1,375
Others	**608**	110
Total	**10,878**	(222)

11 Net gain on derecognition of financial assets measured at amortised cost

For the year ended 31 December 2024, net gain on derecognition of financial assets measured at amortised cost consisted mainly of gain from Group's disposal of bond investments and gain from asset-backed securities (For the year ended 31 December 2023, net gain on derecognition of financial assets measured at amortised cost consisted mainly of gain from asset-backed securities).

12 Other operating income, net

	2024	2023
Other operating income		
Insurance related income	**5,315**	4,783
Foreign exchange gains	**7,363**	3,247
Rental income	**8,502**	7,402
Others	**8,702**	9,791
Total	**29,882**	25,223
Other operating expense		
Insurance related costs	**(11,002)**	(13,502)
Others	**(11,304)**	(11,206)
Total	**(22,306)**	(24,708)
Other operating income, net	**7,576**	515

Foreign exchange gains or losses includes gains and losses in connection with the translation of foreign currency denominated monetary assets and liabilities, and net realised and unrealised gains and losses on foreign exchange derivatives (including those foreign exchange swaps, foreign exchange options and cross currency swaps entered into in order to economically hedge positions in foreign currency assets).

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

13 Operating expenses

	2024	2023
Staff costs		
– Salaries, bonuses, allowances and subsidies	**87,392**	84,618
– Defined contribution plans	**16,984**	16,319
– Housing funds	**8,166**	7,915
– Union running costs and employee education costs	**2,837**	3,389
– Early retirement benefits	**–**	5
– Compensation to employees for termination of employment relationship	**44**	9
– Others	**18,337**	15,768
	133,760	128,023
Premises and equipment expenses		
– Depreciation charges	**21,562**	21,289
– Rent and property management expenses	**3,882**	4,167
– Maintenance	**2,250**	2,594
– Utilities	**1,957**	1,997
– Others	**2,374**	2,403
	32,025	32,450
Taxes and surcharges	**8,263**	8,476
Amortisation expenses	**3,385**	3,495
Other general and administrative expenses	**46,346**	47,708
Total	**223,779**	220,152

In 2024, the Group's operating expenses related to actual research and development activities amounted to RMB7,068 million (2023: RMB7,191 million).

14 Credit impairment losses

	2024	2023
Loans and advances to customers	**118,938**	144,682
Financial investments		
– Financial assets measured at amortised cost	**6,007**	(7,468)
– Financial assets measured at fair value through other comprehensive income	**(2,077)**	(374)
Off-balance sheet credit business	**(4,838)**	(6,109)
Others	**2,670**	6,043
Total	**120,700**	136,774

15 Other impairment losses

	2024	2023
Other impairment losses	**298**	463

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

16 Directors' and supervisors' emoluments

The aggregate of the emoluments before individual income tax of directors and supervisors who held office during the year is as follows:

	2024				
	Fees RMB'000	Remuneration paid RMB'000	Contributions to defined contribution retirement schemes RMB'000	Other benefits in kind (Note (v)) RMB'000	Total (Note (i)) RMB'000
Executive directors					
Zhang Jinliang (Notes (ii) & (vi))	–	673	66	177	916
Zhang Yi (Notes (ii) & (vi))	–	448	45	127	620
Ji Zhihong (Note (vi))	–	605	66	170	841
Non-executive directors					
Tian Bo (Note (iii))	–	–	–	–	–
Xia Yang (Note (iii))	–	–	–	–	–
Liu Fang (Note (iii))	–	–	–	–	–
Li Lu (Note (iii))	–	–	–	–	–
Independent non-executive directors					
Graeme Wheeler	440	–	–	–	440
Michel Madelain	440	–	–	–	440
William Coen	400	–	–	–	400
Leung Kam Chung, Antony	410	–	–	–	410
Lord Sassoon	390	–	–	–	390
Lin Zhijun (Note (ii))	130	–	–	–	130
Supervisors					
Lin Hong (Note (vi))	–	1,048	66	230	1,344
Liu Jun (Note (iv))	50	–	–	–	50
Zhao Xijun	290	–	–	–	290
Liu Huan	270	–	–	–	270
Ben Shenglin	250	–	–	–	250
Former executive directors					
Tian Guoli (Notes (ii) & (vi))	–	168	16	39	223
Cui Yong (Notes (ii) & (vi))	–	–	–	–	–
Former non-executive directors					
Shao Min (Notes (ii) & (iii))	–	–	–	–	–
Former independent non-executive directors					
Kenneth Patrick Chung (Note (ii))	220	–	–	–	220
	3,290	2,942	259	743	7,234

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

16 Directors' and supervisors' emoluments (continued)

	2023			
	Annual remuneration payable (Allowances) RMB'000	Employer's contribution to social insurances, enterprise annuity, supplemental medical insurance and housing Provident fund RMB'000	Other monetary income RMB'000	Incentive income for 2021-2023 tenure RMB'000
Executive directors				
Zhang Jinliang (Notes (ii) & (vi))	919	211	–	430
Ji Zhihong (Note (vi))	827	205	–	692
Non-executive directors				
Shao Min (Notes (ii) & (iii))	–	–	–	–
Tian Bo (Note (iii))	–	–	–	–
Xia Yang (Note (iii))	–	–	–	–
Liu Fang (Note (iii))	–	–	–	–
Li Lu (Note (iii))	–	–	–	–
Independent non-executive directors				
Kenneth Patrick Chung (Note (ii))	440	–	–	–
Graeme Wheeler	440	–	–	–
Michel Madelain	430	–	–	–
William Coen	390	–	–	–
Leung Kam Chung, Antony	410	–	–	–
Lord Sassoon	98	–	–	–
Supervisors				
Lin Hong (Note (vi))	2,166	288	–	–
Liu Jun (Note (iv))	50	–	–	–
Zhao Xijun	290	–	–	–
Liu Huan	270	–	–	–
Ben Shenglin	250	–	–	–
Former executive directors				
Tian Guoli (Notes (ii) & (vi))	919	211	–	768
Cui Yong (Notes (ii) & (vi))	827	205	–	328
Former non-executive directors				
Xu Jiandong (Note (iii))	–	–	–	–
Former independent non-executive directors				
Malcolm Christopher McCarthy	205	–	–	–
Former supervisors				
Wang Yongqing (Note (vi))	689	157	–	704
Wang Yi (Note (iv))	17	–	–	–
	9,637	1,277	–	2,922

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

16 Directors' and supervisors' emoluments (continued)

Notes:

(i) The amounts of emoluments for the year ended 31 December 2024 in respect of the services rendered by the directors and supervisors are subject to the approval of the shareholders' general meeting.

(ii) Upon election of the Board and approval of the NFRA, Mr. Zhang Jinliang began to serve as chairman of the Board from March 2024. Upon election at the 2023 annual general meeting of the Bank, Mr. Zhang Yi began to serve as executive director of the Bank from June 2024. Upon election of the Board and approval of the NFRA, Mr. Zhang Yi began to serve as vice chairman of the Board from July 2024. Upon election at the 2023 annual general meeting of the Bank and approval of the NFRA, Mr. Lin Zhijun began to serve as independent non-executive director of the Bank from September 2024.

By reason of age, Mr. Tian Guoli ceased to serve as chairman and executive director of the Bank from March 2024. Due to change of job, Mr. Cui Yong ceased to serve as executive director of the Bank from January 2024. Due to change of job, Ms. Shao Min ceased to serve as non-executive director of the Bank from August 2024. Due to expiration of his term of office, Mr. Kenneth Patrick Chung ceased to serve as independent non-executive director of the Bank from June 2024.

(iii) The Bank did not need to pay the emoluments of non-executive directors appointed by Huijin for the services rendered in 2024 and 2023.

(iv) The amounts only included fees for their services as supervisors.

(v) Other benefits in kind included the Bank's contributions to medical fund, housing fund and other social insurances, which are payable to labour and security authorities based on the lower of certain percentage of the salaries and allowance or the prescribed upper limits as required by the relevant regulations issued by the government authorities. Other benefits also included the Bank's contribution to its own corporate annuity plan (which was set up in accordance with the relevant policies issued by the government authorities) and supplementary medical insurance.

(vi) The total compensation package for these directors and supervisors for the year ended 31 December 2024 has not yet been finalised in accordance with regulations of the PRC relevant authorities. The amount of the compensation not provided for is not expected to have a significant impact on the Group's financial statements for the year ended 31 December 2024. The final compensation will be disclosed in a separate announcement when determined.

The total compensation package for certain directors and supervisors for the year ended 31 December 2023 had not been finalised in accordance with regulations of the PRC relevant authorities as at the date that the 2023 financial statements were published. The aforesaid total compensation package for the directors and supervisors for the year ended 31 December 2023 was the final amount.

(vii) From 2015 onwards, remuneration of the Bank's leaders administered by central authorities has been paid in accordance with relevant policies relating to the central remuneration reform.

None of the directors and supervisors received any inducements or compensation for loss of office, or waived any emoluments during the years ended 31 December 2024 and 2023.

17 Individuals with highest emoluments

The five highest paid employees of the Group are all market-making personnel responsible for asset management business of the Bank's subsidiaries or personnel from the Bank's overseas entities. Their emoluments were determined based on prevailing market rates in respective countries (regions) where the subsidiaries are located. None of the five individuals with the highest emoluments are directors or supervisors whose emoluments are disclosed in Note 16. The aggregate of the emoluments before individual income tax of the five highest paid individuals during the year is as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries and allowance	**18,267**	14,366
Variable compensation	**11,709**	19,367
Contributions to defined contribution retirement schemes	**2,547**	2,249
Other benefits in kind	**955**	1,225
Total	**33,478**	37,207

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

17 Individuals with highest emoluments (continued)

The numbers of these individuals whose emoluments before individual income tax are within the following bands is set out below:

	2024	2023
RMB5,000,001 – RMB5,500,000	1	–
RMB5,500,001 – RMB6,000,000	–	–
RMB6,000,001 – RMB6,500,000	2	1
RMB6,500,001 – RMB7,000,000	1	1
RMB7,000,001 – RMB7,500,000	–	–
RMB7,500,001 – RMB8,000,000	–	2
RMB8,000,001 – RMB8,500,000	–	1
RMB8,500,001 – RMB9,000,000	1	–

None of these individuals received any inducements or compensation for loss of office, or waived any emoluments during the years ended 31 December 2024 and 2023.

18 Income tax expense

(1) Income tax expense

	2024	2023
Current tax	53,439	65,995
– The Chinese mainland	51,012	62,866
– Hong Kong	1,172	1,295
– Other countries and regions	1,255	1,834
Deferred tax	(5,344)	(9,078)
Total	48,095	56,917

The provisions for income taxes for the Chinese mainland and Hong Kong are calculated at 25% and 16.5% of the estimated taxable income from the Chinese mainland and Hong Kong operations, respectively. Taxation for other overseas operations is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(2) Reconciliation between income tax expense and accounting profit

	Note	2024	2023
Profit before tax		384,377	389,377
Income tax calculated at the 25% statutory tax rate		96,094	97,344
Effects of different applicable rates of tax prevailing in other countries/regions		(504)	(767)
Non-deductible expenses and others	(a)	14,237	18,703
Non-taxable income	(b)	(61,732)	(58,363)
Income tax expense		48,095	56,917

(a) Non-deductible expenses primarily include non-deductible losses resulting from write-offs and impairment losses.

(b) Non-taxable income primarily includes interest income from PRC government bonds and local government bonds.

The Group has adopted a temporary mandatory exemption from the recognition and disclosure of deferred income taxes arising from the Pillar Two model rules in accordance with amendments to IAS 12. Before 31 December 2024, Pillar Two legislations were enacted in certain jurisdictions where the Group has operations and became effective successively from 1 January 2024. The aggregate top-up tax amount associated with Pillar Two model rules was not material to the Group's financial statements for the year ended 31 December 2024.

19 Earnings per share

Basic earnings per share for the years ended 31 December 2024 and 2023 have been computed by dividing the net profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the years.

For the purpose of calculating basic earnings per share, dividends on other equity instruments declared in respect of the period should be deducted from the amounts attributable to equity shareholders of the Bank.

The conversion feature of preference shares is considered to be contingently issuable ordinary shares. The triggering events of conversion did not occur for the years ended 31 December 2024 and 2023, therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculations.

	2024	2023
Net profit attributable to equity shareholders of the Bank	**335,577**	332,653
Less: Profit for the year attributable to other equity instruments holders of the Bank	**(7,108)**	(5,110)
Net profit attributable to ordinary shareholders of the Bank	**328,469**	327,543
Weighted average number of ordinary shares (in millions of shares)	**250,011**	250,011
Basic earnings per share attributable to ordinary shareholders of the Bank (in RMB yuan)	**1.31**	1.31
Diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB yuan)	**1.31**	1.31

20 Cash and deposits with central banks

	Note	**31 December 2024**	31 December 2023
Cash		**46,691**	45,682
Deposits with central banks			
– Statutory deposit reserves	(1)	**2,206,678**	2,425,965
– Surplus deposit reserves	(2)	**259,529**	552,063
– Fiscal deposits and others		**57,283**	41,042
Accrued interest		**1,180**	1,306
Total		**2,571,361**	3,066,058

(1) The Group places statutory deposit reserves with the People's Bank of China ("PBOC") and overseas central banks where it has operations. The statutory deposit reserves are not available for use in the Group's daily business.

As at the end of the reporting period, the Bank's statutory deposit reserves rates in the Chinese mainland were as follows:

	31 December 2024	31 December 2023
Reserve rate for RMB deposits	**8.00%**	9.00%
Reserve rate for foreign currency deposits	**4.00%**	4.00%

The statutory RMB deposit reserve rates applicable to domestic subsidiaries of the Group are determined by the PBOC.

The amounts of statutory deposit reserves placed with the central banks of overseas countries and regions are determined by local jurisdictions.

(2) The surplus deposit reserves maintained with the PBOC is mainly for the purpose of clearing.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

21 Deposits with banks and non-bank financial institutions

(1) Analysed by type of counterparties

	31 December 2024	31 December 2023
Banks	**124,986**	131,935
Non-bank financial institutions	**29,083**	16,064
Accrued interest	**570**	379
Gross balances	**154,639**	148,378
Allowances for impairment losses (Note 36)	**(107)**	(160)
Net balances	**154,532**	148,218

(2) Analysed by geographical sectors

	31 December 2024	31 December 2023
The Chinese mainland	**117,985**	111,430
Overseas	**36,084**	36,569
Accrued interest	**570**	379
Gross balances	**154,639**	148,378
Allowances for impairment losses (Note 36)	**(107)**	(160)
Net balances	**154,532**	148,218

As at 31 December 2024 and 2023, all of the Group's deposits with banks and non-bank financial institutions were designated as Stage 1. For the years ended 31 December 2024 and 2023, neither the book values nor the impairment allowances had any migrations between stages.

22 Placements with banks and non-bank financial institutions

(1) Analysed by type of counterparties

	31 December 2024	31 December 2023
Banks	**317,922**	408,117
Non-bank financial institutions	**350,518**	263,148
Accrued interest	**4,866**	4,956
Gross balances	**673,306**	676,221
Allowances for impairment losses (Note 36)	**(431)**	(951)
Net balances	**672,875**	675,270

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

22 Placements with banks and non-bank financial institutions (continued)

(2) Analysed by geographical sectors

	31 December 2024	31 December 2023
The Chinese mainland	**523,623**	473,888
Overseas	**144,817**	197,377
Accrued interest	**4,866**	4,956
Gross balances	**673,306**	676,221
Allowances for impairment losses (Note 36)	**(431)**	(951)
Net balances	**672,875**	675,270

As at 31 December 2024 and 2023, all of the Group's placements with banks and non-bank financial institutions were designated as Stage 1. For the years ended 31 December 2024 and 2023, neither the book values nor the impairment allowances had any migrations between stages.

23 Derivatives and hedge accounting

(1) Analysed by type of contracts

		31 December 2024			31 December 2023		
	Note	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Interest rate contracts		**943,927**	**10,554**	**8,508**	1,352,192	10,490	7,957
Exchange rate contracts		**5,700,288**	**94,840**	**73,678**	3,711,837	31,425	27,568
Other contracts	(a)	**231,940**	**2,659**	**11,804**	192,081	1,925	6,343
Total		**6,876,155**	**108,053**	**93,990**	5,256,110	43,840	41,868

(2) Analysed by counterparty credit risk-weighted assets

	Note	31 December 2024	31 December 2023
Counterparty credit default risk-weighted assets			
– Interest rate contracts		**6,598**	7,690
– Exchange rate contracts		**70,479**	57,042
– Other contracts	(a)	**39,940**	17,867
Subtotal		**117,017**	82,599
Risk-weighted assets for credit valuation adjustment		**46,944**	21,582
Total		**163,961**	104,181

The notional amounts of derivatives only represent the unsettled transaction volume as at the end of the reporting period, instead of the amount of risk assets. From 1 January 2024, the Group adopted the *Rules on Capital Management of Commercial Banks* and other related policies. According to the rules set out by the NFRA, the Group measures the default risk exposures of derivative transactions using the Standardised Approach for Counterparty Credit Risk (SA-CCR), measures counterparty default risk-weighted assets of derivative transactions using the credit risk weighting approach, and measures risk-weighted assets for credit valuation adjustment using the simplified approach.

(a) Other contracts mainly consist of precious metals and commodity contracts.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

23 Derivatives and hedge accounting (continued)

(3) Hedge accounting

The following designated hedging instruments are included in the derivatives disclosed above.

	Note	31 December 2024			31 December 2023		
		Notional amounts	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Fair value hedges	(a)						
Interest rate swaps		**47,437**	**990**	**95**	52,093	1,340	254
Cross currency swaps		**2,716**	**145**	**–**	–	–	–
Cash flow hedges	(b)						
Foreign exchange swaps		**29,882**	**38**	**269**	28,536	250	254
Cross currency swaps		**876**	**70**	**–**	1,000	–	13
Interest rate swaps		**219**	**–**	**2**	3,199	130	–
Total		**81,130**	**1,243**	**366**	84,828	1,720	521

(a) Fair value hedges

The Group uses interest rate swaps and cross currency swaps to hedge against changes in fair value of loans and advances to customers, financial assets measured at fair value through other comprehensive income, placements from banks and non-bank financial institutions, deposits from customers, and debt securities issued arising from changes in interest rates and foreign exchange.

Net (losses)/gains on fair value hedges are as follows:

	2024	2023
Hedging instruments	**(107)**	(458)
Hedged items	**129**	466

The gain and loss arising from the ineffective portion of fair value hedges was immaterial for the years ended 31 December 2024 and 2023.

(b) Cash flow hedges

The Group uses foreign exchange swaps, cross currency swaps and interest rate swaps to hedge against exposures to cash flow variability primarily from foreign exchange and interest rate risks on deposits with banks and non-bank financial institutions, loans and advances to customers, financial assets measured at fair value through other comprehensive income, placements from banks and non-bank financial institutions, deposits from customers, and debt securities issued. The maturities of hedging instruments and hedged items are both within five years.

For the year ended 31 December 2024, the Group's net gain from the cash flow hedges of RMB100 million was recognised in other comprehensive income (for the year ended 31 December 2023: net gain from cash flow hedges of RMB201 million), and the gain and loss arising from the ineffective portion of cash flow hedges was immaterial.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

24 Financial assets held under resale agreements

Financial assets held under resale agreements analysed by underlying assets are shown as follows:

	31 December 2024	31 December 2023
Debt securities		
– Government bonds	**249,377**	363,187
– Debt securities issued by policy banks, banks and non-bank financial institutions	**362,137**	547,054
– Corporate bonds	**–**	12
Subtotal	**611,514**	910,253
Discounted bills	**11,031**	68,930
Accrued interest	**47**	477
Total	**622,592**	979,660
Allowances for impairment losses (Note 36)	**(33)**	(162)
Net balances	**622,559**	979,498

As at 31 December 2024 and 2023, all of the Group's financial assets held under resale agreements were designated as Stage 1. For the years ended 31 December 2024 and 2023, neither the book values nor the impairment allowances had any migrations between stages.

25 Loans and advances to customers

(1) Analysed by measurement

	Note	**31 December 2024**	31 December 2023
Gross loans and advances to customers measured at amortised cost		**24,161,965**	22,706,195
Less: allowances for impairment losses		**(802,894)**	(778,223)
Net loans and advances to customers measured at amortised cost	(a)	**23,359,071**	21,927,972
Loans and advances to customers measured at fair value through other comprehensive income	(b)	**1,631,752**	1,104,787
Accrued interest		**49,577**	50,618
Total		**25,040,400**	23,083,377

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

25 Loans and advances to customers (continued)

(1) Analysed by measurement (continued)

(a) *Loans and advances to customers measured at amortised cost*

	31 December 2024	31 December 2023
Corporate loans and advances		
– Loans	**15,085,911**	13,832,726
– Finance leases	**98,744**	104,871
	15,184,655	13,937,597
Personal loans and advances		
– Residential mortgages	**6,254,112**	6,452,948
– Personal consumer loans	**544,917**	431,758
– Personal business loans	**1,021,693**	777,481
– Credit cards	**1,069,183**	1,000,424
– Others	**87,405**	105,987
	8,977,310	8,768,598
Gross loans and advances to customers measured at amortised cost	**24,161,965**	22,706,195
Stage 1 – allowances for impairment losses	**(328,369)**	(363,424)
Stage 2 – allowances for impairment losses	**(219,912)**	(190,295)
Stage 3 – allowances for impairment losses	**(254,613)**	(224,504)
Allowances for impairment losses at amortised cost (Note 36)	**(802,894)**	(778,223)
Net loans and advances to customers measured at amortised cost	**23,359,071**	21,927,972

(b) *Loans and advances to customers measured at fair value through other comprehensive income*

	31 December 2024	31 December 2023
Discounted bills	**1,631,752**	1,104,787

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

25 Loans and advances to customers (continued)

(2) Analysed by assessment method of expected credit losses

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross loans and advances to customers measured at amortised cost	**23,023,768**	**793,506**	**344,691**	**24,161,965**
Less: allowances for impairment losses	**(328,369)**	**(219,912)**	**(254,613)**	**(802,894)**
Carrying amount of loans and advances to customers measured at amortised cost	**22,695,399**	**573,594**	**90,078**	**23,359,071**
Provision percentage for loans and advances to customers measured at amortised cost	**1.43%**	**27.71%**	**73.87%**	**3.32%**
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	**1,631,619**	**133**	**–**	**1,631,752**
Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	**(2,309)**	**(5)**	**–**	**(2,314)**

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross loans and advances to customers measured at amortised cost	21,602,943	777,996	325,256	22,706,195
Less: allowances for impairment losses	(363,424)	(190,295)	(224,504)	(778,223)
Carrying amount of loans and advances to customers measured at amortised cost	21,239,519	587,701	100,752	21,927,972
Provision percentage for loans and advances to customers measured at amortised cost	1.68%	24.46%	69.02%	3.43%
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	1,092,093	12,694	–	1,104,787
Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(1,431)	(461)	–	(1,892)

The Group measures ECL of loans and advances using risk parameter modelling approach that incorporates relevant parameters such as Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"). Specifically, the Group calculates LGD for Stage 3 corporate loans and advances not managed as part of a portfolio as well as discounted bills using the discounted cash flow method on expected recoverable cash flows. The Group can also calculate LGD for other corporate loans and advances using the discounted cash flow method on expected recoverable cash flows based on actual circumstances.

The segmentation of the loans mentioned above is defined in Note 4(3)(f).

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

25 Loans and advances to customers (continued)

(3) Movements of allowances for impairment losses

		2024			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024		363,424	190,295	224,504	778,223
Transfers:					
Transfers in/(out) to Stage 1		18,463	(17,394)	(1,069)	–
Transfers in/(out) to Stage 2		(9,135)	17,464	(8,329)	–
Transfers in/(out) to Stage 3		(5,359)	(22,535)	27,894	–
Newly originated or purchased financial assets		153,389	–	–	153,389
Transfer out/repayment	(a)	(135,943)	(33,838)	(68,274)	(238,055)
Remeasurements	(b)	(56,470)	85,920	118,854	148,304
Write-offs		–	–	(56,294)	(56,294)
Recoveries of loans and advances written off		–	–	17,327	17,327
As at 31 December 2024		328,369	219,912	254,613	802,894

		2023			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023		339,557	176,141	188,390	704,088
Transfers:					
Transfers in/(out) to Stage 1		19,259	(18,402)	(857)	–
Transfers in/(out) to Stage 2		(12,464)	19,608	(7,144)	–
Transfers in/(out) to Stage 3		(5,474)	(22,661)	28,135	–
Newly originated or purchased financial assets		168,995	–	–	168,995
Transfer out/repayment	(a)	(131,700)	(30,202)	(50,438)	(212,340)
Remeasurements	(b)	(14,749)	65,811	103,654	154,716
Write-offs		–	–	(53,389)	(53,389)
Recoveries of loans and advances written off		–	–	16,153	16,153
As at 31 December 2023		363,424	190,295	224,504	778,223

(a) Transfer out/repayment refers to transfer of creditor's rights, transfer of beneficial rights from credit assets, securitisation of assets, debt-to-equity swaps and reversal of loss provision due to repayment of debts in the form of other assets, as well as repayment of loans, etc.

(b) Remeasurements comprise the impact of changes in PD, LGD, and EAD; changes in model assumptions and methodologies; loss provisions change due to stage-transfer; unwinding of discount; and the impact of exchange rate changes, etc.

The loss provisions disclosed above are for loans and advances to customers measured at amortised cost.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

25 Loans and advances to customers (continued)

(3) Movements of allowances for impairment losses (continued)

For the year ended 31 December 2024, the changes of gross carrying amounts of loans and advances to customers with a significant impact on the Group's impairment allowance were mainly resulted from the credit business in the Chinese mainland, including:

For the year ended 31 December 2024, the gross carrying amount of corporate loans and advances to customers at domestic branches that had been transferred from Stage 1 to Stage 2 was RMB172,277 million (for the year ended 31 December 2023: RMB219,751 million). The gross carrying amount of loans transferred from Stage 2 to Stage 3 was RMB40,113 million (for the year ended 31 December 2023: RMB51,037 million). The gross carrying amount of loans transferred from Stage 2 to Stage 1 was RMB55,786 million (for the year ended 31 December 2023: RMB49,822 million). The changes of impairment allowances resulting from loans transferred from Stage 1 to Stage 3, and Stage 3 to Stage 1 and Stage 2 was not significant (for the year ended 31 December 2023: not significant). For the year ended 31 December 2024, the gross carrying amount of personal loans and advances to customers at domestic branches that had been transferred from Stage 2 to Stage 3 was RMB34,927 million (for the year ended 31 December 2023: RMB27,716 million). Changes in impairment allowances resulting from changes in stage designations of other personal loans and advances to customers at domestic branches were not significant (for the year ended 31 December 2023: not significant).

For the year ended 31 December 2024, the gross carrying amount of the loans of which impairment allowances were transferred from Stage 3 to Stage 2, and from Stage 3 or Stage 2 to Stage 1, due to the modification of contractual cash flows of domestic branches which did not result in derecognition was not significant (for the year ended 31 December 2023: not significant).

(4) Overdue loans analysed by overdue period

	31 December 2024				
	Overdue within three months	**Overdue between three months and one year**	**Overdue between one year and three years**	**Overdue over three years**	**Total**
Unsecured loans	**26,338**	**56,023**	**14,916**	**2,572**	**99,849**
Guaranteed loans	**5,554**	**22,075**	**36,199**	**11,106**	**74,934**
Loans secured by property and other immovable assets	**40,834**	**52,657**	**36,642**	**11,332**	**141,465**
Other pledged loans	**1,883**	**3,893**	**7,773**	**1,399**	**14,948**
Total	**74,609**	**134,648**	**95,530**	**26,409**	**331,196**
As a percentage of gross loans and advances to customers	**0.29%**	**0.52%**	**0.37%**	**0.10%**	**1.28%**

	31 December 2023				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	26,263	35,112	8,945	1,814	72,134
Guaranteed loans	12,863	19,777	29,155	4,525	66,320
Loans secured by property and other immovable assets	40,554	38,668	28,012	6,752	113,986
Other pledged loans	3,945	1,493	6,558	1,420	13,416
Total	83,625	95,050	72,670	14,511	265,856
As a percentage of gross loans and advances to customers	0.35%	0.40%	0.31%	0.06%	1.12%

Overdue loans represent loans of which the whole or part of the principal or interest is overdue for 1 day or more.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

25 Loans and advances to customers (continued)

(5) Packaged disposal of non-performing loans

For the year ended 31 December 2024, the Group's total amount of non-performing loans sold through packaged disposal to external asset management companies was RMB16,840 million (for the year ended 31 December 2023: RMB3,568 million).

(6) Write-offs

According to the Group's Write-offs policy, it is required to continue to recover the bad debts that are written off. For the year ended 31 December 2024, the amount of loans and advances to customers that the Group has written off under litigation-related condition but still under enforcement was RMB11,002 million (for the year ended 31 December 2023: RMB15,829 million).

26 Financial investments

(1) Analysed by measurement

	Note	**31 December 2024**	31 December 2023
Financial assets measured at fair value through profit or loss	(a)	**612,504**	602,303
Financial assets measured at amortised cost	(b)	**7,429,723**	6,801,242
Financial assets measured at fair value through other comprehensive income	(c)	**2,641,736**	2,234,731
Total		**10,683,963**	9,638,276

(a) Financial assets measured at fair value through profit or loss

Analysed by nature

	Note	**31 December 2024**	31 December 2023
Held-for-trading purposes			
– Debt securities	(i)	**130,680**	127,985
– Equity instruments and funds	(ii)	**3,049**	1,463
		133,729	129,448
Others			
– Debt investments	(iii)	**78,878**	80,747
– Debt securities	(iv)	**145,081**	153,567
– Equity instruments, funds and others	(v)	**254,816**	238,541
		478,775	472,855
Total		**612,504**	602,303

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

26 Financial investments (continued)

(1) Analysed by measurement (continued)

(a) *Financial assets measured at fair value through profit or loss* (continued)

Analysed by type of issuers

Held-for-trading purposes

(i) Debt securities

	31 December 2024	31 December 2023
Government	**19,173**	20,369
Central banks	**12,800**	8,074
Policy banks	**28,615**	26,398
Banks and non-bank financial institutions	**62,051**	57,698
Enterprises	**8,041**	15,446
Total	**130,680**	127,985
Listed (Note)	**128,165**	118,880
– of which in Hong Kong	**2,527**	849
Unlisted	**2,515**	9,105
Total	**130,680**	127,985

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(ii) Equity instruments and funds

	31 December 2024	31 December 2023
Banks and non-bank financial institutions	**2,869**	1,114
Enterprises	**180**	349
Total	**3,049**	1,463
Listed	**2,294**	374
– of which in Hong Kong	**178**	209
Unlisted	**755**	1,089
Total	**3,049**	1,463

Others

(iii) Debt investments

	31 December 2024	31 December 2023
Banks and non-bank financial institutions	**56,280**	54,349
Enterprises	**22,598**	26,398
Total	**78,878**	80,747
Unlisted	**78,878**	80,747
Total	**78,878**	80,747

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

26 Financial investments (continued)

(1) Analysed by measurement (continued)

(a) *Financial assets measured at fair value through profit or loss (continued)*

Analysed by type of issuers (continued)

Others (continued)

(iv) Debt securities

	31 December 2024	31 December 2023
Policy banks	**18,176**	18,701
Banks and non-bank financial institutions	**126,412**	134,494
Enterprises	**493**	372
Total	**145,081**	153,567
Listed (Note)	**144,979**	153,481
– of which in Hong Kong	**61**	74
Unlisted	**102**	86
Total	**145,081**	153,567

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(v) Equity instruments, funds and others

	31 December 2024	31 December 2023
Banks and non-bank financial institutions	**127,518**	102,301
Enterprises	**127,298**	136,240
Total	**254,816**	238,541
Listed	**20,908**	31,367
– of which in Hong Kong	**3,783**	1,599
Unlisted	**233,908**	207,174
Total	**254,816**	238,541

There was no significant limitation on the ability of the Group to dispose of financial assets measured at fair value through profit or loss.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

26 Financial investments (continued)

(1) Analysed by measurement (continued)

(b) *Financial assets measured at amortised cost*

Analysed by type of issuers

	31 December 2024	31 December 2023
Government	6,642,599	5,925,826
Central banks	2,200	3,127
Policy banks	343,553	345,103
Banks and non-bank financial institutions	131,945	192,626
Enterprises	213,454	222,407
Special government bond	49,200	49,200
Subtotal	7,382,951	6,738,289
Accrued interest	73,291	87,799
Gross balances	7,456,242	6,826,088
Allowances for impairment losses		
– Stage 1	(14,212)	(11,716)
– Stage 2	(7)	(80)
– Stage 3	(12,300)	(13,050)
Subtotal	(26,519)	(24,846)
Net balances	7,429,723	6,801,242
Listed (Note)	7,311,261	6,664,047
– of which in Hong Kong	2,207	3,682
Unlisted	118,462	137,195
Total	7,429,723	6,801,242
Market value of listed bonds	7,964,173	6,911,734

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

26 Financial investments (continued)

(1) Analysed by measurement (continued)

(c) *Financial assets measured at fair value through other comprehensive income*

Analysed by nature

	Note	31 December 2024	31 December 2023
Debt securities	(i)	**2,609,514**	2,224,783
Equity instruments	(ii)	**32,222**	9,948
Total		**2,641,736**	2,234,731

Analysed by type of issuers

(i) Debt securities

	31 December 2024	31 December 2023
Government	**1,419,701**	1,310,050
Central banks	**33,049**	31,937
Policy banks	**586,142**	482,236
Banks and non-bank financial institutions	**352,923**	229,794
Enterprises	**114,338**	112,312
Accumulated change of fair value charged in other comprehensive income	**77,849**	33,072
Subtotal	**2,584,002**	2,199,401
Accrued interest	**25,512**	25,382
Total	**2,609,514**	2,224,783
Listed (Note)	**2,535,485**	2,102,571
– of which in Hong Kong	**96,033**	71,707
Unlisted	**74,029**	122,212
Total	**2,609,514**	2,224,783

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(ii) The Group designates certain non-trading equity investments as financial assets measured at fair value through other comprehensive income. For the year ended 31 December 2024, dividend income from such equity investments was RMB855 million (for the year ended 31 December 2023: RMB11 million). For the year ended 31 December 2024, the Group neither sold any of the investments above (for the year ended 31 December 2023: the value of equity investments disposed of was RMB46 million) nor transferred any cumulative profit or loss within equity (for the year ended 31 December 2023: cumulative gains transferred into retained earnings from other comprehensive income after disposal was RMB26 million).

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

26 Financial investments (continued)

(2) Movements of allowances for impairment losses

(a) Financial assets measured at amortised cost

		2024			
	Note	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2024		**11,716**	**80**	**13,050**	**24,846**
Transfers:					
Transfers in/(out) to Stage 1		**–**	**–**	**–**	**–**
Transfers in/(out) to Stage 2		**(1)**	**1**	**–**	**–**
Transfers in/(out) to Stage 3		**–**	**(64)**	**64**	**–**
Newly originated or purchased financial assets		**2,004**	**–**	**–**	**2,004**
Financial assets derecognised during the year		**(4,299)**	**(15)**	**(563)**	**(4,877)**
Remeasurements	(i)	**4,792**	**5**	**835**	**5,632**
Write-offs		**–**	**–**	**(1,106)**	**(1,106)**
Recoveries of financial assets written off		**–**	**–**	**20**	**20**
As at 31 December 2024		**14,212**	**7**	**12,300**	**26,519**

		2023			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023		17,768	199	16,901	34,868
Transfers:					
Transfers in/(out) to Stage 1		–	–	–	–
Transfers in/(out) to Stage 2		(7)	7	–	–
Transfers in/(out) to Stage 3		–	–	–	–
Newly originated or purchased financial assets		1,642	–	–	1,642
Financial assets derecognised during the year		(2,485)	(172)	(3,425)	(6,082)
Remeasurements	(i)	(5,202)	46	1,197	(3,959)
Write-offs		–	–	(1,623)	(1,623)
As at 31 December 2023		11,716	80	13,050	24,846

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

26 Financial investments (continued)

(2) Movements of allowances for impairment losses (continued)

(b) *Financial assets measured at fair value through other comprehensive income*

		2024			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024		5,019	17	372	5,408
Transfers:					
Transfers in/(out) to Stage 1		–	–	–	–
Transfers in/(out) to Stage 2		–	–	–	–
Transfers in/(out) to Stage 3		–	–	–	–
Newly originated or purchased financial assets		833	–	–	833
Financial assets derecognised during the year		(2,944)	(12)	(94)	(3,050)
Remeasurements	(i)	31	3	25	59
As at 31 December 2024		2,939	8	303	3,250

		2023			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023		5,558	42	372	5,972
Transfers:					
Transfers in/(out) to Stage 1		–	–	–	–
Transfers in/(out) to Stage 2		–	–	–	–
Transfers in/(out) to Stage 3		–	(45)	45	–
Newly originated or purchased financial assets		1,941	–	–	1,941
Financial assets derecognised during the year		(1,858)	(3)	(6)	(1,867)
Remeasurements	(i)	(622)	23	174	(425)
Write-offs		–	–	(213)	(213)
As at 31 December 2023		5,019	17	372	5,408

(i) Remeasurements comprise the impact of changes in PD, LGD, and EAD; changes in model assumptions and methodologies; changes in allowance for impairment losses due to stage-transfer; and the impact of exchange rate changes, etc.

As at 31 December 2024, the Group’s financial assets measured at amortised cost with carrying amount of RMB13,171 million (as at 31 December 2023: RMB14,427 million) and financial assets measured at fair value through other comprehensive income with carrying amount of RMB37 million (as at 31 December 2023: RMB54 million) were impaired and classified as Stage 3, financial assets measured at amortised cost with carrying amount of RMB218 million (as at 31 December 2023: RMB462 million) and financial assets measured at fair value through other comprehensive income with carrying amount of RMB933 million (as at 31 December 2023: RMB549 million) were classified as Stage 2, and the remaining financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income were classified as Stage 1.

For the year ended 31 December 2024, the increase in the Group’s Stage 1 financial assets due to newly originated or purchased financial assets amounted to RMB2,341,958 million (for the year ended 31 December 2023: RMB2,127,112 million), the decrease in Stage 1 financial assets due to derecognition amounted to RMB1,340,509 million (for the year ended 31 December 2023: RMB1,080,730 million), and there were no significant changes in the balances of financial assets classified as Stage 2 and 3. Both the amounts of financial assets transferred between stages and the amounts of financial assets with modifications of contractual cash flows that did not result in a derecognition were not significant.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

27 Long-term equity investments

(1) Investments in subsidiaries

(a) Investment balance

	Note	31 December 2024	31 December 2023
CCB Financial Asset Investment Co., Ltd. ("CCB Investment")		**27,000**	27,000
CCB Wealth Management Co., Ltd. ("CCB Wealth Management")		**15,000**	15,000
CCB Financial Leasing Co., Ltd. ("CCB Financial Leasing")		**11,163**	11,163
CCB House Rental Fund (Limited Partnership) ("CCB House Rental Fund")		**10,000**	10,000
CCB Brazil Financial Holding – Investimentos e Participações Ltda.		**9,542**	9,542
CCB Trust Co., Ltd. ("CCB Trust")		**7,429**	7,429
CCB Life Insurance Co., Ltd. ("CCB Life")		**6,962**	6,962
CCB Consumer Finance Co., Ltd. ("CCB Consumer Finance")		**6,000**	6,000
China Construction Bank (Europe) S.A. ("CCB Europe")		**4,406**	4,406
China Construction Bank (London) Limited ("CCB London")	(i)	**2,861**	2,861
PT Bank China Construction Bank Indonesia Tbk ("CCB Indonesia")		**2,215**	2,215
CCB Pension Management Co., Ltd. ("CCB Pension")		**1,610**	1,610
Sino-German Bausparkasse Co., Ltd. ("Sino-German Bausparkasse")		**1,502**	1,502
China Construction Bank (Malaysia) Berhad ("CCB Malaysia")		**1,334**	1,334
China Construction Bank (New Zealand) Limited ("CCB New Zealand")		**976**	976
China Construction Bank (Russia) Limited Liability Company ("CCB Russia")		**851**	851
Golden Fountain Finance Limited ("Golden Fountain")		**676**	676
CCB Principal Asset Management Co., Ltd. ("CCB Principal Asset Management")		**130**	130
CCB International Group Holdings Limited ("CCBIG")		**–**	–
Subtotal		**109,657**	109,657
Less: Allowance for impairment losses		**(8,672)**	(8,672)
Total		**100,985**	100,985

(i) The Group steadily pressed ahead with business integration of its London entities, liquidation procedures at CCB London are currently underway.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

27 Long-term equity investments (continued)

(1) Investments in subsidiaries (continued)

(b) *Except for CCB Indonesia, the major subsidiaries of the Group are unlisted enterprises, details of the investments in subsidiaries are as follows:*

Name of company	Principal place of business	Particulars of issued and paid-up capital	Kind of legal entity	Principal activities	% of ownership directly held by the Bank	% of ownership indirectly held by the Bank	% of voting rights held by the Bank	Method of investment
CCB Investment	Beijing, the PRC	RMB27,000 million	Company with Limited Liability	Investment	100%	–	100%	Establishment
CCB Wealth Management	Shenzhen, the PRC	RMB15,000 million	Company with Limited Liability	Wealth Management	100%	–	100%	Establishment
CCB Financial Leasing	Beijing, the PRC	RMB11,000 million	Company with Limited Liability	Financial Leasing	100%	–	100%	Establishment
CCB House Rental Fund	Beijing, the PRC	RMB10,000 million	Limited Partnership	Investment	99.99%	0.01%	100%	Establishment
CCB Brazil Financial Holding – Investimentos e Participações Ltda.	Sao Paulo, Brazil	R$4,281 million	Company with Limited Liability	Investment	99.99%	0.01%	100%	Acquisition
CCB Trust	Anhui, the PRC	RMB10,500 million	Company with Limited Liability	Trust business	67%	–	67%	Acquisition
CCB Life	Shanghai, the PRC	RMB7,120 million	Company Limited by Shares	Insurance	51%	–	51%	Acquisition
CCB Consumer Finance	Beijing, the PRC	RMB7,200 million	Company with Limited Liability	Consumer Finance	83.33%	–	83.33%	Establishment
CCB Europe	Luxembourg	EUR550 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB London	London, United Kingdom	US$200 million RMB1,500 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB Indonesia	Jakarta, Indonesia	IDR3,791,973 million	Company Limited by Shares	Commercial Banking	60%	–	60%	Acquisition
CCB Pension	Beijing, the PRC	RMB2,300 million	Company with Limited Liability	Pension Management	70%	–	70%	Establishment
Sino-German Bausparkasse	Tianjin, the PRC	RMB2,000 million	Company with Limited Liability	House savings	75.10%	–	75.10%	Establishment
CCB Malaysia	Kuala Lumpur, Malaysia	MYR823 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB New Zealand	Auckland, New Zealand	NZD199 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB Russia	Moscow, Russia	RUB4,200 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

27 Long-term equity investments (continued)

(1) Investments in subsidiaries (continued)

(b) *Except for CCB Indonesia, the major subsidiaries of the Group are unlisted enterprises, details of the investments in subsidiaries are as follows:* (continued)

Name of company	Principal place of business	Particulars of issued and paid-up capital	Kind of legal entity	Principal activities	% of ownership directly held by the Bank	% of ownership indirectly held by the Bank	% of voting rights held by the Bank	Method of investment
Golden Fountain	British Virgin Islands	US$50,000	Company with Limited Liability	Investment	100%	–	100%	Acquisition
CCB Principal Asset Management	Beijing, the PRC	RMB200 million	Company with Limited Liability	Fund management services	65%	–	65%	Establishment
CCBIG	Hong Kong, the PRC	HK$1	Company with Limited Liability	Investment	100%	–	100%	Establishment
CCB International (Holdings) Limited ("CCB International")	Hong Kong, the PRC	US$601 million	Company with Limited Liability	Investment	–	100%	100%	Acquisition
China Construction Bank (Asia) CorporationLimited ("CCB Asia")	Hong Kong, the PRC	HK$6,511 million RMB17,600 million	Company Limited by Shares	Commercial Banking	–	100%	100%	Acquisition

(c) As at 31 December 2024, the amount of the non-controlling interests of the subsidiaries was immaterial to the Group.

(2) Interests in associates and joint ventures

(a) *The movements of the Group's interests in associates and joint ventures are as follows:*

	2024	2023
As at 1 January	**20,983**	22,700
Increase in capital during the year	**2,738**	1,128
Decrease in capital during the year	**(1,104)**	(2,484)
Share of profits	**584**	1,151
Cash dividend receivable	**(216)**	(520)
Effect of exchange difference and others	**575**	(992)
As at 31 December	**23,560**	20,983

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

27 Long-term equity investments (continued)

(2) Interests in associates and joint ventures (continued)

(b) Details of the interests in major associates and joint ventures are as follows:

Name of Company	Principal place of business	Particulars of issued and paid-up capital	Principal activities	% of ownership held	% of Voting held	Total assets at year end	Total liabilities at year end	Revenue for the year	Net profit for the year
Guoxin Jianyuan Equity Investment Fund (Chengdu) Partnership (Limited Partnership)	Chengdu, the PRC	RMB9,204 million	Equity investment	50.00%	50.00%	13,111	1	1,034	948
National Green Development Fund Co., Ltd.	Shanghai, the PRC	RMB30,950 million	Investment	9.04%	9.04%	32,645	446	222	19
Jianyuan Infrastructure Equity Investment Fund (Tianjin) Partnership (Limited Partnership)	Tianjin, the PRC	RMB3,500 million	Equity investment	48.57%	40.00%	4,405	–	147	147
Diamond String Limited	Hong Kong, the PRC	HK$10,000	Property investment	50.00%	50.00%	1,738	1,714	211	28
Guomin Pension & Insurance Co., Ltd	Beijing, the PRC	RMB11,378 million	Insurance	8.79%	8.79%	55,906	43,070	5,960	426

28 Structured entities

(1) Unconsolidated structured entities

Unconsolidated structured entities of the Group include wealth management products, asset management plans, trust plans, funds and asset-backed securities held for investment purposes, and wealth management products, trust plans and funds, which are issued or established by the Group for providing wealth management services to customers and earning management fees, commissions and custodian fees in return.

As at 31 December 2024 and 2023, the assets recognised for the Group's interests in the unconsolidated structured entities above included related investment and management fee, commission and custodian fee receivables accrued. Relevant carrying amounts and maximum risk exposures were as follows:

	31 December 2024	31 December 2023
Financial investments		
Financial assets measured at fair value through profit or loss	**187,978**	170,525
Financial assets measured at amortised cost	**2,848**	7,789
Financial assets measured at fair value through other comprehensive income	**2,309**	2,317
Long-term equity investments	**15,088**	14,257
Other assets	**3,527**	3,498
Total	**211,750**	198,386

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28 Structured entities (continued)

(1) Unconsolidated structured entities (continued)

For the years ended 31 December 2024 and 2023, gains and losses from the Group's unconsolidated structured entities were as follows:

	2024	2023
Interest income	224	658
Fee and commission income	9,799	11,563
Net trading (loss)/gain	(213)	121
Dividend income	1,221	1,364
Net gain arising from investment securities	1,484	1,734
Share of profits of associates and joint ventures	422	1,153
Total	12,937	16,593

As at 31 December 2024, the balance of unconsolidated structured entities initiated by the Group totalled RMB5,356,359 million (as at 31 December 2023: RMB4,713,947 million).

(2) Consolidated structured entities

Structured entities included into the Group's scope of consolidation consisted mainly of asset management plans and trust plans invested by the Group.

29 Fixed assets

	Bank premises	Equipment	Aircraft and vessels, etc	Others	Total
Cost/Deemed cost					
As at 1 January 2024	150,450	51,778	53,921	50,470	306,619
Additions	139	3,253	16,403	1,890	21,685
Transfer in (Note 30)	3,622	402	–	2,390	6,414
Other movements	(1,183)	(6,331)	(4,925)	(2,477)	(14,916)
As at 31 December 2024	153,028	49,102	65,399	52,273	319,802
Accumulated depreciation					
As at 1 January 2024	(62,147)	(36,597)	(10,674)	(35,786)	(145,204)
Charge for the year	(5,020)	(5,589)	(3,432)	(4,579)	(18,620)
Other movements	344	6,121	1,671	2,492	10,628
As at 31 December 2024	(66,823)	(36,065)	(12,435)	(37,873)	(153,196)
Allowances for impairment losses (Note 36)					
As at 1 January 2024	(394)	–	(1,070)	(3)	(1,467)
Charge for the year	–	–	(243)	–	(243)
Other movements	6	–	214	–	220
As at 31 December 2024	(388)	–	(1,099)	(3)	(1,490)
Net carrying value					
As at 1 January 2024	87,909	15,181	42,177	14,681	159,948
As at 31 December 2024	85,817	13,037	51,865	14,397	165,116

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

29 Fixed assets (continued)

	Bank premises	Equipment	Aircraft and vessels, etc	Others	Total
Cost/Deemed cost					
As at 1 January 2023	148,047	53,693	44,813	48,243	294,796
Additions	238	4,247	12,606	1,949	19,040
Transfer in (Note 30)	2,261	33	–	1,962	4,256
Other movements	(96)	(6,195)	(3,498)	(1,684)	(11,473)
As at 31 December 2023	150,450	51,778	53,921	50,470	306,619
Accumulated depreciation					
As at 1 January 2023	(57,412)	(37,014)	(8,877)	(33,209)	(136,512)
Charge for the year	(4,943)	(5,654)	(2,537)	(4,257)	(17,391)
Other movements	208	6,071	740	1,680	8,699
As at 31 December 2023	(62,147)	(36,597)	(10,674)	(35,786)	(145,204)
Allowances for impairment losses (Note 36)					
As at 1 January 2023	(392)	–	(875)	(3)	(1,270)
Charge for the year	(3)	–	(222)	–	(225)
Other movements	1	–	27	–	28
As at 31 December 2023	(394)	–	(1,070)	(3)	(1,467)
Net carrying value					
As at 1 January 2023	90,243	16,679	35,061	15,031	157,014
As at 31 December 2023	87,909	15,181	42,177	14,681	159,948

(1) Aircraft and vessels, etc, include aircraft, vessels, shield machines and other fixed assets used for operating leases.

(2) Other movements include disposals, retirements and exchange differences of fixed assets.

(3) As at 31 December 2024, the ownership documentation for the Group's bank premises with a net carrying value of RMB7,435 million (as at 31 December 2023: RMB7,623 million) was being finalised. However, management took the view that the aforesaid matter would not affect the Group's rights to these assets, nor would it have any significant impact on the Group's business operation.

30 Construction in progress

	2024	2023
Cost/Deemed cost		
As at 1 January	**7,423**	9,971
Additions	**3,635**	2,180
Transfer into fixed assets (Note 29)	**(6,414)**	(4,256)
Other movements	**(325)**	(472)
As at 31 December	**4,319**	7,423
Net carrying value		
As at 1 January	**7,423**	9,971
As at 31 December	**4,319**	7,423

Other movements include exchange differences.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

31 Land use rights

	2024	2023
Cost/Deemed cost		
As at 1 January	**22,903**	22,743
Additions	**1**	213
Other movements	**(34)**	(53)
As at 31 December	**22,870**	22,903
Amortisation		
As at 1 January	**(9,859)**	(9,385)
Charge for the year	**(519)**	(529)
Other movements	**58**	55
As at 31 December	**(10,320)**	(9,859)
Allowances for impairment losses (Note 36)		
As at 1 January	**(133)**	(133)
Other movements	**–**	–
As at 31 December	**(133)**	(133)
Net carrying value		
As at 1 January	**12,911**	13,225
As at 31 December	**12,417**	12,911

Other movements include exchange differences.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

32 Intangible assets

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2024	21,076	704	21,780
Additions	1,533	–	1,533
Other movements	(138)	(104)	(242)
As at 31 December 2024	22,471	600	23,071
Amortisation			
As at 1 January 2024	(14,847)	(384)	(15,231)
Charge for the year	(2,213)	(32)	(2,245)
Other movements	158	86	244
As at 31 December 2024	(16,902)	(330)	(17,232)
Allowances for impairment losses (Note 36)			
As at 1 January 2024	–	(9)	(9)
Additions	–	–	–
Other movements	–	–	–
As at 31 December 2024	–	(9)	(9)
Net carrying value			
As at 1 January 2024	6,229	311	6,540
As at 31 December 2024	5,569	261	5,830

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

32 Intangible assets (continued)

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2023	18,899	922	19,821
Additions	2,458	13	2,471
Other movements	(281)	(231)	(512)
As at 31 December 2023	21,076	704	21,780
Amortisation			
As at 1 January 2023	(12,814)	(502)	(13,316)
Charge for the year	(2,186)	(56)	(2,242)
Other movements	153	174	327
As at 31 December 2023	(14,847)	(384)	(15,231)
Allowances for impairment losses (Note 36)			
As at 1 January 2023	–	(9)	(9)
Additions	–	–	–
Other movements	–	–	–
As at 31 December 2023	–	(9)	(9)
Net carrying value			
As at 1 January 2023	6,085	411	6,496
As at 31 December 2023	6,229	311	6,540

Other movements include exchange differences.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

33 Goodwill

(1) The goodwill is mainly attributable to the expected synergies arising from the acquisition of CCB Asia and CCB Indonesia. The movements of the goodwill are as follows:

	2024	2023
As at 1 January	2,456	2,256
Additions through acquisitions	28	136
Effect of exchange difference	42	66
Allowances for impairment losses (Note 36)	(4)	(2)
As at 31 December	2,522	2,456

(2) Impairment test for CGU containing goodwill

The Group calculated the recoverable amounts of CGUs (including goodwill) in accordance with accounting policies. The Group estimated present values of future cash flows of CGUs using expected future cash flow projections based on financial forecasts approved by management. The average growth rates used by the Group were consistent with the forecasts in industry reports, while the discount rates reflected specific risks relating to relevant segments. The Group estimated net amounts of fair value less costs of disposal based on net assets within the CGUs.

As at 31 December 2024, the Group's goodwill impairment provision amounted to RMB39 million (as at 31 December 2023: RMB409 million). In 2024, the Group transferred out goodwill impairment provisions following its loss of control over the former China Construction Bank (Brasil) Banco Múltiplo S/A. ("the former CCB Brasil") upon disposal of a proportion of its equity.

34 Deferred tax

	31 December 2024	31 December 2023
Deferred tax assets	120,485	121,227
Deferred tax liabilities	(1,525)	(1,724)
Total	118,960	119,503

(1) Analysed by nature

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– Fair value adjustments	(92,885)	(23,330)	(27,233)	(6,922)
– Allowances for impairment losses	542,241	135,185	530,101	132,164
– Employee benefits	49,883	12,470	21,424	5,318
– Others	(14,349)	(3,840)	(27,268)	(9,333)
Total	484,890	120,485	497,024	121,227
Deferred tax liabilities				
– Fair value adjustments	(2,733)	(527)	(4,545)	(961)
– Others	(4,140)	(998)	(4,515)	(763)
Total	(6,873)	(1,525)	(9,060)	(1,724)

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

34 Deferred tax (continued)

(2) Movements of deferred tax

	Fair value adjustments	Allowances for impairment losses	Employee benefits	Others	Total
As at 1 January 2024	**(7,883)**	**132,164**	**5,318**	**(10,096)**	**119,503**
Recognised in profit or loss	**(1,863)**	**3,021**	**7,152**	**(2,966)**	**5,344**
Recognised in other comprehensive income	**(14,111)**	**–**	**–**	**8,224**	**(5,887)**
As at 31 December 2024	**(23,857)**	**135,185**	**12,470**	**(4,838)**	**118,960**
As at 1 January 2023	(5,916)	121,917	5,111	(8,912)	112,200
Recognised in profit or loss	(192)	10,247	207	(1,184)	9,078
Recognised in other comprehensive income	(1,775)	–	–	–	(1,775)
As at 31 December 2023	(7,883)	132,164	5,318	(10,096)	119,503

The Group did not have significant unrecognised deferred tax as at the end of the reporting period.

35 Other assets

	Note	31 December 2024	31 December 2023
Repossessed assets	(1)		
– Buildings		**996**	1,093
– Land use rights		**16**	20
– Others		**6**	9
		1,018	1,122
Clearing and settlement accounts		**82,283**	25,659
Right-of-use assets	(2)	**25,119**	25,968
Fee and commission receivables		**20,512**	22,626
Insurance related assets	(3)	**16,737**	13,153
Investment properties		**13,761**	13,100
Leasehold improvements		**4,228**	4,146
Deferred expenses		**1,598**	1,773
Assets held for sale		**–**	29,278
Others		**92,461**	175,523
Gross balance		**257,717**	312,348
Allowances for impairment losses (Note 36)			
– Repossessed assets		**(765)**	(735)
– Others		**(12,228)**	(12,241)
		(12,993)	(12,976)
Net balance		**244,724**	299,372

(1) For the year ended 31 December 2024, the original cost of repossessed assets disposed of by the Group amounted to RMB122 million (for the year ended 31 December 2023: RMB151 million). The Group intends to dispose of repossessed assets through various methods including auction, competitive bidding and transfer.

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35 Other assets (continued)

(2) Right-of-use assets

	Bank premises	Others	Total
Cost			
As at 1 January 2024	49,640	150	49,790
Additions	7,869	99	7,968
Other movements	(10,353)	(60)	(10,413)
As at 31 December 2024	47,156	189	47,345
Accumulated depreciation			
As at 1 January 2024	(23,730)	(92)	(23,822)
Charge for the year	(7,523)	(45)	(7,568)
Other movements	9,110	54	9,164
As at 31 December 2024	(22,143)	(83)	(22,226)
Allowances for impairment losses (Note 36)			
As at 1 January 2024	(250)	–	(250)
Charge for the year	–	–	–
Other movements	22	–	22
As at 31 December 2024	(228)	–	(228)
Net carrying value			
As at 1 January 2024	25,660	58	25,718
As at 31 December 2024	24,785	106	24,891

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

35 Other assets (continued)

(2) Right-of-use assets (continued)

	Bank premises	Others	Total
Cost			
As at 1 January 2023	47,694	142	47,836
Additions	9,212	439	9,651
Other movements	(7,266)	(431)	(7,697)
As at 31 December 2023	49,640	150	49,790
Accumulated depreciation			
As at 1 January 2023	(21,769)	(95)	(21,864)
Charge for the year	(7,794)	(43)	(7,837)
Other movements	5,833	46	5,879
As at 31 December 2023	(23,730)	(92)	(23,822)
Allowances for impairment losses (Note 36)			
As at 1 January 2023	–	–	–
Charge for the year	(250)	–	(250)
As at 31 December 2023	(250)	–	(250)
Net carrying value			
As at 1 January 2023	25,925	47	25,972
As at 31 December 2023	25,660	58	25,718

Other movements include exchange differences.

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35 Other assets (continued)

(3) Insurance-related assets

The total for groups of insurance contracts issued and reinsurance contracts that are assets as follows:

	31 December 2024	31 December 2023
Insurance contracts issued		
– Insurance contracts issued not applying the premium allocation approach	27	28
– Insurance contracts issued applying the premium allocation approach	–	–
Subtotal	27	28
Reinsurance contracts held		
– Reinsurance contracts held not applying the premium allocation approach	15,492	11,994
– Reinsurance contracts held applying the premium allocation approach	1,218	1,131
Subtotal	16,710	13,125
Total	16,737	13,153

36 Movements of allowances for impairment losses

	Note	2024				
		As at 1 January	(Reversal)/ charge for the year	Transfer in/(out)	Write-offs and others	As at 31 December
Deposits with banks and non-bank financial institutions	21	160	(60)	7	–	107
Precious metals		1	–	–	–	1
Placements with banks and non-bank financial institutions	22	951	(516)	(4)	–	431
Financial assets held under resale agreements	24	162	(129)	–	–	33
Loans and advances to customers measured at amortised cost	25	778,223	118,516	(37,551)	(56,294)	802,894
Financial assets measured at amortised cost	26(2)(a)	24,846	6,007	(3,228)	(1,106)	26,519
Long-term equity investments	27	44	–	–	–	44
Fixed assets	29	1,467	243	(2)	(218)	1,490
Land use rights	31	133	–	–	–	133
Intangible assets	32	9	–	–	–	9
Goodwill	33	409	4	(3)	(371)	39
Other assets	35	12,976	3,553	(387)	(3,149)	12,993
Total		819,381	127,618	(41,168)	(61,138)	844,693

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

36 Movements of allowances for impairment losses (continued)

		2023				
	Note	As at 1 January	(Reversal)/ charge for the year	Transfer in/(out)	Write-offs and others	As at 31 December
Deposits with banks and non-bank financial institutions	21	338	(183)	5	–	160
Precious metals		5	(4)	–	–	1
Placements with banks and non-bank financial institutions	22	933	15	3	–	951
Financial assets held under resale agreements	24	206	(44)	–	–	162
Loans and advances to customers measured at amortised cost	25	704,088	145,953	(18,429)	(53,389)	778,223
Financial assets measured at amortised cost	26(2)(a)	34,868	(7,468)	(931)	(1,623)	24,846
Long-term equity investments	27	44	–	–	–	44
Fixed assets	29	1,270	225	23	(51)	1,467
Land use rights	31	133	–	–	–	133
Intangible assets	32	9	–	–	–	9
Goodwill	33	365	2	42	–	409
Other assets	35	9,672	6,452	(5)	(3,143)	12,976
Total		751,931	144,948	(19,292)	(58,206)	819,381

Transfer in/(out) includes exchange differences.

37 Borrowings from central banks

	31 December 2024	31 December 2023
The Chinese mainland	**860,733**	1,076,813
Overseas	**73,103**	68,183
Accrued interest	**8,758**	10,638
Total	**942,594**	1,155,634

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

38 Deposits from banks and non-bank financial institutions

(1) Analysed by type of counterparties

	31 December 2024	31 December 2023
Banks	174,292	307,642
Non-bank financial institutions	2,631,776	2,467,534
Accrued interest	29,817	16,890
Total	2,835,885	2,792,066

(2) Analysed by geographical sectors

	31 December 2024	31 December 2023
The Chinese mainland	2,671,982	2,650,649
Overseas	134,086	124,527
Accrued interest	29,817	16,890
Total	2,835,885	2,792,066

39 Placements from banks and non-bank financial institutions

(1) Analysed by type of counterparties

	31 December 2024	31 December 2023
Banks	436,847	379,252
Non-bank financial institutions	38,257	24,546
Accrued interest	4,777	3,924
Total	479,881	407,722

(2) Analysed by geographical sectors

	31 December 2024	31 December 2023
The Chinese mainland	146,681	136,631
Overseas	328,423	267,167
Accrued interest	4,777	3,924
Total	479,881	407,722

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

40 Financial liabilities measured at fair value through profit or loss

	31 December 2024	31 December 2023
Financial liabilities related to precious metals	17,720	12,218
Structured financial instruments	222,873	239,961
Total	240,593	252,179

The structured financial instruments included under the Group's financial liabilities measured at fair value through profit or loss are designated as financial liabilities measured at fair value through profit or loss. As at the end of the reporting period, the difference between the fair value of these financial liabilities and the contractual payables at maturity was not material. The amounts of changes in the fair value of these financial liabilities that were attributable to changes in credit risk were considered not significant during the year presented and cumulatively as at 31 December 2024 and 2023.

41 Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements analysed by underlying assets are shown as follows:

	31 December 2024	31 December 2023
Debt securities		
– Government bonds	727,635	212,452
– Debt securities issued by policy banks, banks and non-bank financial institutions	8,431	16,909
– Corporate bonds	1,140	3,405
Subtotal	737,206	232,766
Discounted bills	1,290	1,440
Accrued interest	1,422	372
Total	739,918	234,578

42 Deposits from customers

	31 December 2024	31 December 2023
Demand deposits		
– Corporate customers	6,459,892	6,559,979
– Personal customers	5,853,434	5,582,096
Subtotal	12,313,326	12,142,075
Time deposits (including call deposits)		
– Corporate customers	5,320,081	5,602,122
– Personal customers	10,605,165	9,479,107
Subtotal	15,925,246	15,081,229
Accrued interest	475,298	430,707
Total	28,713,870	27,654,011

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

42 Deposits from customers (continued)

Deposits from customers include:

	31 December 2024	31 December 2023
(1) Pledged deposits		
– Deposits for acceptance	**178,606**	163,527
– Deposits for guarantee	**31,362**	32,856
– Deposits for letter of credit	**29,276**	42,944
– Others	**105,663**	143,019
Total	**344,907**	382,346
(2) Outward remittance and remittance payables	**16,938**	15,577

43 Accrued staff costs

	Note	2024			
		As at 1 January	**Increased**	**Decreased**	**As at 31 December**
Salaries, bonuses, allowances and subsidies		**37,161**	**88,276**	**(80,669)**	**44,768**
Housing funds		**304**	**8,255**	**(8,402)**	**157**
Union running costs and employee education costs		**8,732**	**2,874**	**(2,503)**	**9,103**
Post-employment benefits	(1)	**889**	**17,321**	**(17,509)**	**701**
Early retirement benefits		**793**	**4**	**(34)**	**763**
Compensation to employees for termination of employment relationship		**–**	**45**	**(45)**	**–**
Others	(2)	**4,689**	**18,484**	**(18,004)**	**5,169**
Total		**52,568**	**135,259**	**(127,166)**	**60,661**

	Note	2023			
		As at 1 January	Increased	Decreased	As at 31 December
Salaries, bonuses, allowances and subsidies		33,632	85,432	(81,903)	37,161
Housing funds		282	7,997	(7,975)	304
Union running costs and employee education costs		8,113	3,421	(2,802)	8,732
Post-employment benefits	(1)	799	16,550	(16,460)	889
Early retirement benefits		858	10	(75)	793
Compensation to employees for termination of employment relationship		–	11	(11)	–
Others	(2)	5,671	15,907	(16,889)	4,689
Total		49,355	129,328	(126,115)	52,568

The Group had no overdue balance of accrued staff costs as at the end of the reporting period.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

43 Accrued staff costs (continued)

(1) Post-employment benefits

(a) *Defined contribution plans*

	2024			
	As at 1 January	**Increased**	**Decreased**	**As at 31 December**
Basic pension insurance	**532**	**10,608**	**(10,795)**	**345**
Unemployment insurance	**64**	**390**	**(394)**	**60**
Annuity contribution	**867**	**6,187**	**(6,263)**	**791**
Total	**1,463**	**17,185**	**(17,452)**	**1,196**

	2023			
	As at 1 January	Increased	Decreased	As at 31 December
Basic pension insurance	485	10,072	(10,025)	532
Unemployment insurance	51	351	(338)	64
Annuity contribution	872	6,073	(6,078)	867
Total	1,408	16,496	(16,441)	1,463

There were no contributions into the Group's basic retirement insurance and annuity scheme that had been forfeited and that could be used to deduct contributions payable by the Group according to the above plans.

(b) *Defined benefit plans – Supplementary retirement benefits*

The Group's obligations in respect of the supplementary retirement benefits as at the end of the reporting period were calculated using the projected unit credit method and reviewed by an external independent actuary, Towers Watson Management Consulting (ShenZhen) Co., Ltd.

	Present value of defined benefit plan obligations		Fair value of plan assets		Net assets of defined benefit plans	
	2024	2023	**2024**	2023	**2024**	2023
As at 1 January	**4,343**	4,685	**4,917**	5,294	**(574)**	(609)
Cost of the net defined benefit liability in profit or loss						
– Interest costs	**97**	119	**111**	138	**(14)**	(19)
Remeasurements of the defined benefit liability in other comprehensive income						
– Actuarial losses	**136**	7	**–**	–	**136**	7
– Returns on plan assets	**–**	–	**43**	(47)	**(43)**	47
Other changes						
– Benefits paid	**(305)**	(468)	**(305)**	(468)	**–**	–
As at 31 December	**4,271**	4,343	**4,766**	4,917	**(495)**	(574)

Interest cost was recognised in operating expenses.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

43 Accrued staff costs (continued)

(1) Post-employment benefits (continued)

(b) Defined benefit plans – Supplementary retirement benefits (continued)

(i) Principal actuarial assumptions of the Group as at the end of the reporting period were as follows:

	31 December 2024	31 December 2023
Discount rate	**1.75%**	2.50%
Health care cost increase rate	**7.00%**	7.00%
Average expected future lifetime of eligible employees	**9.6 years**	10.4 years

Mortality assumptions are based on China Life Insurance Mortality Table (2010-2013). The Table published historical statistics in China.

(ii) The sensitivity analysis of the present value of supplementary retirement benefit obligations to changes in the weighted principal assumption is:

	Impact on present value of supplementary retirement benefit obligations	
	Increase in assumption by 0.25%	**Decrease in assumption by 0.25%**
Discount rate	**(84)**	**87**
Health care cost increase rate	**37**	**(35)**

(iii) As at 31 December 2024, the weighted average duration of supplementary retirement benefit obligations of the Group was 8.0 years (as at 31 December 2023: 7.8 years).

(iv) Plan assets of the Group are as follows:

	31 December 2024	31 December 2023
Cash and cash equivalents	**1,830**	975
Equity instruments	**663**	691
Debt instruments and others	**2,273**	3,251
Total	**4,766**	4,917

(2) Accrued staff costs – others mainly include employee welfare, medical insurance, maternity insurance and employment injury insurance.

44 Taxes payable

	31 December 2024	31 December 2023
Income tax	**28,324**	61,036
Value added tax	**9,778**	10,240
Others	**2,286**	2,304
Total	**40,388**	73,580

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

45 Provisions

	Note	31 December 2024	31 December 2023
Expected credit losses on the off – balance sheet credit business	(1)	29,770	34,600
Expected losses from other businesses	(2)	8,552	8,744
Total		38,322	43,344

(1) Movements of the provisions – expected credit losses on the off-balance sheet credit business:

	Note	2024			
		Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024		28,385	4,782	1,433	34,600
Transfers:					
Transfers in/(out) to Stage 1		178	(178)	–	–
Transfers in/(out) to Stage 2		(40)	42	(2)	–
Transfers in/(out) to Stage 3		–	(69)	69	–
Newly originated		10,445	–	–	10,445
Decreased		(14,264)	(3,625)	(478)	(18,367)
Remeasurements	(a)	(1,362)	3,694	760	3,092
As at 31 December 2024		23,342	4,646	1,782	29,770

	Note	2023			
		Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023		33,557	5,587	1,598	40,742
Transfers:					
Transfers in/(out) to Stage 1		530	(529)	(1)	–
Transfers in/(out) to Stage 2		(145)	154	(9)	–
Transfers in/(out) to Stage 3		(10)	(2)	12	–
Newly originated		14,712	–	–	14,712
Decreased		(19,426)	(4,116)	(824)	(24,366)
Remeasurements	(a)	(833)	3,688	657	3,512
As at 31 December 2023		28,385	4,782	1,433	34,600

(a) Remeasurements comprise the impact of changes in PD, LGD, and EAD; changes in model assumptions and methodologies; changes in allowance for impairment losses due to stage-transfer; and the impact of exchange rate changes, etc.

(2) Other businesses include off-balance sheet businesses other than the off-balance sheet credit business, outstanding litigations and the precious metal leasing business.

46 Debt securities issued

	Note	31 December 2024	31 December 2023
Interbank certificates of deposit issued/Certificates of deposit	(1)	1,553,226	1,242,136
Bonds issued	(2)	166,658	141,430
Subordinated bonds issued	(3)	11,998	11,998
Non-capital TLAC bonds issued	(4)	49,997	–
Eligible Tier 2 capital bonds issued	(5)	594,092	491,427
Accrued interest		10,624	8,744
Total		2,386,595	1,895,735

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

46 Debt securities issued (continued)

(1) Interbank certificates of deposit issued/certificates of deposit were mainly issued by the head office, overseas branches, CCB New Zealand and CCBIG.

(2) Bonds issued

Issue date	Maturity date	Interest rate per annum	Issue place	Currency	31 December 2024	31 December 2023
18/11/2014	18/11/2024	4.08%	Taiwan	RMB	–	599
16/05/2019	16/05/2024	3.50%	Hong Kong	USD	–	3,337
16/05/2019	16/05/2029	3.88%	Hong Kong	USD	1,438	1,422
26/08/2019	26/08/2024	3.40%	The Chinese mainland	RMB	–	3,000
11/09/2019	16/05/2024	3.50%	Hong Kong	USD	–	1,635
24/10/2019	24/10/2024	SOFR+1.03161%	Hong Kong	USD	–	4,765
22/11/2019	22/11/2024	2.393%	Auckland	NZD	–	382
16/03/2020	15/03/2025	2.75%	The Chinese mainland	RMB	5,000	5,000
21/07/2020	21/07/2025	1.99%	Hong Kong	USD	3,244	3,213
28/09/2020	28/09/2025	1.78%	Hong Kong	USD	1,438	1,422
28/09/2020	28/09/2030	2.55%	Hong Kong	USD	719	711
26/01/2021	26/01/2024	3.30%	The Chinese mainland	RMB	–	20,000
02/02/2021	04/02/2024	3.65%	The Chinese mainland	RMB	–	2,240
07/04/2021	12/04/2024	3.55%	The Chinese mainland	RMB	–	2,200
22/04/2021	22/04/2024	0.043%	Luxembourg	EUR	–	6,279
22/04/2021	22/04/2024	0.86%	Hong Kong	USD	–	4,266
22/04/2021	22/04/2026	1.46%	Hong Kong	USD	4,015	3,910
27/05/2021	01/06/2024	3.33%	The Chinese mainland	RMB	–	1,950
28/06/2021	28/06/2024	0.06%	Luxembourg	EUR	–	6,279
22/07/2021	22/07/2026	1.80%	Hong Kong	USD	3,291	3,272
15/09/2021	15/09/2026	1.60%	Hong Kong	USD	2,510	2,489
29/09/2021	29/09/2026	1.50%	Hong Kong	USD	5,110	4,979
21/12/2021	21/12/2024	SOFR+0.50%	Hong Kong	USD	–	3,551
17/05/2022	17/05/2025	3.125%	Hong Kong	USD	7,299	7,110
17/05/2022	17/05/2024	3.40%	United Kingdom	RMB	–	998
23/05/2022	25/05/2025	2.60%	The Chinese mainland	RMB	10,000	10,000
13/06/2022	13/06/2024	2.85%	Singapore	SGD	–	1,886
12/12/2022	14/12/2025	2.92%	The Chinese mainland	RMB	10,000	10,000
09/02/2023	09/02/2026	3M New Zealand benchmark interest rate+1.10%	Auckland	NZD	924	1,011
22/03/2023	24/03/2026	2.80%	The Chinese mainland	RMB	10,000	10,000
31/05/2023	31/05/2025	2.80%	United Kingdom	RMB	1,989	1,996
02/11/2023	02/11/2027	3M New Zealand benchmark interest rate +1.20%	Auckland	NZD	616	674
24/11/2023	24/11/2026	3.80%	Luxembourg	EUR	760	785
30/11/2023	30/11/2026	3.88%	Luxembourg	EUR	2,281	2,355
30/11/2023	30/11/2026	SOFR+0.65%	Dubai	USD	4,380	4,266
30/11/2023	30/11/2026	5.00%	Hong Kong	USD	3,650	3,555
28/02/2024	01/03/2027	2.35%	The Chinese mainland	RMB	20,000	–
28/02/2024	01/03/2029	2.50%	The Chinese mainland	RMB	10,000	–
09/04/2024	11/04/2027	2.44%	The Chinese mainland	RMB	2,700	–
12/06/2024	14/06/2027	2.15%	The Chinese mainland	RMB	2,700	–
16/07/2024	16/07/2027	SOFR+0.55%	Hong Kong	USD	7,300	–
16/07/2024	16/07/2027	2.83%	United Kingdom	RMB	1,989	–
09/09/2024	11/09/2027	2.05%	Hong Kong	RMB	2,389	
23/10/2024	25/10/2027	1.88%	The Chinese mainland	RMB	20,000	–
23/10/2024	25/10/2027	2.08%	The Chinese mainland	RMB	21,000	–
Total nominal value					166,742	141,537
Less: Unamortised issuance costs					(84)	(107)
Carrying value					166,658	141,430

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

46 Debt securities issued (continued)

(3) Subordinated bonds issued

The carrying value of the Group's subordinated bonds issued upon the approval of the PBOC and the NFRA is as follows:

Issue date	Maturity date	Interest rate per annum	Currency	Note	31 December 2024	31 December 2023
28/01/2021	01/02/2031	4.30%	RMB	(a)	**6,000**	6,000
18/03/2022	22/03/2032	3.70%	RMB	(b)	**2,000**	2,000
13/09/2023	14/09/2033	3.45%	RMB	(c)	**4,000**	4,000
Total nominal value					**12,000**	12,000
Less: Unamortised issuance cost					**(2)**	(2)
Carrying value					**11,998**	11,998

(a) The Group has an option to redeem part or all of the bonds on 1 February 2026, subject to registration from the PBOC and the NFRA.

(b) The Group has an option to redeem part or all of the bonds on 22 March 2027, subject to registration from the PBOC and the NFRA.

(c) The Group has an option to redeem part or all of the bonds on 14 September 2028, subject to registration from the PBOC and the NFRA.

(4) Non-capital TLAC bonds issued

Issue date	Maturity date	Interest rate per annum	Currency	Note	31 December 2024	31 December 2023
08/08/2024	12/08/2028	2.00%	RMB	(a)	**35,000**	–
08/08/2024	12/08/2030	2.10%	RMB	(b)	**15,000**	–
Total nominal value					**50,000**	–
Less: Unamortised issuance cost					**(3)**	–
Carrying value					**49,997**	–

(a) This bond issuance sets forth the right of the issuer to choose early redemption, and the Group has an option to redeem these bonds on 12 August 2027, subject to regulatory requirements. When the issuer enters the disposal stage, the PBOC and the NFRA may mandate that bonds be partially or fully written down in the current period after all Tier 2 capital instruments have been written down or converted into ordinary shares.

(b) This bond issuance sets forth the right of the issuer to choose early redemption, and the Group has an option to redeem these bonds on 12 August 2029, subject to regulatory requirements. When the issuer enters the disposal stage, the PBOC and the NFRA may mandate that bonds be partially or fully written down in the current period after all Tier 2 capital instruments have been written down or converted into ordinary shares.

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46 Debt securities issued (continued)

(5) Eligible Tier 2 capital bonds issued

Issue date	Maturity date	Interest rate per annum	Currency	Note	31 December 2024	31 December 2023
18/08/2014	18/08/2029	5.98%	RMB	(a)	–	20,000
27/02/2019	27/02/2029	4.25%	USD	(b)	–	13,124
24/06/2020	24/06/2030	2.45%	USD	(c)	14,599	14,219
10/09/2020	14/09/2030	4.20%	RMB	(d)	65,000	65,000
06/08/2021	10/08/2031	3.45%	RMB	(e)	65,000	65,000
06/08/2021	10/08/2036	3.80%	RMB	(f)	15,000	15,000
05/11/2021	09/11/2031	3.60%	RMB	(g)	35,000	35,000
05/11/2021	09/11/2036	3.80%	RMB	(h)	10,000	10,000
10/12/2021	14/12/2031	3.48%	RMB	(i)	12,000	12,000
10/12/2021	14/12/2036	3.74%	RMB	(j)	8,000	8,000
13/01/2022	21/01/2032	2.85%	USD	(k)	14,599	14,219
15/06/2022	17/06/2032	3.45%	RMB	(l)	45,000	45,000
15/06/2022	17/06/2037	3.65%	RMB	(m)	15,000	15,000
03/11/2022	07/11/2032	3.00%	RMB	(n)	25,000	25,000
03/11/2022	07/11/2037	3.34%	RMB	(o)	15,000	15,000
24/03/2023	28/03/2033	3.49%	RMB	(p)	5,000	5,000
24/03/2023	28/03/2038	3.61%	RMB	(q)	15,000	15,000
24/10/2023	26/10/2033	3.45%	RMB	(r)	45,000	45,000
24/10/2023	26/10/2038	3.53%	RMB	(s)	15,000	15,000
14/11/2023	16/11/2033	3.30%	RMB	(t)	25,000	25,000
14/11/2023	16/11/2038	3.42%	RMB	(u)	15,000	15,000
01/02/2024	05/02/2034	2.75%	RMB	(v)	20,000	–
01/02/2024	05/02/2039	2.82%	RMB	(w)	30,000	–
04/07/2024	08/07/2034	2.21%	RMB	(x)	40,000	–
04/07/2024	08/07/2039	2.37%	RMB	(y)	10,000	–
26/12/2024	30/12/2034	1.96%	RMB	(z)	35,000	–
Total nominal value					594,198	491,562
Less: Unamortised issuance cost					(106)	(135)
Carrying value					594,092	491,427

46 Debt securities issued (continued)

(5) Eligible Tier 2 capital bonds issued (continued)

(a) The Group has chosen to exercise the option to redeem all the bonds on 18 August 2024.

(b) The Group has chosen to exercise the option to redeem all the bonds on 27 February 2024.

(c) The Group has an option to redeem the bonds on 24 June 2025, subject to agreement from the relevant authority. If they are not redeemed by the Group, the interest rate will be reset on 24 June 2025 and increase by 2.15% on the basis of the five-year USD treasury benchmark applicable on the interest reset date. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(d) The Group has an option to redeem the bonds on 14 September 2025, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(e) The Group has an option to redeem the bonds on 10 August 2026, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(f) The Group has an option to redeem the bonds on 10 August 2031, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(g) The Group has an option to redeem the bonds on 9 November 2026, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(h) The Group has an option to redeem the bonds on 9 November 2031, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(i) The Group has an option to redeem the bonds on 14 December 2026, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(j) The Group has an option to redeem the bonds on 14 December 2031, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(k) The Group has an option to redeem the bonds on 21 January 2027, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(l) The Group has an option to redeem the bonds on 17 June 2027, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(m) The Group has an option to redeem the bonds on 17 June 2032, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(n) The Group has an option to redeem the bonds on 7 November 2027, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(o) The Group has an option to redeem the bonds on 7 November 2032, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

46 Debt securities issued (continued)

(5) Eligible Tier 2 capital bonds issued (continued)

(p) The Group has an option to redeem the bonds on 28 March 2028, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(q) The Group has an option to redeem the bonds on 28 March 2033 subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(r) The Group has an option to redeem the bonds on 26 October 2028 subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(s) The Group has an option to redeem the bonds on 26 October 2033 subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(t) The Group has an option to redeem the bonds on 16 November 2028 subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(u) The Group has an option to redeem the bonds on 16 November 2033, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(v) The Group has an option to redeem the bonds on 5 February 2029, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(w) The Group has an option to redeem the bonds on 5 February 2034, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(x) The Group has an option to redeem the bonds on 8 July 2029, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(y) The Group has an option to redeem the bonds on 8 July 2034, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(z) The Group has an option to redeem the bonds on 30 December 2029, subject to agreement from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down in full or in part the principal of the bonds when a regulatory triggering event occurs. The accumulated unpaid interests associated with the portion of bonds written off will not be paid either.

(6) In 2024 and 2023, there were no defaults by the Group on principal and interests, nor were there any other defaults related to debt securities issued.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

47 Other liabilities

	Note	31 December 2024	31 December 2023
Insurance related liabilities	(1)	**276,617**	252,327
Clearing and settlement accounts		**142,043**	5,980
Dividend Payable		**49,252**	–
Lease liabilities	(2)	**23,920**	24,216
Payment and collection clearance accounts		**18,447**	25,830
Deferred income		**15,626**	17,053
Accrued expenses advance		**9,506**	8,916
Dormant accounts		**8,527**	8,195
Capital expenditure payable		**4,962**	5,587
Cash pledged and rental prepayments		**2,797**	3,697
Liabilities held for sale		**–**	27,803
Others		**101,265**	168,139
Total		**652,962**	547,743

(1) Insurance related liabilities

The total for groups of insurance contracts issued and reinsurance contracts that are liabilities as follows:

	31 December 2024	31 December 2023
Insurance contracts issued		
– Insurance contracts issued not applying the premium allocation approach	**274,812**	250,524
– Insurance contracts issued applying the premium allocation approach	**1,802**	1,803
Subtotal	**276,614**	252,327
Reinsurance contracts held		
– Reinsurance contracts held not applying the premium allocation approach	**–**	–
– Reinsurance contracts held applying the premium allocation approach	**3**	–
Subtotal	**3**	–
Total	**276,617**	252,327

(2) Lease liabilities

Maturity analysis – undiscounted analysis

	31 December 2024	31 December 2023
Within one year	**6,657**	6,705
Between one year and five years	**13,623**	14,565
More than five years	**7,422**	6,244
Total undiscounted lease liabilities	**27,702**	27,514
Lease liabilities	**23,920**	24,216

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

48 Share capital

	31 December 2024	31 December 2023
Listed in Hong Kong (H shares)	240,417	240,417
Listed in the Chinese mainland (A shares)	9,594	9,594
Total	250,011	250,011

All H and A shares are ordinary shares, have a par value of RMB1 per share and rank pari passu with the same rights and benefits.

49 Other equity instruments

(1) Preference shares

(a) Preference shares outstanding as at the end of the reporting period

Financial instrument outstanding	Issuance date	Classification	Year-end dividend rate	Issuance price	Quantity (million shares)	Currency	Total amount	Maturity date	Redemption/ conversion
2017 Domestic Preference Shares	21 December 2017	Equity instruments	3.57%	100 per share	600	RMB	60,000	No maturity date	None
Less: Issuance fee							(23)		
Carrying amount							59,977		

(b) The key terms

Dividend

The nominal dividend rate of the Domestic Preference Shares is adjusted on a phase-by-phase basis. It is the sum of the benchmark rate plus the fixed interest spread, and is adjusted every five years. The fixed interest spread is determined as the nominal dividend rate set for issuance less the benchmark rate at the time of issuance, and will not be subject to future adjustments. The dividends for domestic preference shares are non-cumulative. The Bank has the right to cancel dividend distribution on Domestic Preference Shares, and the cancellation does not constitute a default event. The Bank may, at its discretion, use the cancelled dividends to repay other indebtedness due and payable. If the Bank cancels all or part of the dividends on the Domestic Preference Shares, the Bank shall make no profit distribution to shareholders holding ordinary shares from the day after the cancellation proposal is adopted by the General Shareholders' Meeting to the day when full distribution of dividends is resumed. The cancellation of dividends on Domestic Preference Shares will not constitute other restrictions to the Bank except for the distribution of dividends to ordinary shareholders.

The dividends on the Domestic Preference Shares are distributed annually.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

49 Other equity instruments (continued)

(1) Preference shares (continued)

(b) The key terms (continued)

Redemption

The Bank may, subject to the NFRA's approval and compliance with the redemption preconditions, redeem in whole or in part of the Domestic Preference Shares after at least five years from the completion date of the issuance (i.e., 27 December 2017). The redemption period begins from the first day of the redemption and ends on the day when all Domestic Preference Shares are redeemed or converted. The redemption price of the Domestic Preference Shares shall be their issue price plus any dividends accrued but unpaid in the current period.

Compulsory conversion of preference shares

If an Additional Tier 1 Capital Instrument Trigger Event occurs, i.e., the Core Tier 1 Capital Adequacy Ratio of the Bank has fallen to 5.125% or below, the Bank has the right to, without prior consent from the shareholders of the domestic preference shares and as agreed, convert all or part of the domestic preference shares issued and outstanding to ordinary A shares, to restore the Bank's Core Tier 1 Capital Adequacy Ratio to above the trigger point (i.e., 5.125%). In the case of partial conversion, the domestic preference shares shall be subject to the same proportion and conditions of conversion. Once domestic preference shares are converted to ordinary A shares, they shall not be converted back to preference shares under any circumstances.

When a Tier 2 Capital Instrument Trigger Event occurs, the Bank has the right to, without prior consent of the shareholders of the Domestic Preference Shares and as agreed, convert all the Domestic Preference Shares issued and outstanding to ordinary A shares. Once Domestic Preference Shares are converted to ordinary A shares, they shall not be converted back to preference shares under any circumstances. A Tier 2 Capital Instrument Trigger Event is the earlier of the following two scenarios: (i) the NFRA having decided that without a conversion or write-off of the Bank's capital, the Bank would become non-viable; and (ii) the relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. When the compulsory conversion of preference shares occurs, the Bank shall report to the NFRA for approval and decision, and perform the announcement obligation according to the regulations of the Securities Law and China Securities Regulatory Commission ("CSRC").

The Bank classified preference shares issued as an equity instrument and presented as an equity item on the statement of financial position. Capital raised from the issuance of the above preference shares, after deduction of the expenses relating to the issuance, was wholly used to replenish the Bank's additional tier 1 capital and to increase its capital adequacy ratios.

(c) Changes in preference shares outstanding

	1 January 2024		Increase/(Decrease)		31 December 2024	
Financial instrument outstanding	**Quantity (million shares)**	**Carrying value**	**Quantity (million shares)**	**Carrying value**	**Quantity (million shares)**	**Carrying value**
2017 Domestic Preference Shares	600	59,977	–	–	600	59,977
Total	600	59,977	–	–	600	59,977

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

49 Other equity instruments (continued)

(2) Perpetual bonds

(a) *Perpetual bonds outstanding at the end of the year*

Financial instrument outstanding	Issuance date	Classification	Year-end interest rate	Issuance price	Quantity (million units)	Currency	Total amount	Maturity date	Redemption/ write-down conditions
2022 Undated Additional Tier 1 Capital Bonds	29 August 2022	Equity instruments	3.20%	100 per unit	400	RMB	40,000	No maturity date	None
2023 Undated Additional Tier 1 Capital Bonds (Series 1)	14 July 2023	Equity instruments	3.29%	100 per unit	300	RMB	30,000	No maturity date	None
2023 Undated Additional Tier 1 Capital Bonds (Series 2)	22 September 2023	Equity instruments	3.37%	100 per unit	300	RMB	30,000	No maturity date	None
Carrying amount							100,000		

(b) *The key terms*

Distribution rate and distribution payment

The distribution rate of the Undated Additional Tier 1 Capital Bonds (or "the Bonds") will be adjusted at defined intervals, with a distribution rate adjustment period every 5 years since the payment settlement date. In any distribution rate adjusted period, the distribution payments on the Bonds will be made at a prescribed fixed distribution rate. The distribution rate is determined by a benchmark rate plus a fixed interest spread.

The Bank shall have the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation shall not constitute an event of default. When exercising such right, the Bank will take into full consideration the interest of the holders of the Bonds. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. In the case of cancelling any distributions on the Bonds, no matter in whole or in part, the Bank shall not make any distribution to the ordinary shareholders from the next day following the resolution being approved by the general shareholders meeting, until its decision to resume the distribution payments in whole to the holders of the Bonds. The distributions on the Bonds are non-cumulative, namely, upon cancellation, any amount of distribution unpaid to the holders of the Bonds in the applicable period will not accumulate or compound to the subsequent distribution period thereafter.

The distributions of the Bonds will be payable annually.

Conditional redemption rights of the Bank

From the fifth anniversary since the issuance of the Bonds, the Bank may redeem whole or part of the Bonds on each distribution payment date (including the fifth distribution payment date since the issuance). If, after the issuance, the Bonds no longer qualify as Additional Tier 1 Capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the Bonds.

The exercise of the Bank's redemption right shall be subject to the consent of the NFRA and the satisfaction of the following preconditions: (i) the Bank shall use capital instruments of the same or better quality to replace the instruments to be redeemed, and such replacement shall only be carried out at conditions which are sustainable for the income capacity; (ii) or the capital position of the Bank after the redemption right is exercised will remain well above the regulatory capital requirements stipulated by the NFRA.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

49 Other equity instruments (continued)

(2) Perpetual bonds (continued)

(b) The key terms (continued)

Write-down/write-off clauses

Upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down/write off in whole or in part, without the need for consent of the holders of the Bonds, the principal amount of the Bonds. The amount of the write-down/write-off shall be determined by the ratio of the outstanding principal amount of the Undated Additional Tier 1 Capital Bonds to the aggregate principal amount of all additional tier 1 capital instruments with the identical Trigger Event. A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Bank would become non-viable without a write-down/write-off; (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. The write-down/write-off will not be restored.

Subordination

The claims in respect of the Bonds will be subordinated to the claims of depositors, general creditors, and subordinated indebtedness that ranks senior to the Bonds; will rank in priority to all classes of shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bank classified the Bonds issued as an equity instrument and presented as an equity item on the statement of financial position. Capital raised from the issuance of the Bonds, after deduction of the expenses relating to the issuance, was wholly used to replenish the Bank's additional tier 1 capital and to increase its capital adequacy ratios.

(c) Changes in perpetual bonds outstanding

	1 January 2024		Increase/(Decrease)		31 December 2024	
Financial instrument outstanding	**Quantity (million units)**	**Carrying value**	**Quantity (million units)**	**Carrying value**	**Quantity (million units)**	**Carrying value**
2019 Undated Additional Tier 1 Capital Bonds	400	39,991	(400)	(39,991)	–	–
2022 Undated Additional Tier 1 Capital Bonds	400	40,000	–	–	400	40,000
2023 Undated Additional Tier 1 Capital Bonds (Series 1)	300	30,000	–	–	300	30,000
2023 Undated Additional Tier 1 Capital Bonds (Series 2)	300	30,000	–	–	300	30,000
Total	1,400	139,991	(400)	(39,991)	1,000	100,000

Note: 2019 Undated Additional Tier 1 Capital Bonds were redeemed in November 2024.

(3) Interests attributable to the holders of equity instruments

Items	**31 December 2024**	31 December 2023
1. Total equity attributable to equity holders of the Bank	**3,322,127**	3,150,145
(1) Equity attributable to ordinary equity holders of the Bank	**3,162,150**	2,950,177
(2) Equity attributable to other equity holders of the Bank	**159,977**	199,968
Of which: net profit	**7,108**	5,110
dividends received	**7,108**	5,110
2. Total equity attributable to non-controlling interests	**21,838**	21,929
(1) Equity attributable to non-controlling interests of ordinary shares	**19,839**	19,930
(2) Equity attributable to non-controlling interests of other equity instruments	**1,999**	1,999

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

50 Capital reserve

	31 December 2024	31 December 2023
Share premium and others	135,736	135,619

51 Other comprehensive income

	Other comprehensive income of the statement of financial position				Other comprehensive income of the statement of comprehensive income				
					2024				
	1 January 2024	Net-of-tax amount attributable to equity shareholders of the Bank	Other comprehensive income transferred to retained earnings	31 December 2024	The amount before Income taxes	Less: Reclassification adjustments included in profit or loss due to disposals	Less: related income tax impact	Net-of-tax amount attributable to equity shareholders of the Bank	Net-of-tax amount attributable to non-controlling interests
(1) Other comprehensive income that will not be reclassified to profit or loss									
Remeasurements of post-employment benefit obligations	(82)	(93)	-	(175)	(93)	-	-	(93)	-
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income	217	8,509	(7)	8,719	12,355	-	(3,203)	8,509	643
Others	791	74	-	865	74	-	-	74	-
(2) Other comprehensive income that may be reclassified subsequently to profit or loss									
Fair value changes of debt instruments measured at fair value through other comprehensive income	23,597	30,510	-	54,107	49,148	(3,996)	(11,322)	30,510	3,320
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income	5,617	(1,239)	-	4,378	(1,655)	-	414	(1,239)	(2)
Net gain on cash flow hedges	706	100	-	806	100	-	-	100	-
Exchange difference on translating foreign operations	482	1,304	-	1,786	1,273	-	-	1,304	(31)
Others	(7,347)	(5,238)	-	(12,585)	(18,494)	-	8,224	(5,238)	(5,032)
Total	23,981	33,927	(7)	57,901	42,708	(3,996)	(5,887)	33,927	(1,102)

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

51 Other comprehensive income (continued)

	Other comprehensive income of the statement of financial position				Other comprehensive income of the statement of comprehensive income				
					2023				
	1 January 2023	Net-of-tax amount attributable to equity shareholders of the Bank	Other comprehensive income transferred to retained earnings	31 December 2023	The amount before Income taxes	Less: Reclassification adjustments included in profit or loss due to disposals	Less: related income tax impact	Net-of-tax amount attributable to equity shareholders of the Bank	Net-of-tax amount attributable to non-controlling interests
(1) Other comprehensive income that will not be reclassified to profit or loss									
Remeasurements of post-employment benefit obligations	(28)	(54)	–	(82)	(54)	–	–	(54)	–
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income	90	153	(26)	217	204	–	(51)	153	–
Others	752	39	–	791	39	–	–	39	–
(2) Other comprehensive income that may be reclassified subsequently to profit or loss									
Fair value changes of debt instruments measured at fair value through other comprehensive income	16,809	6,788	–	23,597	12,678	(585)	(4,276)	6,788	1,029
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income	6,851	(1,234)	–	5,617	(1,645)	–	411	(1,234)	–
Net gain on cash flow hedges	505	201	–	706	201	–	–	201	–
Exchange difference on translating foreign operations	(3,505)	3,987	–	482	4,115	–	–	3,987	128
Others	(4,071)	(3,276)	–	(7,347)	(8,565)	–	2,141	(3,276)	(3,148)
Total	17,403	6,604	(26)	23,981	6,973	(585)	(1,775)	6,604	(1,991)

52 Surplus reserve

Surplus reserves consist of statutory surplus reserve fund and discretionary surplus reserve fund.

The Bank is required to allocate 10% of its net profit, as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the MOF on 15 February 2006. After making appropriations to the statutory surplus reserve fund, the Bank may also allocate its net profit to the discretionary surplus reserve fund upon approval by shareholders in shareholders' general meeting.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

53 General reserve

The general reserves of the Group are set up based on the requirements of:

	Note	31 December 2024	31 December 2023
MOF	(1)	**521,876**	484,043
Hong Kong Banking Ordinance	(2)	**2,124**	2,124
Other regulatory bodies in the Chinese mainland	(3)	**9,858**	9,379
Other overseas regulatory bodies		**733**	709
Total		**534,591**	496,255

(1) Pursuant to relevant regulations issued by the MOF, the Bank has to appropriate a certain amount of its net profit as general reserves to cover potential losses against its assets. In accordance with the "*Regulation on Management of Financial Institutions for Reserves*" (Cai Jin [2012] No. 20) issued by the MOF on 30 March 2012, the general reserves balance for financial institutions should not be lower than 1.5% of the ending balance of risk assets.

(2) Pursuant to the requirements of the Hong Kong Banking Ordinance, the Group's banking operations in Hong Kong are required to set aside amounts in a regulatory reserve in respect of losses which it will, or may, incur on loans and advances to customers, in addition to impairment losses recognised in accordance with the accounting policies of the Group. Transfers to and from the regulatory reserve are made through retained earnings.

(3) Pursuant to the relevant regulatory requirements in the Chinese mainland, the Bank's subsidiaries are required to appropriate a certain amount of its net profit as general reserves.

54 Profit distribution

In the 2023 annual general meeting held on 27 June 2024, the shareholders approved the profit distribution plan for 2023. The Bank appropriated cash dividend for 2023 in an aggregate amount of RMB100,004 million.

In the second extraordinary general meeting of 2024 held on 28 November 2024, the shareholders approved the interim profit distribution plan for 2024. The Bank appropriated interim cash dividend for 2024 in an aggregate amount of RMB49,252 million.

In the Board of Directors' Meeting, held on 30 October 2024 the directors approved the payment of dividends to domestic preference shareholders. The dividends for domestic preference shares distributed were RMB2,142 million (including tax), calculated using the nominal dividend rate of 3.57% (including tax) as set in the terms and conditions.

On 18 July 2024, according to the initial annual interest rate of 3.29% before the first interest rate reset date determined by the terms of the 2023 Undated Additional Tier 1 Capital Bonds (Series 1), the interest on perpetual bonds issued by the Bank was RMB987 million; On 31 August 2024, according to the initial annual interest rate of 3.20% before the first interest rate reset date determined by the terms of the 2022 Undated Additional Tier 1 Capital Bonds, the interest on perpetual bonds issued by the Bank was RMB1,280 million; On 26 September 2024, according to the initial annual interest rate of 3.37% before the first interest rate reset date determined by the terms of the 2023 Undated Additional Tier 1 Capital Bonds (Series 2), the interest on perpetual bonds issued by the Bank was RMB1,011 million; On 15 November 2024, according to the initial annual interest rate of 4.22% before the first interest rate reset date determined by the terms of the 2019 Undated Additional Tier 1 Capital Bonds, the interest on perpetual bonds issued by the Bank was RMB1,688 million.

On 28 March 2025, the Board of Directors proposed the following profit distribution plan for 2024:

(1) Appropriate statutory surplus reserve amounted to RMB32,290 million, based on 10% of the net profit of the Bank amounted to RMB322,901 million for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB32,379 million). It has been recorded in "Surplus reserve" as at the end of the reporting period.

(2) Appropriate general reserve amounted to RMB37,833 million, pursuant to relevant regulations issued by MOF (for the year ended 31 December 2023: RMB52,948 million).

(3) The Board proposed to all shareholders a final cash dividend of RMB0.206 per share (including tax) for 2024, totalling approximately RMB51,502 million. Such proposed dividends are not recognised as a liability as at the end of the reporting period. After considering interim dividend, total cash dividend for the year amounted to RMB0.403 per share (including tax) for 2024 which collectively totalled approximately RMB100,754 million (for the year ended 31 December 2023: RMB0.400 per share (including tax) which collectively totalled approximately RMB100,004 million).

The above proposed profit distribution plan will become effective after receiving approval at shareholders' general meeting. Cash dividends will be paid subsequently.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

55 Notes to the statement of cash flows

(1) Cash and cash equivalents

	31 December 2024	31 December 2023
Cash	**46,691**	45,682
Surplus deposit reserves with central banks	**259,529**	552,063
Demand deposits with banks and non-bank financial institutions	**98,806**	73,551
Time deposits with banks and non-bank financial institutions with original maturity with or within three months	**33,079**	46,978
Placements with banks and non-bank financial institutions with original maturity with or within three months	**131,343**	207,189
Total	**569,448**	925,463

(2) Disposal of subsidiaries

On 31 January 2024, the Group settled the transactions to transfer equity in the former CCB Brasil to Bank of China Limited ("BOC"). The Group transferred part of its shares in the former CCB Brasil to BOC in exchange for a consideration of BRL564 million, while the former CCB Brasil issued new shares to BOC in exchange for a subscription consideration of BRL540 million. Upon settlement of these transactions, the Group held 31.66% equity in the former CCB Brasil. From 1 February 2024, the control over the operation and management of the former CCB Brasil had been transferred to BOC, CCB no longer includes the former CCB Brasil as a subsidiary in its consolidated financial statements.

Cash and cash equivalents held by the former CCB Brasil on the disposal date were equivalent to RMB464 million and the net cash received from disposal of part of the equity of the former CCB Brasil was equivalent to RMB353 million. Gain on disposal of the former CCB Brasil consisted primarily of other comprehensive income which had been recycled to profit or loss, which had no significant impact on the Group's financial statements.

56 Transfer of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to structured entities. In some cases where these transferred financial assets qualify for derecognition, the transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognise the transferred assets.

Repurchase and Securities lending transactions

The financial assets that have not been derecognised but have been transferred consist mainly of securities that have been delivered to counterparties as collateral in repurchase transactions and securities lent out in securities lending transactions. Counterparties are allowed to sell or repledge those securities in the absence of any default in transactions with the Group, but at the same time, they have an obligation to return such securities to the Group upon maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. As at 31 December 2024, the carrying value of the Group's securities serving as collaterals under repurchase agreements and debt securities lent to counterparties was RMB647,402 million (as at 31 December 2023: RMB24,235 million).

Credit asset securitisation transactions

The Group enters into securitisation transactions in its normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors. The Group may retain interests in the form of holding subordinated tranches which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the statement of financial position to the extent of the Group's continuing involvement, otherwise the financial assets are derecognised.

As at 31 December 2024, loans with an original carrying amount of RMB68,905 million (as at 31 December 2023: RMB825,092 million) have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets. As at 31 December 2024 the carrying amount of assets that the Group continued to recognise was RMB5,710 million (as at 31 December 2023: RMB75,002 million). As at 31 December 2024, the carrying amount of continuing involvement assets and liabilities that the Group continued to recognise was RMB5,710 million (as at 31 December 2023: RMB75,002 million).

With respect to credit asset securitisations that did not qualify for derecognition as a whole, the Group continued to recognise credit assets that had been transferred, and recorded the consideration received as a financial liability. As at 31 December 2024, the carrying amount of transferred credit assets that the Group had continued to recognise was RMB26,438 million (as at 31 December 2023: RMB12,124 million) and the carrying amount of their associated financial liabilities was RMB22,344 million (as at 31 December 2023: RMB12,625 million).

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

56 Transfer of financial assets (continued)

Credit asset securitisation transactions (continued)

As at 31 December 2024, the carrying amount of asset-backed securities held in the securitisation transaction derecognised by the Group was RMB1,126 million (as at 31 December 2023: RMB2,563 million), and its maximum loss exposure approximates to the carrying amount.

57 Operating segments

The Group has presented the operating segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers for the purposes of resource allocation and performance assessment. Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "Internal net interest income/expense". Interest income and expense earned from third parties are referred to as "External net interest income/expense".

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income and results are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the period to acquire fixed assets, intangible assets and other long-term assets.

(1) Geographical segments

The Group operates principally in the Chinese mainland with branches covering all provinces, autonomous regions and municipalities directly under the central government, and several subsidiaries located in the Chinese mainland. The Group also has bank branch operations in Hong Kong, Macau, Taiwan, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Sydney, Ho Chi Minh City, Luxembourg, Toronto, London, Zurich, Dubai, Chile, Astana, Labuan, Auckland, etc., and certain subsidiaries operating in Hong Kong, London, Moscow, Luxembourg, British Virgin Islands, Auckland, Jakarta, San Paulo and Kuala Lumpur, etc.

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches and subsidiaries that generate the income. Segment assets, liabilities and capital expenditure are allocated based on their geographical location.

Geographical segments of the Group, for management reporting purposes, are defined as follows:

- "Yangtze River Delta" refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Shanghai Municipality, Jiangsu Province, Zhejiang Province, City of Ningbo and City of Suzhou;
- "Pearl River Delta" refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Guangdong Province, City of Shenzhen, Fujian Province and City of Xiamen;
- "Bohai Rim" refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Beijing Municipality, Shandong Province, Tianjin Municipality, Hebei Province and City of Qingdao;
- the "Central" region refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Shanxi Province, Hubei Province, Henan Province, Hunan Province, Jiangxi Province, Hainan Province and Anhui Province;
- the "Western" region refers to the following areas where the tier-1 branches of the Bank operate: Sichuan Province, Chongqing Municipality, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region, Guangxi Autonomous Region and Xinjiang Autonomous Region; and
- the "Northeastern" region refers to the following areas where the tier-1 branches of the Bank operate: Liaoning Province, Jilin Province, Heilongjiang Province and City of Dalian.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Operating segments (continued)

(1) Geographical segments (continued)

	Year ended 31 December 2024								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income/(expense)	62,664	39,831	28,498	58,816	74,019	(4,362)	313,632	16,784	589,882
Internal net interest income/(expense)	38,676	41,506	63,052	42,920	33,971	30,441	(245,146)	(5,420)	-
Net interest income	101,340	81,337	91,550	101,736	107,990	26,079	68,486	11,364	589,882
Net fee and commission income	19,608	18,790	16,263	13,944	11,639	3,142	19,118	2,424	104,928
Net trading gain/(loss)	51	85	53	(132)	(40)	(20)	3,605	1,137	4,739
Dividend income	847	-	4,990	207	117	3	339	73	6,576
Net gain/(loss) arising from investment securities	4,675	(795)	(1,368)	(755)	(966)	(190)	10,885	(608)	10,878
Net (loss)/gain on derecognition of financial assets measured at amortised cost	(3)	185	33	6	(4)	(35)	3,647	162	3,991
Other operating (expense)/income, net	(3,626)	441	1,658	493	433	195	1,891	6,091	7,576
Operating income	122,892	100,043	113,179	115,499	119,169	29,174	107,971	20,643	728,570
Operating expenses	(41,797)	(26,807)	(34,509)	(34,680)	(36,583)	(12,220)	(29,859)	(7,324)	(223,779)
Credit impairment losses	(5,806)	(23,211)	(18,579)	(26,707)	(20,038)	(220)	(22,630)	(3,509)	(120,700)
Other impairment losses	-	-	(127)	(1)	(2)	-	-	(168)	(298)
Share of profits/(losses) of associates and joint ventures	11	(19)	518	(75)	-	-	69	80	584
Profit before tax	75,300	50,006	60,482	54,036	62,546	16,734	55,551	9,722	384,377
Capital expenditure	1,658	851	5,093	1,602	1,392	671	2,845	15,154	29,266
Depreciation and amortisation	4,075	3,103	7,072	3,760	3,791	1,451	4,290	2,688	30,230
	31 December 2024								
Segment assets	7,125,913	5,405,807	8,064,454	5,718,074	6,039,426	2,106,273	13,479,966	1,790,163	49,730,076
Long-term equity investments	2,861	1,446	9,370	3,969	-	-	2,904	3,010	23,560
	7,128,774	5,407,253	8,073,824	5,722,043	6,039,426	2,106,273	13,482,870	1,793,173	49,753,636
Deferred tax assets									120,485
Elimination									(9,302,972)
Total assets									40,571,149
Segment liabilities	7,066,990	5,355,827	7,825,864	5,651,329	5,989,751	2,091,890	10,897,772	1,649,208	46,528,631
Deferred tax liabilities									1,525
Elimination									(9,302,972)
Total liabilities									37,227,184
Off-balance sheet credit commitments	753,146	625,877	759,712	749,260	576,558	189,178	-	310,720	3,964,451

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Operating segments (continued)

(1) Geographical segments (continued)

	Year ended 31 December 2023								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income/(expense)	59,632	51,311	29,406	64,289	73,769	(1,058)	317,376	22,508	617,233
Internal net interest income/(expense)	54,088	49,227	67,000	50,014	44,266	29,302	(286,204)	(7,693)	–
Net interest income	113,720	100,538	96,406	114,303	118,035	28,244	31,172	14,815	617,233
Net fee and commission income	20,423	21,904	18,856	15,790	13,375	3,454	19,705	2,239	115,746
Net trading gain/(loss)	1,403	24	(62)	145	65	(11)	3,248	873	5,685
Dividend income	148	–	4,519	556	20	–	257	212	5,712
Net (loss)/gain arising from investment securities	(844)	(2,946)	(1,200)	(304)	(2,317)	(197)	7,430	156	(222)
Net (loss)/gain on derecognition of financial assets measured at amortised cost	(53)	(51)	(16)	1	(22)	(23)	1,102	8	946
Other operating (expense)/income, net	(7,842)	143	1,945	243	1,607	109	1,584	2,726	515
Operating income	126,955	119,612	120,448	130,734	130,763	31,576	64,498	21,029	745,615
Operating expenses	(39,762)	(27,533)	(35,259)	(35,576)	(37,325)	(12,271)	(24,523)	(7,903)	(220,152)
Credit impairment losses	(14,697)	(42,503)	(8,460)	(21,010)	(25,875)	(889)	(19,471)	(3,869)	(136,774)
Other impairment losses	1	1	(306)	(3)	(4)	(1)	–	(151)	(463)
Share of profits/(losses) of associates and joint ventures	67	(44)	772	307	–	–	12	37	1,151
Profit before tax	72,564	49,533	77,195	74,452	67,559	18,415	20,516	9,143	389,377
Capital expenditure	2,280	953	14,155	1,786	1,738	733	1,907	326	23,878
Depreciation and amortisation	3,579	3,140	7,429	3,850	3,912	1,518	3,601	2,052	29,081

	31 December 2023								
Segment assets	6,590,228	5,176,740	8,265,540	5,390,160	5,627,618	1,979,268	13,140,146	1,731,630	47,901,330
Long-term equity investments	2,375	1,276	8,939	4,151	–	–	1,835	2,407	20,983
	6,592,603	5,178,016	8,274,479	5,394,311	5,627,618	1,979,268	13,141,981	1,734,037	47,922,313
Deferred tax assets									121,227
Elimination									(9,718,714)
Total assets									38,324,826
Segment liabilities	6,505,937	5,105,200	8,019,403	5,296,596	5,561,892	1,965,083	10,801,127	1,614,504	44,869,742
Deferred tax liabilities									1,724
Elimination									(9,718,714)
Total liabilities									35,152,752
Off-balance sheet credit commitments	739,350	658,310	706,638	697,850	573,809	183,964	–	270,318	3,830,239

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Operating segments (continued)

(2) Business segments

Business segments, as defined for management reporting purposes, are as follows:

Corporate finance business

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit taking and wealth management services, agency services, financial consulting and advisory services, cash management services, remittance and settlement services, guarantee services, and Investment banking services, etc.

Personal finance business

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans, deposit taking and wealth management services, card business, remittance services and agency services, etc.

Treasury and asset management business

This segment covers the Group's treasury operations. The treasury and asset management segment enters into inter-bank deposit and placement transactions, repurchase and resale transactions, and invests in debt securities. It also trades in derivatives and foreign currencies for its own account. The treasury and asset management segment carries out customer-driven derivatives, foreign currency, precious metal trading and custody services. Its function also includes the management of the Group's overall liquidity position, including the issuance of debt securities.

Others

This segment covers equity investments and the revenues, results, assets and liabilities of overseas commercial banks.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Operating segments (continued)

(2) Business segments (continued)

	Year ended 31 December 2024				
	Corporate finance business	Personal finance business	Treasury and asset management business	Others	Total
External net interest income	279,584	97,616	198,542	14,140	589,882
Internal net interest (expense)/income	(87,035)	208,591	(121,761)	205	–
Net interest income	192,549	306,207	76,781	14,345	589,882
Net fee and commission income	32,161	49,715	22,788	264	104,928
Net trading gain	393	–	2,687	1,659	4,739
Dividend income	4,987	824	451	314	6,576
Net (loss)/gain arising from investment securities	(4,479)	5,098	10,713	(454)	10,878
Net gain on derecognition of financial assets measured at amortised cost	467	1,223	2,208	93	3,991
Other operating income/(expense), net	1,423	(3,654)	3,342	6,465	7,576
Operating income	227,501	359,413	118,970	22,686	728,570
Operating expenses	(89,651)	(111,209)	(13,647)	(9,272)	(223,779)
Credit impairment losses	(37,224)	(74,744)	(3,216)	(5,516)	(120,700)
Other impairment losses	(128)	–	(4)	(166)	(298)
Share of profits/(losses) of associates and joint ventures	646	29	(94)	3	584
Profit before tax	101,144	173,489	102,009	7,735	384,377
Capital expenditure	5,696	5,798	542	17,230	29,266
Depreciation and amortisation	11,306	14,504	1,678	2,742	30,230

	31 December 2024				
Segment assets	17,075,455	8,681,552	13,827,989	1,045,883	40,630,879
Long-term equity investments	10,443	2,739	5,552	4,826	23,560
	17,085,898	8,684,291	13,833,541	1,050,709	40,654,439
Deferred tax assets					120,485
Elimination					(203,775)
Total assets					40,571,149
Segment liabilities	12,052,396	17,405,915	6,031,782	1,939,341	37,429,434
Deferred tax liabilities					1,525
Elimination					(203,775)
Total liabilities					37,227,184
Off-balance sheet credit commitments	2,494,669	1,159,062	–	310,720	3,964,451

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Operating segments (continued)

(2) Business segments (continued)

	Year ended 31 December 2023				
	Corporate finance business	Personal finance business	Treasury and asset management business	Others	Total
External net interest income	261,999	132,222	206,688	16,324	617,233
Internal net interest (expense)/ income	(60,782)	181,733	(120,877)	(74)	–
Net interest income	201,217	313,955	85,811	16,250	617,233
Net fee and commission income/ (expense)	36,272	55,056	25,591	(1,173)	115,746
Net trading gain	337	1,260	3,010	1,078	5,685
Dividend income	4,694	149	561	308	5,712
Net (loss)/gain arising from investment securities	(6,589)	428	6,104	(165)	(222)
Net gain on derecognition of financial assets measured at amortised cost	736	–	202	8	946
Other operating income/(expense), net	1,751	(7,255)	2,408	3,611	515
Operating income	238,418	363,593	123,687	19,917	745,615
Operating expenses	(87,362)	(111,069)	(14,093)	(7,628)	(220,152)
Credit impairment losses	(77,016)	(57,456)	6,599	(8,901)	(136,774)
Other impairment losses	(64)	(249)	1	(151)	(463)
Share of profits of associates and joint ventures	1,054	78	12	7	1,151
Profit before tax	75,030	194,897	116,206	3,244	389,377
Capital expenditure	16,816	6,251	617	194	23,878
Depreciation and amortisation	10,805	14,602	1,659	2,015	29,081

	31 December 2023				
Segment assets	15,290,620	8,705,648	13,547,677	906,819	38,450,764
Long-term equity investments	12,521	2,238	6,217	7	20,983
	15,303,141	8,707,886	13,553,894	906,826	38,471,747
Deferred tax assets					121,227
Elimination					(268,148)
Total assets					38,324,826
Segment liabilities	12,349,135	15,979,947	5,236,467	1,853,627	35,419,176
Deferred tax liabilities					1,724
Elimination					(268,148)
Total liabilities					35,152,752
Off-balance sheet credit commitments	2,422,267	1,137,654	–	270,318	3,830,239

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

58 Entrusted lending business

As at the end of the reporting period, the entrusted loans and entrusted funds were as follows:

	31 December 2024	31 December 2023
Entrusted loans	**4,635,191**	4,420,191
Entrusted funds	**4,635,191**	4,420,191

59 Pledged assets

(1) Assets pledged as securities

The Group's collateral for liabilities or contingent liabilities include financial assets such as securities and bills, which mainly serve as collateral for repurchase agreements, derivative contracts and local statutory requirements. As at 31 December 2024, the carrying values of the Group's financial assets pledged as collateral amounted to approximately RMB2,245,262 million (as at 31 December 2023: RMB1,962,492 million).

(2) Collateral accepted as securities for assets

As part of the resale agreements, the Group has received securities that were allowed to be sold or repledged in the absence of default by their owners. As at 31 December 2024, the Group did not hold any collateral for resale agreements which was permitted to be sold or repledged in the absence of default for the transactions. (as at 31 December 2023: RMB1,842 million).

60 Commitments and contingent liabilities

(1) Credit commitments

Credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit, etc. The Group assesses and makes provisions for any probable losses accordingly.

The contractual amounts of loan commitments and credit card overdraft commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers.

As credit commitments may expire without being drawn upon, the contractual amounts set out in the following table do not represent the expected future cash outflows.

	31 December 2024	31 December 2023
Loan commitments		
– with an original maturity within one year	**76,319**	62,692
– with an original maturity of one year or over	**431,376**	375,098
Credit card commitments	**1,193,146**	1,174,030
	1,700,841	1,611,820
Bank acceptances	**617,285**	544,973
Financing guarantees	**30,457**	45,339
Non-financing guarantees	**1,329,065**	1,348,704
Sight letters of credit	**39,725**	47,524
Usance letters of credit	**217,469**	226,132
Others	**29,609**	5,747
Total	**3,964,451**	3,830,239

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

60 Commitments and contingent liabilities (continued)

(2) Credit risk-weighted asset amount

The credit risk-weighted asset amount refers to the amount as computed in accordance with the rules set out by the NFRA and depends on the status of the counterparty and the maturity characteristics.

	31 December 2024	31 December 2023
Credit risk-weighted asset amount of contingent liabilities and commitments	**1,225,217**	1,224,736

(3) Capital commitments

As at 31 December 2024, the Group's contracted for but not disbursed capital commitments amounted to RMB3,245 million (as at 31 December 2023: RMB2,071 million).

(4) Underwriting obligations

As at 31 December 2024, there was no unexpired underwriting commitment of the Group (as at 31 December 2023: Nil).

(5) Government bond redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 31 December 2024, were RMB45,472 million (as at 31 December 2023: RMB47,743 million).

(6) Outstanding litigations and disputes

As at 31 December 2024, the Group was the defendant in certain pending litigations and disputes with gross claims of RMB12,790 million (as at 31 December 2023: RMB8,156 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels (Note 45). The Group considers that the provisions made are reasonable and adequate.

(7) Contingent liabilities

The Group assessed and made provisions for any probable outflow of economic benefits in relation to the commitments and contingent liabilities in accordance with their accounting policies.

(8) Impact of the *Guiding Opinions on Regulating the Asset Management Business of Financial Institutions*

In accordance with the *Guiding Opinions on Regulating the Asset Management Business of Financial Institutions* jointly issued by the PBOC and three other ministries as well as the PBOC's relevant announcement, other than assets for which the Group had applied to regulators for disposal on a case-by-case basis, the Group has completed the rectification of legacy wealth management business and recognised its impact in these financial statements in terms of provisions and credit impairment losses. The Group will duly implement relevant policies and regulatory requirements, continue to assess and disclose relevant impact, and strive to complete the rectification as soon as possible.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

61 Related party relationships and transactions

(1) Transactions with parent companies and their affiliates

The immediate and ultimate parents of the Group are Huijin and CIC, respectively.

As approved by the State Council, CIC was established on 29 September 2007 with registered capital of RMB1,550,000 million.

Huijin was incorporated on 16 December 2003 as a wholly-state-owned investment company. It was registered in Beijing with registered capital of RMB828,209 million. As a wholly-owned subsidiary of CIC, Huijin makes equity investment in key state-owned financial institutions as authorised by the State Council, and exercises the contributor's rights and obligations in key state-owned financial institutions up to its contribution amount on behalf of the State to achieve preservation and appreciation of state-owned financial assets. Huijin does not engage in any other commercial business activities, nor does it interfere with daily operations of the key state-owned financial institutions of which it is the controlling shareholder. As at 31 December 2024, Huijin directly held 57.14% of shares of the Bank.

Affiliates of parent companies include the subsidiaries under parent companies and other associates and joint ventures.

The Group's transactions with parent companies and their affiliates mainly include deposit taking, entrusted asset management, operating leases, lending, purchase and sale of debt securities, money market transactions and inter-bank clearing. These transactions are priced based on market prices and conducted under normal commercial terms.

The Group has issued subordinated debts with a nominal value of RMB12,000 million (as at 31 December 2023: RMB12,000 million). These are bearer bonds and tradable in the secondary market. The Group had no information in respect of the amount of the bonds held by the affiliates of parent companies as at the end of the reporting period.

(a) *Transactions with parent companies*

In the ordinary course of the business, material transactions that the Group entered into with parent companies are as follows:

Amounts

	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**3,284**	**0.26%**	1,318	0.11%
Interest expense	**160**	**0.02%**	83	0.01%
Net trading gain	**17**	**0.36%**	–	–

Balances outstanding as at the end of the reporting period

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Loans and advances to customers	**66,600**	**0.27%**	12,000	0.05%
Financial investments				
Financial assets measured at fair value through profit or loss	**770**	**0.13%**	10	0.00%
Financial assets measured at amortised cost	**40,473**	**0.54%**	24,209	0.36%
Financial assets measured at fair value through other comprehensive income	**7,498**	**0.28%**	6,083	0.27%
Deposits from customers	**36,292**	**0.13%**	17,134	0.06%
Credit commitments	**288**	**0.01%**	8,288	0.22%

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

61 Related party relationships and transactions (continued)

(1) Transactions with parent companies and their affiliates (continued)

(b) Transactions with the affiliates of parent companies

In the ordinary course of the business, material transactions that the Group entered into with the affiliates of parent companies are as follows:

Amounts

	Note	2024 Amount	2024 Ratio to similar transactions	2023 Amount	2023 Ratio to similar transactions
Interest income		**21,674**	**1.75%**	20,578	1.65%
Interest expense		**9,293**	**1.43%**	11,071	1.76%
Fee and commission income		**470**	**0.40%**	433	0.33%
Fee and commission expense		**16**	**0.12%**	28	0.20%
Net trading gain		**701**	**14.79%**	1,058	18.61%
Other operating income		**736**	**2.46%**	1,248	4.95%
Net gain arising from investment securities		**3,733**	**34.32%**	4,368	N/A
Operating expenses	(i)	**652**	**0.29%**	1,069	0.49%

Balances outstanding as at the end of the reporting period

	Note	31 December 2024 Balance	31 December 2024 Ratio to similar transactions	31 December 2023 Balance	31 December 2023 Ratio to similar transactions
Deposits with banks and non-bank financial institutions		**37,494**	**24.26%**	26,110	17.62%
Placements with banks and non-bank financial institutions		**130,800**	**19.44%**	148,527	22.00%
Positive fair value of derivatives		**15,959**	**14.77%**	3,560	8.12%
Financial assets held under resale agreements		**31,295**	**5.03%**	45,774	4.67%
Loans and advances to customers		**157,404**	**0.63%**	245,845	1.07%
Financial investments					
Financial assets measured at fair value through profit or loss		**152,874**	**24.96%**	161,299	26.78%
Financial assets measured at amortised cost		**201,682**	**2.71%**	197,187	2.90%
Financial assets measured at fair value through other comprehensive income		**398,031**	**15.07%**	272,277	12.18%
Other assets		**562**	**0.23%**	7	0.00%
Deposits from banks and non-bank financial institutions	(ii)	**192,798**	**6.80%**	248,508	8.90%
Placements from banks and non-bank financial institutions		**186,085**	**38.78%**	177,615	43.56%
Negative fair value of derivatives		**11,188**	**11.90%**	4,455	10.64%
Financial assets sold under repurchase agreements		**34,944**	**4.72%**	7,749	3.30%
Deposits from customers		**133,328**	**0.46%**	114,591	0.41%
Other liabilities		**39,973**	**6.12%**	18,936	3.46%
Credit commitments		**11,585**	**0.29%**	9,293	0.24%

(i) Operating expenses mainly represent fees for related services provided by the affiliates of parent companies.

(ii) Deposits from the affiliates of parent companies are unsecured and are repayable under normal commercial terms.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

61 Related party relationships and transactions (continued)

(2) Transactions between the Group and its associates and joint ventures of the Group

Transactions between the Group and its associates and joint ventures are conducted in the normal and ordinary course of the business and under normal commercial terms as those transactions conducted between the Group and non-related companies outside the Group.

In the ordinary course of the business, material transactions that the Group entered into with associates and joint ventures are as follows:

Amounts

	2024	2023
Interest income	**1,232**	1,390
Interest expense	**132**	137
Fee and commission income	**95**	252
Operating expenses	**140**	126

Balances outstanding as at the end of the reporting period

	31 December 2024	31 December 2023
Loans and advances to customers	**45,680**	29,430
Financial assets measured at fair value through profit or loss	**1,241**	–
Other assets	**352**	464
Deposits from customers	**16,470**	16,190
Other liabilities	**1,307**	960
Credit commitments	**46,858**	45,362

(3) Transactions between the Bank and its subsidiaries

Transactions between the Bank and its subsidiaries are conducted in the normal and ordinary course of the business and under normal commercial terms as those transactions are conducted between the Bank and non-related companies outside the Group. All the inter-group transactions and inter-group balances are eliminated when preparing the consolidated financial statements as mentioned in Note 4(1)(b).

In the ordinary course of the business, material transactions that the Bank entered into with its subsidiaries are as follows:

Amounts

	2024	2023
Interest income	**2,646**	2,474
Interest expense	**2,064**	2,135
Fee and commission income	**2,520**	3,808
Fee and commission expense	**679**	722
Dividend income	**545**	453
Net loss arising from investment securities	**37**	–
Operating expenses	**8,966**	9,139
Other operating expense, net	**100**	36

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

61 Related party relationships and transactions (continued)

(3) Transactions between the Bank and its subsidiaries (continued)

Balances outstanding as at the end of the reporting period

	31 December 2024	31 December 2023
Deposits with banks and non-bank financial institutions	**2,944**	1,964
Placements with banks and non-bank financial institutions	**104,923**	101,772
Positive fair value of derivatives	**4,471**	906
Financial assets held under resale agreements	**2,375**	1,891
Loans and advances to customers	**20,397**	16,702
Financial investments		
Financial assets measured at fair value through profit or loss	**–**	1,424
Financial assets measured at amortised cost	**907**	1,071
Financial assets measured at fair value through other comprehensive income	**29,538**	13,878
Other assets	**39,758**	39,690
Deposits from banks and non-bank financial institutions	**15,807**	17,439
Placements from banks and non-bank financial institutions	**33,966**	39,086
Negative fair value of derivatives	**4,733**	362
Deposits from customers	**7,670**	16,349
Debt securities issued	**–**	29
Other liabilities	**6,731**	6,581

As at 31 December 2024, the total maximum guarantee limit of guarantee letters issued by the Bank with its subsidiaries as beneficiary was RMB932 million (as at 31 December 2023: RMB907 million).

As at 31 December 2024, the transactions between subsidiaries of the Group were mainly Deposits with banks and non-bank financial institutions and Deposits from banks and non-bank financial institutions, and the balances of the above transactions were RMB2,137 million and RMB1,444 million respectively (as at 31 December 2023, the transactions between subsidiaries of the Group were mainly other assets and other liabilities, and the balances of the above transactions were RMB8,199 million and RMB8,239 million, respectively).

(4) Transactions with other PRC state-owned entities

State-owned entities refer to those entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliates and other organisations. Transactions with other state-owned entities include but are not limited to: lending and deposit taking; taking and placing of inter-bank balances; entrusted lending and other custody services; insurance and securities agency, and other intermediary services; purchase, sale, underwriting and redemption of bonds issued by other state-owned entities; purchase, sale and leases of property and other assets; and rendering and receiving of utilities and other services.

These transactions are conducted in the ordinary course of the Group's banking business on terms similar to those that would have been entered into with non-state-owned entities. The Group's pricing strategy and approval processes for major products and services, such as loans, deposits and commission income, do not depend on whether the customers are state-owned entities or not. Having due regard to the substance of the relationships, the Group is of the opinion that none of these transactions were material related party transactions that require separate disclosure.

(5) Transactions with the Annuity Scheme and Plan Assets

Apart from the obligations for defined contributions to the Annuity Scheme and regular banking transactions, there were no other transactions between the Group and the Annuity Scheme in 2024 and 2023.

As at 31 December 2024, the fair value of the Group's supplementary retirement benefit plan assets managed by CCB Principal Asset Management and CCB Pension was RMB3,143 million (as at 31 December 2023:RMB3,187 million), and management fees payable to CCB Principal Asset Management and CCB Pension were RMB4.29 million (as at 31 December 2023: RMB3.59 million).

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

61 Related party relationships and transactions (continued)

(6) Key management personnel

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and senior executives. The Group enters into banking transactions with key management personnel in the normal course of business. For the years ended 31 December 2024 and 2023 there were no material transactions and balances with key management personnel.

The compensation before tax of directors and supervisors is disclosed in Note 16. The senior executives' annual compensation before individual income tax during the year is as follows:

	2024			
	Remuneration paid RMB'000	Contributions to defined contribution retirement schemes RMB'000	Other benefits in kind (Note (i)) RMB'000	Total (Note (ii)) RMB'000
Executive Vice Presidents				
Li Jianjiang	454	50	133	637
Chief Information Officer				
Jin Panshi	1,051	66	257	1,374
Chief Financial Officer				
Sheng Liurong	1,051	66	257	1,374
Former Executive Vice President				
Li Yun	605	66	170	841
Wang Bing	555	61	153	769
Li Min	454	49	122	625
Former Secretary to the Board				
Hu Changmiao	525	16	117	658
	4,695	374	1,209	6,278

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

61 Related party relationships and transactions (continued)

(6) Key management personnel (continued)

	2023			
	Annual remuneration payable (Allowances) RMB'000	Employer's contribution to social insurances, enterprise annuity, supplemental medical insurance and housing provident fund RMB'000	Other Monetary income RMB'000	Incentive income for 2021-2023 tenure RMB'000
Executive Vice Presidents				
Li Yun	827	205	–	540
Wang Bing	827	205	–	230
Li Min	207	53	–	58
Secretary to the Board				
Hu Changmiao	2,599	312	–	–
Chief Information Officer				
Jin Panshi	2,599	312	–	–
Chief Financial Officer				
Sheng Liurong	2,600	298	–	–
Former Executive Vice President				
Zhang Min	138	33	–	499
Former Chief Risk Officer				
Cheng Yuanguo	1,516	179	–	–
	11,313	1,597	–	1,327

(i) Other benefits in kind included the Bank's contributions to medical insurance, housing funds and other social insurances, which are payable to labour and security authorities based on the lower of certain percentage of the salaries and allowance or the prescribed upper limits as required by the relevant regulations issued by the government authorities. Other benefits also included the Bank's contribution to its own corporate annuity plan (which was set up in accordance with the relevant policies issued by the government authorities) and supplementary medical insurance.

(ii) The total compensation package for these key management personnel for the year ended 31 December 2024 has not yet been finalised in accordance with regulations of the PRC relevant authorities. The amount of the compensation to be adjusted for is not expected to have significant impact on the Group's financial statements for the year ended 31 December 2024. The final compensation will be disclosed in a separate announcement when determined.

(iii) The total compensation package for certain key management personnel for the year ended 31 December 2023 had not been finalised in accordance with regulations of the PRC relevant authorities as at the date that the 2023 financial statements were announced. The aforesaid total compensation package for the key management personnel for the year ended 31 December 2023 has been reviewed and approved by the Board meeting of the Bank and the shareholders' general meeting of the Bank.

(iv) From 2015 onwards, remuneration of the Bank's leaders administered by central authorities has been paid in accordance with relevant policies relating to the central remuneration reform.

(7) Loans, quasi-loans and other credit transactions to directors, supervisors and senior executives

The Group had no material balance of loans, quasi-loans and other credit transactions to directors, supervisors and senior executives as at the end of reporting period. Those loans, quasi-loans and other credit transactions to directors, supervisors and senior executives were conducted in the normal and ordinary course of the business and under normal commercial terms or on the same terms and conditions with those which are available to other employees, based on terms and conditions granted to third parties adjusted for risk reduction.

62 Risk management

The Group has exposure to the following risks:

- credit risk
- market risk
- liquidity risk
- operational risk
- insurance risk

This note presents information about the Group's exposures to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's capital management.

Risk management framework

The Board fulfils risk management responsibilities pursuant to the Articles of Association of the Bank and regulatory requirements. The Board and its Risk Management Committee develop risk management strategies, supervise the implementation, assess the Group's overall risk profile, regularly review the statements of risk appetite and transmit the risk appetite through relevant policies. The board of supervisors supervises the building of comprehensive risk management system, as well as the performance of the Board and senior management in discharging their comprehensive risk management responsibilities. Senior management and its Risk and Internal Control Management Committee are responsible for implementing risk strategies developed by the Board and organising the comprehensive risk management work across the group.

Risk Management Department is the lead department responsible for the Group's comprehensive risk management and leads the management of market risk. Credit Management Department is the lead department responsible for the overall credit risk management and country risk management. Asset & Liability Management Department is the lead department responsible for the management of liquidity risk and interest rate risk of banking book. Internal Control & Compliance Department is the lead department responsible for operational risk management. FinTech Department and Internal Control & Compliance Department jointly promote IT risk management. Public Relations & Corporate Culture Department and Strategy and Policy Coordination Department are the lead departments responsible for reputational risk and strategic risk management, respectively. Other types of risks are managed by respective specialised departments.

The Bank continued to optimise its risk governance system for subsidiaries, strengthened collaborative risk governance between the parent bank and subsidiaries and integrated risk control, and intensified penetrated management and process management. It specified management objectives of subsidiaries for various risks, optimised risk reporting mechanism and reporting lines, performed risk profiling, and bolstered risk management of key subsidiaries and key businesses, so as to consolidate the bottom line of risk compliance.

(1) Credit risk

Credit risk management

Credit risk represents the risk of financial loss that arises from the failure of a debtor or counterparty to discharge its contractual obligations or commitments to the Group.

Credit risk management includes key procedures such as, credit risk appetite, credit management, post investment and credit management, credit risk reporting, and expected credit loss approach implementation.

The Credit Management Department is the leading department responsible for overall management of the Group's credit risk. The Risk Management Department takes the lead in the development and implementation of the credit risk measurement tools including customers rating and facilities grading. The Special Assets Resolution Department is responsible for the special assets resolutions. The Credit Approval Department is responsible for specific credit management work such as comprehensive credit limits and credit approval of various credit businesses for the Group's customers. With the Credit Management Department taking the lead, the Credit Approval Department and the Risk Management Department participate in, share the workload and coordinate with other departments such as the Corporate Banking Department, the Inclusive Finance Department, the Institutional Banking Department, the International Business Department, the Strategic Clients Department, the Housing Finance & Personal Lending Department, the Credit Card Centre, and the Legal Affairs Department to implement credit risk management policies and procedures.

62 Risk management (continued)

(1) Credit risk (continued)

Credit risk management (continued)

With respect to credit risk management of corporate and institutional business, the Group has accelerated the adjustment of its businesses structure, enhanced post-lending (investment) monitoring, and refined the industry-specific guideline and policy baseline for credit approval. Management also fine-tuned eligibility and exit policies, and optimised economic capital management and industry risk limit management. All these policies have been implemented to maintain the stability of asset quality. The Group's credit risk management covers processes such as pre-lending (investment) due diligence, credit (investment) inspection, and post-lending (investment) monitoring for credit granting business. The Group performs pre-lending (investment) investigations by assessing the borrower's credit ratings based on internal rating criteria and completing the borrower's assessment report and by performing a comprehensive evaluation of the risks and rewards of the project and completing an evaluation report. Approvals must be authorised by approvers with the appropriate authorisation. The Group conducts ongoing post-lending (investment) monitoring activities, particularly focusing on the monitoring of credit risks arising from key industries and key clients, and takes timely measures to prevent and control these risks.

With respect to the personal credit business, the Group relies on credit assessment of applicants as the basis for loan approval. Customer relationship managers are required to assess the income, credit history, and repayment ability of the applicant. The customer relationship managers then forward the application and recommendations to the loan-approval departments for consent. The Group pays great attention to post-lending monitoring of personal loans, focuses on borrowers' repayment ability, the status of collateral and pledges and any changes to the value of collateral and pledges. Once a loan becomes overdue, the Group starts the recovery process according to standard recovery procedures.

To mitigate risks, the Group requests the customers to provide collateral and pledges or guarantees where appropriate. A refined management system and operating procedure for collateral and pledges have been developed, and there is a guideline to specify the suitability of accepting specific types of collateral and pledges. The values, structures and legal covenants of collateral and pledges are monitored continuously to ensure that they still serve their intended purposes and conform to market practices.

For risk management purposes, the Group conducts independent management over credit risk arising from derivatives exposures, with information disclosed in Notes (1)(j). The Group sets credit limits for treasury activities and monitors them regularly with reference to the fair values of the relevant financial instruments.

Measurement of expected credit losses (ECL)

The Group continues to improve its unified expected credit loss approach implementation system which has covered all credit risk exposures on and off-balance sheet, and clarified the division of responsibilities between the Board of Directors and its specialised committees, the Board of Supervisors, senior management, the leading department of the Head Office and other relevant departments. The Group has set up a comprehensive implementation management system, strengthened control over the entire implementation process, consolidated the foundation, and adhered to the high-quality implementation of the expected credit loss approach. In the implementation process of the expected credit loss approach, the Group has fully considered uncertainties facing credit risk management. Based on the results of expected credit loss assessment, the Group recognises allowances for impairment losses timely and adequately to ensure that that the accrued allowances for impairment losses have effectively covered expected credit losses.

(A) Segmentation of financial instruments

The Group adopts a "three-stage" model for impairment based on changes in credit risk since initial recognition or by determining whether the financial instruments are credit-impaired, to estimate the expected credit losses.

The key definition of the three stages are defined in Note 4(3)(f).

62 Risk management (continued)

(1) Credit risk (continued)

Measurement of expected credit losses (ECL) (continued)

(B) Significant increase in credit risk ("SICR")

The Group assesses at least quarterly whether the credit risk of a financial instrument has increased significantly since initial recognition. In accordance with the principle of substantive risk judgment, the Group compares the risk of default of financial instruments as at the end of reporting period with that as at the date of initial recognition for an individual financial instrument or a group of financial instruments with common credit risk characteristics to determine whether the credit risk has increased significantly since initial recognition. The Group sufficiently considers all reasonable and supportable information when making related assessments, including but not limited to: internal credit rating of the borrower; information such as business risk classification, overdue status, and contract terms; information on changes in the credit strategy or credit risk management methods towards the borrower; information such as the borrower's credit information, external ratings, changes in debt and equity prices, credit default swap prices, credit spreads, and public opinion; business and financial information of the borrower, its shareholders, and affiliated enterprises; and the macro economy, industry development, technological innovation, climate change, natural disasters, socio-economic and financial policies, government support or relief measures that may have a potential impact on the borrower's repayment capacity.

The Group has set qualitative and quantitative criteria for assessing whether the credit risk of financial instruments has increased significantly since initial recognition. For example, generally, the credit risk of loans whose internal credit ratings have fallen to level 15 and below, is regarded as having increased significantly.

Usually, if a financial instrument has been overdue for more than 30 days, then this indicates that the credit risk of this financial instrument has increased significantly.

(C) Definition of defaulted and credit-impaired assets

The Group considers a financial instrument as having defaulted when it is credit-impaired. Generally, financial instrument overdue for more than 90 days on contractual payment terms shall be considered as having credit-impaired.

The following factors can be referred to when determining whether credit impairment has occurred:

– Significant financial difficulty of the issuer or borrower;

– Breach of contract term, such as a default or delinquency in interest or principal payments;

– Concessions that would not otherwise be granted to the borrower, in light of economic or contractual considerations related to the borrower's financial difficulties;

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

– Disappearance of an active market for financial assets because of financial difficulties of the issuer or borrower;

– A financial asset purchased or originated by a large discount which reflects the fact of credit-impairment having occurred; and

– Other objective evidence indicating there is a credit impairment of the financial asset.

The Group's definition of default has been consistently applied to the estimates of PD, LGD and EAD during the ECL measurement.

62 Risk management (continued)

(1) Credit risk (continued)

Measurement of expected credit losses (ECL) (continued)

(D) Explanation of parameters, assumptions and estimation techniques

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether a financial instrument is considered to be credit-impaired. Expected credit losses are the discounted product of the weighted average of PD, LGD, and EAD under the optimistic, baseline and pessimistic scenarios.

Defined as follows:

PD refers to the likelihood of a debtor and its businesses defaulting in the future, after consideration of forward-looking information. Please refer to earlier disclosure in this note for the definition of default.

LGD refers to the Group's expected loss amount resulting from default as a proportion of total exposure, after consideration of forward-looking information.

EAD is the total amount of risk exposure on and off-balance sheet at the time of default. The exposure is determined by the repayment plan according to different types of products.

The discount rate used in the ECL measurement is the effective interest rate.

During the reporting period, based on changes in macroeconomic environment, the Group has updated forward-looking information used in the measurement of expected credit losses. Please refer to further disclosure in this note for forward-looking information which is incorporated in the measurement of expected credit losses.

The assumptions underlying the ECL measurement, such as the PDs for different maturities are monitored and reviewed on a quarterly basis.

During the reporting period, the Group continued to improve its unified ECL approach implementation management system and monitor models and parameters related to expected credit losses and carried out model optimization by reference to monitoring results.

There have been no significant changes in estimation techniques and such assumptions made during the reporting period.

(E) Forward-looking information incorporated in the ECL

The Group has performed historical data analysis and identified the macroeconomic variables affecting expected credit losses, such as GDP, CPI, M2, PPI, RMB deposit reserve rate, London spot gold price, average exchange rate of US Dollar to RMB, sales price indices of second-hand residential buildings in 70 large and medium-sized cities, national real estate climate index, and so on.

The Group set forecast GDP value for baseline scenario by reference to average value of forecasts released by authoritative international and domestic institutions, and the forecast 2025 GDP growth value under the baseline scenario was set at round 5%. Forecast 2025 GDP growth value under the optimistic and pessimistic scenarios had been determined by moving up and down, by a certain degree, from the baseline scenario forecast. For other macroeconomic variables, the Group involved internal experts and used methods such as transmission models, economic principles, and expert judgment to calculate the predicted value of each variable under each scenario.

The Group constructs empirical models to derive the relationship between historical macroeconomic variables and PD and LGD, and calculates the PD and LGD values for a given future horizon using the forecasted macroeconomic variables.

The Group constructs empirical models to determine the weightings for optimistic, baseline and pessimistic scenarios. As at 31 December 2024 and 2023, the optimistic, baseline and pessimistic scenarios were of comparable weightings.

(F) Risk grouping

For the purpose of ECL measurement, the Group has divided businesses with common credit risk characteristics into separate groups. When grouping corporate business, the Group considered credit risk characteristics such as client type and the industry in which the client operates. When grouping personal business, the Group considered credit risk characteristics such as internal risk pool and product type. The Group obtained sufficient information to ensure risk grouping is statistically reliable.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(a) Maximum credit risk exposure

The following table presents the maximum exposure to credit risk as at the end of the reporting period without taking into consideration any collaterals and pledges held or other credit enhancements. In respect of the financial assets recognised in the statement of financial position, the maximum exposure to credit risk is represented by the carrying amount after deducting any impairment allowance.

	31 December 2024	31 December 2023
Deposits with central banks	2,524,670	3,020,376
Deposits with banks and non-bank financial institutions	154,532	148,218
Placements with banks and non-bank financial institutions	672,875	675,270
Positive fair value of derivatives	108,053	43,840
Financial assets held under resale agreements	622,559	979,498
Loans and advances to customers	25,040,400	23,083,377
Financial investments		
Financial assets measured at fair value through profit or loss	354,639	362,299
Financial assets measured at amortised cost	7,429,723	6,801,242
Financial assets measured at fair value through other comprehensive income	2,609,514	2,224,783
Other financial assets	194,148	220,645
Total	39,711,113	37,559,548
Off-balance sheet credit commitments	3,964,451	3,830,239
Maximum credit risk exposure	43,675,564	41,389,787

(b) Loans and advances to customers analysed by credit quality

Within overdue but not credit-impaired loans and advances and credit-impaired loans and advances, the portions covered and not covered by collateral held are as follows:

	31 December 2024		
	Overdue but not credit-impaired loans and advances		Credit-impaired loans and advances
	Corporate	Personal	Corporate
Portion covered	7,001	29,891	101,450
Portion not covered	4,791	18,081	155,266
Total	11,792	47,972	256,716

	31 December 2023		
	Overdue but not credit-impaired loans and advances		Credit-impaired loans and advances
	Corporate	Personal	Corporate
Portion covered	4,290	28,337	102,434
Portion not covered	5,215	16,078	165,249
Total	9,505	44,415	267,683

The above collateral and pledges include land use rights, buildings and equipment. The fair value of collateral and pledges was estimated by the Group with reference to the latest available external valuations adjusted after taking into account the current realisation experience as well as the market situation.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(c) *Loans and advances to customers analysed by economic sector concentrations*

	31 December 2024			31 December 2023		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Corporate loans and advances						
– Leasing and commercial services	**2,682,018**	**10.38%**	**676,716**	2,506,037	10.50%	663,717
– Transportation, storage and postal services	**2,479,499**	**9.59%**	**658,592**	2,328,471	9.76%	617,975
– Manufacturing	**2,264,558**	**8.76%**	**421,563**	2,167,353	9.08%	437,729
– Production and supply of electric power, heat, gas and water	**1,674,706**	**6.48%**	**235,043**	1,444,500	6.05%	219,330
– Wholesale and retail trade	**1,441,415**	**5.58%**	**705,860**	1,396,585	5.85%	698,352
– Real estate	**1,014,851**	**3.93%**	**526,419**	970,809	4.07%	497,958
– Water, environment and public utility management	**765,953**	**2.96%**	**248,959**	747,653	3.13%	269,792
– Construction	**711,472**	**2.75%**	**164,363**	631,518	2.65%	161,559
– Financial services	**702,841**	**2.72%**	**20,552**	378,507	1.59%	23,787
– Mining	**371,304**	**1.44%**	**25,640**	345,315	1.45%	20,110
– Data Transfer, Software and Data Technology Services	**242,128**	**0.94%**	**87,318**	221,385	0.93%	79,486
– Scientific Research and Technological services	**179,270**	**0.69%**	**78,752**	156,459	0.66%	71,074
– Others	**654,640**	**2.54%**	**190,034**	643,005	2.69%	189,776
Total corporate loans and advances	**15,184,655**	**58.76%**	**4,039,811**	13,937,597	58.41%	3,950,645
Personal loans and advances	**8,977,310**	**34.74%**	**6,796,657**	8,768,598	36.75%	6,873,754
Discounted bills	**1,631,752**	**6.31%**	**–**	1,104,787	4.63%	–
Accrued interest	**49,577**	**0.19%**	**–**	50,618	0.21%	–
Total loans and advances to customers	**25,843,294**	**100.00%**	**10,836,468**	23,861,600	100.00%	10,824,399

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(d) Loans and advances to customers analysed by geographical sector concentrations

	31 December 2024			31 December 2023		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Yangtze River Delta	**5,240,886**	**20.29%**	**2,432,828**	4,703,648	19.71%	2,371,091
Western	**4,855,020**	**18.79%**	**2,155,775**	4,440,785	18.61%	2,123,401
Bohai Rim	**4,338,437**	**16.79%**	**1,561,658**	4,058,595	17.01%	1,584,573
Central	**4,290,781**	**16.60%**	**1,928,945**	3,993,891	16.74%	1,955,242
Pearl River Delta	**4,169,575**	**16.13%**	**2,271,355**	3,936,980	16.50%	2,262,981
Head office	**1,142,742**	**4.42%**	**–**	1,026,719	4.30%	–
Northeastern	**1,039,321**	**4.02%**	**347,121**	975,595	4.09%	373,238
Overseas	**716,955**	**2.77%**	**138,786**	674,769	2.83%	153,873
Accrued interest	**49,577**	**0.19%**	**–**	50,618	0.21%	–
Gross loans and advances to customers	**25,843,294**	**100.00%**	**10,836,468**	23,861,600	100.00%	10,824,399

Details of Stage 3 loans and allowances for impairment losses in respect of geographical sectors as at the end of the reporting period are as follows:

	31 December 2024			
	Stage 3 Gross loan balance	**Allowances for impairment losses**		
		Stage 1	**Stage 2**	**Stage 3**
Pearl River Delta	**82,590**	**(48,731)**	**(34,726)**	**(62,769)**
Central	**58,713**	**(59,114)**	**(42,581)**	**(40,756)**
Western	**52,990**	**(68,131)**	**(50,732)**	**(37,032)**
Bohai Rim	**48,047**	**(51,700)**	**(37,518)**	**(35,007)**
Yangtze River Delta	**43,845**	**(68,909)**	**(31,726)**	**(32,007)**
Northeastern	**24,170**	**(11,374)**	**(12,301)**	**(17,737)**
Head office	**23,735**	**(18,367)**	**(8,842)**	**(22,621)**
Overseas	**10,601**	**(2,043)**	**(1,486)**	**(6,684)**
Total	**344,691**	**(328,369)**	**(219,912)**	**(254,613)**

	31 December 2023			
	Stage 3 Gross loan balance	Allowances for impairment losses		
		Stage 1	Stage 2	Stage 3
Pearl River Delta	80,208	(59,079)	(26,402)	(60,631)
Central	64,726	(60,368)	(34,950)	(38,300)
Western	46,204	(70,754)	(48,749)	(29,634)
Bohai Rim	40,809	(55,580)	(31,755)	(27,429)
Yangtze River Delta	36,544	(80,750)	(26,073)	(25,952)
Northeastern	27,433	(12,817)	(12,774)	(18,803)
Head office	16,608	(22,208)	(7,281)	(15,160)
Overseas	12,724	(1,868)	(2,311)	(8,595)
Total	325,256	(363,424)	(190,295)	(224,504)

The definitions of geographical segments are set out in Note 57(1). The above allowances for impairment losses do not include allowances for loans and advances measured at fair value through other comprehensive income.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(e) *Loans and advances to customers analysed by type of collateral*

	31 December 2024	31 December 2023
Unsecured loans	**11,712,918**	9,976,510
Guaranteed loans	**3,244,331**	3,010,073
Loans secured by property and other immovable assets	**9,198,171**	9,202,161
Other pledged loans	**1,638,297**	1,622,238
Accrued interest	**49,577**	50,618
Gross loans and advances to customers	**25,843,294**	23,861,600

(f) *Restructured loans and advances to customers*

The Bank implements the *Rules on Risk Classification of Financial Assets of Commercial Banks (CBIRC PBOC Order [2023] No.1)* for its restructured loans and advances to customers. The proportion of the Group's restructured loans and advances to customers was not significant for the years ended 31 December 2024 and 2023.

(g) *Credit risk exposure*

Loans and advances to customers

	31 December 2024			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Low risk	**24,655,387**	**287,748**	**–**	**24,943,135**
Medium risk	**–**	**505,891**	**–**	**505,891**
High risk	**–**	**–**	**344,691**	**344,691**
Gross loans and advances	**24,655,387**	**793,639**	**344,691**	**25,793,717**
Allowances for impairment losses on loans and advances measured at amortised cost	**(328,369)**	**(219,912)**	**(254,613)**	**(802,894)**
Allowances for impairment losses on loans and advances measured at fair value through other comprehensive income	**(2,309)**	**(5)**	**–**	**(2,314)**

	31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Low risk	22,695,036	208,913	–	22,903,949
Medium risk	–	581,777	–	581,777
High risk	–	–	325,256	325,256
Gross loans and advances	22,695,036	790,690	325,256	23,810,982
Allowances for impairment losses on loans and advances measured at amortised cost	(363,424)	(190,295)	(224,504)	(778,223)
Allowances for impairment losses on loans and advances measured at fair value through other comprehensive income	(1,431)	(461)	–	(1,892)

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(g) Credit risk exposure (continued)

Loans and advances to customers (continued)

The Group classifies credit risk characteristics based on the quality of assets. "Low risk" means that loans are of good credit quality and there are no sufficient reasons to doubt that the borrowers of loans are not expected to fulfil its contractual obligations to repay its loans, nor are there any other behaviors breaching the loan contracts and impacting significantly on the repayment of loans; "Medium risk" means that there are factors adversely impacting on the repayment capacity of borrowers, but there are as yet no behaviors impacting significantly on normal repayment of loans; "High risk" means that failure of borrowers to repay loans in accordance with loan contract terms or other behaviors breaching the loan contracts and impacting significantly on the repayment of loans.

Off-balance sheet credit commitments

As at 31 December 2024 and 2023, the Group's credit risk exposures in off-balance sheet credit commitments were primarily designated as Stage 1 and were primarily assigned the "Low Risk" credit risk rating.

Financial investments

	31 December 2024			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Low risk	**9,928,818**	**881**	**–**	**9,929,699**
Medium risk	**23,776**	**270**	**–**	**24,046**
High risk	**–**	**–**	**13,208**	**13,208**
Total carrying amount excluding accrued interest	**9,952,594**	**1,151**	**13,208**	**9,966,953**
Allowance for impairment losses on financial assets measured at amortised cost	**(14,212)**	**(7)**	**(12,300)**	**(26,519)**
Allowance for impairment losses on financial assets measured at fair value through other comprehensive income	**(2,939)**	**(8)**	**(303)**	**(3,250)**

	31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Low risk	8,910,166	502	–	8,910,668
Medium risk	12,032	509	–	12,541
High risk	–	–	14,481	14,481
Total carrying amount excluding accrued interest	8,922,198	1,011	14,481	8,937,690
Allowance for impairment losses on financial assets measured at amortised cost	(11,716)	(80)	(13,050)	(24,846)
Allowance for impairment losses on financial assets measured at fair value through other comprehensive income	(5,019)	(17)	(372)	(5,408)

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(g) *Credit risk exposure (continued)*

Financial investments(continued)

The Group classifies financial investment risk characteristics based on asset eligibility and internal rating changes. "Low risk" means that the issuer's initial internal rating is above the eligible level, and there are no reasons to suspect that the financial investment is expected to be defaulted; "Medium risk" means that although the issuer's internal rating is reduced to a certain extent, but there are not enough reasons to suspect that the financial investment is expected to be defaulted; "High risk" means that there are obvious problems which may cause a default, or the financial investment indeed is defaulted.

Amounts due from banks and non-bank financial institutions

Amounts due from banks and non-bank financial institutions include deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements of which counterparties are banks and non-bank financial institutions.

	31 December 2024			
	Stage 1 12-month ECL	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Total**
Low risk	**1,445,054**	**–**	**–**	**1,445,054**
Medium risk	**–**	**–**	**–**	**–**
High risk	**–**	**–**	**–**	**–**
Total carrying amount excluding accrued interest	**1,445,054**	**–**	**–**	**1,445,054**
Allowance for impairment losses	**(571)**	**–**	**–**	**(571)**

	31 December 2023			
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Low risk	1,798,447	–	–	1,798,447
Medium risk	–	–	–	–
High risk	–	–	–	–
Total carrying amount excluding accrued interest	1,798,447	–	–	1,798,447
Allowance for impairment losses	(1,273)	–	–	(1,273)

The Group classifies risk characteristics of amounts due from banks and non-bank financial institutions based on asset eligibility and internal rating changes. "Low risk" means that the issuer's initial internal rating is above the eligible level, and there are no reasons to suspect that the amount due from banks and non-bank financial institutions is expected to be defaulted; "Medium risk" means that although the issuer's internal rating is reduced to a certain extent, but there are not enough reasons to suspect that the amount due from banks and non-bank financial institutions is expected to be defaulted; "High risk" means that there are obvious problems which may cause a default, or the amount due from banks and non-bank financial institutions indeed is defaulted.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(h) Distribution of amounts due from banks and non-bank financial institutions in terms of credit quality is as follows:

	31 December 2024	31 December 2023
Credit-impaired	–	–
Allowances for impairment losses	–	–
Subtotal	–	–
Neither overdue nor credit-impaired		
– grades A to AAA	1,082,973	1,307,765
– grades B to BBB	28,420	24,260
– unrated	333,661	466,422
Accrued interest	5,483	5,812
Total	1,450,537	1,804,259
Allowances for impairment losses	(571)	(1,273)
Subtotal	1,449,966	1,802,986
Total	1,449,966	1,802,986

Amounts neither overdue nor credit-impaired are analysed above according to the Group's internal credit ratings. Unrated amounts due from banks and non-bank financial institutions include amounts due from a number of banks and non-bank financial institutions for which the Group has not assigned internal credit ratings.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(i) Distribution of debt investments analysed by rating

The Group adopts a credit rating approach to manage the credit risk of the debt investment portfolio held. The ratings are obtained from Bloomberg Composite, or major rating agencies where the issuers of the debt investments are located. The carrying amounts of the debt investments analysed by the rating agency designations as at the end of the reporting period are as follows:

	31 December 2024					
	Unrated	AAA	AA	A	Lower than A	Total
Credit-impaired						
– Banks and non-bank financial institutions	813	–	–	–	–	813
– Enterprises	10,745	335	147	–	1,706	12,933
Total	11,558	335	147	–	1,706	13,746
Allowances for impairment losses						(12,300)
Subtotal						1,446
Neither overdue nor credit-impaired						
– Government	3,210,745	4,971,862	35,887	24,598	15,424	8,258,516
– Central banks	12,372	4,273	23,393	5,565	2,479	48,082
– Policy banks	896,996	16,933	428	102,222	–	1,016,579
– Banks and non-bank financial institutions	184,355	374,917	20,319	119,022	33,409	732,022
– Enterprises	15,307	289,027	13,674	28,965	4,477	351,450
Total	4,319,775	5,657,012	93,701	280,372	55,789	10,406,649
Allowances for impairment losses						(14,219)
Subtotal						10,392,430
Total						10,393,876

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(i) *Distribution of debt investments analysed by rating (continued)*

	31 December 2023					
	Unrated	AAA	AA	A	Lower than A	Total
Credit-impaired						
– Banks and non-bank financial institutions	820	–	–	–	–	820
– Enterprises	10,299	315	144	–	3,462	14,220
Total	11,119	315	144	–	3,462	15,040
Allowances for impairment losses						(13,050)
Subtotal						1,990
Neither overdue nor credit-impaired						
– Government	2,997,613	4,340,352	14,088	35,604	14,156	7,401,813
– Central banks	14,820	536	24,093	1,907	1,859	43,215
– Policy banks	825,872	–	–	74,310	–	900,182
– Banks and non-bank financial institutions	221,772	337,949	24,768	77,973	23,995	686,457
– Enterprises	15,827	302,689	14,394	28,634	4,919	366,463
Total	4,075,904	4,981,526	77,343	218,428	44,929	9,398,130
Allowances for impairment losses						(11,796)
Subtotal						9,386,334
Total						9,388,324

(j) *Credit risk arising from the Group's derivative exposures*

The Group's derivatives transactions entered into with customers have been hedged against transactions entered into with banks and non-bank financial institutions. The credit risk the Group is exposed to is related to customers, banks and non-bank financial institutions. The Group manages credit risk through regular monitoring.

(k) *Settlement risk*

The Group's activities may give rise to settlement risk at the time of the settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement or clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(1) Credit risk (continued)

(l) *Sensitivity analysis*

Models and parameters such as forward-looking empirical models, forecast values of macroeconomic variables and stage designation results would have an impact on ECL.

(i) Sensitivity analysis of segmentation

A significant increase in credit risk since initial recognition will result in financial assets transferring from Stage 1 to Stage 2, and the loss allowance for those financial assets shall be measured at an amount equal to the lifetime expected credit losses. The following tables present the impact of ECL from the second year to the end of the lifetime for financial assets in Stage 2.

	31 December 2024		
	Allowances for 12-month ECL of all performing financial assets	**Impact over lifetime**	**Current allowances for impairment losses**
Performing loans	**502,471**	**45,810**	**548,281**
Performing financial investments	**17,159**	**7**	**17,166**

	31 December 2023		
	Allowances for 12-month ECL of all performing financial assets	Impact over lifetime	Current allowances for impairment losses
Performing loans	504,308	49,411	553,719
Performing financial investments	16,827	5	16,832

The above allowances for impairment losses of financial assets did not contain the impairment loss allowances for loans and advances measured at fair value through other comprehensive income.

(ii) Sensitivity analysis of macroeconomic variables

The Group has carried out sensitivity analysis of GDP forecast. As at 31 December 2024, when GDP growth rate in the baseline scenario increased or decreased by 10%, the change in allowances for impairment losses of financial assets did not exceed 5% (as at 31 December 2023: did not exceed 5%).

(2) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses. A trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book. Non-trading book records those financial instruments and commodities which are not included in the trading book.

The Group continues to improve market risk management system. The Risk Management Department is responsible for leading the establishment of market risk management policies and rules, developing the market risk measurement tools, monitoring and reporting the trading market risk and related daily work. The Asset and Liability Management Department (the "ALM") is responsible for managing interest rate risk and exchange rate risk of non-trading businesses, as well as the size and structure of assets and liabilities in response to structural market risk. The Financial Market Department manages the Bank's RMB and foreign currency investment portfolios, conducts proprietary and customer-driven transactions, as well as implementing market risk management policies and rules. The Audit Department is responsible for regularly performing independent audits of the reliability and effectiveness of the processes constituting the risk management system.

The Group's interest rate risk mainly comprises repricing risk and basis risk arising from the mismatch of term structure and pricing basis of assets and liabilities. The Group uses multiple tools such as repricing gap analysis, sensitivity analysis on net interest income, scenario analysis and stress testing, to monitor the interest rate risk periodically.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(2) Market risk (continued)

The Group's foreign exchange exposures mainly comprise exposures from foreign currency portfolios within treasury proprietary investments in debt securities and money market placements, and currency exposures from its overseas business. The Group manages its foreign exchange exposures by spot foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives in the management of its own foreign currency asset and liability portfolios and structural positions.

The Group monitors market risk separately in respect of trading portfolios and non-trading portfolios. Trading portfolios include exchange rate and interest rate derivatives as well as trading securities. The historical simulation model for the Value-at-Risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolio. Net interest income sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major tools used by the Group to monitor the market risk of its overall businesses.

(a) VaR analysis

VaR is a technique which estimates the potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates of all books and other market prices over a specified time horizon and at a given level of confidence. The Risk Management Department calculates interest rates, foreign exchange rates and commodity prices VaR for the Bank's trading portfolio. By reference to historical movements in interest rates, foreign exchange rates and commodity prices, the Risk Management Department calculates VaR on a daily basis for the trading portfolio and monitors it regularly. VaR is calculated at a confidence level of 99% and with a holding period of one day.

A summary of the VaR of the Bank's trading portfolio as at the end of the reporting period and during the respective years is as follows:

		2024			
	Note	**As at 31 December**	**Average**	**Maximum**	**Minimum**
VaR of trading portfolio		**300**	**265**	**331**	**199**
Of which:					
– Interest rate risk		**75**	**37**	**88**	**22**
– Foreign exchange risk	(i)	**311**	**261**	**343**	**201**
– Commodity risk		**1**	**1**	**6**	**–**

		2023			
	Note	As at 31 December	Average	Maximum	Minimum
VaR of trading portfolio		272	265	427	176
Of which:					
– Interest rate risk		22	43	68	22
– Foreign exchange risk	(i)	269	257	427	154
– Commodity risk		1	1	10	–

(i) The VaR in relation to bullion is included in the foreign exchange risk above.

VaR for each risk factor is the independently derived largest potential loss for a specific holding period and at a given confidence level due to fluctuations solely in that risk factor. The individual VaRs do not add up to the total VaR as there is diversification effect due to correlation amongst the risk factors.

62 Risk management (continued)

(2) Market risk (continued)

(a) *VaR analysis (continued)*

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

– A 1-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;

– A 99 percent confidence level does not reflect losses that may occur beyond this level. Within the model used, there is 1 percent probability that losses could exceed the VaR;

– VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;

– The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and

– The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

(b) *Interest rate sensitivity analysis*

In monitoring interest rate risk on its overall non-derivative financial assets and liabilities, the Bank regularly measures its future net interest income sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant financial position). An incremental 100 basis points parallel fall or rise in all yield curves, other than that applicable to deposits with central banks, would increase or decrease annualised net interest income of the Group by RMB46,805 million (as at 31 December 2023: RMB51,907 million). Had the impact of yield curves movement for demand deposits from customers been excluded, the annualised net interest income of the Group would decrease or increase by RMB92,363 million (as at 31 December 2023: RMB89,293 million). In the event of a parallel fall or rise of 100 basis points in the yield curve, equity would increase by RMB119,288 million (as at 31 December 2023: RMB72,013 million) or decrease by RMB108,445 million (as at 31 December 2023: RMB66,366 million), respectively.

The above interest rate sensitivity is for illustration purposes only and is assessed based on simplified assumptions. The figures here indicate estimated net interest income and equity movements under various predicted yield curve scenarios and subject to the Bank's current interest rate exposures. However, the possible risk management measures that can be undertaken by the interest risk management department or related business departments to mitigate interest rate risk have not been taken into account. In practice, the departments that manage the interest rate risk strive to reduce loss arising from the risk while increasing the net income. These figures are estimated on the assumption that the interest rates on various maturities will move within similar ranges, and therefore do not reflect the potential net interest income changes and equity changes in the event that interest rates on some maturities may change and others remain unchanged. Moreover, the above estimations are based on other simplified assumptions, including that all positions will be held to maturity and rolled over upon maturity.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(2) Market risk (continued)

(c) Interest rate risk

Interest rate risk refers to the risk where the market interest rates, term structure and other factors may experience unfavourable fluctuations which impact the overall profitability and fair value resulting in losses to the Bank. The key determinants of the Group's interest rate risk arise from the mismatch between the maturity periods of the assets and liabilities, and inconsistent pricing basis, resulting in re-pricing risk and basis risk.

The ALM is responsible for regularly monitoring the interest rate risk positions and measuring the interest rate re-pricing gap. The main reason for measuring the interest rate re-pricing gap is to assist in analysing the impact of interest rate changes on net interest income.

The following tables indicate the analysis by the expected next repricing dates (or maturity dates whichever are earlier) for the assets and liabilities of the Group as at the end of the reporting period.

		31 December 2024					
	Note	Non-interest-bearing	Within three months	Between three months and one year	Between one and five years	More than five years	Total
Assets							
Cash and deposits with central banks		107,769	2,463,124	468	–	–	2,571,361
Deposits and placements with banks and non-bank financial institutions		–	409,941	405,964	11,502	–	827,407
Financial assets held under resale agreements		–	621,346	1,213	–	–	622,559
Loans and advances to customers	(i)	45,447	11,876,651	12,244,572	786,070	87,660	25,040,400
Investments	(ii)	315,092	411,568	1,213,320	3,598,432	5,169,111	10,707,523
Others		801,899	–	–	–	–	801,899
Total assets		1,270,207	15,782,630	13,865,537	4,396,004	5,256,771	40,571,149
Liabilities							
Borrowings from central banks		–	195,789	745,856	949	–	942,594
Deposits and placements from banks and non-bank financial institutions		–	2,462,199	434,458	415,228	3,881	3,315,766
Financial liabilities measured at fair value through profit or loss		19,309	178,481	42,803	–	–	240,593
Financial assets sold under repurchase agreements		–	430,104	309,015	799	–	739,918
Deposits from customers		79,967	15,844,316	5,384,333	7,389,066	16,188	28,713,870
Debt securities issued		–	459,229	1,214,182	579,491	133,693	2,386,595
Others		887,848	–	–	–	–	887,848
Total liabilities		987,124	19,570,118	8,130,647	8,385,533	153,762	37,227,184
Asset-liability gap		283,083	(3,787,488)	5,734,890	(3,989,529)	5,103,009	3,343,965

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(2) Market risk (continued)

(c) Interest rate risk (continued)

		31 December 2023					
	Note	Non-interest-bearing	Within three months	Between three months and one year	Between one and five years	More than five years	Total
Assets							
Cash and deposits with central banks		90,697	2,975,231	130	–	–	3,066,058
Deposits and placements with banks and non-bank financial institutions		–	490,019	326,326	7,143	–	823,488
Financial assets held under resale agreements		–	979,498	–	–	–	979,498
Loans and advances to customers	(i)	34,405	10,647,006	11,542,958	702,410	156,598	23,083,377
Investments	(ii)	272,857	490,814	774,553	3,306,550	4,814,485	9,659,259
Others		713,146	–	–	–	–	713,146
Total assets		1,111,105	15,582,568	12,643,967	4,016,103	4,971,083	38,324,826
Liabilities							
Borrowings from central banks		–	247,662	906,948	1,024	–	1,155,634
Deposits and placements from banks and non-bank financial institutions		–	2,521,325	282,103	391,380	4,980	3,199,788
Financial liabilities measured at fair value through profit or loss		12,905	195,197	44,077	–	–	252,179
Financial assets sold under repurchase agreements		–	224,058	10,520	–	–	234,578
Deposits from customers		80,413	15,767,684	4,662,033	7,139,044	4,837	27,654,011
Debt securities issued		–	760,532	565,905	474,198	95,100	1,895,735
Others		760,827	–	–	–	–	760,827
Total liabilities		854,145	19,716,458	6,471,586	8,005,646	104,917	35,152,752
Asset-liability gap		256,960	(4,133,890)	6,172,381	(3,989,543)	4,866,166	3,172,074

(i) For loans and advances to customers, the “within three months” category includes overdue amounts (net of allowances for impairment losses) of RMB56,061million as at 31 December 2024 (as at 31 December 2023: RMB54,750 million).

(ii) Investments include financial assets measured at fair value through profit or loss, financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and long-term equity investments, etc.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(2) Market risk (continued)

(d) Currency risk

The Group's foreign exchange exposures mainly comprise exposures that arise from the foreign currency proprietary investments of the treasury business and currency exposures originated by the Group's overseas businesses.

The Group manages currency risk by spot and forward foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives (principally foreign exchange swaps and cross currency swaps) in the management of its own foreign currency asset and liability portfolios and structural positions.

The Group actively manages foreign currency exposures by minimising foreign exchange risk by business lines. Therefore, the net exposure is not sensitive to exchange rate fluctuations and the potential impact on the pre-tax profits and other comprehensive income of the Group is not material.

The currency exposures of the Group's assets and liabilities as at the end of the reporting period are as follows:

		31 December 2024			
	Note	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,399,191	110,843	61,327	2,571,361
Deposits and placements with banks and non-bank financial institutions		629,553	163,030	34,824	827,407
Financial assets held under resale agreements		621,346	–	1,213	622,559
Loans and advances to customers		24,262,628	414,631	363,141	25,040,400
Investments	(i)	10,320,063	235,931	151,529	10,707,523
Others		693,925	75,473	32,501	801,899
Total assets		38,926,706	999,908	644,535	40,571,149
Liabilities					
Borrowings from central banks		867,919	13,180	61,495	942,594
Deposits and placements from banks and non-bank financial institutions		2,869,072	307,483	139,211	3,315,766
Financial liabilities measured at fair value through profit or loss		224,067	4,240	12,286	240,593
Financial assets sold under repurchase agreements		721,281	8,753	9,884	739,918
Deposits from customers		27,917,176	488,906	307,788	28,713,870
Debt securities issued		2,091,358	204,540	90,697	2,386,595
Others		829,608	20,824	37,416	887,848
Total liabilities		35,520,481	1,047,926	658,777	37,227,184
Net position		3,406,225	(48,018)	(14,242)	3,343,965
Net notional amount of derivatives		(59,073)	(33,667)	93,982	1,242
Credit commitments		3,480,217	321,435	162,799	3,964,451

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(2) Market risk (continued)

(d) Currency risk (continued)

		31 December 2023			
	Note	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,846,966	150,288	68,804	3,066,058
Deposits and placements with banks and non-bank financial institutions		544,235	224,286	54,967	823,488
Financial assets held under resale agreements		977,161	1,843	494	979,498
Loans and advances to customers		22,325,807	383,857	373,713	23,083,377
Investments	(i)	9,279,590	241,867	137,802	9,659,259
Others		579,300	60,346	73,500	713,146
Total assets		36,553,059	1,062,487	709,280	38,324,826
Liabilities					
Borrowings from central banks		1,086,514	21,596	47,524	1,155,634
Deposits and placements from banks and non-bank financial institutions		2,796,119	285,381	118,288	3,199,788
Financial liabilities measured at fair value through profit or loss		245,798	794	5,587	252,179
Financial assets sold under repurchase agreements		207,379	19,856	7,343	234,578
Deposits from customers		26,817,312	538,766	297,933	27,654,011
Debt securities issued		1,578,299	217,796	99,640	1,895,735
Others		695,764	14,134	50,929	760,827
Total liabilities		33,427,185	1,098,323	627,244	35,152,752
Net position		3,125,874	(35,836)	82,036	3,172,074
Net notional amount of derivatives		(5,552)	(7,289)	12,210	(631)
Credit commitments		3,372,627	296,013	161,599	3,830,239

(i) Please refer to Note 62(2)(c)(ii) for the scope of investments.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(3) Liquidity risk

The Group adheres to a liquidity management strategy featuring prudence, decentralisation, coordination and diversification. Management's objective for liquidity risk management is to establish and improve a liquidity management system that can fully identify, accurately measure, continuously monitor, and effectively control liquidity risk, effectively balance the return on funds and security of funds, and safeguard the steady operation across the Bank.

The Group conducts quarterly liquidity risk stress testing in order to gauge its risk tolerance in different stress scenarios. The results of stress testing show that under different stress scenarios, the Group's liquidity risk is under control.

The Group adopts liquidity indicator analysis, remaining maturity analysis and undiscounted cash flow analysis to measure the liquidity risk.

(a) *Maturity analysis*

The following tables provide an analysis of the assets and liabilities of the Group based on the remaining periods to repayment as at the end of the reporting period:

	31 December 2024							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,263,961	305,752	–	1,180	468	–	–	2,571,361
Deposits and placements with banks and non-bank financial institutions	–	99,404	212,706	97,574	406,267	11,456	–	827,407
Financial assets held under resale agreements	–	–	621,346	–	1,213	–	–	622,559
Loans and advances to customers	109,710	1,041,426	918,562	1,889,087	6,646,368	6,547,324	7,887,923	25,040,400
Investments								
– Financial assets measured at fair value through profit or loss	214,855	43,701	6,358	20,966	89,471	53,781	183,372	612,504
– Financial assets measured at amortised cost	713	–	22,186	62,731	478,071	2,449,332	4,416,690	7,429,723
– Financial assets measured at fair value through other comprehensive income	32,263	–	87,900	177,930	637,937	1,127,504	578,202	2,641,736
– Long-term equity investments	23,560	–	–	–	–	–	–	23,560
Others	354,151	248,254	34,012	61,085	65,494	19,460	19,443	801,899
Total assets	2,999,213	1,738,537	1,903,070	2,310,553	8,325,289	10,208,857	13,085,630	40,571,149
Liabilities								
Borrowings from central banks	–	–	88,672	107,117	745,856	949	–	942,594
Deposits and placements from banks and non-bank financial institutions	–	1,651,856	459,228	323,840	437,014	429,740	14,088	3,315,766
Financial liabilities measured at fair value through profit or loss	–	19,309	116,842	61,639	42,803	–	–	240,593
Financial assets sold under repurchase agreements	–	–	176,141	253,963	309,015	799	–	739,918
Deposits from customers	–	12,382,497	1,513,049	2,020,375	5,388,776	7,391,103	18,070	28,713,870
Debt securities issued	–	–	169,986	272,380	1,216,956	593,580	133,693	2,386,595
Others	5,532	373,349	65,490	40,720	94,015	80,873	227,869	887,848
Total liabilities	5,532	14,427,011	2,589,408	3,080,034	8,234,435	8,497,044	393,720	37,227,184
Net gaps	2,993,681	(12,688,474)	(686,338)	(769,481)	90,854	1,711,813	12,691,910	3,343,965
Notional amount of derivatives								
– Interest rate contracts	–	–	185,776	165,694	375,280	205,031	12,146	943,927
– Exchange rate contracts	–	–	1,482,353	1,300,984	2,776,854	137,068	3,029	5,700,288
– Other contracts	–	–	63,246	65,742	98,316	4,636	–	231,940
Total	–	–	1,731,375	1,532,420	3,250,450	346,735	15,175	6,876,155

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(3) Liquidity risk (continued)

(a) *Maturity analysis (continued)*

	31 December 2023							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,467,007	597,615	–	1,306	130	–	–	3,066,058
Deposits and placements with banks and non-bank financial institutions	–	74,424	283,769	131,334	326,328	7,633	–	823,488
Financial assets held under resale agreements	–	–	979,453	45	–	–	–	979,498
Loans and advances to customers	82,917	972,512	725,550	1,482,748	5,282,119	6,397,276	8,140,255	23,083,377
Investments								
– Financial assets measured at fair value through profit or loss	209,716	31,166	8,882	23,517	56,466	66,708	205,848	602,303
– Financial assets measured at amortised cost	–	–	34,383	93,308	391,152	2,133,983	4,148,416	6,801,242
– Financial assets measured at fair value through other comprehensive income	9,949	–	100,539	173,990	347,687	1,132,039	470,527	2,234,731
– Long-term equity investments	20,983	–	–	–	–	–	–	20,983
Others	341,372	151,645	47,331	38,771	31,761	15,927	86,339	713,146
Total assets	3,131,944	1,827,362	2,179,907	1,945,019	6,435,643	9,753,566	13,051,385	38,324,826
Liabilities								
Borrowings from central banks	–	–	129,997	117,665	906,948	1,024	–	1,155,634
Deposits and placements from banks and non-bank financial institutions	–	1,987,259	355,168	162,765	282,726	400,539	11,331	3,199,788
Financial liabilities measured at fair value through profit or loss	–	12,905	124,869	70,328	44,077	–	–	252,179
Financial assets sold under repurchase agreements	–	–	211,159	12,899	10,520	–	–	234,578
Deposits from customers	–	12,228,538	1,781,842	1,834,637	4,663,036	7,139,081	6,877	27,654,011
Debt securities issued	–	–	259,359	483,578	574,584	483,114	95,100	1,895,735
Others	5,092	221,511	80,183	31,791	76,506	91,952	253,792	760,827
Total liabilities	5,092	14,450,213	2,942,577	2,713,663	6,558,397	8,115,710	367,100	35,152,752
Net gaps	3,126,852	(12,622,851)	(762,670)	(768,644)	(122,754)	1,637,856	12,684,285	3,172,074
Notional amount of derivatives								
– Interest rate contracts	–	–	187,695	256,442	665,785	227,090	15,180	1,352,192
– Exchange rate contracts	–	–	866,760	748,169	1,969,422	126,051	1,435	3,711,837
– Other contracts	–	–	55,648	39,159	94,699	2,575	–	192,081
Total	–	–	1,110,103	1,043,770	2,729,906	355,716	16,615	5,256,110

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(3) Liquidity risk (continued)

(b) Contractual undiscounted cash flow

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and off-balance sheet credit commitments of the Group as at the end of the reporting period. The Group's expected cash flows on these instruments may vary significantly from this analysis.

	31 December 2024							
	Carrying amount	Gross cash outflow	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
Non-derivative financial liabilities								
Borrowings from central banks	942,594	954,775	–	88,802	107,603	757,416	954	–
Deposits and placements from banks and non-bank financial institutions	3,315,766	3,356,242	1,651,856	459,750	325,752	445,333	456,728	16,823
Financial liabilities measured at fair value through profit or loss	240,593	240,593	19,309	116,842	61,639	42,803	–	–
Financial assets sold under repurchase agreements	739,918	742,783	–	176,171	254,614	311,179	819	–
Deposits from customers	28,713,870	29,626,429	12,382,741	1,558,899	2,084,847	5,610,320	7,970,727	18,895
Debt securities issued	2,386,595	2,488,616	–	170,822	274,226	1,244,984	650,457	148,127
Other non-derivative financial liabilities	570,819	780,553	202,836	32,312	12,526	33,781	69,173	429,925
Total	36,910,155	38,189,991	14,256,742	2,603,598	3,121,207	8,445,816	9,148,858	613,770
Off-balance sheet loan commitments and credit card commitments (Note)		1,700,841	1,202,256	10,696	15,750	77,567	170,474	224,098
Guarantees, acceptances and other credit commitments (Note)		2,263,610	1,772	298,669	339,599	1,048,432	540,128	35,010

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(3) Liquidity risk (continued)

(b) *Contractual undiscounted cash flow (continued)*

	31 December 2023							
	Carrying amount	Gross cash outflow	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
Non-derivative financial liabilities								
Borrowings from central banks	1,155,634	1,172,995	–	130,926	118,199	922,837	1,033	–
Deposits and placements from banks and non-bank financial institutions	3,199,788	3,238,349	1,987,259	355,482	164,208	289,372	429,294	12,734
Financial liabilities measured at fair value through profit or loss	252,179	252,179	12,905	124,869	70,328	44,077	–	–
Financial assets sold under repurchase agreements	234,578	235,002	–	211,206	13,021	10,775	–	–
Deposits from customers	27,654,011	28,570,339	12,229,863	1,818,365	1,909,379	4,856,778	7,748,618	7,336
Debt securities issued	1,895,735	1,986,845	–	260,243	485,918	598,602	534,697	107,385
Other non-derivative financial liabilities	484,687	683,826	73,027	32,518	16,783	37,705	82,604	441,189
Total	34,876,612	36,139,535	14,303,054	2,933,609	2,777,836	6,760,146	8,796,246	568,644
Off-balance sheet loan commitments and credit card commitments (Note)		1,611,820	1,176,826	5,927	6,004	64,521	138,604	219,938
Guarantees, acceptances and other credit commitments (Note)		2,218,419	291	317,493	341,279	946,637	573,670	39,049

Note: The off-balance sheet loan commitments and credit card commitments may expire without being drawn upon. Guarantees, acceptances and other credit commitments do not represent the amounts to be paid.

(4) Operational risk

Operational risk refers to the risk of loss resulting from problems with internal processes, people and systems or from external events. Such risk includes legal risk but excludes strategic risk and reputational risk.

In 2024, the Group actively benchmarked itself against regulatory requirements such as Basel III, the *Rules on Capital Management of Commercial Banks*, and the *Rules on Operational Risk Management of Banking* and *Insurance Institutions* and effectively enhanced its operational risk management.

The Group revised its policies on operational risk management, improved the top-level design, and further promoted the application of risk management tools such as operational risk loss data, key risk indicators and operational risk self-assessment. It further polished up its management mechanism such as operational risk reporting, and promoted regulatory assessment and validation related work pursuant to new standardised approach for operational risk in an orderly manner, so as to comprehensively enhance refined management. It continued to strengthen business continuity management, improved rules and regulations, focused on developing emergency plans and organising emergency drills, consolidated management foundation, so as to enhance operational resilience. The Group continued to improve its staff behaviour management system, so as to promote staff compliance and standardised operations. It established and improved its staff behaviour management framework, clarified the code of conduct for employees, and conducted inspections of abnormal behaviours. It cared for its employees and guided them to correctly develop and practise the compliance concept.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(5) Fair value of financial instruments

(a) Valuation process, technique and input

The Board is responsible for establishing a robust internal control policy of valuation, and takes the ultimate responsibility for the adequacy and effectiveness of internal control system. The board of supervisors takes charge of supervising the performance of the Board and senior management. According to the requirements of the Board and the Board of Supervisors, senior management is responsible for organising and implementing the internal control system over the valuation process to ensure the effectiveness of the internal control system of valuation.

The Group has established an independent valuation process for financial assets and financial liabilities. The relevant departments are responsible for performing valuation, verifying valuation model and accounting of valuation results.

For the year ended 31 December 2024, there was no significant change in the valuation techniques or inputs used to determine fair value as compared to those used for the year ended 31 December 2023.

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

– Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: Fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

– Level 3: Fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value

(i) Fair value hierarchy

The tables below analyse financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Measured at fair value on a recurring basis				
Assets				
Positive fair value of derivatives	–	108,049	4	108,053
Loans and advances to customers				
– Loans and advances to customers measured at fair value through other comprehensive income	–	1,631,752	–	1,631,752
Financial assets measured at fair value through profit or loss				
Financial assets held for trading purposes				
– Debt securities	3,495	127,185	–	130,680
– Equity instruments and funds	302	2,747	–	3,049
Other financial assets measured at fair value through profit or loss				
– Debt investments	–	54,521	24,357	78,878
– Debt securities	5	141,604	3,472	145,081
– Equity instruments, funds and others	13,542	119,824	121,450	254,816
Financial assets measured at fair value through other comprehensive income				
– Debt securities	292,397	2,316,116	1,001	2,609,514
– Equity instruments designated as measured at fair value through other comprehensive income	13,781	–	18,441	32,222
Total	323,522	4,501,798	168,725	4,994,045
Measured at fair value on a recurring basis				
Liabilities				
Financial liabilities measured at fair value through profit or loss	–	239,005	1,588	240,593
Negative fair value of derivatives	–	93,986	4	93,990
Total	–	332,991	1,592	334,583

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(i) Fair value hierarchy (continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Measured at fair value on a recurring basis				
Assets				
Positive fair value of derivatives	–	43,832	8	43,840
Loans and advances to customers				
– Loans and advances to customers measured at fair value through other comprehensive income	–	1,104,787	–	1,104,787
Financial assets measured at fair value through profit or loss				
Financial assets held for trading purposes				
– Debt securities	2,219	125,766	–	127,985
– Equity instruments and funds	374	1,089	–	1,463
Other financial assets measured at fair value through profit or loss				
– Debt investments	–	52,868	27,879	80,747
– Debt securities	45	152,391	1,131	153,567
– Equity instruments, funds and others	15,222	87,939	135,380	238,541
Financial assets measured at fair value through other comprehensive income				
– Debt securities	249,246	1,975,483	54	2,224,783
– Equity instruments designated as measured at fair value through other comprehensive income	2,509	–	7,439	9,948
Total	269,615	3,544,155	171,891	3,985,661
Measured at fair value on a recurring basis				
Liabilities				
Financial liabilities measured at fair value through profit or loss	–	251,492	687	252,179
Negative fair value of derivatives	–	41,860	8	41,868
Total	–	293,352	695	294,047

A majority of the financial assets classified as level 2 are RMB bonds. The fair value of these bonds is determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd. A majority of the financial liabilities designated as measured at fair value through profit or loss classified as level 2 are the funds raised from structured deposits, the fair value of which are determined based on the income approach. The majority of derivatives are classified as level 2 and valued using the income approach. For the valuation of financial instruments classified as level 2, all significant inputs are observable market data.

The financial assets classified as level 3 are primarily unlisted equity instruments. These financial assets are valued using the income approach and market approach, which incorporate the non-observable assumptions including discount rate and P/B ratio.

The Group upgraded certain financial instruments from Level 3 to Level 1 of the fair value hierarchy due to the fact that the valuation technique had changed or that certain previously unobservable significant inputs used in fair value measurements had now become observable.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) *Financial instruments measured at fair value (continued)*

(ii) *Movements of fair value of financial instruments in level 3 of the fair value hierarchy*

The following tables show a reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy:

	2024									
		Other financial assets measured at fair value through profit or loss			Financial assets measured at fair value through other comprehensive income					
	Positive fair value of derivatives	Debt investments	Debt securities	Equity instruments, funds and others	Debt securities	Equity instruments	Total assets	Financial liabilities measured at fair value through profit or loss	Negative fair value of derivatives	Total liabilities
As at 1 January 2024	8	27,879	1,131	135,380	54	7,439	171,891	(687)	(8)	(695)
Total gains or losses:										
In profit or loss	(4)	672	38	(2,826)	-	-	(2,120)	(506)	4	(502)
In other comprehensive income	-	-	-	-	7	9,902	9,909	-	-	-
Purchases	-	2,893	2,827	18,427	940	1,100	26,187	(1,041)	-	(1,041)
Sales, settlements and transfers out	-	(7,087)	(524)	(29,531)	-	-	(37,142)	646	-	646
As at 31 December 2024	4	24,357	3,472	121,450	1,001	18,441	168,725	(1,588)	(4)	(1,592)

	2023									
		Other financial assets measured at fair value through profit or loss			Financial assets measured at fair value through other comprehensive income					
	Positive fair value of derivatives	Debt investments	Debt securities	Equity instruments, funds and others	Debt securities	Equity instruments	Total assets	Financial liabilities measured at fair value through profit or loss	Negative fair value of derivatives	Total liabilities
As at 1 January 2023	11	26,339	2,814	136,740	-	5,511	171,415	(348)	(11)	(359)
Total gains or losses:										
In profit or loss	(3)	1,287	(1,067)	1,789	-	-	2,006	(72)	3	(69)
In other comprehensive income	-	-	-	-	(28)	11	(17)	-	-	-
Purchases	-	5,740	600	23,522	82	1,941	31,885	(734)	-	(734)
Sales, settlements and transfers out	-	(5,487)	(1,216)	(26,671)	-	(24)	(33,398)	467	-	467
As at 31 December 2023	8	27,879	1,131	135,380	54	7,439	171,891	(687)	(8)	(695)

In level 3 of the fair value hierarchy, total gains or losses included in profit or loss for the year in the above table are presented in net trading gain and net loss arising from investment securities.

Gains or losses on level 3 financial assets and liabilities included in the statement of comprehensive income comprise:

	2024			2023		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Net gains/(losses)	1,590	(4,212)	(2,622)	2,115	(178)	1,937

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(5) Fair value of financial instruments (continued)

(d) Financial instruments not measured at fair value

(i) Financial assets

The Group's financial assets not measured at fair value mainly include cash and deposits with central banks, deposits and placements with banks and non-bank financial institutions, financial assets held under resale agreements, loans and advances to customers and financial assets measured at amortised cost.

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements are mainly priced at market interest rates and mature within one year. Accordingly, the carrying values approximate to the fair values.

Loans and advances to customers

Majority of the loans and advances to customers measured at amortised cost are repriced at least annually to the market rate. Accordingly, their carrying values approximate to the fair values.

Financial assets measured at amortised cost

The following table shows the carrying values and the fair values of financial assets measured at amortised cost as at 31 December 2024 and 2023 which are not presented in the statement of financial position at their fair values.

	31 December 2024					31 December 2023				
	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortised cost	7,429,723	8,089,222	19,236	8,007,245	62,741	6,801,242	7,055,913	15,326	6,890,957	149,630
Total	7,429,723	8,089,222	19,236	8,007,245	62,741	6,801,242	7,055,913	15,326	6,890,957	149,630

(ii) Financial liabilities

The Group's financial liabilities not measured at fair value mainly include borrowings from central banks, deposits and placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers, and debt securities issued. As at 31 December 2024, the collective fair value of subordinated bonds, non-capital TLAC bonds and the eligible Tier 2 capital bonds was RMB685,641 million (As at 31 December 2023: RMB517,574 million) and the collective carrying value was RMB663,503 million (As at 31 December 2023: RMB509,282 million), and the carrying values of other financial liabilities approximated to their fair values as at the end of the reporting period. The Group uses observable inputs to measure the fair values of subordinated bonds, non-capital TLAC bonds and eligible Tier 2 capital bonds issued, and classified them as level 2 of the fair value hierarchy.

(6) Offsetting financial assets and financial liabilities

Certain financial assets and financial liabilities of the Group are subject to enforceable master netting arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. These financial assets and financial liabilities of the Group are not offset.

In addition, financial assets and financial liabilities are offset against each other and reported as net amounts in the statement of financial position when certain agreements between the Group and its counterparties specify that both parties have a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or by simultaneously realising the asset and settling the liability ("the offsetting criteria"). As at 31 December 2024, the amounts of financial assets and financial liabilities meeting the offsetting criteria are not material to the Group.

62 Risk management (continued)

(7) Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty in the resulting claim amount. By the very nature of an insurance contract, the risk is random and therefore unpredictable. The principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities.

The Group manages the uncertainty of insurance risk through its underwriting strategy and policies to diversify underwriting risks, as well as adequate reinsurance arrangements, and enhanced underwriting control and claim control.

The Group makes related assumptions for insurance risks and recognises insurance contract liabilities. For long-term life insurance contracts and short-term life insurance contracts, the insurance risk may be aggravated by the difference between insurance risk assumptions and actual insurance risks, including assumptions on death events, relevant expenses, morbidity assumptions, the loss ratios assumptions and surrender rates assumptions, etc. For property and casualty insurance contracts, claims are often subject to factors such as natural disasters, catastrophes, and terrorist attacks. In addition, the insurance risk can also be affected by the policyholder's termination of the contract, reduction of premiums, and refusal to pay premiums, i.e., the insurance risk is affected by the actions and decisions of the policyholder.

(8) Capital management

The Bank has implemented comprehensive capital management, covering capital management policy design, capital projecting and planning, capital calculation, internal capital assessment, capital allocation, capital incentive, restriction and conduction, capital raising, monitoring and reporting, and applications of advanced approach of capital calculation in the management of the ordinary course of the business. General principles of capital management of the Bank are to continuously retain an adequate capital level, retain a certain margin of safety and a certain level of buffer based on that all regulatory requirements have been complied, and ensure that the capital can cover all kinds of risks adequately; exercise reasonable and effective capital allocation and strengthen capital restraint and incentive mechanism to support the strategic planning effectively and to restrict and conduct the business so as to increase the capital efficiency and return level continuously; consolidate capital strength, maintain relatively high capital quality, and reasonably apply a range of capital instruments to optimise capital structure based on the principle of leveraging both internal accumulation and external capital; continuously develop the advanced approach of capital management on the applications in the business management such as credit policies, credit approval and pricing.

Capital adequacy ratio is a reflection of the Group's ability to maintain a stable operation and resist adverse risks. In accordance with the NFRA's *Rules on Capital Management of Commercial Banks* and relevant regulations, commercial banks should meet the minimum capital requirements from 1 January 2024. The Common Equity Tier 1 ratio should be at or above a minimum of 5%, Tier 1 ratio at or above a minimum of 6% and the capital adequacy ratio at or above a minimum of 8%. Besides, capital conservation buffer requirements, additional buffer requirements of Global and Domestic Systemically Important Banks should also be met. If a countercyclical buffer is required or the Pillar 2 capital requirement is raised by the regulator to a specific commercial bank, the minimum requirements should be met within the transitional period.

The Group timely monitors, analyses and reports capital adequacy ratios, assesses if the capital management objectives have been met and exercises effective management of capital adequacy ratio. The Group adopts various measures such as controlling asset growth, adjusting the structure of risk assets, increasing internal capital supply and raising capital through external channels, to ensure that the Common Equity Tier 1 ratio, Tier 1 ratio and capital adequacy ratio of the Group are in full compliance with regulatory requirements and meet internal management requirements. This helps to insulate against potential risks as well as support healthy business developments. The Group now fully complies with all regulatory requirements in this respect.

The Group's capital planning has taken the regulatory requirements, the Group's development strategy and risk appetite into consideration, and based on those factors the Group projects the capital usage and need.

The capital raising management of the Group involves reasonable utilisation of various capital instruments to ensure that both external regulatory and internal capital management objectives are met, taking into account capital planning and operating environment. This helps to optimise the Group's capital structure.

The Bank is required to calculate and disclose capital adequacy ratios in accordance with the *Rules on Capital Management of Commercial Banks*. Based on the scope of *Rules on Capital Management of Commercial Banks* as approve by regulators, the Bank measures: 1) credit risk exposure of eligible financial institutions and capital requirements for corporate credit risk exposure using preliminary internal rating approach; 2) capital requirements for retail credit risk exposure using internal rating approach; 3) credit risk that has not been covered by internal rating approach using weighted approach; 4) market risk capital requirements using standard approach; and 5) operational risk capital requirements using standard approach. The Group calculates capital adequacy ratios using both advanced approach and other approaches for capital measurement in accordance with regulatory requirements and is in compliance with relevant requirements for capital floors.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

62 Risk management (continued)

(8) Capital management (continued)

The Group's capital adequacy ratio calculated in accordance with the *Rules on Capital Management of Commercial Banks* issued by the NFRA as at the end of the reporting period are as follows:

	Note	31 December 2024
Common Equity Tier 1 ratio	(a)(b)	**14.48%**
Tier 1 ratio	(a)(b)	**15.21%**
Capital adequacy ratio	(a)(b)	**19.69%**
Common Equity Tier 1 capital		
– Amount recognized in qualifying common share capital and capital reserves		**385,621**
– Surplus reserve		**402,196**
– General reserve		**534,151**
– Retained earnings		**1,782,502**
– Accumulated other comprehensive income		**65,136**
– Non-controlling interest recognised in Common Equity Tier 1 capital		**3,703**
Common Equity Tier 1 capital: Deduction items		
– Goodwill (excluding deferred tax liabilities)		**2,170**
– Other intangible assets (excluding land use rights) (excluding deferred tax liabilities)		**5,009**
– Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet		**581**
Additional Tier 1 capital		
– Other directly issued qualifying additional Tier 1 instruments including related premium		**159,977**
– Non-controlling interest recognised in Additional Tier 1 capital		**139**
Additional tier 1 capital: Deduction items		
– Significant investments in the Additional Tier 1 capital of financial institutions outside the regulatory scope of consolidation		**1,241**
Tier 2 capital		
– Directly issued qualifying Tier 2 instruments including related premium		**594,092**
– Non-controlling interest recognised in Tier 2 capital		**226**
– Valid portion of excess loss reserve		**384,521**
Common Equity Tier 1 capital after regulatory adjustments	(c)	**3,165,549**
Tier 1 capital after regulatory adjustments	(c)	**3,324,424**
Total capital after regulatory adjustments	(c)	**4,303,263**
Risk-weighted assets	(d)	**21,854,590**

Notes:

(a) The Common Equity Tier 1 ratio is calculated by dividing the Common Equity Tier 1 Capital after deduction by risk-weighted assets. Tier 1 ratio is calculated by dividing the Tier 1 Capital after deduction by risk-weighted assets. Capital adequacy ratio is calculated by dividing the total capital after deduction by risk-weighted assets.

(b) The scope for calculating capital adequacy ratio of the Group includes all the domestic and overseas branches and subsidiaries in the financial sector (excluding insurance companies).

(c) Common Equity Tier 1 capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the total capital.

(d) Risk-weighted assets after applying capital floor requirements and making necessary adjustments.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

63 Statement of financial position and statement of changes in equity of the Bank

	31 December 2024	31 December 2023
Assets:		
Cash and deposits with central banks	2,559,938	3,050,045
Deposits with banks and non-bank financial institutions	99,712	108,043
Precious metals	138,433	59,429
Placements with banks and non-bank financial institutions	742,239	737,669
Positive fair value of derivatives	108,425	42,455
Financial assets held under resale agreements	603,048	961,642
Loans and advances to customers	24,614,019	22,687,855
Financial investments		
Financial assets measured at fair value through profit or loss	329,665	282,636
Financial assets measured at amortised cost	7,360,794	6,737,686
Financial assets measured at fair value through other comprehensive income	2,405,518	2,050,691
Long-term equity investments	103,889	102,820
Investments in consolidated structured entities	15,186	15,186
Fixed assets	108,869	112,768
Construction in progress	3,742	7,025
Land use rights	11,552	12,044
Intangible assets	4,610	5,101
Deferred tax assets	114,859	118,296
Other assets	221,135	246,589
Total assets	39,545,633	37,337,980

	31 December 2024	31 December 2023
Liabilities:		
Borrowings from central banks	942,594	1,155,634
Deposits from banks and non-bank financial institutions	2,804,865	2,763,227
Placements from banks and non-bank financial institutions	362,665	311,751
Financial liabilities measured at fair value through profit or loss	223,201	245,603
Negative fair value of derivatives	95,543	40,585
Financial assets sold under repurchase agreements	716,186	211,061
Deposits from customers	28,355,703	27,312,712
Accrued staff costs	54,909	46,524
Taxes payable	38,951	71,920
Provisions	37,396	42,409
Debt securities issued	2,340,510	1,829,333
Deferred tax liabilities	173	55
Other liabilities	329,946	223,956
Total liabilities	36,302,642	34,254,770

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

63 Statement of financial position and statement of changes in equity of the Bank (continued)

	31 December 2024	31 December 2023
Equity:		
Share capital	**250,011**	250,011
Other equity instruments		
Preference shares	**59,977**	59,977
Perpetual bonds	**100,000**	139,991
Capital reserve	**134,802**	134,813
Other comprehensive income	**64,560**	31,314
Surplus reserve	**402,196**	369,906
General reserve	**522,757**	484,917
Retained earnings	**1,708,688**	1,612,281
Total equity	**3,242,991**	3,083,210
Total liabilities and equity	**39,545,633**	37,337,980

Approved and authorised for issue by the Board of Directors on 28 March 2025.

Zhang Jinliang	**Zhang Yi**	**Liu Fanggen**
Chairman and executive director	*Vice chairman, executive director and president*	*General manager of finance & accounting department*

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

63 Statement of financial position and statement of changes in equity of the Bank (continued)

	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2024	**250,011**	**59,977**	**139,991**	**134,813**	**31,314**	**369,906**	**484,917**	**1,612,281**	**3,083,210**
Movements during the year	**–**	**–**	**(39,991)**	**(11)**	**33,246**	**32,290**	**37,840**	**96,407**	**159,781**
(1) Total comprehensive income for the year	**–**	**–**	**–**	**–**	**33,246**	**–**	**–**	**322,901**	**356,147**
(2) Changes in share capital									
i Capital deduction by other equity instruments holders	**–**	**–**	**(39,991)**	**(11)**	**–**	**–**	**–**	**–**	**(40,002)**
(3) Profit distribution									
i Appropriation to surplus reserve	**–**	**–**	**–**	**–**	**–**	**32,290**	**–**	**(32,290)**	**–**
ii Appropriation to general reserve	**–**	**–**	**–**	**–**	**–**	**–**	**37,840**	**(37,840)**	**–**
iii Dividends to ordinary shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(149,256)**	**(149,256)**
iv Dividends to other equity instrument holders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,108)**	**(7,108)**
As at 31 December 2024	**250,011**	**59,977**	**100,000**	**134,802**	**64,560**	**402,196**	**522,757**	**1,708,688**	**3,242,991**

	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2023	250,011	59,977	79,991	134,826	25,948	337,527	431,967	1,476,187	2,796,434
Movements during the year	–	–	60,000	(13)	5,366	32,379	52,950	136,094	286,776
(1) Total comprehensive income for the year	–	–	–	–	5,366	–	–	323,787	329,153
(2) Changes in share capital									
i Capital injection/(deduction) by other equity instruments holders	–	–	60,000	(13)	–	–	–	–	59,987
(3) Profit distribution									
i Appropriation to surplus reserve	–	–	–	–	–	32,379	–	(32,379)	–
ii Appropriation to general reserve	–	–	–	–	–	–	52,950	(52,950)	–
iii Dividends to ordinary shareholders	–	–	–	–	–	–	–	(97,254)	(97,254)
iv Dividends to other equity instrument holders	–	–	–	–	–	–	–	(5,110)	(5,110)
As at 31 December 2023	250,011	59,977	139,991	134,813	31,314	369,906	484,917	1,612,281	3,083,210

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

64 Events after the reporting period

On 9 January 2025, the Group completed the issuance of RMB1.50 billion financial bonds, with a 3-year term and a fixed coupon rate of 1.69%; on 27 March 2025, the Group completed the issuance of RMB40 billion Tier 2 capital bonds, with a 10-year term, a conditional redemption right by the issuer at the end of the fifth year, and a fixed coupon rate of 2.07%.

65 Comparative figures

Certain comparative figures have been adjusted to conform with the presentation and disclosures in the current period.

66 Ultimate parent

As stated in Note 1, the immediate and ultimate parents of the Group are Huijin and CIC, respectively.

67 Possible impact of amendments, new standards and interpretations issued but not yet effective

Up to the date of issue of the financial statements, the IASB has issued the following amendments, new standards and interpretations which are relevant to the Group. These amendments, new standards and interpretations are not yet effective for the year ended 31 December 2024 and have not been adopted in the financial statements.

Standards		**Effective for annual periods beginning on or after**
(1)	Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective date has been deferred indefinitely
(2)	Amendments to IAS 21 *Lack of Exchangeability*	1 January 2025
(3)	IFRS 18 *Presentation and Disclosure in Financial Statements (New)*	1 January 2027
(4)	IFRS 19 *Subsidiaries without Public Accountability: Disclosures (New)*	1 January 2027
(5)	*Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
(6)	*Annual Improvements to IFRS Accounting Standards* – Volume 11 Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026

The Group anticipates that the adoption of the new standards and amendments will not have a significant impact on the Group's consolidated financial statements.

(1) Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The narrow-scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 "*Business Combinations*").

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

(2) Amendments to IAS 21 *Lack of Exchangeability*

The amendments to IAS 21 *Lack of Exchangeability* specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application.

(3) IFRS 18 *Presentation and Disclosure in Financial Statements* (New)

The IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, replacing IAS 1 *Presentation of Financial Statements*. Compared with the current IAS 1, the new requirements in IFRS 18 mainly include: introducing three new categories for income and expenses – operating, investing and financing – to improve the structure of the income statement; requiring the disclosures of management-defined performance measures to improve the transparency of performance indicators defined by management; and strengthening information aggregation and disaggregation to further improve the usefulness of information in financial statements in decision-making.

67 Possible impact of amendments, new standards and interpretations issued but not yet effective (continued)

(4) IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (New)

The IASB issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, which allows voluntary adoption by eligible subsidiaries to reduce the cost of preparing their own financial statements.

IFRS 19 is a disclosure-only standard which specifies reduced disclosure requirements that eligible subsidiaries are permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards (except in exceptional circumstances). However, such eligible subsidiaries should still apply the recognition, measurement and presentation requirements in other IFRS Accounting Standards.

IFRS 19 allows an eligible subsidiary to voluntarily apply or revoke its election to apply the standard. An entity may apply IFRS 19 more than once – for example, an entity that applied IFRS 19 in a prior period but not in the immediately preceding period may elect to apply IFRS 19 in the current period.

(5) Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*

The IASB issued Amendments to IFRS 9 and IFRS 7, which clarify:

– That a financial liability is derecognised on the "settlement date", i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. The amendments also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before the settlement date if certain conditions are met.

– How to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance ("ESG")-linked features and other similar contingent features.

– The treatment of non-recourse assets and contractually linked instruments.

In addition, the amendments to IFRS 7 require additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

(6) Annual Improvements to IFRS Accounting Standards – Volume 11 Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

The IASB has published the *Annual Improvements (Volume 11)*, making narrow-scope amendments to the requirements of *IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements* and *IAS 7 Statement of Cash Flows*. The amendments will become effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

The following information of the Group does not form part of the audited financial statements, and is included herein for information purposes only.

1 Difference between the financial statements prepared under IFRS Accounting Standards and those prepared in accordance with PRC GAAP

China Construction Bank Corporation (the "Bank") prepares consolidated financial statements, which include the financial statements of the Bank and its subsidiaries (collectively the "Group"), in accordance with IFRS Accounting Standards and its interpretations promulgated by the International Accounting Standards Board and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As a financial institution incorporated in the People's Republic of China (the "PRC") and listed on the Shanghai Stock Exchange, the Group also prepares its consolidated financial statements for the year ended 31 December 2024 in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the regulatory bodies of the PRC (collectively "PRC GAAP and regulations").

There is no difference in the net profit for the year ended 31 December 2024 or total equity as at 31 December 2024 between the Group's consolidated financial statements prepared under IFRS Accounting Standards and those prepared under PRC GAAP and regulations.

2 Currency concentrations

	31 December 2024			
	USD (RMB equivalent)	**HKD (RMB equivalent)**	**Others (RMB equivalent)**	**Total**
Spot assets	**964,301**	**315,444**	**411,909**	**1,691,654**
Spot liabilities	**(1,017,588)**	**(498,078)**	**(249,136)**	**(1,764,802)**
Forward purchases	**3,351,341**	**316,408**	**243,302**	**3,911,051**
Forward sales	**(3,276,346)**	**(91,062)**	**(367,232)**	**(3,734,640)**
Net option position	**(47,118)**	**–**	**(829)**	**(47,947)**
Net (short)/long position	**(25,410)**	**42,712**	**38,014**	**55,316**
Net structural position	**51,658**	**2,782**	**95**	**54,535**

	31 December 2023			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	1,056,484	332,056	443,799	1,832,339
Spot liabilities	(1,089,924)	(441,868)	(282,838)	(1,814,630)
Forward purchases	1,873,971	210,735	105,261	2,189,967
Forward sales	(1,870,891)	(65,420)	(237,857)	(2,174,168)
Net option position	(12,457)	(1)	(32)	(12,490)
Net (short)/long position	(42,817)	35,502	28,333	21,018
Net structural position	40,763	2,564	(20)	43,307

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the "HKMA"). The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in the foreign exchange. Structural assets and liabilities include:

– investments in property and equipment, net of accumulated depreciation;

– capital and statutory reserves of overseas branches; and

– investments in overseas subsidiaries and related companies.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

3 International claims

The Group is principally engaged in business operations within the Chinese mainland. The international claims of the Group are the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include loans and advances to customers, deposits with central banks, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

International claims have been disclosed by country or geographical area. 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 Group reduces its exposure to a particular country/region by an effective transfer of credit risk to a different country/region with the use of credit risk mitigation which include guarantees, collateral and credit derivatives.

	31 December 2024				
	Banks	**Public sector entities**	**Non-bank private institutions**	**Others**	**Total**
Asia Pacific	**242,453**	**103,311**	**573,474**	**76,067**	**995,305**
– of which attributed to Hong Kong	**25,284**	**30,997**	**325,920**	**11,097**	**393,298**
Europe	**22,660**	**42,593**	**79,236**	**688**	**145,177**
North and South America	**18,834**	**179,348**	**64,601**	**129**	**262,912**
Total	**283,947**	**325,252**	**717,311**	**76,884**	**1,403,394**

	31 December 2023				
	Banks	Public sector entities	Non-bank private institutions	Others	Total
Asia Pacific	229,433	97,347	541,427	65,220	933,427
– of which attributed to Hong Kong	17,595	31,662	274,185	52,352	375,794
Europe	43,335	47,236	72,948	5,330	168,849
North and South America	22,996	211,384	50,097	35,518	319,995
Total	295,764	355,967	664,472	106,068	1,422,271

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

4 Overdue loans and advances to customers by geographical sector

	31 December 2024	31 December 2023
Pearl River Delta	**67,872**	50,966
Central	**43,176**	31,103
Bohai Rim	**38,837**	24,005
Western	**36,658**	25,278
Yangtze River Delta	**31,283**	19,627
Head office	**17,595**	11,458
North-eastern	**14,093**	12,674
Overseas	**7,073**	7,120
Total	**256,587**	182,231

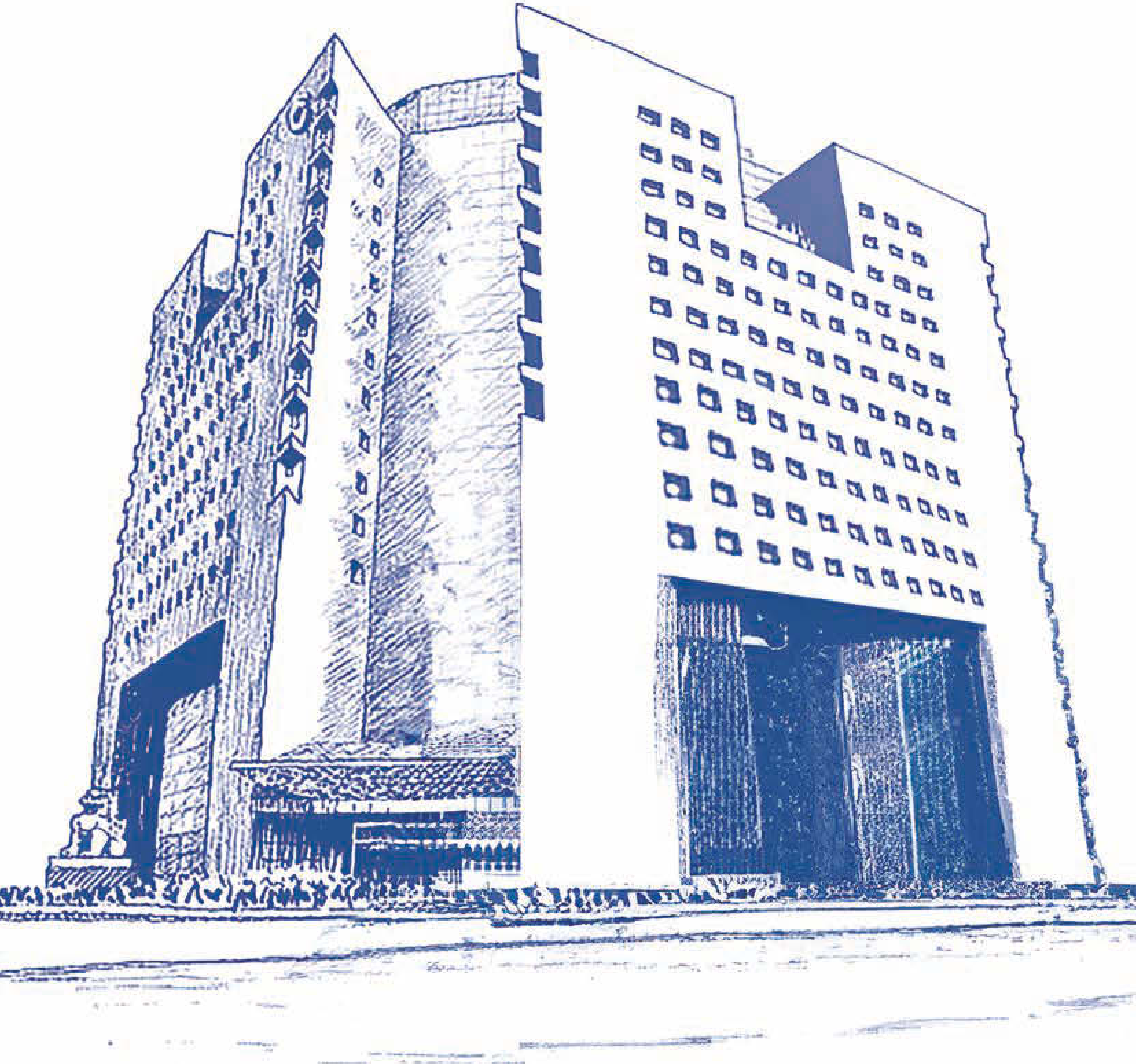
According to regulatory requirements, the above analysis represents the gross amount of loans and advances to customers overdue for more than three months.

Loans and advances to customers with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances to customers repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances to customers repayable on demand are outside the approved limit that was advised to the borrower, they are also considered to be overdue.

5 Exposures to non-banks in the Chinese mainland

The Bank is a commercial bank incorporated in the Chinese mainland with its banking business primarily conducted in the Chinese mainland. As at 31 December 2024 substantial amounts of the Bank's exposures arose from businesses with the Chinese mainland entities or individuals. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.



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